

LOS FELIZ ESTATES OWNERS ASSOCIATION
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 to enforce the members' obligation to pay assessments. The Board has adopted this Assessment Collection Policy in an effort to discharge that obligation in a fair, consistent and effective manner. The following are the Association's assessment collection practices and policies, pursuant to Civil Code §1365(e), and payment plan standards consistent with Civil Code §1367.1(c)(3):

1. Regular assessments are due and payable on January 2nd of each year. It is the owner's responsibility to timely pay each assessment regardless of whether a statement is received.
2. All other assessments, including special assessments, are due and payable on the date specified in the notice of assessments.
3. Assessments, late charges, interest, reasonable collection costs, and reasonable attorneys fees, if any, are the personal obligation of the owner of the subject property (the "Property") at the time the assessment or other sums are levied (Civil Code §1367.1[a]). Owners shall be responsible for all such amounts unless it is determined that all assessments were paid on time to the Association (Civil Code §1366[e]; 1367.1[a]).
4. Assessments are delinquent on February 1st of the each year (CC&Rs, Article 7[c]; Civil Code §1366[e]). A late charge of 10% will be charged for any assessment which is not paid in full by the due date (CC&Rs, Article 7[c] Civil Code §1366[e][2]).
5. Interest on the balance due will accrue at the rate of 6% per annum, commencing 30 days after the assessment becomes due (CC&Rs, Article 7[c]; Civil Code §1366[e][3]).
6. Any payments received will be applied first to assessments owed, and, only after the assessments owed are paid in full will the payments be applied to fees and costs of collection, late charges and/or interest. Payments will be applied to assessments so that the oldest assessment arrearages are retired first, unless the payment indicates that it shall be otherwise applied. A late charge may accrue if payment is not sufficient to satisfy all delinquent assessments, and the current month's assessment.
7. If any assessment becomes delinquent, the Association may send a notice regarding the delinquency, and demanding payment thereof, to the owner at his/her address or addresses on file with the Association. The owner will be charged a fee for such delinquency notice. If the amount set forth in the delinquency notice is not received before the due date set forth therein, the matter may be turned over to a collection agent or an attorney for further action, including legal action, or the Association may take such other collection action as it deems appropriate.

8. Owners may submit a written request to the Association to use a secondary address. Any such request must be mailed to the Association (at the address indicated below) in a manner that shall indicate that the Association has received it (e.g., via certified mail) (Civil Code §1367.1[k]). The Association will send notices to the indicated secondary address only from and after the point that the Association receives any such request. Nothing herein shall require the Association to re-send or duplicate any notice sent to the owner prior to the date that a request for a secondary address is received.
9. Without prejudice to its right to continue with and/or take other collection action, an owner's membership rights, including, but not limited to voting rights, or rights of use and enjoyment of the recreational common areas and common facilities, if any, may be suspended after notice and a hearing pursuant to Civil Code §1363(h) and Corporations Code §7341. The Association will not deny an owner or occupant physical access to his or her separate interest by way of any such suspension of privileges (Civil Code §1361.5).
10. Prior to recording a lien for delinquent assessments, the Association, its collection agent or attorney will send a pre-lien letter to the record owner as required by Civil Code §1367.1(a), by certified and first class mail, to the owner's address of record with the Association. The owner will be charged a fee for such pre-lien letter. The Association may obtain a vesting report from a title company in connection with preparation of a pre-lien letter. If a vesting report is obtained, the owner will be charged a fee for the report.
11. An owner may dispute the debt noticed in the pre-lien letter by submitting to the board a written request to meet and confer with a designated director of the Association pursuant to the Association's Internal Dispute Resolution Policy (Civil Code §§1363.840; 1367.1[a][5]).
12. Owners may submit a written request to meet with the board to discuss a payment plan. If such request is mailed within 15 days of the postmark of the pre-lien notice, the board will meet with the owner, in executive session, within 45 days of the postmark of such request, unless there is no regularly scheduled meeting of the board within that period of time, in which case the board may designate a committee of one or more directors to meet with the owner (Civil Code §1367.1[c][3]). In addition to the foregoing procedure for requesting a payment plan, an owner may negotiate a payment plan with the Association's managing agent, attorney or authorized collection agent. Any payment plan must comply with the standards for payment plans set forth herein below.
13. A delinquent owner may also request a payment plan to satisfy his or her debt, without first meeting with the board. Payment plans will be considered on a case-by-case basis.

Generally, no payment plan may exceed six (6) months in duration. Fees and/or costs may be charged for the administration of any payment plan, and may vary based upon the duration of the payment plan. Any request for a payment plan which exceeds six months in duration must be accompanied by a written explanation of the reason for the request, which includes documentation of the owner's special circumstances, financial hardship, and ability to make the payments requested. If a lien has not been recorded prior to the time that any payment plan is entered into, one may be recorded during the repayment period to secure the debt while the payment plan is pending. Payment plans must provide for full payment of the delinquent amounts, in addition to the amounts, which will accrue during the repayment period, including any regular and/or special assessments, and any fees and/or costs related to the administration of the payment plan and/or for the recording and/or release of any lien. Once a payment plan is entered into, additional late charges will not accrue for so long as the owner complies with the terms of the payment plan. In the event of a default in any payment agreement, the Association will resume collection efforts from the time prior to entering into the payment plan (Civil Code §1367.1[c][3]).

14. If an owner to whom a pre-lien letter is sent fails to pay the amounts demanded therein within 30 days from the date such pre-lien letter is mailed, a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorneys fees, may be recorded against the owner's property (Civil Code §1367.1[d]). The owner will be charged a fee for such lien. No lien will be recorded unless a majority of the members of the board of directors approves the decision to record the lien at an open board meeting (Civil Code §1367.4[c][2]).
15. A copy of the lien will be sent to every person whose name is shown as an owner of the property in the Association's records, via certified mail, within 10 calendar days of recordation of the lien (Civil Code §1367.1[d]). Any lien recorded by the Association will remain as an encumbrance against the property until the debt secured thereby is satisfied.
16. Prior to initiating foreclosure of any lien, the Association shall offer to the owner of the property, and if so requested by the owner, shall participate in dispute resolution in accordance with the Association's Internal Dispute Resolution policy, or in alternative dispute resolution with a neutral third party pursuant to Civil Code §§1369.510, et seq. The decision to pursue internal dispute resolution or a particular type of alternative dispute resolution shall be the choice of the owner, except that binding arbitration shall not be available if the Association intends to pursue judicial foreclosure.
17. The Association will not seek to foreclose any lien through judicial or non-judicial

- foreclosure unless and until the amount of delinquent assessments secured thereby reaches \$1,800.00, or until the assessments are at least 12 months delinquent. The decision to initiate foreclosure of any lien shall be made by a majority vote of the board members, in executive session.
18. If the board of directors decides to initiate foreclosure of a lien, it shall provide notice of such decision to the owner pursuant to Civil Code §1367.4(c)(3). Such notice will be by personal service to an owner who occupies the property or to the owner's legal representative. The board shall provide written notice to an owner of property who does not occupy the property by first-class mail to the most current address shown on the books of the Association. In the absence of written notification by the owner to the Association, the address of the owner's property shall be treated as the owner's mailing address (Civil Code §1367.4[c][3]).
19. Within 21 days of receipt of full payment to satisfy a lien, the Association will record a release of lien and provide a copy thereof to the owner (Civil Code §1367.1[d]).
20. Owners have the right to inspect certain Association records pursuant to Corporations Code §8333 to verify the debt.
21. The mailing address for overnight payment of assessments, notices or requests is: Los Feliz Estates Owners Association, P. O. Box 27755, Los Angeles, California 90027.
22. Nothing herein limits or otherwise affects the Association's right to proceed in any other lawful manner to collect any delinquent sums owed to the Association. The Association reserves the right to change the amount of any collection fee or charge, without notice, and reserves the right to modify or amend this collection policy at any time.

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 and/or January 1, 2006. You may wish to consult a lawyer if you dispute an assessment.

PAYMENTS

When an owner makes a payment, he or she may request a receipt and the Association is required

ASSESSMENTS AND NON-JUDICIAL FORECLOSURE

The failure to pay Association assessments may result in the loss of an owner's property without court action, often referred to as non-judicial foreclosure. When using 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 lien is not paid. Assessments become delinquent 15 days after they are due, unless the governing documents of the Association provide for a longer time (Sections 1366 and 1367.1 of the Civil Code).

In a non-judicial foreclosure, the Association may recover assessments, reasonable costs of collection, reasonable attorneys fees, late charges and interest. The Association may not use non-judicial foreclosure to collect fines or penalties, except for costs to repair common area 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 Civil Code §1367.2 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. Among these documents, the Association must send 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 (Sections 1367.1 and 1367.1 of the Civil Code).

An owner may dispute an assessment debt by giving the board of the Association a written explanation, and the board must respond within 15 days if certain conditions are met. An owner may pay assessments that are in dispute in full under protest, and then request alternative dispute resolution (Sections 1366.3 and 1367.1 of the Civil Code).

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 time-share 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 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).