

M24 RANCH ASSOCIATION ASSESSMENT COLLECTION POLICY

1. Assessments are due and payable on July 1st, the beginning of the Association's fiscal year.
2. Assessments not RECEIVED by September 1st are delinquent and a late fee of 10 percent is added to the amount due.
3. After September 1st, a reminder letter will be sent to all members whose assessments are delinquent with a request that the full amount-assessment plus late fee-be paid to the Association.
4. If delinquent assessments are not received by October 1st, a monthly interest charge of one percent will be added to the total amount due, and the account will be sent to the Association's collection agency. Unpaid assessments will continue to accrue interest at one percent per month until paid. **COLLECTION FEES AND RELATED COSTS ADD SIGNIFICANTLY TO THE AMOUNT A MEMBER WILL HAVE TO PAY TO DISCHARGE HIS DEBT TO THE ASSOCIATION.**
5. The collection agency will prepare and mail to the delinquent member a "Notice of Intent to Lien" letter notifying the member that a lien may be placed on his property if payment is not received within 30 days of the postmark of the letter.
6. In the event any delinquent assessments, collection fees, costs and other charges are not paid in full by that time, the Board will authorize that a lien be recorded against the delinquent member's property.
7. Once unpaid assessments have been delinquent one year (or total \$1800 or more), the Board will authorize that the delinquent member's property be placed in foreclosure. **IF YOUR PROPERTY IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.**
8. If the delinquent assessments and collection costs are not paid within 90 days after the property is placed in foreclosure, a notice will be published that the property is being sold to satisfy the lien. A delinquent member can prevent the sale by paying the full amount due, or making satisfactory payment arrangements.
9. The Board will consider, in cases of economic hardship, requests to accept partial payment by September 1st, with the balance paid off before October 1st. A member does not escape paying the ten percent late penalty in such arrangements. **SUCH REQUESTS MUST BE MADE BEFORE JULY 15th.**
10. In the event a senior lien holder forecloses on the property, the Board may decide to seek a judgment against the delinquent member in Small Claims Court to recover the amount owed the Association.

11. A copy of the statutorily-required NOTICE ASSESSMENTS AND FORECLOSURE is provided in Attachment A.

12. All correspondence referred to above will be sent to the address provided to the Association by the member. A delinquent member is not excused from the obligations described above because he has not provided the Association with his current address.

13. The Board may revise this policy in the event it finds it appropriate and necessary to do so.

14. Overnight payments may be made to: M24 Ranch Association, P.O. Box 81, Mountain Ranch, CA 95246.

Attachment A: NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND NONJUDICIAL FORECLOSURE

The failure to pay association assessments may result in the loss of an owner's property without court action, often referred to as a non-judicial foreclosure. When using non-judicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the lien is not paid. Assessments become delinquent 15 days after they are due, unless the governing documents of the association provide for a longer time. (Sections 1366 and 1367.1 of the Civil Code) In a non-judicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use non-judicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections 1366 and 1367.1 of the Civil Code)

The association must comply with the requirements of 1367.1 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 1367.1 of the Civil Code) At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail. Among these documents, the association must send a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 1367.1 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 1367.1 of the Civil Code) The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 1367.1 of the Civil Code)

An owner may dispute an assessment debt by giving the board of the association a written explanation, and the board must respond within 15 days if certain conditions are met. An owner may pay assessments that are in dispute in full under protest, and then request alternative dispute

resolution. (Sections 1366.3 and 1367.1 of the Civil Code) An owner is not liable for charges, interests, and costs of collection, if it is established that the assessment was paid properly on time. (Section 1367.1 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section 1367.1 of the Civil Code) The board of the directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 1367.1 of the Civil Code).