

CALIFORNIA CHATEAU HOME OWNERS ASSOCIATION DELINQUENCY POLICY

Timely payment of regular and special assessments is of critical importance to the association. Members' failure to pay monthly assessments when due creates a cash flow problem for the association and causes those owners who make timely payment of their assessments to bear a disproportionate share of the community's financial obligations. Therefore, the Board of Directors has enacted the following policies and procedures concerning collection of delinquent assessment accounts:

1. All regular assessments shall be due and payable, in advance, in equal monthly installments, on the first day of each month. Special assessments shall be due and payable on the due date specified by the board in the notice imposing the assessment or in the ballot presenting the special assessment to the members for approval. In no event shall a special assessment be due and payable earlier than 30 days after the special assessment is duly imposed.

2. Regular and special assessments shall be delinquent if not paid within 15 days after they become due, and the association office will send a reminder notice to any owner who has not paid his or her assessment by that time.

3. If any installment payment of a regular assessment, or payment of a special assessment, is not made within 15 days after it has become due, a late payment charge of \$5.00 or ten percent (10%) of the assessment, whichever is greater, shall be imposed, and the association shall be entitled to recover any reasonable collection costs, including attorney fees, that the association then incurs in its efforts to collect the delinquent sums.

4. If an assessment payment is delinquent for more than 30 days, interest shall be imposed on all sums due, including the delinquent assessment, collection costs, and late charges, at an annual percentage rate of twelve percent (12%).

5. If an assessment payment is delinquent for more than 100 days, the association will refer the matter to its attorney for collection and will cause to be recorded in the Los Angeles County Recorder's Office a Notice of Delinquent Assessment concerning all sums that are then delinquent, including the delinquent assessment, late charges, costs, and reasonable attorney fees. Recording this notice creates a lien, which is subject to foreclosure, against the delinquent owner's property.

6. If an assessment payment is delinquent more than 130 days, the association either will cause an action at law to be brought against the owner who is personally obligated to pay the delinquent assessment or will cause a judicial or nonjudicial foreclosure proceeding to be initiated to foreclose its lien against the owner's lot

7. If a lawsuit or foreclosure procedure is initiated by the association to recover assessments, the association is entitled, by law and by the declaration of

restrictions, to recover not only the amount in default, plus late charges, but also reasonable costs of collection, including title company charges and attorney fees.

8. Payments received on delinquent assessments will be applied to the owner's account by the balance-forward payment method, i.e., in reverse order so that the oldest arrearages are retired first. Thus, an owner's failure to pay interest or late charges on delinquent assessments will result in continued delinquencies. If an owner disputes any late charge or other charge, the disputed items should be identified in writing by the owner, and challenged under the association's dispute resolution procedures.

9. In addition to the foregoing remedies, the association intends to publish a list in the association's newsletter of the names of all owners whose assessment payments are delinquent more than 30 days after the association has complied with paragraphs 1 through 3 of this policy.