

**THE VILLAGES OF RANCHO DEL ORO HOMEOWNERS ASSOCIATION, INC.**  
**ASSESSMENT COLLECTION POLICY**  
**REV. 04.2017**

**1. DUE DATES:** All Regular Assessments shall be due and payable, on the first day of each month. Special 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 assessment to the members for approval. In no event shall a Special 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 (separately from any actual payment). Overnight payment of assessments may be sent to the following address:

**THE VILLAGES OF RANCHO DEL ORO HOMEOWNERS ASSOCIATION, INC. Attn: Accounts Receivable 4055 Oceanside Blvd, Suite J,  
Oceanside, CA 92056**

**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. Under Civil Code Section 5650(b)(2), the late charge is ten dollars (\$10.00) or ten percent (10%) of the delinquent assessment, whichever is greater. Furthermore, the Association shall be entitled to recover any reasonable collections costs, including attorneys' fees, that the Association then incurs in its efforts to collect the delinquent sums.

**5. LATE LETTER:** If a delinquent assessment payment is not paid within fifteen (15) days after it becomes due, a late letter may be sent to the member reminding them of his/her obligation to pay assessments in a timely manner.

**6. 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 (12%)** OR the rate specified within the CC&RS, whichever is less.

**7. NON-SUFFICIENT FUNDS:** Owners' accounts are assessed for the costs of checks returned NSF (non-sufficient funds) at the amount of \$30.00 to cover both bank charges and account adjustment. This amount is subject to change.

**8. COLLECTION COSTS:** The costs charged by the Association's property management company or other Association designee, including but not limited to legal counsel, for the preparation and mailing of notices to owners including, but not limited to, warning letters regarding delinquent accounts and/or the filing of liens, shall be charged to the delinquent owner's accounts. All attorney's fees and costs incurred in collecting unpaid assessments and other charges will be added to the amounts due, whether they are incurred in the course of a lawsuit or other collection procedures and shall also be charged to the delinquent owner's account.

**9. CHANGE OF ADDRESS / SECONDARY ADDRESS:** All owners must immediately notify the Association, in writing, of mailing address changes. Further, 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 only send notices to the indicated secondary address at the point in time the Association has received the written request.

**10. PAY OR LIEN LETTER:** The association or its legal representative will send a notice of delinquency (Pay or Lien Letter) to the Owner by regular first-class mail and certified mail, return receipt requested not less than forty-five (45) days after the initial delinquency. The Pay or Lien Letter shall provide at least thirty (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.

**11. INTERNAL DISPUTE RESOLUTION PROCESS:** The association shall offer to engage in Internal Dispute Resolution or to "meet and confer" with a 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 either be placed within the Association's Pay or Lien Letter or in a separate written communication to the delinquent Owner. An Owner who wishes to accept the Meet and Confer Offer must do so by submitting his/her/it's written acceptance to meet and confer with the Association, which written acceptance must be received by the Association by the deadline date specified in the Association's Meet and Confer Offer. The Association shall designate a prompt date and time for the meet and confer, at a time and location that is mutually convenient to the Association and the delinquent Owner. The Association shall designate a Board Member 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 Meet and Confer must occur within a reasonable time period after the Meet and Confer Offer is submitted to, and accepted by, the delinquent Owner.

Pursuant to a 1994 California decision, Park Place Homeowners Association, Inc. v. Naber (1994) 29 Cal.App. 4<sup>th</sup> 427, the appellate court held that homeowners have an independent obligation to pay monthly assessments and do not have a right to set off or to withhold payments of assessments.

**12. ASSESSMENT LIEN:**

a. The Board of Directors may approve the recordation of an assessment lien against the delinquent Owner's property if payment is not received within **thirty (30) calendar days of the Association's or legal representative's Pay or Lien Letter**. For all liens recorded after January 1, 2006, 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), the 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. **[The Association must accept partial payments]** Owners shall not send any assessment payments to the Association once the matter has been turned over to the 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.

**13. 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 11 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 receipt 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 of 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 satisfied, the Board may proceed with foreclosure of the assessment lien pursuant to the Association's governing documents and *Civil Code* §5700 *et seq.* The procedure used shall be private foreclosure pursuant to *Civil Code* §2924b, *et seq.*, and *Civil Code* §5710. The foreclosure action shall include a Notice of Default and Election to Sell, which shall be recorded at the County Recorder's Office and a ninety-day reinstatement period shall begin. Additional foreclosure costs, which may include reasonable Trustee and/or attorneys' fees, shall be charged to the delinquent Owner.

**14.** As an alternative to foreclosure, the Association may 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).

**15.** If the delinquency is still not cured ninety (90) days after the Notice of Default and Election to sell was recorded, a Notice of Trustee's Sale may be recorded and published. This Notice must be published three (3) times during a three-week period and posted in a public place. Additional publication costs, as well as reasonable attorneys' fees shall be charged to the delinquent Owner. 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

**16.** When a delinquent Owner has paid in full all delinquent assessments and charges, a Release of Lien shall be recorded in the County Recorder's Office within twenty-one (21) days of receipt of the sums necessary to satisfy the delinquent amount and a copy of the lien release shall be mailed to the Owner of the residential Lot.

**17. REQUEST FOR PAYMENT PLAN:** An Owner may submit a written request to the Association for a payment plan. An Owner may also submit a written request to meet with the Board to discuss a payment plan. The Association shall provide the Owner will the standards for payment plans, if any exist. The Board is required to meet with the Owner in executive session within forty-five (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. If there is no regularly scheduled board meeting within the forty-five (45) day timeline, the Board shall designate a committee on one or more members to meet with the Owner.