

MAPLE LANE HOMEOWNERS' ASSOCIATION

DELINQUENT ASSESSMENT COLLECTION POLICY

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&Rs) 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&Rs and Civil Code Section 1367.1(a), 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 1367.1(a)).
2. Regular monthly assessments are due and payable on the first day of each month. A courtesy billing statement may, but is not required, to be sent each month to the billing address on record with the Association. **It is the owner of record's responsibility to pay each assessment in full each month 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 fifteen (15) days of the stated due date are delinquent and shall be subject to a late charge of Ten Dollars (\$10) or Ten percent (10%) of the delinquent assessment, whichever is greater.
5. 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.
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”) may be prepared and mailed once an assessment becomes delinquent. A Ten dollar (\$10) charge for the late letter will be made against the delinquent owner’s account.
8. If an assessment is not received within forty-five (45) 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 1367.1(a) by certified and first class mail, to the owner’s mailing address of record advising of the delinquent status of the account, impending collection action and the owner’s right to request that the Association participate in some form of internal dispute resolution process (“IDR”). The owner will be charged a Seventy-Five dollar (\$75) fee for the pre-lien letter. Notwithstanding the provisions of this Paragraph, the Association may (i) send a pre-lien letter to a delinquent Owner at any time when there is an open escrow involving the Owner’s Unit/Lot, and/or (ii) issue a pre-lien letter immediately if any Special Assessment becomes delinquent.
9. If an owner fails to pay the amounts set forth in the pre-lien letter and fails to request IDR within thirty (30) days of the date of the pre-lien letter, the Board shall decide, by majority vote in an open meeting, whether to authorize the Association 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. If the Association records a lien against the owner’s property, the owner will be charged for the fees and costs of preparing and recording the lien. The lien may be enforced in any manner permitted by law, including, without limitation, judicial or non-judicial foreclosure (Civil Code Section 1367.1(g)).
10. The Association may be authorized to enforce the lien thirty (30) days after recordation of the lien and may be authorized to foreclose the lien by non-judicial foreclosure sale when either (a) the delinquent assessment amount totals One Thousand, Eight Hundred Dollars (\$1,800) or more, excluding accelerated assessments and specified late charges and fees or (b) the assessments are delinquent for more than twelve (12) months. You could lose ownership of your property if a foreclosure action is completed. You will be responsible for significant additional fees and costs if a foreclosure action is commenced against your property.
11. The decision to foreclose on a lien must be made by a majority of the Board of Directors in an Executive Session meeting and the Board of Directors must record their votes in the minutes of the next open meeting of the Board. The Board must maintain the confidentiality of the delinquent owner(s) by identifying the matter in the minutes by only the parcel number of the owner’s property. Prior to initiating any foreclosure sale on a recorded lien, the Association shall offer delinquent homeowners the option of participating in IDR or Alternative Dispute Resolution (“ADR”).
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. An owner has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Association pursuant to Civil Code Section 1363.810 *et seq.*
15. An owner has the right to request alternative dispute resolution with a neutral third party pursuant to Civil Code Section 1369.510 *et seq.* before the association may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.
16. Any owner who is unable to pay assessments will be entitled to make a written request for a payment plan to the Association 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 if the payment plan request is mailed within fifteen (15) days of the postmark date of the pre-lien Letter. The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests. Payment plans shall not interfere with the Association's ability to record a lien on an owner's separate interest to secure payment for the owner's delinquent assessments. If the Board authorizes a payment plan, it may incorporate payment of ongoing assessments that accrue during the payment plan period. If a payment plan is approved, additional late fees from the homeowner will not accrue while the owner remains current under the terms of the payment plan. If the owner breaches an approved payment plan, the Association may resume its collection action from the time the payment plan was approved.
17. 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.
18. 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.
19. When a third-party other than the Association forecloses on a lien (including a mortgage or deed of trust) placed on a particular owner's lot, or when a lot is transferred to a trustee of a bankruptcy estate, a transfer fee in the amount of the current lot's delinquency, including delinquent assessments, late charges, interest and costs of collection, including attorneys' fees, will be assessed on the lot and is chargeable to the new owner of record of the lot (or, in the case of bankruptcies, any subsequent purchaser). If the amount of delinquency is less than \$150, the transfer fee assessed to the new owner of record of the lot will be \$150.
20. There is no right of offset. An owner may not withhold assessments owed to the Association on the alleged grounds that the owner is entitled to recover money or damages from the Association for some other obligation.
21. The Association shall charge the owner a Twenty-Five Dollar (\$25.00) fee for the first check tendered to the Association that is returned unpaid by the owner's bank and Thirty-Five

Dollars (\$35.00) for each subsequent check passed on insufficient funds. If the check cannot be negotiated, the Association may also seek to recover damages of at least One Hundred Dollars (\$100.00), or, if higher, three (3) times the amount of the check up to One Thousand, Five Hundred Dollars (\$1,500.00) pursuant to Civil Code Section 1719.

22. Owners have the right to provide a secondary address for mailing for purposes of collection to the Association. The owner's request shall be in writing and shall be mailed to the Association in a way that shall indicate that the Association has received it. An owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the point the Association receives the request.
23. All charges listed herein are subject to change upon thirty (30) days' prior written notice.
24. Until the owner has paid all amounts due, including delinquent assessments, late charges, interest and costs of collection, including attorneys' fees, the Board of Directors may suspend the owner's right to vote, and suspend the owner's right to use the Association's recreational facilities after providing the owner with a duly noticed hearing pursuant to Civil Code Section 1363(h). However, any suspension imposed shall not prevent the delinquent owner from the use, benefit and pleasure of the owner's lot.
25. **The mailing address for overnight payment of assessments is:**

Maple Lane HOA
PO Box 51011
Palo Alto, CA 94303

Adopted: September 24, 2009