

SEABRIDGE VILLAGE MASTER COMMUNITY ASSOCIATION

DELINQUENT ASSESSMENT COLLECTION POLICY

Regular Assessments are due and payable, in advance, on the first 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. An owner may not withhold assessments owed to the Association on the alleged grounds that the owner is entitled to recover money or damages from the Association for some other obligation. Special Assessments shall be due and payable on the due date specified by the Board in the notice of assessment. A late charge of \$10.00 or 10%, whichever is greater, will be applied if payment in full is not received by the thirtieth day of the month. Interest shall be imposed on all sums due, including assessments, collection costs and late charges, at an annual rate of 12%. Interest will be applied when turned over to the Attorney for collection.

Payments on delinquent assessments will be applied first to the principal owed, and then to late charges, collection expenses, administration fees, attorneys' fees, reimbursement assessments, and any other amounts due to the Association in connection with collection of delinquencies.

An owner may request the Association to consider a payment plan to satisfy a delinquent assessment, in accordance with the adopted Payment Plan Policy, which may be requested from the management company. The Board of Directors will meet with any owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a Notice of Delinquent Assessment. These payment plans must conform with the payment plan standards of the Association.

If an assessment payment becomes forty-five days past due, a pre-lien letter will be sent, by certified mail. The owner will be charged \$85.00 for the pre-lien letter and a \$40.00 title check fee. The letter will include an itemized statement of the amounts owed, including the calculation of late charges, attorneys' fees, costs, and a copy of this Delinquent Assessment Collection Policy. The delinquent owner will be given ten days to bring the account current, or the Association will file a Notice of Delinquent Assessment/Lien.

If the owner does not bring the account current within the deadline set forth in the pre-lien letter and fails to request IDR within thirty days of the date of the pre-lien letter (seventy-five days past due), the Board shall decide, by majority vote in an open meeting, whether to authorize the agent to record a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection, including attorneys' fees, against the owner's property. If the Association authorizes the agent to record a lien against the owner's property, the owner will be charged a \$225.00 fee for the lien. (In accordance with Civil Code 1366, the fees charged in connection with the preparation and filing of the Notice of Delinquent Assessment, including all mailing costs and attorneys' fees, cannot exceed \$425.00.) A copy of the lien will be sent to the owner at his/her address of record via certified mail within ten (10) days of recordation thereof.

If an owner disputes the assessments and related charges, the owner has the right to resolve the dispute through Alternative Dispute Resolution ("ADR"), a civil action, and through the means provided within the Association's Governing Documents (Civil Code 1366.5). To be entitled to dispute the assessments and related charges, the owner must do the following:

1. Pay all delinquent amounts in full, including the amount of the assessment in dispute, late charges, interest and all attorneys' fees and costs associated with the preparation and filing of a Notice of Delinquent Assessment/Lien, including costs and attorneys' fees up to \$425.00; and
2. Provide written notice that the amount is paid under protest, and mail the written notice by certified mail to the Association not more than thirty (30) days from recording of a Notice of Delinquent Assessment/Lien.

Upon the timely receipt of the certified notice from the disputing owner, the Association will provide the owner with a "Notice of Dispute Resolution". This notice will provide the owner with a list of options through which the dispute might be resolved.

Note: An owner may not utilize ADR more than two times in any single calendar year, and not more than three times within any five calendar years, other than by mutual agreement between the Association and the owner.

If an owner is delinquent for thirty (30) additional days after the Notice of Delinquent Assessment/Lien has been recorded, the matter will be referred to the Association's attorney and the lien may be enforced by judicial or non-judicial foreclosure sale when either (a) the delinquent assessment amount totals One Thousand, Eight Hundred Dollars (\$1,800.00) or more, excluding accelerated assessments and specified late charges and 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 if a foreclosure action is commenced against your property. The owner will be charged an administrative fee of \$125.00 for preparation of the matter to be sent to counsel, in addition to the Association's expenses related to assisting counsel in any collection action.

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 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 homeowners the option of participating in IDR or Alternative Dispute Resolution ("ADR").

Once an account has been turned over to a 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.

The Association is entitled to collect reasonable attorney's fees and costs incurred in collecting delinquent assessments, whether incurred in the event of a lawsuit or other proceedings, such as non-judicial foreclosure. These fees will be added to assessments, late charges, interest and collection costs on the owner's account, and are the personal obligation of the owner of the property at the time the assessment or other fees or costs are levied.

If at any time an owner pays all delinquent assessments and charges in full, a Release of Lien will be prepared and recorded in the appropriate County Recorder's Office.

Owners have the right to provide a secondary mailing address to the Association. The owner's request shall be in writing and shall be mailed to the Association in a way that shall indicate the Association has received it. An owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the point the Association receives the request.

The overnight mailing address for the Association is 1290 N. Hancock Street, Suite 103, Anaheim, CA 92807.

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FEE AND PENALTY PROCEDURE

The following charges may be assessed in accordance with the Association's Delinquent Assessment Collection Policy.

Description	Amount
Late Charges	\$ 10.00 or 10% (whichever is greater)
Interest	12% per annum
Title Check Fee	\$ 40.00
Pre-lien Letter	\$ 85.00
Lien Fee	\$ 225.00
Attorney Prep Package	\$ 125.00
NSF (Returned Check) Fee	\$ 25.00
Payment Plan Monitoring	\$ 25.00 per Month

In addition, if a matter is sent to counsel for legal action, or to a collection service for non-judicial foreclosure or other action, the owner will be responsible for all attorneys' fees and costs incurred.

If an account is delinquent, the owner's voting rights and/or the privileges of the owner and the owner's guests, tenants and family members to use the common area facilities may be suspended following notice and an opportunity for a hearing pursuant to California Corporations Code Section 7341. Any such suspension shall continue for as long as the delinquency continues.

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NOTICE OF 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 non-judicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or non-judicial 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 non-judicial foreclosure subject to the conditions set forth in Section 1367.4 of the Civil Code. When using judicial or 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 amounts secured by the lien are not paid. (Sections 1366, 1367.1, and 1367.4 of the Civil Code)

In a judicial or non-judicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use non-judicial foreclosure to collect fines or penalties, except for costs to repair common areas 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 Section 1367.1 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 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, 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 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. (Section 1367.1 of the Civil Code)

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 5 (commencing with Section 1368.810) of Chapter 4 of Title 6 of Division 2 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 2 (commencing with Section 1369.510) of Chapter 7 of Title 6 of Division 2 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 1367.1 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 reserves the right to contest the disputed charge or sum in court or otherwise. (Section 1367.6 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a timeshare 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).