

# Contempo Homeowners Association

## ASSESSMENT COLLECTION POLICY

This document sets forth the Association's policy regarding the collection of assessments pursuant to the Association's Declaration of Covenants, Conditions and Restrictions, its Bylaws, and California Civil Code sections 1363.05, 1365.1, 1365.2, 1366, 1367, and 1367.1, 136.4, 1367.5

### 1.0 Assessments in General.

The Association has a duty to levy regular and special assessments sufficient to perform its obligations under the governing documents and California law. Regular assessments are determined at least once annually and are payable during the year in Monthly Installments or at such other intervals as the Board of Directors shall designate.

The Association shall distribute the written notice described in Civil Code section 1365.1 (b) to each member of the Association during the 60-day period preceding the beginning of the Association's fiscal year.

### 2.0 Obligation to Pay Assessments

A regular or special assessment and any late charges, reasonable fees and costs of collection, reasonable attorney's fees, if any, and interest, if any, as determined in accordance with Section 1366, shall be a debt of the owner of the separate interest at the time the assessment or other sums are levied. Each assessment or charge is also a lien on the owner's property from and after the time the Association causes a Notice of Delinquent Assessment (Lien) to be recorded with the County Recorder's Office of the County in which the property is located.

### 3.0 Monetary Charge for Reimbursement to Association to Common Area and Facilities

A monetary charge imposed by the Association as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to common areas and facilities for which the member or the member's guests or tenants were responsible may become a lien against the member's separate interest enforceable by the sale of the interest under Sections 2924, 2924b, 2924c, provided the authority to impose a lien is set forth in the governing documents.

### 4.0 Monetary Penalty Imposed by the Association as a Disciplinary Measure

A monetary penalty imposed by the Association as a disciplinary measure for failure of a member to comply with the governing instruments, except for the late payments, may not be characterized nor treated in the governing instruments as an assessment that may become a lien against the member's subdivision separate interest enforceable by the sale of the interest under Sections 2924, 2924b, and 2924c.

### 5.0 Notice of Assessments

Not less than 30 days nor more than 60 days before any increase in the regular assessment or any special assessment become due; the Association will give the owners notice of the assessment. Notice will be sent by first class mail to addresses on the membership register as of the date of notice. The Board of Directors may elect from time to time to provide additional periodic statements of assessments and charges, but lack of such statement does not relieve the owners of the obligation to pay assessments.

### 6.0 Designation of Agent

The Board of Directors may designate an agent or agents to collect assessment payments and administer this Assessment Collection Policy. Such designated agent may be an officer of the Association, manager, collection service, banking institution, law firm, attorney or other appropriate agent. ASAP Collection Services at 331 Piercy Road, San Jose, CA 95138 (408) 363-9600 is one of the designated agents authorized to administer this policy. Designation of Agent does not qualify ASAP as an agent to go to small claims court on behalf of the Association.

#### 7.0 Association Cannot Voluntarily Assign or Pledge the Association's Right to Collect

An Association may not voluntarily assign or pledge the Association's right to collect payments or assessments, or to enforce or foreclose a lien to a third party, except when the assignments or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association; however, the foregoing provision may not restrict the right or ability of an Association to assign any unpaid obligations of a former member to a third party for purposes of collection. Subject to the limitations of this subdivision after the expiration of 30 days following the recording of a lien per the of Covenants, Conditions and Restrictions (CC&R's), the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the notice of delinquent assessment, or sale by a trustee substituted pursuant to Section 2934a. Any sale by the trustee shall be conducted in accordance with Sections 2924, 2924b, 2924c applicable to the exercise of powers of sale in mortgages and deeds of trust. The fees of a trustee may not exceed the amounts prescribed in Sections 2924c and 2924d.

#### 8.0 Due Date/Delinquency Date of Assessments

Unless otherwise specified by the Board or the governing documents, as assessment is due on the first of each month. An assessment or any portion thereof, is delinquent if it has not been received by the Board or its designated agent 30 days after it is due.

#### 9.0 Late Charges and Interest on Delinquent Assessments

Delinquent accounts become subject to the following additional charges as container in the Civil Code section 1366 and the governing documents: costs of collections including reasonable attorney's fees, a late charge of \$10 or 10% of the delinquent assessment, whichever is greater and interest on all sums (including the delinquent assessment, collection fees and costs, and reasonable attorney's fees) at an annual interest rate not to exceed 8.00% commencing 30 days after the assessment becomes due; whether or not charged prior to collection, if it is determined the assessment was paid on time to the association the owner will not be liable to pay the charges, interest, and costs of collection.

#### 10.0 Collection Charges

Any costs and fees incurred in selling up, processing and collecting delinquent amounts, including, without limitations, late charges, statement charges, monthly administrative charges, charges for preparation of delinquency notices or forward to collections charges, or requests for a payment plan as well as the recordation of a lien or initiation of foreclosure proceedings, postage, copies, envelopes, labels, filing and recordation charges, delivery charges, and attorney's fees and costs, title searches, bankruptcy searched, pulling copies of grant deeds or property ownership histories, address and or phone number verification searched, in addition to any other charges necessary to collect a delinquent assessment shall become an additional charge against the owner and the owner's property and shall be subject to collection action pursuant to this Policy.

#### 11.0 Application of Payments

Neither the Association nor its designated agent has any obligation to accept partial payments on an assessment account. Unless stated otherwise in writing, partial payments accepted will be applied first to the oldest assessment owed, and only after the assessments owed are paid in full will the payments be applied to the fees and costs of collection, attorney's fees, late charges, or interest. Owners may request

a receipt and the association shall provide it. The receipt shall indicate the date of payment and the person who received it. Payments may be required to be made in certified funds, e.g. cashier's check or money order.

#### 12.0 Initial Delinquency notice

Once an assessment, or any portion thereof, has become delinquent, the owner may receive an initial delinquency notice, stating all amounts past due and any known collection charges imposed as of the date of the notice, which may be in the form of a letter, monthly statement, past due notice, or any other form of writing or notice from the Association or its designated agent.

#### 13.0 Notice of Intent to Record a Lien

If any assessment account remains unpaid for 45 days after it is due, the Association or its designated agent shall, at least 30 days prior to recording a lien upon the separate interest of the owner of record, notify the owner in writing by certified mail all of the notice requirements pursuant to Civil Code Section 1367.1. prior to recording a lien for delinquent assessments, the owner has the right to request to participate in dispute resolution pursuant to the Association's "Meet and Confer" program required in Article 5 (commencing with Section 1363.810) of Chapter 4 of Civil Code. A copy of the "Meet and Confer" procedure is attached to this collection policy as an ADDENDUM titled "Dispute Resolution, Meet And Confer, And ADR"

#### 14.0 Recording of a Lien

At the expiration of 30 days following the Notice of Intent to Record a Lien, the Association its designated agent will without further notice to the owner, record a lien against the owner's property. The notice of delinquent assessment shall be mailed in the manner set forth in Section 292.4b to all record owners of the owner's interest in the common interest development no later than 10 calendar days after recordation.

#### 15.0 Association Lien Subordination

Association Lien Subordination. A lien created pursuant to 14.0. Recording of Lien shall be prior to all other liens recorded subsequent to the notice of assessment, except that the declaration may provide for the subordination thereof to any liens and encumbrances.

#### 16.0 Recording of Release of Lien

A release of lien will not be recorded until the entire balance of the owner's account is paid in full. all charges incurred in recording a Release of Lien, including reasonable attorney or agent fees and costs, will be charged to the account. Within 21 days of the payment of the sums specified in the notice of delinquent assessment, the association shall record or cause to be recorded in the office of the county recorded in which the notice of delinquent assessment is recorded a lien release or notice of rescission and provide the owner of the separate interest a copy of the lien release or notice that the delinquent assessment has been satisfied.

#### 17.0 Lien Recorded in Error

If it is determined that a lien previously recorded against a separate interest was recorded in error, the party who recorded the lien shall, within 21 calendar days, recorded or cause to be recorded in the office of the county recorded in which the notice of delinquent assessment is recorded, a lien release or notice of rescission and provide the owner of the separate interest with a declaration that the lien filing or recording was in error and a copy of the lien release or notice of rescission.

#### 18.0 Foreclosure

Judicial or Non Judicial foreclosure proceedings may not begin until the amount of the delinquent assessment secured by the lien, exclusive of any accelerated assessments, late charges, fees and costs of collection, attorney's fees, or interest, equals or exceeds one thousand, eight hundred dollars (\$1,800) or the assessments are more than 12 months delinquent. Prior to initiating a foreclosure for delinquent assessments, the association will offer the owner and, if so requested by the owner, shall participate in dispute resolution pursuant to the associations "Meet and Confer" program required in Article 5 (commencing with Section 1363.810) of Chapter 4 of Civil Code or alternative dispute resolution with a neutral third party pursuant to Article 2 (commencing with Section 1369.510) of Chapter 7 of Civil Code. The decision to pursue dispute resolution or a particular type of alternative 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. A copy of the "Meet and Confer" Procedure is attached to this collection policy as an ADDENDUM titled "Dispute Resolution, Meet And Confer, And ADR".

#### 19. Deed in Lieu of Foreclosure

Nothing in this section or in subdivision (a) of Section 726 of the Code of Civil Procedure prohibits actions against the owner of a separate interest to recover sums for which a lien is created or prohibits an association from taking a deed in lieu of foreclosure.

#### 20. Payment Plan Agreement

An owner of a separate interest may submit a written request to meet with the Board of Directors to discuss a payment plan agreement to allow the owner to make periodic partial payments on the entire balance of the assessment account in addition to assessments that will accrue during the payment plan period. The Association has no obligation to enter into such a payment agreement. If the Association accepts an agreement with the owner it shall be reasonable as determined by the Board in its sole discretion, and in accordance with the standards for payment plans, if any exist. The payment agreement shall be in writing and will include a provision that additional late fees shall not accrue during the payment plan period if the owner is in compliance with the terms of the payment plan. Interest and administrative charges will accrue until the account is paid in full. The agreement will also include a provision that in the event of a default on the payment plan, the Association may resume its efforts collect the delinquent assessments from the time prior to entering into the payment plan. A lien will be recorded against the property to secure debt for the Association. The owner will be charged for the additional collection fees and costs to administer the payment plan. Payment plan requests outside of the Association's payment plan standards will require that the Board meet with the owner in executive session within 45 days of the postmark of the request. If the request is mailed within that period, in which case, the board may designate a committee of one or more members to meet with the owner.

#### 21.0 Validation of Debt

Unless and owner disputes the validity of the debt, or any portion thereof, within thirty (30) days after receipt of the notice pursuant to 13.0 Notice of Intent to Record a Lien, the debt will be assumed to be valid. Validation of the debt will be provided in writing, at no additional cost to the owner and will include 1) An itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessment, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges and interest, if any 2) the Association's name and 3) the Association's mailing address.

#### 22.0 Dispute

Federal Law states that initial dispute can be either oral or in writing. State Law requires disputed to be in writing.

It is therefore recommended that all disputes be put in writing to avoid misunderstanding.

#### 23.0 Dispute Resolution Procedure, Meet and Confer

An owner has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Association pursuant to the Association's "Meet and Confer" program required in Article 5 (commencing with Section 1363.810) of Chapter 4 of the Civil Code. A copy of the "Meet and Confer" Procedure is attached to this collection policy as an ADDENDUM titled "Dispute Resolution, Meet And Confer, And ADR".

#### 24.0 ADR – Alternative Dispute Resolution

An owner has the right to request alternative dispute resolution with a neutral third party pursuant to Article 2 (commencing with Section 1369.510) of Chapter 7 of the Civil Code before the Association may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the Association intends to initiate judicial foreclosure. A summary of the ADR – Alternative Dispute Resolution CC 1369.520 is attached as an ADDENDUM to this policy titled "Dispute Resolution, Meet And Confer, And ADR".

#### 25.0 Owner has Right to Request Meeting with Board

An owner has the right to request a meeting with the board. The board shall meet with the owner in executive session within 45 days of the postmark of the request, if the request is mailed within 15 days of the date of the postmark of the notice 13.0 Notice of Intent to Record a Lien, unless there is no regularly scheduled board meeting within that period, in which case the board may designate a committee of one or more members to meet with the owner.

#### 26.0 Owner has Right to Review Association Records

Owner has the right to review the Association records, pursuant to Section 1365.2 of the Civil Code. Owner should contact the Association's managing agent for the policies and procedures set forth to inspect the records.

27.0 Resolution of Assessment Dispute By Alternative Dispute Resolution – Civil Code Section 1366.3 – is repealed effective January 1, 2006.

#### 28.0 Other Remedies

The Association reserves the right to avail itself of any other remedy permitted by law and the Association's governing documents to collect assessments and related costs and charges, including but not limited to bringing an action in Small Claims or Superior Court. Such remedies may be taken in addition to, or in lieu of, any action already taken, and commencement of one remedy shall not prevent the Association from electing at a later date to pursue another remedy.

#### 29.0 Address of the Association and the Board of Directors

Owners should respond in writing or make payments to the address as directed by the designated agent.

For the purpose of OVERNIGHT PAYMENTS, mail to:

Mutual of Omaha Bank,  
PO Box 62285 Phoenix,  
AZ 85082

For the purpose of CORRESPONDENCE, mail to:

Contempo Homeowners Association  
4190 Gemini Drive,  
Union City, CA 94587.

These addresses are subject to change after the distribution of this policy. Notification of a change will be in writing to the membership through normal day-to-day correspondence from the association or its managing agent.

It is the owners' responsibility to note any changes for their records.

### 30.0 Returned Payments

Payments returned for insufficient funds, closed accounts, stop payment or for any other reason will be charged back to the owner's account, in addition to any administrative fee, bank or collection fees and costs incurred to handle the returned payment. Personal checks will not be accepted if two payments are "Returned" by the bank for any reason.

### 31.0 Sufficiency of Notice

Except for notice that under California law must be sent by certified mail, notice is either hand delivered or mailed first class, postage prepaid, to the owner at the address on the membership register at the time of notice. Notice is presumed received (3) three days after notice was mailed.

### 32.0 Owner's Change of Address

Owner is required to notify the Association of any change in the owner's name or mailing address. An owner may provide written notice by facsimile transmission or United States mail to the Association of a SECONDARY ADDRESS. If a secondary address is provided, the Association shall send any and all correspondence and legal notices required pursuant to the article to both the primary and secondary address.

### 33.0 Void Provisions

If any provisions of this Policy is determined to be null and void, all other provisions of the Policy shall remain in full force and effect.