Lomas Santa Fe Villas
Homeowners Association

July 9, 2025

COLLECTION RULE CHANGE

Dear Homeowners: In accordance with California Civil Code Section 4045, homeowners' associations must provide general notice of a rule change at least twenty-eight days prior to making the rule change. This allows homeowners a chance to review the rule and make comments to the board of directors. After the twenty-eight-day review period the board will ratify the new rule in an open session board of directors meeting to be held at 5:00pm on Tuesday, Augst 5, 2025.

The Lomas Santa Fe Villas Homeowners Association board of directors have amended the collection rules to help enforce the governing documents. The changes in the rule below will allow the community to better deal with delinquent homeowners. Please review the new collection rule, feel free to contact me if you have any further questions.

Changes to new rule:

Final notice will be sent after 90 days (old 60 days).

Non-Sufficient Funds will now be $35.00 (old $25.00).

Pre-Lien Letter may be sent after 60 days (old 45 days).

Reminder fees $35.00 (old $25.00)

Payment plan $40.00 per month (old not specified), Legal package $375.00 (old $250.00),

Attendance to IDR/ADR if needed $150.00

The 2025 Draft adds procedural precision, fee transparency, and timing requirements, making it more compliant with updated legal standards.

Sincerely,

The Lomas Santa Fe Villas Homeowners Association

Rick Cremin, PCAM, AMS richard.cremin@pcminternet.com

LOMAS SANTA FE VILLAS HOMEOWNERS ASSOCIATION
ASSESSMENT COLLECTION POLICY
(ADOPTED XX/XX/XXXX)

The Board of Directors of **Lomas Santa Fe Villas Homeowners Association** has an obligation to collect all Association Assessments in a timely manner. Based on the Association's CC&Rs and in compliance with the California Civil Code, the Board has adopted the following collection policy.

ASSESSMENTS

The Association's Collection Policy applies to annual Assessments, special Assessments, capital improvement Assessments, emergency Assessments, or other special benefit Assessments ("Assessments"), more fully described in the Association's CC&Rs. The Association's Collection Policy also applies to all fines, late fees, interest, reasonable attorneys' fees or collections agent fees, and all other charges recoverable to the Association in the collection of delinquent amounts owed, to the extent consistent with the Association's governing documents and applicable law ("Other Charges"). Assessment and Other Charges invoices are provided as a courtesy, are due, and payable regardless of whether an Owner receives an invoice.

A. DUE DATES. All Regular Assessments shall be due and payable, 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 thirty (30) days after it is imposed.

B. CHANGE OF ADDRESS / SECONDARY ADDRESS**.** All owners must immediately notify the Association, in writing, of mailing address changes. Further, upon receipt of a written request by an Owner identifying a secondary address for the purposes of Assessment collection notices, the Association shall send additional copies of any collection notices required by this Collection Policy to the secondary address provided. The Owner's notice of a secondary address must be in writing and mailed to the Association in a manner that shall indicate that the Association has received it. The Association shall only send notices to the indicated secondary address at the point in time the Association receives the written request.

C. PAYMENT RECEIPTS / OVERNIGHT PAYMENT LOCATION. Owners can request a receipt from the Association, which shall indicate the date of payment and the person who received it. Any request for a receipt of payment must be submitted directly to the Association's business address (separately from any actual payment). Overnight payment of Assessments and/or Other Charges may be sent/delivered to the following address:

LOMAS SANTA FE VILLAS HOMEOWNERS ASSOCIATION
c/o Professional Community Management
27051 Towne Centre Drive, Suite 200
Foothill Ranch, CA 92610

DELINQUENT ASSESSMENTS

A. APPLICATION**.** Payments received on delinquent Assessments shall be applied to the Owner's account as follows: payment shall be applied to the principal owed first. Payments on principal shall be applied to the Owner's account by the "balance forward payment" method, *i.e.*, in reverse order so that the oldest arrearages of the principal are retired first. Only after the principal owed is paid in full shall such payments be applied to interest, late charges, collection expenses, administration fees, attorneys' fees, Other Charges, or any other amount due to the Association which result in continued delinquencies.

B. LATE CHARGE. All Assessments shall be delinquent if not paid within **fifteen (15) days** after they become due and will result in the imposition of a late charge. Under Civil Code Section 5650(b), the late charge is ten dollars ($10.00) or ten percent (10%) of the delinquent Assessment, whichever is greater. **LOMAS SANTA FE VILLAS HOMEOWNERS ASSOCIATION Board has elected to impose the 10% of the delinquent Assessment.** Furthermore, the Association shall be entitled to recover any reasonable collections costs, including but not limited to, attorneys' fees, that the Association then incurs in its efforts to collect the delinquent sums.

C. INTEREST. If an Assessment payment is not paid within thirty (30) days of its original due date, interest may be imposed on all sums due, including the delinquent Assessment, collection costs, and late charges, at an annual percentage rate of twelve percent (12%) OR the rate specified within the CC&R’s, whichever is less.

D. LATE REMINDER LETTER. Once Assessments becomes delinquent, a late letter may be sent to the member reminding them of their obligation to pay Assessments in a timely manner.

E. FINAL NOTICE LETTER. If an Assessment remains unpaid for 45 days after its original due date, a Final Notice Letter will be sent to the Owner via regular first-class mail and certified mail, return receipt requested. This letter will serve as a final warning and inform the Owner that a Lien Package will be prepared and sent to counsel for initiating the recording of a lien if the delinquent account is not brought current within fifteen (15) days of the date of the Final Notice Letter.

F. PARTIAL PAYMENTS. Partial Payments will be accepted by either the Association, the Agent, or the Association Collection Attorney. Acceptance of any partial payment does NOT cure the default. Furthermore, the collections process will continue until payment in full is received, including all collections fees and costs.

G. COLLECTION COSTS. The costs charged by the Association's property management company or other Association designee, for the preparation and mailing of notices to owners including, but not limited to, warning letters regarding delinquent accounts and/or the filing of liens, shall be charged to the delinquent owner's accounts. All attorney’s fees and costs incurred in collecting unpaid Assessments and other charges will be added to the amounts due, whether they are incurred in the course of a lawsuit or other collection procedures and shall also be charged to the delinquent owner's account.

H. NON-SUFFICIENT FUNDS. Owners' accounts are assessed for the costs of checks returned NSF (non- sufficient funds) to cover both bank charges and account adjustment. This amount is subject to change.

PRE-LIEN NOTICE PROCEDURE

A. PRE-LIEN LETTER**.** If an Assessment payment from the Owner is not paid within sixty (60) days after its original due date (for example, if an Owner fails to pay an Assessment which was due on June 1st and the failure to pay continues through July 31st then the June Assessment would not have been paid within 60 days after its original due date), a notice of delinquency (Pre-Lien Letter) shall be sent to the Owner by regular first-class mail and certified mail, return receipt requested. The Pre-Lien Letter shall provide an itemized statement of amounts owed, including amount of delinquent Assessments, interest, late charges, collection costs, attorneys' fees, or any other amount due to the Association in connection with collection of delinquencies ("Collection Amount"). A copy of the Association's Collection Policy shall be attached to the Pre-Lien letter. The Owner will have a minimum of thirty (30) days to dispute in writing, or to pay, in full, the Collection Amount. Failure to dispute the Collection Amount within the specified time will result in the recording of a Notice of Delinquent Assessment ("Lien").

B. INTERNAL DISPUTE RESOLUTION PROCESS*: The Association shall offer to meet and confer with a delinquent owner to resolve any dispute related to the total amount due from the delinquent Owner to the Association and/or the Association's Collection Policy ("Meet and Confer Offer"). The Association's Meet and Confer Offer shall either be placed within the Association's Pre-Lien Letter or in a separate written communication to the delinquent Owner. An Owner who wishes to accept the Meet and Confer Offer must do so by submitting his/her/its written acceptance to meet and confer with the Association, which written acceptance must be received by the Association by the deadline date specified in the Association's Meet and Confer Offer. The Association shall designate a prompt date and time for the meet and confer, at a time and location that is mutually convenient to the Association and the delinquent Owner. The Association shall designate a Board member to participate in the meet and confer with the delinquent Owner. Prior to recording a lien for delinquent Assessments, the Association shall participate in any meet and confer so accepted by the delinquent Owner, provided, however, that the Meet and Confer must occur within a reasonable time period after the Meet and Confer Offer is submitted to, and accepted by, the delinquent Owner.

C. SUSPENSION OF PRIVILEGES. To the extent authorized in the Association's Bylaws or CC&Rs, the Board may also schedule a hearing to discuss whether the owner's membership privileges should be suspended for the duration of the owner's delinquency. The Association shall use the notice and hearing procedures established for imposing penalties for violations of its governing documents.

LIEN NOTICE PROCEDURE

ASSESSMENT LIEN. If the delinquent Owner does not bring their account current within the deadline set forth in the Pre-Lien Letter, the board shall approve the decision to record a lien by a majority vote of the directors in an open meeting. The board shall record the vote in the minutes of that meeting. If a lien is approved by the Board and sent to counsel for recording, the Owner will be assessed a Legal Package fee as outlined in the Association's Assessment Collection Fees. For liens recorded on or after January 1, 2006, the decision to record a lien for delinquent Assessments shall be made only by the board and may not be delegated to an agent of the association. The Board’s action should reflect a legal description of the owner’s separate interest in the common interest development against which the Assessment and other sums are levied, and the name of the record owner of the separate interest in the common interest development against which the lien is imposed. An Assessment Lien shall be recorded in the County Recorder's Office itemizing all sums that are then delinquent, including the delinquent Assessment(s), the then current monthly Assessment amount which will also accrue and be a part of the lien, interest, late charges, collection costs and reasonable attorneys' fees. Recording this notice creates a lien, which is subject to foreclosure, against the delinquent Owner's property.

PRE-FORECLOSURE ACTIONS

A. INTERNAL DISPUTE RESOLUTION / ALTERNATIVE RESOLUTION. Prior to initiating foreclosure against an Owner’s property, the Association shall make a pre-foreclosure meet and confer offer (“IDR/ADR Offer”) to the delinquent Owner. The Association's IDR/ADR Offer shall be sent to the Owner via first-class United States mail and certified or registered mail, return receipt requested. An Owner who wishes to accept the IDR/ADR Offer must do so in writing within thirty (30) days of the date of the IDR/ADR Offer. The types of dispute resolution are as follows: (1) Internal Dispute Resolution; (2) Mediation; (3) Non-Binding Arbitration; or (4) Binding Arbitration, however, binding arbitration is not available if the Association intends to initiate judicial foreclosure against a delinquent Owner’s property.

FORECLOSURE / LEGAL ACTIONS

A. MINIMUM THRESHOLD TO FORECLOSURE. The Board of Directors shall not proceed with any form of foreclosure unless and until the amount of delinquent Assessments (exclusive of any accelerated Assessments, late charges, fees, costs of collection, attorney’s fees or interest) equals or exceeds One Thousand Eight Hundred Dollars ($1,800.00) or the Assessments have been delinquent for more than twelve (12) months (“Threshold”).Once the Threshold has been met and all other requirements identified above have been satisfied, the Board may proceed with foreclosure of the Assessment lien pursuant to the Association’s governing documents and *Civil Code* §5710.

B. APPROVAL TO FORECLOSURE / INSTITUTE LEGAL ACTION. Prior to initiating foreclosure, the Board of Directors must, in executive session, approve the decision to proceed with foreclosure by a majority vote of a quorum of the Board of Directors. The Board shall record the Board's executive session decision in the minutes of the next meeting of the Board open to the members by referencing the lot/parcel number of the property that is delinquent.

C. NON-JUDICIAL FORECLOSURE. The procedure used shall be private foreclosure pursuant to *Civil Code* §2924, *et seq.*, and *Civil Code* §5710 through §5720, inclusive. The foreclosure action shall include a Notice of Default and Election to Sell, which shall be recorded at the County Recorder's Office and a ninety-day reinstatement period shall begin. Additional foreclosure costs, which may include reasonable Trustee and/or attorneys' fees, shall be charged to the delinquent Owner.

1. NOTICE OF DEFAULT AND ELECTION TO SELL. If the delinquency is still not cured ninety (90) days after the Notice of Default and Election to Sell was recorded, a Notice of Trustee's Sale shall be recorded and published. This Notice must be published three (3) times during a three-week period and posted in a public place. Additional publication costs, as well as reasonable attorneys' fees shall be charged to the delinquent Owner. If a non-judicial foreclosure sale is completed by the Association against the delinquent Owner's property, the Owner shall have the right to redeem the property for a period of time up to and including ninety (90) days after the date of the Trustee's Sale.

2. NOTICE OF TRUSTEE'S SALE. A Trustee's Sale Shall be recorded with the County Recorder's Office and sent to the Owner after the recordation. In addition, the Trustee's Sale shall be published according to law. The delinquent Owner shall have ninety (90) days after the date of the trustee's sale of the property to make payment, in full of the Collection Amount and all other related collection fees and costs.

D. JUDICIAL FORECLOSURE. The Association may pursue legal action against the delinquent Owner to foreclose on the Lien and force the sale of the Owner's property. If there is insufficient equity in the property, the Association will seek a deficiency judgement against the delinquent Owner for the Collection Amount, including costs and attorneys' fees in connection with said lawsuit, including but not limited to pre and post judgment costs for filing fees, personal service, witness fees, interest, execution of judgment and/or writ fees, collectible by the sale of personal property, bank levy, rent levy, wage garnishment and/or till tap.

E. MONEY JUDGEMENT. The Association may pursue legal action against the delinquent Owner to recover the Collection Amount. A money judgment against the delinquent Owner for the Collection Amount, including costs and attorneys' fees in connection with said lawsuit, including but not limited to pre- and post- judgment costs for filing fees, personal service, witness fees, interest, execution of judgment and/or writ fees, may be collected through the recording of an Abstract of Judgment with the County Recorder's

Office, bank levy, rent levy, wage garnishment, and or till tap.

RELEASE OF LIEN

A. RELEASE OF LIEN. When a delinquent Owner has paid in full all delinquent Assessments and charges, a Release of Lien shall be recorded in the County Recorder's Office within twenty-one (21) days of receipt of the sums necessary to satisfy the delinquent amount and a copy of the lien release shall be mailed to the Owner of the residential Lot.

PAYMENT OPTIONS

A. REQUEST FOR PAYMENT PLAN**.** An Owner may submit a written request to the Association for a payment plan. An Owner may also submit a written request to meet with the Board to discuss a payment plan. The Association shall provide the Owner with the standard for payment plans if any exist. The Board is required to meet with the Owner in executive session within forty-five (45) days of the postmark of the request for the meeting if the request is mailed within fifteen (15) days of the date of the postmark of the Pre-Lien Notice. If there is no regularly scheduled board meeting within the forty-five (45) day timeline, the Board shall designate a committee on one or more members to meet with the Owner.

This Assessment Collection Policy supersedes all previous Assessment Collection Policies by the Association.

ASSESSMENT COLLECTION FEES EXHIBIT

Fee Description	Fee Amount
Late Reminder Letter / Final Notice Letter	$35.00 per letter
NSF (non-sufficient funds) / Returned Item	$35.00
Intent to Lien Letter	$200.00
Legal Package Fee	$375.00
Collections Monitoring	$40.00 monthly
Payment Plans	$40.00 monthly
Attendance at IDR/ADR	$150.00 per hour in 30 min. increments (portal to portal)

NOTE: FEES AND COSTS FOR COLLECTION SERVICES REFLECTED IN THIS POLICY ARE SUBJECT TO CHANGE WITHOUT FURTHER NOTICE

LOMAS SANTA FE VILLAS

DELINQUENT ASSESSMENT COLLECTION POLICY

Effective: JULY 2018

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 Association. Your Board of Directors takes very seriously its obligation under the CC&R's and the California Civil Code to enforce the members' obligation to pay assessments. The Board has adopted this Collection Policy in an effort to discharge that obligation in a fair, consistent, and effective manner. Therefore, pursuant to the CC&R's and Civil Code, the following are the Association's assessment collection practices and policies:

- Regular monthly assessments are due and payable on the 1st day of each month. A courtesy billing statement is sent each month to the billing address on record with the Association. However, it is the owner of record's responsibility to pay each assessment in full each month regardless of whether a statement is received.
- All other assessments, including, but not limited to, Special Assessments, Reimbursement Assessments, Reconstruction Assessments, and Capital Improvement Assessments are due and payable on the date specified by the Board in the notice of assessment.
- Regular monthly assessments and all other assessments (as defined in Paragraph 2) are collectively referred to herein as "Assessments".
- Assessments, late charges, interest and collection costs, including any attorneys' fees, are the personal obligation of the owner of the property at the time the Assessment or other sums are levied.
- Unpaid Assessments are delinquent 15 days after they are due.
- A late charge of $10.00 OR 10%, whichever is greater, will be charged for any Assessment that is not received on or before the 30th day of the month, prior to the close of business.
- When Assessments become delinquent, the Association may, but is not required to, send a courtesy reminder notice to the owner of record for all outstanding charges on the owner's account. (Assessments, late fees, interest, costs of collection, including attorneys' fees). A fee of $25.00 may be charged for this notice.
- Interest on the balance due will accrue at a rate not to exceed 12% per annum; commencing thirty (30) days after the Assessment becomes due.
- At thirty (30) days past due, the association may invite owner(s) to a hearing for the purpose of revoking membership privileges. Those privileges can include access to common areas or facilities, services paid for by the association, and/or the member's right to vote in association elections.
- When an Assessment becomes more than forty five (45) days past due, the Association will send a pre-lien letter to each owner, as required by the Civil Code, by certified mail to the owner's address of record. The owner will be charged $200.00 for the pre-lien letter, as well as title check fees and all costs to complete the transmittal of the letters.
- If the owner fails to pay the amounts set forth in the pre-lien letter within 30 days of receipt of that letter, 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. The owner will be charged $250.00 for the lien as well as any processing fees and costs. A copy of the lien will be sent to each owner at his/her address of record via certified mail within ten (10) days of recordation thereof. After the expiration of thirty (30) days following recordation of the lien, the lien may be enforced in any manner permitted by law.

- o Prior to the recording of a Board authorized lien for delinquent Assessments, a owner that is delinquent has the right to participate in internal dispute resolution ("IDR") pursuant to the "meet and confer" program in accordance with California Civil Code. Prior to recording a lien, the Board of Directors will approve such action by a majority vote of the Board of Directors.
- o Upon receipt of payment in full, that includes any late fees, interest, collection costs and/or attorneys' fees, a Release of Lien will be recorded. Copies of the Release of Lien will be sent to all owners of record. A charge of $140.00 for this release will be levied against the owners account. A $25 recording service will be charged for the recording of the Release of Lien with the County Recorder Office. All county recording fees are charged as applicable and as counties may charge from time to time. Such fees will be charged to the delinquent owner's account.

- If an owner is delinquent for thirty (30) additional days after the Notice of Delinquent Assessment (Lien) has been recorded, the Assessment collection matter will be referred to the Association's attorney or collection agent, and the lien may be enforced by judicial or non-judicial foreclosure sale, or by money judgment at the Association's option. An actual foreclosure sale of an owner's property will not be conducted unless or until either; (a) the delinquent assessment amount totals One Thousand, Eight Hundred Dollars ($1,800) or more, excluding accelerated assessments and specified late charges and/or fees; or (b) the assessments are delinquent for more than twelve (12) months. [You could lose ownership of your property if a foreclosure action is completed. You will be responsible for significant additional fees and costs, including attorneys' fees, if a foreclosure action is commenced against your property.] The decision to foreclose on a lien must be made by a majority of the Board of Directors in an Executive Session meeting and the Board of Directors must record their votes in the Minutes of the next open session Meeting of the Board. The Board must maintain the confidentiality of the delinquent owner(s) by identifying the matter in the Minutes by only the parcel number of the owner's property. Prior to initiating any foreclosure sale on a recorded lien, the Association shall offer delinquent owners the option of participating in IDR or Alternative Dispute Resolution ("ADR").
- Nothing herein limits or otheiwise affects the Association's right to proceed in any other lawful manner to collect any delinquent sums owed to the Association.
- The Association will charge a processing fee to the owner for a returned check.
- A $25 recording service will be charged for the recording of the Notice of Delinquent Assessment (Lien) with the County Recorder Office. All county recording fees are charged as applicable and as counties may charge from time to time. Such fees will be charged to the delinquent owner's account.
- Any owner who is unable to pay Assessments will be entitled to submit a written request for a payment plan to be considered by the Board of Directors. The Board of Directors is not required to approve a payment plan. If a payment plan is approved, the Board of Directors may establish the terms of the payment plan. A payment plan request or approved payment plan will not impede the Board's ability to vote for and record a lien.

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- The mailing address for overnight payment of assessments is:

Pilot Property Management
2146 Encinitas Blvd. 102 Encinitas Ca 92024

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 nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial 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 nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial 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 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial 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. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 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 5675 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 5660 of the Civil Code)

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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 5685 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, the owner 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 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution. to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 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 3 (commencing with Section 5925) of Chapter 1O of Part 5 of Division 4 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 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest 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 exists. (Section 5665 of the Civil Code)

The board 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 to the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)

ASSIGNMENT OF RENTS

In the event that the Association files any action against an Owner for unpaid Assessments on Owner's Unit, and said Unit is or becomes rented or leased at any time during the pendency of the action, the Association shall have the right, upon ex parte notice and application, to request that the Court order Owner to assign all rents due from the renter/lessor of said Unit to the Association until such time as all Assessment delinquencies are cured.

ALTERNATIVE DISPUTE RESOLUTION

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r. 5925. As used In this article: (a) "Alternative dispute resolution" means mediation, arbitration, conciliation, or other non-judicial procedure that Involves a neutral party In the decision making process. The form of alternative dispute resolution chosen pursuant to this article may be binding or nonbinding, with the voluntary consent of the parties.
(b) "Enforcement action" means a civil action or proceeding, other than a cross-complaint, for any of the following purposes:
(1) Enforcement of this title.
(2) Enforcement of the Nonprofit Mutual Benefit Corporation Law (Part 3 commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code).
(3) Enforcement of the governing documents of a common interest development.

5930. (a) An association or an owner or a member of a common interest development may not file an enforcement action in the superior court unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to this article.
(b) This section applies only to an enforcement action that is solely for declaratory, injunctive, or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of the jurisdictional limits stated in the Code of Civil.
(c) This section does not apply to a small claims action.
(d) Except as otherwise provided by law, this section does not apply to an assessment dispute.

5935. (a) Any party to a dispute may initiate the process required by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution shall include all of the following:
(1) A brief description of the dispute between the parties.
(2) A request for alternative dispute resolution.
(3) A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.
(4) If the party on whom the request is served is the owner of a separate interest, a copy of this article.
(b) Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.
(c) A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

5940. (a) If the party on whom a Request for Resolution is served accepts the request, the parties shall complete the alternative dispute resolution within 90 days after the party initiating the request receives the acceptance, unless this period is extended by written stipulation signed by both parties.
(b) Chapter 2 (commencing with Section 1115) of Division 9 of the Evidence Code applies to any form of alternative dispute resolution initiated by a Request for Resolution under this article, other than arbitration.
(c) The costs of the alternative dispute resolution shall be borne by the parties.

5945. If a Request for Resolution is served before the end of the applicable time limitation for commencing an enforcement action, the time limitation is tolled during the following periods:
(a) The period provided in Section 5935 for response to a Request for Resolution.
(b) If the Request for Resolution is accepted, the period provided by Section 5940 for
d'. completion of alternative dispute resolution, including any extension of time stipulated to by the parties pursuant to Section 5940.

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5950. (a) At the time of commencement of an enforcement action, the party commencing the action shall file with the initial pleading a certificate stating that one or more of the following conditions is satisfied:
(1) Alternative dispute resolution has been completed in compliance with this article.
(2) One of the other parties to the dispute did not accept the terms offered for alternative dispute resolution.
(3) Preliminary or temporary injunctive relief is necessary.
(b) Failure to file a certificate pursuant to subdivision (a) is grounds for a demurrer or a motion to strike unless the court finds that dismissal of the action for failure to comply with this article would result In substantial prejudice to one of the parties.

5955. (a) After an enforcement action is commenced, on written stipulation of the parties, the matter may be referred to alternative dispute resolution. The referred action is stayed. During the stay, the action is not subject to the rules implementing subdivision (c) of Section 68603 of the Government Code.
(b) The costs of the alternative dispute resolution shall be borne by the parties.

5960. In an enforcement action in which fees and costs may be awarded pursuant to subdivision (c) of the court, in determining the amount of the award, may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.

5965. (a) An association shall annually provide its members a summary of the provisions of this article that specifically references this article. The summary shall include the following language:

"Failure of a member of the association to comply with the alternative dispute resolution requirements of the Civil Code may result in the loss of your right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law."

(b) The summary shall be provided either at the time the proforma budget is distributed or in the manner prescribed in Section 5016 of the Corporations Code. The summary shall include a description of the association's internal dispute resolution process.

INTERNAL DISPUTE RESOLUTION

5915. Statutory Dispute Resolution Procedure
(a) This section applies in an association that does not otherwise provide a fair, reasonable, and expeditious dispute resolution procedure. The procedure provided in this section is fair, reasonable, and expeditious, within the meaning of this article.
(b) Either party to a dispute within the scope of this article may invoke the following procedure:
(1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
(2) A member of an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.
(3) The association's board of directors shall designate a member of the board to meet and confer.
(4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. The parties may be assisted by an attorney or another person at their own cost when conferring.
(5) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.

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(c) A written agreement reached under this section binds the parties and is judicially enforceable if it is signed by both parties and both of the following conditions are satisfied:
(1) The agreement is not in conflict with law or the governing documents of the common interest development or association.
(2) The agreement is either consistent with the authority granted by the board of directors to Its designee or the agreement is ratified by the board of directors.
(d) A member of the association may not be charged a fee to participate in the process.

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 nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial 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 nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial 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 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial 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. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 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 5675 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 5660 of the Civil Code)

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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 5685 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, the owner 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 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 1O of Part 5 of Division 4 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 3 (commencing with Section 5925) of Chapter 1O of Part 5 of Division 4 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 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest 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 exists. (Section 5665 of the Civil Code)

The board 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 5665 of the Civil Code)