

SAN CLEMENTE SHORECLIFFS BEACH CLUB ASSOCIATION
COLLECTION PROCEDURES & POLICIES
For Collection of Delinquent Assessments

Effective May 1, 2006

PROCEDURES:

Regular Assessments are due on the first (**1st**) day of the year (the “due date”) and are deemed delinquent if not received within 15 days or such time as set forth in the CC&Rs or By-Laws. Special assessments are due on the day specified and are delinquent if not received within 15 days of the due date or such time as set forth in the CC&Rs or By-Laws.

The mailing address for overnight payments to the Association or to its agent is:
c/o AMMCOR
910 Calle Negocio, Suite 200
San Clemente, CA 92673

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 made numerous late payments, overnight payments must be made by certified funds.

For any assessment not received within 15 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 and/or By-Laws are silent then a late charge equal to TEN DOLLARS (\$10.00) or 10% of the delinquent assessment whichever is greater, is thereafter charged to the homeowner's account. The Association may elect to charge interest on all delinquent accounts. Any such interest charges shall be added to the owner's account and shall not exceed the maximum lawful rate then in effect. **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 10 days to bring the account current. The charge for this letter will not exceed \$25.00 plus costs. Additional similar letters may be sent and charged to the homeowners account as deemed appropriate. Prior to the account being sent to legal counsel, for any amounts delinquent, payment in full and/or certified funds may be required by the Association to bring the account current.

In accordance with California Civil Code §5660, at the expiration of the period stated in the homeowner reminder letter, if any delinquency remains unpaid, the Association or its agent or attorney may prepare an **Intent to Lien** letter, which will be 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 a charged to and payable by the delinquent Owner(s) and shall not exceed \$195.00 plus costs. **At the point the account is sent to the attorney to move forward with the collection process, all payments for delinquent amounts must be made to the Association's attorney on behalf of the Association, and certified funds may be requested. Once the account is sent to legal counsel for 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 Attorney.

Should any delinquency remain unpaid after the expiration of the thirty (30) day period set forth in the Intent to Lien letter, at the direction of the Board 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 along with notice of the 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's agent or attorney is authorized 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. Once an owner's account is forwarded to the Association's attorney, additional costs and fees may be payable to Association's agent in an amount not to exceed \$200.00.

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 not less than \$1,800 or, some portion of the balance remains delinquent for more than 12 months, at the direction of the Board, the Association's attorney 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, shall include but are not limited to any management fees, trustee fees and reasonable attorney fees and costs, 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, special, or other 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 costs of collection, 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 the attorney to move forward with the collection process, all payments for delinquent amounts must be made to the Association's attorney on behalf of the Association, and certified funds may be requested. Once the account is sent to legal counsel for 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 Attorney.**

Payments - Payments received by the Association after a delinquent account has been assigned to the Association's attorney for collection shall be forwarded by the Association to the attorney and all further communications for the collection of the delinquent account are to be through the Association's attorney unless a meet and confer or alternative dispute resolution is requested by the homeowner, and proceeds to conclusion. 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 CA 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 or 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 based upon the justifying circumstances of each delinquent Owner. However, the Association is not a bank and does not provide long term financing of an Owner's Delinquency.

Returned Check Charges - A charge of not less than \$25.00 shall be added to the account of any member whose check to the Association, its attorney 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 attorney 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 costs of collection 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.

PAYMENT PLAN STANDARDS:

- For a Delinquency as herein above defined, the Association will consider an owner's offer of a payment plan which substantially complies with the following standards, which standards may be changed upon vote of the Board noted in the minutes of a meeting of the Board. These standards are merely guidelines, and all payment plans are the sole discretion of the Board:
- The plan shall be in writing, signed by the owner, and should provide for full payment of all sums due or which may become due as of the date of the acceptance of the plan. If a Notice of Delinquent Assessment Lien has not been recorded, then the payment plan must include the cost of the lien, and the lien shall be prepared and recorded on the property as a condition of the payment plan. If the Notice of Delinquent Assessment Lien has already been recorded, a forbearance agreement must also be executed by the owner as a condition of an approved payment plan. If the Notice Of Sale has been prepared as part of the foreclosure process, the Board need not approve a payment plan in accordance with these standards and the terms of any payment plan entered into at that time is at the sole discretion of the Board.
- An initial down payment, in an amount deemed reasonable by the Board, may be required to initiate a monthly payment plan.
- If the delinquency is less than \$1,800.00, the plan should not exceed six (6) months in duration from the date the plan is accepted. The plan will include the recording of the assessment lien as well as the fees and costs in preparing and recording this lien.
- If the delinquency is in excess of \$1,800.00 the plan should not exceed twelve (12) months in duration from the date the plan is accepted. The plan will include the recording of the assessment lien as well as the fees and costs in preparing and recording this lien.
- The plan should provide for the owner to remain current during the plan, on all assessments and charges which become due from the date the plan is accepted.
- The plan should also provide that if the owner is late on any payment, late being defined as not arriving on the date the payment is to be received, the owner is in breach of the payment plan, and the Association may terminate the plan upon its sole discretion, and, any payments accepted by the Association after such breach or termination of the plan, is not a waiver of the breach nor of the right to terminate the plan. The plan should further provide that upon termination of the payment plan as a result of a breach, the Association may continue with collection efforts with the next step in the collection procedure following the last completed step. In no event will the Association be required to re-initiate or re-start the collection procedures, or any procedure that has already been taken, and any forbearance shall not act to stop the expiration of applicable time periods.
- The plan shall require the owner to give notice of the delinquency and plan to a buyer of the property in escrow, and the plan shall not be transferable to any subsequent owner. All amounts due shall be paid

through escrow, whether the transaction is a sale or a refinancing.

- If the homeowner has failed at any time in the past, to comply with a previous payment plan, the Board need not approve reinstatement of the plan or a new plan, and the terms of any new plan are at the sole discretion of the Board.

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MOD. 1/14