

PINECREST COMMUNITY ASSOCIATION COLLECTION PROCEDURES & POLICIES

For Collection of Delinquent Assessments

PROCEDURES:

Regular Assessments are due on the first (1st) day of each month (the "due date") and are deemed delinquent if not received within 30 days or such time as set forth in the CC&Rs. Special assessments are due on the day specified and are delinquent if not received within 30 days of the due date or such time as set forth in the CC&Rs.

The mailing address for overnight payments to the Association is to its agent:

Orange County HOA Management
100 Spectrum Center Dr STE 900
Irvine CA 92618

If the account is delinquent for more than 45 days in any amount, or if the homeowner has passed a NSF check to the Association, or if the homeowner has breached a payment plan, or if a homeowner has continuously made late payments, overnight payments must be certified funds.

For any assessment not received within 30 days of the due date, a Late Charge as set forth in the CC&Rs is charged to the homeowners account, or if the CC&Rs are silent then a late charge equal to TEN DOLLARS (\$10.00) or TEN PER CENT (10%), whichever is greater or as set by the governing board, is thereafter charged to the homeowner's account. Currently, the late charge is ten dollars (\$10.00).

Additionally, an interest charge at the rate of twelve percent (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.

Thirty (30) or more days after the due date, the Association or its agent, may prepare and send a letter to the homeowner, reminding the owner of the amounts past due and giving the homeowner a minimum of 15 days to bring the account current. The charge for this letter will not exceed \$52.00. Additional similar letters may be sent and charged to the homeowners account as deemed appropriate. Prior to the account being sent to the Association's agent for further action, for any amounts delinquent, payment in full and/or certified funds may be required by the Association to bring the account current.

For any assessment not received within 45 days of the due date or at the expiration of the period stated in the homeowner reminder letter, or if any delinquency remains unpaid, the delinquent account is sent to the Association's agent who prepares an Intent to Lien letter, which, in accordance with California Civil Code § 5660, is sent to the homeowner with information that the Association shall proceed to record a lien against the homeowner's property within the Association ("Property") in the event full payment is not received within thirty (30) days. With the Intent to Lien letter, a notice and offer will be

sent to the homeowner of the homeowner's right to dispute an assessment debt by submitting a written request to meet with the board pursuant to California Civil Code commencing at section 5900. The collection charge to prepare and issue the Intent to Lien letter shall be charged to and payable by each of the delinquent Owners) and shall not exceed \$175.00 each. At the point the account is sent to the Association's agent to move forward with the collection process, all payments for delinquent amounts must be made to the Association's agent on behalf of the Association, and certified funds may be requested. Once the account is sent to collection, payment in full may be required, unless a payment plan is accepted by the Association. If partial payments are received, these may be returned to the homeowner unless remaining sums due are immediately paid as requested by the Association's agent.

Should any delinquency remain unpaid after the expiration of the thirty (30) day period set forth in the Intent to Lien letter, a **Notice of Delinquent Assessment Lien** on behalf of the Association against the Owner's property within the Association is prepared and recorded and mailed to the purported owner of record. Thereafter, notice shall be sent of the Owner's right to seek a meet and confer with the Board under California Civil Code commencing at 5900 or alternative dispute resolution under California Civil Code commencing at section 5925, before the foreclosure is commenced. The Association has authorized both its Managing Agent and the Association's legal counsel to prepare, sign and issue this lien and notice. The delinquent Owner's account shall be charged for the fees and costs associated with the preparation and recording of the assessment lien. These costs and fees shall not exceed \$425.00.

At least 30 days after the Notice of Delinquent Assessment Lien is recorded, if the account remains delinquent in any amount, the Association may elect to proceed with small claims. Alternatively, at least 30 days after the Notice of Delinquent Assessment Lien is recorded, if the account remains delinquent in the principal assessment amount of \$1,800.00 or for more than 12 months, the Association's agent shall initiate foreclosure upon the assessment lien, or, in lieu of foreclosure against the Property, the Board may elect to proceed with a judicial action for collection of the unpaid assessments. All fees and costs associated with the foreclosure and/or the judicial action for collection shall be charged to and payable by the delinquent Owner(s).

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

COLLECTION POLICY:

In addition to the within PROCEDURE for the collection of delinquent Assessments, the board of directors has established the following POLICIES to establish a uniform standard for the payment and collection of delinquent assessments:

Assessments - Assessments subject to the Collection Policy include the monthly regular assessments and any levied special assessments (or any additional assessment regardless of what is called).

Costs of Collection - The costs of collection for delinquent assessments, including any management fees, trustee fees and reasonable attorney fees and costs, are included as a charge against a member's assessment account and are included in the amount of any Assessment Lien recorded against the property and the amount of any collection recovery action by the Association against the Owner(s).

Delinquency - The term Delinquency shall include any delinquent unpaid regular or special assessments, late charges, interest, and costs of collection incurred or any portion thereof.

Partial Payments - If a partial payment is received which is less than the entire unpaid balance owed on the member's account, including the collection charges, provided the Notice Of Delinquent Assessment Lien has not been recorded, the partial payment may be credited to the oldest outstanding balances on the member's account and the remaining unpaid balance shall be subject to this Procedure and policy for collection. At the point the account is sent to collection, all payments for delinquent amounts must be made to the Association's collection agent on behalf of the Association, and certified funds may be requested. Once the account is sent to collection, payment in full may be required, unless the Association accepts a payment plan. If partial payments are received, these may be returned to the homeowner unless remaining sums due are immediately paid as requested by the collection agent.

Payments - Payments received by the Association after a delinquent account has been assigned to the Association's Agent for collection shall be forwarded by the Association to the Association's Agent and all further communications for the collection of the delinquent account are to be through the Association's agent unless a meet and confer or alternative dispute resolution is requested by the homeowner, and proceeds. For any assessment paid on time, the owner shall not be liable to pay a late charge, interest or costs of collection as it relates to that assessment.

Notice of Dispute and Hearings ("IDR") Under California Civil Code Commencing at 5900 - The owner may dispute the debt noticed in the intent to lien letter by submitting to the board a written explanation of the reasons for his or her dispute. The Association shall respond in writing within 15 days of the postmark date of the request. Further, the owner may make a written request to meet with the Board to discuss a payment plan, and the Board shall meet with the owner at an executive session within 45 days of the postmarked date of the request, if the request is mailed within 15 days of the postmarked date of the intent to lien letter, otherwise the Board may appoint a committee of one or more members to meet with the owner.

Payment Plans - Upon written request by a delinquent Owner(s), short term Payment Plans may be approved in the sole discretion of the board of directors based upon the justifying circumstances of each delinquent Owner. However, the Association is not a bank and does not intend on the long term financing of an Owner's Delinquency. The Association's payment plan standards are attached hereto.

Returned Check Charges - A charge of \$25.00 plus actual bank fees shall be added to the account of any member whose check to the Association, its attorney, agent, or management

company, is returned dishonored by the member's bank.

Statements - Monthly statements are a courtesy to the members and not an invoice for payment. If an owner does not receive a monthly statement, nevertheless payment must be made to the Association at the last given address. Additionally, a monthly assessment statement with unpaid balances may not reflect any or all of the collection costs incurred on a delinquent Owner's account, including late charges, interest, attorney or trustee fees and costs which have been charged to the member's account according to this Collection Policy and Procedure. Therefore, a delinquent owner must communicate with the Association's agent to confirm the total delinquency owed.

No Waiver of Collection Charges - If a member's account becomes delinquent and the Association is required to incur collection charges due to the member's delinquency, the Association's policy is to not waive the delinquent member's payment of these collection charges since it would not be fair to the members who pay their dues to also pay for the collection charges incurred by the Association due to another Owner's delinquency.

This policy is effective January 1, 2009 and remains in effect until further notice. On January 1, 2014, references to Civil Code sections were updated.