

ARBOR WOODS HOMEOWNERS ASSOCIATION

ASSESSMENT COLLECTION POLICY

Effective July 1, 2009

1. **Regular and Special Assessments.** Regular assessments are due and payable, in advance, on the first day of each month. Special assessments and fines shall be due and payable on the due date specified by the Board in any notice imposing the special assessment or fine, or in a ballot presenting the special assessment to the members for approval where required. A special assessment will not be due and payable earlier than thirty (days after the special assessment is duly imposed).
2. **Late Charges.** A late charge not exceeding ten percent (10%) of the delinquent assessment or ten dollars (\$10), whichever is greater per month will be applied if payment in full is not received 15 days after the payment is due.
3. **Costs/Attorney Fees Incurred In Collection.** Pursuant to Civil Code Section 1366 (d)(1), the Association is entitled to collect reasonable attorney fees and costs incurred in collecting delinquent assessments, whether incurred in the event of a lawsuit or other proceedings, such as non-judicial foreclosure. These fees will be added to the Owner's account, and the Owner is responsible to pay same.
4. **Application of Payments on Delinquent Assessments.** Payments received on delinquent assessments will be applied first to the principal owed, and then applied to interest, late charges, collection expenses, administration fees, attorneys fees, reimbursement assessments, and any other amount due to the Association in connection with collection of delinquencies.
5. **Pay or Lien Letter.** Any Owner that is fifteen (15) days or more delinquent in the payment of his/her assessments will receive, by certified mail, a pay or lien letter. The letter will set forth an itemized statement of amounts owed including the calculation of late charges, attorneys fees, costs, and the Association's Collection Policy (a copy of this Collection Policy.) The delinquent Owner will be given fifteen (15) days to bring his/her account current, or the Association will file a Notice of Delinquent Assessment/Lien.
6. **Assessment Lien.** If the delinquent Owner does not bring his or her account current within the deadline set forth in the Pay or Lien Letter, the Association will defer the matter to the Association's attorney for collection and will record with the County Recorder' Office a Notice of Delinquent Assessment/Lien which sets forth the amount of delinquent assessment and other sums levied , such as late charges, costs and reasonable attorney's fees, a legal description of the property, the name of the record owner, and name and address of the Trustee authorized to enforce the lien by sale. The recording of this Notice create a lien on Owner's home, which is subject to foreclosure. A copy of the lien will be mailed to the owner within ten (10) calendar days after recordation.

Once an account has been turned over to the law firm, NO FUTRTHER ASSESSMENT PAYMENTS SHOULD BE SENT TO THE ASSOCIATION. ASSESSMENT PAYMENTS MAY ONLY BE ACCEPTED BY THE LAW FIRM. Any payments delivered to the Association will be sent to the attorney's office for the proper crediting. Attorney's fees up to \$425.00 may be imposed pursuant to Civil Code 1366 (a) may be included. (If a Own4er wants to dispute the imposition of assessments and related charges, the Owner must do so within thirty (30) days of the recording date of the notice of assessment lien, as set forth in Section 7 below.)

7. Owner Dispute. If an Owner disputes the assessments and related charges, the Owner has the right to resolve the dispute through Alternative Dispute Resolution (ADR), a civil action, and through the means provided within the Association's Governing Documents. To be entitled to dispute the assessments and related charges, an owner must do the following:

- A. Pay all delinquent amounts in full, including: the amount of the assessment in dispute, late charges, and all attorneys fees and costs associated with the preparation and filing of a notice of delinquent assessment (including costs and attorney's fees.)
- B. Provide written notice that the amount is paid under protest, and mail the written notice by certified mail to the Association not more than thirty (30) days from recording of a notice of delinquent assessment/lien.
- C. Upon the timely receipt of a certified notice from the disputing Owner, the Association shall provide the Owner with a "Notice of Dispute Resolution". This Notice will offer disputed resolution before a committee of the Board, consisting of a designated Board member, the Association's attorney, and the Association's property manager, or other persons designated by the Board. The hearing shall take place within sixty (60) days of the notification of the dispute from the Owner.
- D. An Owner may not utilize ADR more than two (2) times in any single calendar year and not more than three (3) times within any five (5) calendar years, other than by mutual agreement between the Association and the Owner.

8. Foreclosure. If an Owner is delinquent for thirty (30) additional days after the Notice of Delinquent Assessment/Lien has been recorded and sent to the delinquent Owner, non-judicial foreclosure proceedings may begin pursuant to the Association's Declaration of Covenants, Conditions, and Restrictions (CC&R's) and Civil Code 1367 and 2924 et. Seq.

A. Notice of default and Election to Sell


- 1. Notice of Default and Election to sell (NOD) will be recorded at the County Recorders Office. (A ninety (90) day time frame begins running with the filing of the NOD.)
- 2. A Title Report will be obtained form the title company at a cost of approximately \$100.00, the cost of which is charged to the delinquent

Owner.

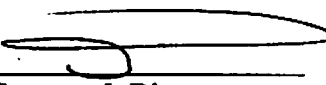
3. Attorney fees of up to \$425.00 will be imposed at this stage.

B. Notice of Sale

1. If the delinquency is not cured within ninety (90) days after the NOD is recorded, (and a lawsuit has not been filed as set forth in Section 11) the law firm will proceed with the recording and publishing of a Notice of Sale (NOS). Attorney's fees for \$270.00 in addition to publication, recording, posting and other related costs may be charged the delinquent Owner.
9. **Lawsuit.** The Association may at any time decide to file a personal lawsuit against the delinquent Owner to recover all delinquent assessments owing to the Association, in lieu of pursuing foreclosure. In the event of a lawsuit, all costs and attorney's fees in connection with the lawsuit, in addition to delinquent assessments, late charges and other charges will be recovered from the delinquent Owner.
10. **Payment.** If at any time an Owner pays all delinquent assessments and charges in full, the attorney will prepare a Release of Lien which will be recorded in the appropriate County Recorder's Office.

President 
Paul Goode

Date 31 JULY 09

Authorized Agent 
Gregory J. Bianco

Date 7/16/09