

**MONARCH BAY ASSOCIATION**

**DELINQUENCY POLICY**

***Effective January 2003***

We, the Board of Directors for the Monarch Bay Association, hereby resolve to accept the following policy for the collection of assessments. The authority for this procedure is provided in the Covenants, Conditions and Restrictions of this Association and California Civil Code and shall be consistently implemented by the managing agent.

Prompt payment of Assessments by all owners is critical to the financial health of the Association and to the enhancement of the property values of our homes. Your Board of Directors takes very seriously its obligation under the Declaration of Covenants, Conditions and Restrictions (CC&R's) and the California Civil Code to enforce the members' obligation to pay assessments. The policies and practices outlined shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board of Directors. Therefore, pursuant to the CC&R's and Civil Code Section 1365 (d), the following are the Association's assessment practices and policies:

1. Assessments, late charges, interest and collection costs, including any attorneys' fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied (Civil Code Section 1367(a); Civil Code Section 1367.1(a)).
2. Regular assessments are due and payable on the first day of each billing month. A courtesy billing statement is sent to the billing address on record with the Association. However, it is the owner of record's responsibility to pay each assessment in full regardless of whether a statement is received. All other assessments, including special assessments, are due and payable on the date specified by the Board on the Notice of Assessment, which date will not be less than thirty (30) days after the date of notice of the special assessment.
3. Any payments made shall be first applied to assessments owed, and only after the assessments owed are paid in full, shall such payments be applied to late charges, interest, and collection expenses, including attorneys' fees, unless the owner and the Association enter into an agreement providing for payments to be applied in a different manner.
4. Assessments not received within thirty (30) days of the stated due date are delinquent and shall be subject to a late charge of 10% of the balance for each delinquent assessment per unit.
5. An interest charge at the rate of 12% per annum will be assessed against any outstanding balance, including delinquent assessments, late charges, and cost of collection, which may include attorneys' fees. Such interest charges shall accrue thirty (30) days after the assessment becomes due and shall continue to be assessed each month until the account is brought current.
6. If a special assessment is payable in installments and an installment payment of that special assessment is delinquent for more than thirty (30) days, all installments will be accelerated and the entire unpaid balance of the special assessment shall become immediately due and payable. The remaining balance shall be subject to a late charge and interest as provided above.

7. A first notice of past due assessment ("late letter") will be prepared and mailed once an assessment becomes delinquent. A second notice of past due assessment will be prepared and sent by certified mail if an assessment is not received within fifteen (15) days after the assessment becomes delinquent. The certified mailing fee will be the responsibility of the delinquent owner.

8. If an assessment is not received within 30 days after the assessment becomes delinquent, the Association or its designee, in the event the account is turned over to a collection agent, will send a pre-lien letter to the owner as required by Civil Code Section 1367(a) (for liens that may record before January 1, 2003) or 1367.1(a) (for liens that may record on or after January 1, 2003), by certified and first class mail, to the owner's mailing address of record advising of the delinquent status of the account and impending collection action. The owner will be charged a fee for the pre-lien letter.

9. If an owner fails to pay the amounts set forth in the pre-lien letter within thirty (30) days of the date of that letter, the Association will authorize the service for collection to record a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorneys' fees against the owner's property. The owner will be charged for the fees and costs of preparing and recording the lien. Thirty (30) days following recordation of the lien, the lien may be enforced in any manner permitted by law, including, without limitation, judicial or non-judicial foreclosure (Civil Code Section 1367(e); Civil Code Section 1367.1(g)).

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

10. If an owner, within thirty (30) days from the date of recordation of the lien, pays to the Association, under protest, all amounts required by Civil Code Section 1366.3 (the amount of assessments, late charges, interest, all fees and costs to date of preparing and filing the lien, including attorneys' fees, not to exceed the statutory allowance), the owner may request resolution of the assessment dispute by Alternative Dispute Resolution as outlined in Civil Code Section 1354, by civil action, or by other procedures available through the Association.

11. Statements will be mailed from Management as a courtesy AND WILL NOT REFLECT the collection costs, attorneys' fees or other charges, or payments received by the collection service.

12. An owner is entitled to inspect the Association's accounting books and records to verify the amounts owed pursuant to Corporations Code Section 8333.

13. In the event it is determined that the owner has paid the assessments on time, the owner will not be liable to pay the charges, interests, and costs of collection associated with collection of those assessments.

14. Any owner who is unable to pay assessments will be entitled to make a written request for a payment plan to be considered by the Board of Directors. An owner may also request to meet with the Board in executive session to discuss a payment plan. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests.

15. Nothing herein limits or otherwise affects the Association's right to proceed in any lawful manner to collect any delinquent sums owed to the Association.

16. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and costs of collection, including attorneys' fees, must be paid in full to the Association.

17. All charges listed herein are subject to change upon thirty (30) days' prior written notice.

18. The mailing address for payments of assessments by overnight delivery is: Progressive Community Management, 27405 Puerta Real, Suite 300, Mission Viejo, CA. 92691. Please note that should an account be referred to a collection service, the collection service will provide the new address for overnight payments.

*Mailed December 2002*