

Valle Vista Management Association, Inc.

Delinquent Assessment Collection Policy

1. It is the fiduciary responsibility of the Board of Directors to collect all assessments for the maintenance and replacement of common area property and other association expenses in a timely fashion. The Association is entitled to recover assessments, reasonable collection costs, reasonable attorney's fees, late fees, and interest. The Association will not use non-judicial foreclosure to collect fines or penalties, but other remedies are available to collect these and any sums not suitable for collection by non-judicial foreclosure. The Association will comply with requirements of Civil Code 5650 through 5740 when collecting assessments. If an error is made by the Association that requires termination of any collection proceeding or beginning any collection process over, the Association will bear the costs; otherwise, the owner is responsible for all costs as identified above.
2. Assessments are due on the first day of each month and are delinquent at 5:00 P.M. on the 15th day of the month, at which time a late charge of \$10.00 will be charged on the 16th day of the month. Interest is charged at the rate of 12% per annum from the 30th day after the due date and until paid. Such interest is posted to the account monthly and shall be computed on the outstanding balance, which shall include any fines, late charges, and interest previously assessed and unpaid.
3. Any check or EFT returned by the bank for insufficient funds, stop payment, or any other reason will be charged back to the owner and a \$25.00 administrative fee plus any bank fees will be assessed to the account. If the account has been turned over to the Association's Agent for collection and a check is so returned, the account will be assessed whatever administrative fees as the Agent provides.
4. When a payment is made, the owner may request a receipt and the Association will provide it. On the receipt, the Association shall indicate the date of the payment and how it was received (check, EFT, etc.).
5. Each payment from an owner shall be applied first to the principal sum owed, then, in descending order, to interest, late, and collection expenses, unless an alternate agreement is entered into between the Association and owner.
6. You may, but are not obligated to, pay under protest any disputed charge or sum levied by the Association, including, not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing specifically reserve the right to contest the disputed charge or sum in court or otherwise.

7. Pre-Lien Notice. Any time after the 46th day after an assessment is due, a 30-day Pre-Lien Notice may be prepared and sent, by certified mail, to the delinquent record owner at the owner's last mailing address provided to the Association. If the delinquent record owner has provided a written notice of a secondary address, all notices shall be sent to that address also.

a) Such notice will include an itemized statement of the total amounts currently delinquent, including but not limited to assessments, late charges, interest, attorney fees, and costs of collection.

b) The owner has the right to inspect the Association records to verify delinquency pursuant to Civil Section 5205.

c) The owner has the right to dispute the assessment debt by submitting a written request for dispute resolution pursuant to the association's Internal Dispute Resolution procedure, which is the statutory default procedure described in Civil Code 5915. The owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined that the assessment was paid on time to the association. If no such request is submitted within 30 days of the postmark of the notice, the Board can immediately vote to record the lien.

d) The owner has the right to request, in writing (postmarked within 15 days of the postmark of the notice), a meeting with the Board to discuss a payment plan for the debt mentioned above. The Board shall meet with the owner in executive session within 45 days of the postmark of the request. If there is no regularly scheduled Board meeting within the 45 days, the Board may designate a committee of one or more Directors to meet with the owner. Payment plans may incorporate any assessments that accrue during the payment plan period. Additional late fees shall not accrue during the payment plan period if the owner is in compliance with the terms of the payment plan. However, interest continues to accrue at 12%, per annum, posted monthly. Payment plans shall not impede the association's ability to record a lien on the owner's separate interest to secure payment of delinquent assessments. In the event of a default on any payment plan, the association will resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan.

e) The decision to record a lien shall be made by the Board of Directors, approved by a majority vote in an open meeting. The Board shall record the vote in the minutes of that meeting referring to the property by parcel number, and not by the name of the owner. Likewise, the decision to file in small claims court shall be made by the Board.

f) On or about the 30th day after the Pre-Lien Notice is sent, the Association may record a lien on the property to secure the debt; however, there are limitation that may preclude foreclosure of the lien at that time, as noted below.

g) Before the association initiates foreclosure against the owner's separate interest, the owner has the right to request Alternate Dispute Resolution pursuant to Civil Code 5925. However, binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.

8. Curing the Lien

All charges assessed to the assessment account must be paid in full as a condition for curing and releasing a recorded lien and other documents of foreclosure.

9. Foreclosure.

a) If all sums secured by the lien are not paid in full within 30 days after recordation of the lien, the Board may make vote at an Open Board Meeting to foreclose the lien, if and only if the owner is delinquent more than 12 months OR if the total amount of delinquent regular, special, and reimbursement assessments reaches \$1,800.00, not including any accelerated assessments, late charges, fee, and costs of collection, attorney's fees, or interest. All resulting collection fees and costs will be added to the total delinquent amount.

b) If it votes to foreclose, the Board shall provide notice of its decision by personal service to an owner who occupies the separate interest or to the owner's legal representative. If the owner does not occupy the separate interest, such notice will be sent by first-class mail, postage-paid, to the most current address shown on the books of the Association. In the absence of written notification by the owner to the Association, the address of the owner's separate interest may be treated as the owner's mailing address. In addition, statutory procedures including recorded notices regarding foreclosure and sale will be accomplished.

c) At some point in time prior to initiating foreclosure, the Board shall offer the owner and, if so requested by the owner, shall participate in Internal Dispute Resolution or Alternative Dispute Resolution, according to the respective procedures of the Association. Binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

d) A non-judicial foreclosure by an association shall be subject to the owner's right to redeem the property up to 90 days after the sale.

10. Except as prohibited by law, the Board of Directors of the Association may revise this policy, either generally or on a case-by-case basis, if it finds good cause to do so. To the extent there are any general discretionary changes (rather than compliance related to the law or Governing Documents), the Board shall circulate the policy to owners at least 30 days before the meeting at which the revisions will be considered.