

# STARLIGHT MESA HOMEOWNERS ASSOCIATION

## ASSESSMENT COLLECTION POLICY

January 30, 2011

The Starlight Mesa Homeowners' Association is responsible for maintaining the parks, playgrounds, the pool, tennis court, homeowners' front lawns and hillside brush clearance. Timely payment of assessments is extremely important for these operations. A homeowner's failure to pay assessments when due creates a cash flow problem for the Association and disrupts its ability to maintain the community's assets. To minimize late and/or delinquent payments, the Board has adopted the following policies for the collection of assessments:

### ASSESSMENT DUE DATE

Regular assessments are payable QUARTERLY. Each installment is due on the 1st day of each quarter of the year and is considered delinquent if not received by the management company on the 15th of that same month or earlier. Billing statements are sent only as a courtesy. Payment of assessments is required even if you do not receive a billing statement.

### LATE CHARGES

Assessments are subject to late charges. Late charges are cumulative and are imposed on the last day of each month of the quarter and will be calculated as follows:

- 10% of the monthly amount of the quarterly assessment on the last day of the first month,

- 10% of the monthly amount of the quarterly assessment on the last day of the second month,
- 10% of the monthly amount of the quarterly assessment on the last day of the third month.

For example, if the quarterly assessment is \$465, the monthly amount is \$155. Upon this monthly amount the late fee of 10%, will be charged: \$15.50. If the assessment is still not paid by the end of the second month of the quarter, an additional 10% of the monthly fee - i.e. \$15.50 is charged. Assessments which are not received by the management company by the last day of the third month of the quarter will be charged an additional 10% of the monthly amount - an additional \$15.50 is added to the total late fee which, in this example, will be \$46.50 for the unpaid quarterly assessment.

### INCOMPLETE PAYMENTS

Incomplete payments of assessments are considered delinquent payments and therefore are subject to the full amount of late charges as outlined above.

### SPECIAL ASSESSMENTS

Special assessments shall be due and payable on the due date specified by the Board in the notice imposing a special assessment. Special assessment collection is enforced by the same late charge procedure as outlined above for quarterly assessments.

### LIABILITY FOR COLLECTION COSTS

All late charges, attorneys' fees, and collection costs incurred by the Association will be

added to the owner's account and will become the liability of the owner

### APPLICATION OF ASSESSMENTS PAID

Any payments by an owner to the management company will be applied first to the oldest outstanding assessments, then to any penalties accrued by the owner, then to any collection fees such as, but not limited to, lien fees, title company charges, and attorney's fees. Any balance, if any, in excess of delinquent assessments, penalties and fees will be applied to current assessments.

### ENFORCEMENT RIGHTS

Assessments are the separate debt of owners. In addition to any other rights provided for by law or described in the Association's CC&Rs, the Board has the right to collect delinquent assessments as follows:

- **File Suit.** The Association may commence and maintain a lawsuit directly on the debt without waiving its right to establish a lien and initiate foreclosure against the owner's property for the delinquent assessment. In any action to collect delinquent assessments, late charges or interest, the prevailing party will be entitled to costs and reasonable attorneys' fees. If such costs and fees are awarded to the Association, they will become a reimbursement special assessment against the owner.
- **Lien and Foreclosure.** The Association may file a lien against the owner's property for the amount of the delinquent assessment together with any late charges, interest, costs, attorneys' fees and penalties.

- Additional Remedies. The remedies described above are in addition to and not in substitution of any other rights and remedies the Association may have.

### LIEN AND NONJUDICIAL FORECLOSURE

Upon any installment becoming delinquent and prior to the recordation of a lien, the Association will use the following procedures:

A Notice of Delinquency will be mailed to the owner via regular and certified mail requesting the property owner to pay the account in full or a lien will be recorded against the owner's property. Included in the notice will be:

- A copy or summary of this collection policy;
- The method of calculation of the amount owed;
- A statement that the owner has the right to inspect the Association records, pursuant to Section 8333 of the Corporations Code;
- An itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges and their method of calculation, and interest, if any;
- A statement that the owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the association;
- The owner's right to request a meeting with the Board to discuss a payment plan.

If the owner fails to bring the account current, a lien will be recorded against the owner's

property. Within ten (10) days following recordation of the lien, a copy of the lien will be mailed to all owners of record for that property as provided for in Section 2924b of the Civil Code. If the property owner does not bring the account current, a Notice of Default will be mailed to the property owner. If the owner of the property still does not bring the account current, subject to all statutory limitations, foreclosure may begin. The Association strongly advises any property owner to consult their attorney if they receive a Notice of Delinquency, Notice of Lien, Notice of Default or a Notice of Foreclosure.

In lieu of foreclosure, or concurrently, a lawsuit may be filed against the owner personally, if the Board concludes such action is in the best interests of the Association. However, only one action may be brought to a conclusion.

If a lawsuit and/or lien and/or foreclosure action is initiated by the Association to recover assessments, the Association is entitled to recover not only the amount in default but also reasonable costs of collection, including title company charges, foreclosure trustee charges, and attorney fees as provided for by statute.

#### PROPERTY OWNER'S RIGHTS

The property owner has the right to dispute the delinquency. They have a right to examine the books and / or receive an accounting of their individual account showing the delinquency and fees. They have a right to internal dispute resolution or to request Alternative Dispute Resolution. All disputes of delinquencies should be made immediately upon notice of delinquency to the management company in writing.

### RETURNED CHECKS

Returned checks are subject to a \$25.00 service fee charged by the management company.

### NO OFFSETS ALLOWED

As required by law, owners may not offset payment of their assessments for any reason.

The Starlight Mesa Board of Governors would prefer to never have to use any of the collection remedies outlined herein, but for the common good, funds must be available to maintain all of our common properties and assets. Maintenance of assets is in the best interest of all, both for individual property values and the enjoyment of daily life within the Mesa.