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## **GRIZZLY RANCH ASSOCIATION COLLECTION POLICY**

**Purpose and Effect:** The purpose of the proposed collection policy is to set forth clear standards for the payment and collection of regular and special assessments. The policy clarifies when assessments are due and when they are considered delinquent. The policy also establishes when the Association will initiate collection proceedings against delinquent owners and what steps the owners may take in order to cure their delinquency.

**Rule Specific Definitions:** Unless the context clearly indicates otherwise, capitalized terms used herein shall have the same meaning as in the Association's governing documents.

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1. It is the duty 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 attorneys' 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 shall comply with requirements of 5600 to 5735 and 5740 of the Civil Code when collecting delinquent assessments. If an error is made that requires termination of any collection proceeding or beginning a collection process over, the Association shall bear the costs; otherwise, the owner is responsible for all costs as identified above. (Note: Civil Code Section 5740 applies to the collection of liens recorded before January 1, 2003, and 5650 to 5735 applies to liens recorded on or after that date.)

2. Assessments are due on the first day of the first month of each quarter and are delinquent at 5:00 p.m. on the 15th day of that first month, at which time a late charge of \$10.00 or 10% of the assessment (or special assessment), whichever is greater will be charged [per the governing documents] on the 16th day of that first month. All balances due as of 5:00 p.m. on the 30th day of that first month will be subject to interest of 12% per annum. Special Assessments and Special Individual Assessments are due on date(s) specified upon imposition and each installment thereof shall be delinquent if not received within FIFTEEN (15) days after it is due.

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

4. On or after the 90th day after a payment is due, a 30-day Pre-Lien Notice will be prepared and sent, by certified mail, to the record owner at the owner's last mailing address provided to the Association. If the record owner has provided a written notice of a secondary address, all notices shall also be sent to that address. Such notice will include an itemized statement of the total amounts delinquent, including but not limited to, assessments, late

charges, interest and costs of collection, if any, a notice that the owner is entitled to ask to meet with the Board of Directors or its representative pursuant to the Association's internal dispute resolution "meet and confer" program, a notice that the owner may request alternative dispute resolution, and all information required by the Civil Code.

5. The decision to record a lien shall be made by the Board of Directors, approved by a majority vote at an open meeting of the Board of Directors. The Board of Directors shall record the vote in the minutes of that meeting referring to the property by parcel number (or other identifier), and not use the name of the owner. Likewise, the decision to file a lawsuit to collect delinquent assessments shall be made by the Board of Directors and not the Association's agent.

6. 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 that may preclude foreclosure of the lien at this time (see paragraph 7).

7. If all sums secured by the lien are not paid in full within thirty (30) days after recordation, and the amount of delinquent regular or special assessments reaches \$1,800.00, not including any accelerated assessments, late charges, fees and costs of collection, attorneys' fees, or interest, or has been delinquent more than 12 months, the Board of Directors may make the decision to foreclose the lien. All resulting collection fees and costs will be added to the total delinquent amount. At some point in time prior to initiating foreclosure, the Board of Directors 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.

8. The decision to initiate foreclosure shall be made only by the Board of Directors, by majority approval, and while the discussion may be held in executive session, the decision shall be recorded in the minutes of an open meeting in the same form as the decision to record a lien was made (by parcel number only). A vote of the Board of Directors to approve foreclosure of a lien must take place at least 30 days prior to any public sale.

9. If the Board of Directors vote to foreclose, the Board of Directors 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, 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.

10. 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.

11. 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.
12. An owner may, but is not obligated to, pay under protest, any disputed charge or sum levied by the Association, including, but 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.
13. Each payment from an owner shall be applied first to the principal sum owed, then, in descending order, to interest, late charges and collection expenses, unless an alternate agreement is entered into between the Association and the owner.
14. An owner may request the Association to consider a payment plan to satisfy a delinquent assessment. The Board of Directors will inform the owner of the standards for payment plans, to the extent standards have been adopted by the Board of Directors. Certain timelines apply as follows: If an owner's request is mailed within 15 days of the date of the postmark of the notice of delinquency (lien), the Board of Directors will meet with the owner in executive session within 45 days of the postmark of that request. However, if there is no regularly scheduled Board of Directors meeting during that period, the Board of Directors may designate one or more Directors to meet with the owner. Payment plans may incorporate any assessments that accrue during the payment plan period, however they shall not impede an Association's ability to record a lien to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period 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 from the time prior to entering into the payment plan.
15. Any check returned by the bank for insufficient funds, stop payment or any other reasons will be charged back to the unit 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 returned, the account will be assessed whatever administrative fees as the agent provides.
16. The mailing address for overnight payment of assessments is the same as that for routine assessment payments unless otherwise noted.
17. 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 Association records.
18. Except where 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 of Directors shall circulate the policy to owners at least 30 days before the meeting at which the revisions will be considered.