

**CROWN COLONY HOMEOWNERS ASSOCIATION  
ASSESSMENT COLLECTION POLICY**

*This document sets forth the Crown Colony Homeowners Association's policy regarding the collection of assessments pursuant to the Association's governing documents and California Civil Code sections 1366 through 1367.5.*

1. **Assessments in General.** The Association has a duty to levy regular and special assessments sufficient to perform its obligations under the governing documents and California law. The Regular Assessment is levied annually and is payable during the year in equal monthly installments or at such other intervals as the Board of Directors shall in writing designate.
2. **Obligation to Pay Assessments.** Each assessment is an obligation of the owner at the time it is levied. Each assessment is also a lien on the owner's unit from and after the time the Association causes a Notice of Delinquent Assessment (lien) to be recorded with the County Recorder's Office.
3. **Notice of Assessments.** Not less than thirty (30) days nor more than sixty (60) days before any increase in the Regular Assessment or any Special Assessment becomes due, the Association will give the owners notice of the assessment. Thereafter, the Board of Directors may elect to provide additional periodic statements of assessments and charges, but lack of such statements does not relieve the owners of the obligation to pay assessments.
4. **Designation of Agent.** The Board of Directors may designate an agent or agents to collect assessment payments and administer this Assessment Collection Policy. Such designated agent may be an officer of the Association, manager, banking institution, law firm or other appropriate agent.
5. **Due Date/Delinquency Date of Assessments.** Unless otherwise specified in writing by the Board, the Regular Assessment is due and payable in installments on the first day of each month during the year. Special Assessments shall be due and payable on the due date specified by the Board. Any assessment is delinquent if not received as directed by the Board or its designated agent fifteen (15) days after it becomes due.
6. **Late Charges/Interest.** An assessment, or any portion thereof, that is delinquent shall incur a late charge of ten percent (10%) of the delinquent assessment or ten dollars (\$10), whichever is greater. Beginning thirty (30) days after the assessment becomes due, the entire unpaid balance of an assessment account shall bear interest at an annual percentage rate not to exceed ten percent (10%).
7. **Collection Expenses.** Any costs and fees incurred in processing and collecting delinquent amounts, including, without limitation, late and interest charges, charges for preparation of delinquency notices or referral for collection, postage and copies, and attorneys' fees and costs, shall become an additional charge against the owner and the owner's unit and shall be subject to collection action pursuant to this Policy.
8. **Application of Payments.** Payments shall be applied first to principal owed, then to interest and collection charges.
9. **Notice of Intent to Lien.** If an assessment account remains unpaid for forty five (45) days after it is due, the Association or its agent shall notify the owner by certified mail that a lien will be recorded unless the entire balance of the account is paid within thirty (30) days after the date of the notice of intent to lien (pre-lien notice). The pre-lien notice shall include a general statement of the collection and lien enforcement procedures of the Association, an itemized statement of the charges owed as of the date of the notice, including the costs of preparing the pre-lien notice, and other disclosures required by law. Payment may be required in certified funds. Notwithstanding the time periods specified in this Paragraph, a pre-lien notice may be sent to a delinquent owner at any time during an open escrow involving the owner's unit.

10. **Owner's Right to Meet with the Board.** An owner may submit a written request to meet with the Board to discuss the debt noticed in the pre-lien notice described in Paragraph 9. The Board shall meet with the owner in executive session within forty five (45) days of the postmark of the owner's request if the request is mailed within fifteen (15) days of the postmark date on the pre-lien notice, unless there is no regularly scheduled board meeting within that period, in which case the Board may designate a committee of one or more members to meet with the owner. As provided in Paragraph 17 below, the Board of Directors, in its sole discretion, may enter into an agreement with an owner for repayment of the amounts due the Association.

11. **Dispute of Charges.** An owner may dispute the amount demanded by the Association by submitting to the Board a written explanation of the reasons for disputing the amount. A telephone call will not reserve any rights. State law also permits owners with assessment disputes to request participation in the Association's "meet and confer" program or alternative dispute resolution. The Owner should provide the following information regarding any dispute:

- a. The Owner's name, mailing address, and account number.
- b. The exact dollar amount claimed to be in dispute or in error.
- c. For each charge or payment in dispute, an explanation of the reasons the owner believes there is an error, with sufficient detail such as dates, names and check numbers, so that the dispute may be investigated efficiently and effectively. If the owner does not know how the error was made, that statement may be made.
- d. Copies of checks, letters or other documents referred to or claimed should accompany. The written explanation.

12. **Recordation of Lien.** Before a lien is recorded against an owner's unit, the Board shall decide in an open meeting to record a lien and the Board's decision shall be reflected in the minutes of that meeting. Upon such decision of the Board, a lien shall be recorded against the owner's unit, without further notice to the owner, if the owner fails to pay the entire balance of the account within the time period specified in the pre-lien notice.

13. **Acceleration of Assessments Due.** Upon the recording of a lien, the Association may, at its option, declare due and payable the entire balance of all sums then due or to become due from the owner, including the balance of the Regular Assessment and any Special Assessment. This total sum may be included in any foreclosure proceeding or collection action.

14. **Foreclosure of Lien.** After the lien is recorded and at least thirty (30) days have elapsed, foreclosure proceedings may commence when assessment principal either exceeds the amount, or remains unpaid for the time period, specified in state law. The Board's decision to initiate foreclosure shall be made in executive session and reflected in the minutes of the Board's next open meeting by reference to the parcel number of the unit rather than the name of the owner in order to maintain the confidentiality of the owner.

**IMPORTANT NOTICE: IF AN OWNER'S UNIT IS PLACED IN FORECLOSURE BECAUSE THE OWNER IS BEHIND IN PAYMENT OF ASSESSMENTS, THE UNIT MAY BE SOLD WITHOUT COURT ACTION.**

15. **Dishonored Checks.** At any time that the Association or its agent receives a check dishonored by the bank for any reason, a charge of twenty-five dollars (\$25) shall be imposed. The Association may also seek damages in accordance with California Civil Code section 1719.

16. **Receipts.** Owners may request and receive a receipt upon making an assessment payment. The receipt will indicate the date the payment was received and the name of the person who received it.

17. **Payment Agreements.** Neither the Association nor its agent is obligated to accept partial payments on an assessment account and may return to owners payments of less than the full amount owed. The Board of Directors, in its sole discretion, may enter into a written payment agreement with an owner for periodic partial payments on the balance of the assessment account, in amounts and on a payment schedule agreed to by the Board. The agreement shall include payment of accruing assessments, and late charges shall not accrue so long as the owner is complying with the terms of the agreement. The Association has no obligation to enter into such an agreement, and any agreement entered into with the owner shall be reasonable, as determined by the Board in its sole discretion, and for the sole purpose of assuring that the best interests of the Association are served. The payment agreement shall be in writing and a provision shall be included that failure to meet any term of the agreement shall give the Board the right to immediately continue the collection process without further notice to the owner.

18. **Release of Lien.** A Release of Lien will not be recorded until the entire balance of the owner's account is paid. All charges incurred in recording the Release, including reasonable attorneys' fees, will be charged to the owner's account. Upon satisfaction in full of the entire balance owing, the Association shall within twenty-one (21) days record or cause to be recorded a Release of Lien.

19. **Other Remedies.** The Association reserves the right to avail itself of any other remedy permitted by law and the Association's governing documents to collect assessments and related costs and charges, including but not limited to bringing an action in Small Claims or Superior Court. Such remedies may be taken in addition to or in lieu of any action already taken, and commencement of one remedy shall not prevent the Association from electing at a later date to pursue another remedy.

20. **Secondary Addresses.** Owners may submit a secondary address to the Association for purposes of collection notices. Such information must be submitted in writing, signed by the owner, and mailed to the Association in a manner that confirms the Association has received it. After an owner identifies a secondary address, the Association will send copies of any collection notices to the secondary address provided, in addition to the owner's primary address shown in the Association's records. An owner may identify or change a secondary address at any time. If a secondary address is identified or changed during any collection process, the Association will only be required to send notices to the designated secondary address from the point that the Association receives the request.

21. **Address of the Association and the Board of Directors.** Owners should respond in writing or make payments to the address directed by the designated agent. If no address is given, correspondence and requests should be mailed to the Association at the following address:

Board of Directors  
Crown Colony Homeowners' Association  
379 Imperial Way  
Daly City, Ca 94015

Unless another address is given by the Association or its designated agent, the address noted above may be used for overnight payments.

22. **Void Provisions.** If any provision of this Policy is determined to be null and void, all other provisions of the Policy shall remain in full force and effect.

Adopted by Resolution of the Board of Directors

April 19, 2006

Date

# CROWN COLONY HOMEOWNERS ASSOCIATION

## NOTICE OF COLLECTION RIGHTS AND OBLIGATIONS

*The following Notice is provided to the Members of Crown Colony Homeowners Association, in accordance with California Civil Code section 1365.1, amended effective January 1, 2006.*

### NOTICE

#### ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

#### ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as non-judicial foreclosure. For liens recorded on or after January 1, 2006, an association may not use judicial or non-judicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or non-judicial foreclosure subject to the conditions set forth in Section 1367.4 of the Civil Code. When using judicial or non-judicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 1366, 1367.1, and 1367.4 of the Civil Code)

In a judicial or non-judicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use non-judicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections 1366 and 1367.1 of the Civil Code)

The association must comply with the requirements of Section 1367.1 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 1367.1 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 1367.1 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 1367.1 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

## PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 1367.1 of the Civil Code)

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 5 (commencing with Section 1368.810) of Chapter 4 of Title 6 of Division 2 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 2 (commencing with Section 1369.510) of Chapter 7 of Title 6 of Division 2 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 1367.1 of the Civil Code)

## MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a timeshare may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section 1367.1 of the Civil Code)

The board of the directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 1367.1 of the Civil Code)