

MESA VILLAGE HOMEOWNERS ASSOCIATION

SUMMARY OF POLICIES AND PROCEDURES OF LIEN RIGHTS AND OTHER LEGAL REMEDIES FOR DEFAULT IN PAYMENT OF ASSESSMENTS

1. **Regular and Special Assessments.** Regular assessments are due and payable, in advance, on the first day of each month. If imposed, special assessments shall be due and payable on the due date specified by the Board.
2. **Late Charges.** Regular and special assessments are delinquent 15 days after they become due. A late charge of ten percent (10%) or ten dollars (\$10.00) whichever ever is greater, per month will be applied if payment in full is not received 15 days after the payment is due.
3. **Interest.** Interest at the annual rate of 10% may be charged on all sums due that are thirty (30) or more days delinquent.
4. **Additional Charges, Costs and Attorneys Fees.** Pursuant to *Civil Code Section 1366(e)(1)*, the Association is entitled to recover reasonable collection costs, including reasonable attorney=s fees, incurred in connection with collection. Costs may include, but are not limited to publication, recording, posting, service and mailing.
5. **Application of Payments on Delinquent Assessments.** Payments received on delinquent assessments will be applied first to the regular or special assessments owed, and then applied to interest, late charges, collection expenses, administration fees, attorney=s fees, reimbursement assessments, and any other amount due to the Association in connection with collection of delinquencies.
6. **Pay or Lien Letter.** Any Owner who is more than thirty (30) days delinquent in the payment of his or her assessments will be referred to the Association=s attorney for collection and will receive a pay or lien letter, via certified mail. The letter will be sent at least thirty (30) days prior to a lien being recorded against the Owner=s property, and will notify the owner of record in writing of the following, pursuant to *Civil Code Section 1367.1*:
 - (a) A general description of the collection and lien enforcement procedures of the Association and the method of calculation of the amount;
 - (b) An itemized statement of the amounts owed, including delinquent assessments, fees and reasonable costs of collection, reasonable attorney=s fees, any late charges and interest if any;
 - (c) The owner=s right to inspect the Association=s records to verify the debt;
 - (d) The owner=s right to request a meeting with the Board, as set forth below;

(e) That the owner will not be liable for late charges, interest and costs of collection if it is determined that the assessment was paid on time to the association.

(f) The owner=s right to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to its AMeet and Confer@ program (known as AIDR@-Internal/Informal Dispute Resolution) pursuant to *Civil Code Sections 1363.810, et seq.*;

(g) The owner=s right to request alternative dispute resolution (AADR@) with a neutral third party pursuant to *Civil Code Sections 1369.510 et. seq.* before the association may initiate foreclosure against the owner;

7. **Owner=s Dispute of Debt/Request For Meeting With Board Prior to Lien.** Pursuant to *Civil Code Section 1367.1*, the owner has the following rights:

(a) **Meet and Confer.** Prior to recording a lien, the Association shall offer and, if so requested by the owner, to participate in dispute resolution pursuant to the Association=s Ameet and confer@ program (known as IDR-Internal/Informal Dispute Resolution) commencing with *Civil Code Section 1363.810*.

(b) **Request to Meet With Board to Discuss Payment Plan.** The Owner may submit a written request to meet with the Board to discuss a payment plan for the debt owed. The Association will provide any standards it has adopted regarding payment plans to Owners. The Board will meet with the Owner in executive session in conjunction with a regularly scheduled Board meeting, within 45 days of the postmark of the request, if such was mailed no later than 15 days after the postmark of the pay or lien letter. If there is no regularly scheduled Board meeting within that period, the Board may designate a committee of one or more members to meet with the Owner.

8. **Lien/Notice of Delinquent Assessment.** If the delinquent Owner does not bring the account current within thirty (30) days of the Pay or Lien Letter, and unless a dispute over such debt has been resolved or payment plan has been entered as set forth above, a lien (also referred to as Notice of Delinquent Assessment) will be recorded against the property, upon a majority of the Board determining at an open meeting to record such lien. The Board shall record the vote in the minutes of that meeting. The President or other person designated by the Association shall sign the lien. Such lien will set forth the amount of delinquent assessments and all other sum owed, such as late charges, costs and reasonable attorneys= fees, a legal description of the property, name of the record owner, and the name and address of the trustee authorized to enforce the lien by sale. A copy of the itemized statement of charges owed by the owner shall be recorded together with the Notice of Delinquent Assessment.

A copy of such lien will be mailed to the every person whose name is shown as an owner of the separate interest in the Association=s records, within 10 days after recording of the lien. Upon receipt of a written request by an owner (mailed in a manner indicating the association has received it, such as by certified mail) identifying a secondary address for purposes of collection notices, the association shall also send additional copies of any required collection notices to such secondary address. The lien is subject to non-judicial foreclosure, and the property may ultimately be

foreclosed upon and sold without court action to satisfy the debt owed. Reasonable attorneys' fees and costs up to \$425.00 may be collected in connection with preparing and recording the lien. *Civil Code '1366.3(a)*.

9. **Dispute of Charges After Lien.** Prior to initiating foreclosure for delinquent assessments, the Association shall offer the owner and, if so requested by the owner, shall participate in dispute resolution pursuant to the Association's "Meet and Confer" program (known as IDR-Internal/Informal Dispute Resolution pursuant to *Civil Code Sections 1363.810 et. seq.*, or Alternative Dispute Resolution with a neutral third party pursuant to *Civil Code Sections 1369.510 et. seq.* The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the owner (binding arbitration not available if the Association pursues judicial foreclosure.)

10. **Foreclosure.** If the delinquent Owner does not bring the account current after such lien has been recorded, and after the above dispute resolution requirements have been met, the majority of the Board may decide, in executive session, to approve foreclosure of such lien, only for those regular or special assessments which are of an amount equal to or exceeding one thousand eight hundred dollars (\$1,800) exclusive of late charges, fees, costs of collection, attorney's fees and interest, or which are more than twelve (12) months delinquent. The Board shall record the vote in the minutes of the next meeting of the board, open to all members. Confidentiality shall be maintained by identifying the property by parcel number. Such Board vote shall occur at least thirty (30) days prior to any public sale. The Board shall deliver notice by personal service to owner-occupants or to the owner's legal representative upon the Board voting to foreclose upon the owner's separate interest, and by first class mail, postage pre-paid to non-occupant owners at the most current address shown on the association's books. These limits do not apply to timeshares or assessments owed by developers.

Non-judicial foreclosure will then commence by the Association's law firm, pursuant to the CC&Rs, and *Civil Code Sections 1367.1 and 2924, et seq.* as follows:

(a) **Notice of Default and Election to Sell (ANODE).** A Notice of Default and Election to Sell (ANODE) will be recorded at the County Recorder's Office. A ninety (90) day time period starts by which the Owner is required to pay all charges owed. Attorneys' fees up to \$240.00 may be imposed at this stage. A title/lot book report would be obtained at a cost of approximately \$200.00.

(b) **Notice of Sale (ANOS).** If the delinquency is not cured within ninety (90) days after the NOD is recorded, (and a lawsuit has not been filed) upon receipt of the Board's vote to foreclose, the attorney will proceed with the recording and publishing of a NOS. Attorneys fees up to \$110.00, in addition to publication, recording, posting, service, and mailing costs are charged to the Owner.

11. **Payments After Lien.** Once an account has been turned over to the law firm, PLEASE DO

NOT SEND ANY ASSESSMENT PAYMENTS TO THE ASSOCIATION. ASSESSMENT PAYMENTS MAY ONLY BE ACCEPTED BY THE LAW FIRM. Any payments delivered to the Association will be sent to the attorney's office for proper crediting.

12. **Redemption.** An owner may redeem the property foreclosed upon within ninety (90) days after the sale, by paying all charges owed.

13. **Lawsuit.** The Association may, at any time, determine to file a personal lawsuit against the delinquent Owner to recover all delinquent charges pursuant to relevant law. All costs and attorneys fee in connection with the lawsuit, in addition to the delinquent charges and other collection costs, will be sought from the delinquent owner.

14. **Release of Liens Upon Payment.** Within twenty-one (21) days of payment in full of all delinquent assessments and charges, or if it is determined that a lien previously recorded was in error, the attorney will prepare a Release of Lien which will be recorded in the County Recorder's Office, and will provide Owner with a copy of such release or notice that the delinquent assessment has been satisfied.

15. **Right To Receipt.** When an owner makes a payment, the owner may request a receipt and the Association will provide same, which shall indicate the date of payment and person who received such payment.

16. **Overnight Payments.** Payments may be made by overnight mail to the following address:

If account is being handled by Association: Mission Association
Attn: Assessment Collection Dept.
27281 Las Ramblas Suite 120
Mission Viejo, CA 92691
800-414-9455

If account is being handled by Attorneys office: Anderson and Kriger
Attn: Collection Department
8220 University Avenue Suite 100
La Mesa, CA 91942
619-589-8800