

COLLECTION POLICY FOR DELINQUENT ASSESSMENTS

CANYON GRANADA OWNERS ASSOCIATION

**IF THIS DOCUMENT CONTAINS ANY RESTRICTION
BASED ON RACE, COLOR, RELIGION, SEX, FAMILIAL
STATUS, MARITAL STATUS, DISABILITY, NATIONAL
ORIGIN, OR ANCESTRY, THAT RESTRICTION VIOLATES
STATE AND FEDERAL FAIR HOUSING LAWS AND IS
VOID, AND MAY BE REMOVED PURSUANT TO SECTION
12956.1 OF THE GOVERNMENT CODE. LAWFUL
RESTRICTIONS UNDER STATE AND FEDERAL LAW ON
THE AGE OF OCCUPANTS IN SENIOR HOUSING OR
HOUSING FOR OLDER PERSONS SHALL NOT BE
CONSTRUED AS RESTRICTIONS BASED ON FAMILIAL
STATUS.**

**ASSESSMENT COLLECTION AND FULL PAY POLICY FOR
REGULAR, SPECIAL AND REIMBURSEMENT ASSESSMENTS**

1. DUE DATES. All Regular Assessments shall be due and payable, in advance, in equal monthly installments, on the first day of each month. Special and reimbursement assessments shall be due and payable on the due date specified by the Board in the notice imposing the assessment or in the ballot presenting the special, individual, and enforcement assessment to the members for approval. In no event shall a special or reimbursement assessment be due and payable earlier than thirty (30) days after it is imposed.

2. PAYMENT / RECEIPTS / OVERNIGHT PAYMENT LOCATION: Owners can request a receipt from the Association which shall indicate the date of payment and the person who received it. Any request for a receipt of payment must be submitted directly to the Association's business address. Overnight payment of assessments may be sent/delivered to the following address:

**Canyon Granada Owners Association
c/o Community Association Financial Services
1111 E Tahquitz Canyon Way, Suite 103
Palm Springs, CA 92262**

3. APPLICATION: Payments received on delinquent assessments shall be applied to the owner's account as follows: payment shall be applied to the principal owed first. Payments on principal shall be applied to the Owner's account by the "balance forward payment" method, i.e., in reverse order so that the oldest arrearages of the principal are retired first. Only after the principal owed is paid in full shall such payments be applied to interest, late charges, collection expenses, administration fees, attorneys' fees, or any other amount due to the Association which result in continued delinquencies.

4. LATE CHARGE: All assessments shall be delinquent if not paid within **fifteen (15) days** after they become due and will result in the imposition of a late charge of **ten percent (10%) of the delinquent assessment, or the maximum allowed by law.** Furthermore, the Association shall be entitled to recover any reasonable collection costs, including attorneys' fees, that the Association then incurs in its efforts to collect the delinquent sums.

5. INTEREST: If an assessment payment is not paid within **thirty (30) days** of its original due date, interest may be imposed on all sums due, including the delinquent assessment, collection costs and late charges, at an annual percentage rate of **twelve percent (9%)** or the rate specified within the CC&RS, whichever is less.

6. SECONDARY ADDRESS: Upon receipt of a written request by an owner identifying a secondary address for the purposes of assessment collection notices, the Association shall send additional copies of any collection notices required by this Collection Policy to the secondary address provided. The Owner's notice of a secondary address must be in writing and mailed to the Association in a manner that shall indicate that the Association has received it. The Association shall send notices only to the indicated secondary address at the point in time the Association receives the written request.

7. PAY OR LIEN LETTER: If an assessment payment from the Owner is not paid within **forty-five (45) days** after its original due date (for example, if an Owner fails to pay an assessment which was due on June 1st and the failure to pay continues through July 15th, then the June assessment would not have been paid within 45 days after its original due date), a notice of delinquency (Pay or Lien Letter) shall be sent to the Owner by regular first-class mail and certified mail, return receipt requested. The Pay or Lien Letter shall provide at least 30 days' written notice to a delinquent Owner prior to recording an Assessment Lien and further provide an itemized statement of the charges owed, including a breakdown of: (a) The principal amount owed; (b) any late charges with the method of calculation used to determine such charges; (c) any attorneys' fees incurred; and (d) a description of collection practices, including the right of the association to the reasonable costs of collection. A copy of the Association's collection policy shall be attached to the Pay or Lien Letter.

8. INTERNAL DISPUTE RESOLUTION PROCESS: The Association shall offer to meet and confer with delinquent owner to resolve any dispute related to the total amount due from the delinquent Owner to the Association and/or the Association's Collection Policy ("Meet and Confer Offer"). The Association's Meet and Confer Offer shall be placed within the Association's Pay or Lien Letter. An owner who wishes to accept the Meet and Confer Offer must do so by submitting his/her/it's written request to facilitate the meet and confer with the Association, which written request must be received by the Association within twenty (20) days after receipt of the Meet and Confer Offer. The Association shall designate a prompt date and time for the meet and confer, at a location that shall either be the Association's principal office or another convenient location. The Association shall designate a Board officer, along with its CID Manager to participate in the meet and confer with the delinquent owner. Prior to recording a lien for delinquent assessments, the Association shall participate in any meet and confer so accepted by the delinquent owner, provided, however, that the owner's acceptance of the Association's Meet and Confer Offer is made within twenty (20) days of receipt of the Meet and Confer Offer.

9. SHOW CAUSE HEARING: Additionally, a delinquent owner may be given written notice (either in the Pay or Lien Letter or in a separate written document, as determined by the Board of Directors) of a hearing before the Board of Directors, wherein the Owner shall be invited to show good cause why (a) the Owner's voting privileges; or (b) the Owner's privileges for use of the common area/recreational facilities (hereinafter collectively "Membership Privileges") should not be suspended for non-payment of the delinquent assessment(s) ("Show Cause Hearing").

The notice and hearing procedures shall be in accordance with the governing documents for the Association

a. Written notice shall be mailed to the owner for receipt not less than ten (10) days prior to the date of such hearing by first class or certified mail at owner's last known address as shown on the Association's records. The notice shall set forth the amount of delinquency owed by the owner and the time, date and place on which the hearing shall be held:

b. The Board of Directors shall provide an opportunity for the owner to be heard, orally or in writing, at the Show Cause Hearing prior to making any determination on the suspension of any Membership Privileges;

c. In the event good cause is not shown and the owner's account has not been brought current, then the Board may suspend any of the Owner's Membership Privileges. The Board shall hold the hearing in Executive Session; provided, however, if the Board is requested by an owner to have his/her matter be heard in an open Board meeting, then the matter must be heard in an open board meeting, and not in Executive Session.

d. After the Show Cause Hearing, the Board of Directors shall provide within fifteen (15) days written notice to the owner of the suspension of any Membership Privileges.

10. ASSESSMENT LIEN:

a. If the delinquent Owner does not bring his/her account current within the deadline set forth in the Pay or Lien Letter, the Board of directors may approve the recordation of an assessment lien against the delinquent Owner's property. The Board's decision to record the assessment lien shall be by a majority vote of a quorum of the Board members at an open Board meeting. The Board's action should refer to the Lot/parcel number of the property that is delinquent, rather than the name of the owner. The assessment Lien shall be recorded in the County Recorder's Office, itemizing all sums that are then delinquent, including the delinquent assessment(s), then current monthly assessment amount which will also accrue and be a part of the lien, interest, late charges, collection costs and reasonable attorneys' fees. Recording this notice creates a lien, which is subject to foreclosure, against the delinquent Owner's property,

b. At the same time, the Association shall advise the Association's collection agent/bank that it should accept no further monies from this delinquent owner until the assessment lien has been paid in full. Owners shall not send any assessment payments to the Association once the matter has been turned over to the Association's Attorney for collection; such payments shall only be accepted by the law firm. Any payments delivered to the collection agent shall be forwarded to the attorney's office; the attorney shall then release the lien if payment in full was made by the delinquent Owner.

11. PRE-FORECLOSURE ACTIONS:

- a. No earlier than thirty (30) days after the Notice of Assessment lien has been recorded, the Association shall make a written pre-foreclosure offer to meet and confer with the delinquent owner, consistent with the process identified in paragraph 8 herein (except that the timeline for the delinquent owner to accept a meet and confer would be thirty-five (35) days from the date of the Owner's receipt of this pre-foreclosure offer) or alternative dispute resolution consistent with Civil Code §5925, et. seq. ("IDR/ADR Offer"). Owner shall have thirty-five (35) days from the date of the IDR/ADR Offer to decide whether or not Owner wishes to pursue dispute resolution or a particular type of alternative dispute resolution (except that binding arbitration is not available to any delinquent owner if the Association intends to initiate a judicial foreclosure).
- b. Prior to initiating foreclosure, the Board of Directors must, In Executive Session, approve the decision to proceed with foreclosure by a majority vote of a quorum of the Board of Directors. The Board shall record the Board's Executive Session decision in the minutes for the next meeting of the Board open to the members by referencing the lot/parcel number of the property that is delinquent.
- c. The board of Directors shall not proceed with any form of foreclosure unless and until the amount of delinquent assessments (exclusive of any accelerated assessments, late charges, fees, costs of collection, attorney's fees or interest) equals or exceeds One Thousand Eight Hundred Dollars (\$1,800.00) or the assessments have been delinquent for more than twelve (12) months ("Threshold"). Once the Threshold has been met and all other requirements identified above have been completed, the Board may proceed with foreclosure of the assessment lien pursuant to the Association's governing documents and Civil Code §5740. The procedure used shall be a private foreclosure, pursuant to Civil Code §2924, et seq. and Civil Code §5740. The foreclosure action shall include:
 - i. A Notice of Default and Election to Sell shall be recorded at the County Recorder's Office and a ninety-day reinstatement period shall begin.
 - ii. A Title Report shall be obtained from a title company at a cost of approximately \$378.00 and this shall also be charged to the delinquent Owner.
 - iii. Furthermore any accrued attorney's fees and costs shall be charged at this stage.

12. If the Association determines that the property is over-encumbered, or otherwise makes a determination that a lawsuit is appropriate, the Association shall file a personal lawsuit against the delinquent owner to recover all delinquent assessments owing to the Association. If a lawsuit is necessary to collect the delinquent assessments from the owner, all expenses, costs and attorneys' fees in connection with said lawsuit, including but not limited to pre- and post-judgment costs for filing fees, personal service, witness fees, interest, execution of judgment and/or writ fees shall be recovered from the owner defendant.

13. If the delinquency is still not cured ninety (90) days after the Notice of Default and Election to Sell was recorded, the attorney shall proceed to record and publish the Notice of Trustee's Sale. This Notice must also be published three (3) times during a three-week period and posted in a public place. At this final stage, there shall be additional publication costs, as well as attorneys' of \$125.00. If a non-judicial foreclosure sale is completed by the Association against the delinquent owner's property, the owner shall have the right to redeem the property for a period of time up to and including ninety (90) days after the date of the Trustee's Sale.

14. When a delinquent owner has paid in full all delinquent assessments and charges, the attorney shall prepare a Release of Lien which shall be recorded in the County Recorder's Office of Riverside County, California within 21 days of receipt of the sums necessary to satisfy the delinquent amount and mail a copy of the lien release to the owner.

- 15. PAYMENT PLAN STANDARDS:** The Association hereby establishes the following payment plan standards:
- a. **Payment Within 60 Days:** If an owner can bring himself/herself/itself current within sixty (60) days, inclusive of assessments which accrue within the sixty (60) days of the payment plan, the Association will forebear filing an Assessment Lien and the owner will not incur the Assessment Lien costs if the payment plan is strictly followed. The payment plan shall include an administrative cost of \$75.00. By agreeing to the 60 day payment plan, the owner further agrees that if he/she/it fails to make any of the payments identified in the payment plan, the Association shall have the right to file an Assessment Lien without recommencing the pre-lien or Pay or Lien Notice process.
 - b. **Payment Exceeding 60 Days:** In light of the length of time of this payment plan, payment plans exceeding sixty (60) days shall require that the Association record its Assessment Lien to establish itself as a secured creditor. The payment plan shall also include an administrative cost of \$100.00 or \$25.00 per month of each month of the plan, whichever is greater. All costs related to the recordation of the Assessment Lien shall be part of this payment plan. The payment plan would require payment of all delinquent assessments amortized over the length of the payment plan, along with all assessments which will accrue during the payment plan. The Association shall further require that the owner sign a Forbearance Agreement which identifies his/her/its obligations of repayment consistent with the payment plan and further provides that if there is a default under the payment plan, the Association can proceed with the collection process as particularly identified within the Forbearance Agreement. Payment plans under this paragraph 15.b should normally not exceed six (6) months.
 - c. **Request for Payment Plan:** An owner may submit a written request to the Association for a payment plan consistent with either paragraph 15.a or 15.b above. An owner can also submit a written request to meet with the Board to identify which payment plan the owner chooses, as identified in paragraph 15 above. The Board is required to meet with the owner in Executive Session within 45 days of the postmark of the request for the meeting, if the request is mailed within fifteen (15) days of the date of the postmark of the Pay or Lien Notice.
- 16. PARTIAL PAYMENTS:** Owners may make partial payments without a written payment plan as described in paragraph 15 above; provided, however, that any such partial payment shall:
- a. Not stop any collection action;
 - b. Not invalidate any assessment lien already filed;
 - c. Not stop an already existing non-judicial foreclosure action;
 - d. Not obviate the obligation to pay all collection fees and costs inclusive of late charges, interest, management fees/bookkeeping fees, title charges, lien fees and costs, trustee's fees and / or attorney's fees; and
 - e. Further require (due to additional bookkeeping and other administrative expenses incurred with a partial payment) that any Owner who submits a partial payment (without an approved payment plan as described in paragraph 15 above) will incur an administrative expense of \$45.00 for each partial payment tendered and received by, or on behalf of the Association.