

RIVIERA HEIGHTS HOMEOWNER'S ASSOCIATION DELINQUENT ASSESSMENT COLLECTION POLICY

The Board is charged with the responsibility to collect assessments to pay for the maintenance and replacement of common area property and other association expenses. The Association is entitled to recover assessments, reasonable collection costs, reasonable attorney's fees, late fees and interest when assessments are not paid on time. There are a number of ways to do this, collection agency action, court action and foreclosure processes.

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

Thus, it is important to pay your assessments on time.

The Board will not use non-judicial foreclosure to collect fines or penalties but be advised that other remedies are available to collect these as well as any sums not suitable for collection by non-judicial foreclosure. The association intends to comply with requirements of 1367 or 1367.1 of the Civil Code when collecting delinquent assessments.

1. Assessments are due annually by July 1st of each year and are considered delinquent within 60 days, September 1st, at which time a late charge of 10% of the assessment (or special assessment), whichever is greater, may be charged. All unpaid balances as of September 1st will be subject to interest of 12 % per annum.
2. On or about the first day after the September 1, the assessment payment is due and a 30-day Pre-Lien Notice may be sent by certified mail, to the delinquent record owner(s) at the owners' last mailing address provided to the Association. If the owner(s) have provided a written notice to the Association noting a secondary address, all notices shall be sent to that address also. The notice to owner will include an itemized statement of the total amounts delinquent, including assessments, late charges, interest and costs of collection. Owner will also be notified that he or she is entitled to ask to meet with the Board or Board representative(s) pursuant to the Association's internal dispute resolution "meet and confer" program.

3. On or after 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 limitations prohibiting foreclosure at this time (see paragraph 4). On or after any assessment or other amount due becomes delinquent; the Board also has the right to turn the homeowner's delinquent account over to a credit agency for recovery action or file an action in small claims court to collect the sums due. All Board discussions related to the owner's situation shall be held in executive session. The decision to file an action in court and/or record a lien shall be made by the Board of Directors in an open meeting, by majority approval. The action shall be recorded in the minutes of the meeting referring to the property by parcel number, and not by name of owner.

4. If all sums secured by the lien are not paid in full within thirty (30) days after recordation of the lien, and at the point the amount of delinquent regular or special assessments reaches \$1,800.00 [not including any accelerated assessments, late charges, fees and costs of collection, attorney's fees, or interest] or has been delinquent more than 12 months, the Board may vote on the decision to foreclose the lien (which involves recording a Notice of Default and following statutory procedures to foreclose). The decision shall be noted in the minutes of an open meeting by parcel number [although the discussion on the action, which is disciplinary in nature, may be held in executive session to protect the owner's privacy in the Board's discretion]. A Board vote to approve foreclosure of a lien may not take place less than 30 days prior to any public sale. (Note that the estimated time for foreclosure process from Notice of Default to date of sale is approximately 3-4 months and additional interest costs continue to accrue as the statutory procedures are followed). All resulting collection fees and costs will be added to the total delinquent amount. Prior to initiating a foreclosure, the Board shall offer the owner and, if so requested by the owner, shall participate, in dispute resolution pursuant to the association's "meet and confer" program or alternative dispute resolution with a neutral third party. The decision to pursue dispute resolution shall be the choice of the owner, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

5. If the Board 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, said notice will be sent by first-class mail, postage prepaid, to the most current address shown on the books of the Association. In the absence of written notification by the owner to the association of an address off-site, the address of the owner's separate interest will be the owner's legal mailing address. In addition, to notice by mail, statutory procedures including recorded notices regarding foreclosure and sale will be accomplished.

6. If any owner's property is sold at a non-judicial foreclosure sale by the association for failure to pay assessments and related costs, an owner has a right to redeem the property up to 90 days after the sale (essentially meaning the Owner can buy it back by paying the total amount of the delinquency, costs of collection, including foreclosure costs, interest, penalties, etc.).

7. All charges assessed must be paid in full as a condition to curing and releasing a recorded Lien and other documents of foreclosure. The Association is not required to accept any partial or installment payments, unless a mutually agreeable payment plan is agreed to in writing.
8. 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 payment and person who received it. Each payment from an owner shall be applied first to the principal sum owed, then, in descending order, to interest, late fees and collection expenses. An owner may request that the Board consider a payment plan to satisfy a delinquent assessment. The Board will inform owners of the standards for payment plans, to the extent standards have been adopted by the Board. Certain timelines apply as follows: The Board will meet with the owner in executive session within 15 days of the postmark of an owner's request if the request is mailed within 2 days of the date of the postmark of the notice of delinquency, unless there is no regularly scheduled BOD meeting during that period. In that case, the BOD may designate Directors to meet with the owner. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans shall not impede an association's ability to turn a delinquent account over to a collection agency or record a lien to secure payment of delinquent assessments, except as to delinquent new assessments. Additional late fees shall not accrue during the payment plan period only if the owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the association may resume its efforts to collect the delinquent assessments with late fees, costs, without regard to the payment plan. **Delinquent dues are reportable to credit bureaus/agencies.**
9. Any check returned by the bank for insufficient funds, stop payment or any other reasons is subject to a charge back to the unit of the amount of the check, an administrative fee, and any bank fees charged to the Association. If the account has been turned over to the Association's agent for collection and a check is returned, the account will be assessed whatever reasonable administrative fees the Agent charges.
10. The mailing address for overnight payment of assessments is the same as that for routine assessment payments unless otherwise noted.
11. An owner of a separate interest has the right to inspect the association's financial books and records to verify the delinquency, per laws related to inspection of HOA records.
12. At any time the Board may seek legal advice related to enforcement of assessment collections, and is entitled to follow the advice of legal counsel, even if it deviates from the above processes (and so long as it is not in derogation of the statutes relating to assessment collection in HOAs).
13. In the event of conflict of these policies with the Collection Policies in the Restated CC&Rs and said policy is required by California State Law, the CC&Rs and policies shall be deemed modified by law to conform with the then current law.