

**RIVERLAKE COMMUNITY ASSOCIATION  
RIVERLAKE LAKE ASSOCIATION**

**11-17-08**

**Monthly Assessment Collection Policy.**

As explained in Article 7.08 – 7.13 of the Riverlake Covenants, Conditions and Restrictions (CC & R's), the Association has an assessment collection policy with respect to the collection of assessment obligations, which has been adopted by the Board. A description of the Association's Assessment collection policy is as follows:

1. Regular assessments are due by the first (1<sup>st</sup>) day of each month and are considered delinquent if not received by the Association, at the location such assessment is payable to, by the close of business on or before the fifteenth (15<sup>th</sup>) day of the month that assessment is due. Special and Special Individual Assessments are due on the date(s) specified upon imposition and each installment thereof shall be delinquent if not received by the Association, at the location such assessment is payable to, by the close of business on the fifteenth (15<sup>th</sup>) day after it is due. A late charge of ten dollars (**\$10.00**) or ten percent (**10%**) of the delinquent assessment, whichever is greater, shall be due on any such delinquent assessment.
2. If any portion of any assessment or late charge remains unpaid sixty (**60**) days after the original due date thereof, a letter of intent to record a notice of delinquent assessment will be prepared and sent, by certified mail, to the delinquent record owner(s) at the owners' last mailing address provided to the Association. Such letter will include the following:
  - A. A copy of the Association's Assessment Collection Policy.
  - B. An itemized statement of the charges owed, including an itemized listing of (i) the amount of any delinquent assessments, (ii) the fees and reasonable costs of collection, (iii) reasonable attorneys' fees, (iv) late charges, and (v) interest.
3. **IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.** Each owner has the right to inspect the Association's records pursuant to Corporations Code Section 8333. An owner shall not be liable to pay the charges, interest, and costs of collection; if it is determined the assessment was paid on time to the Association. Each owner has the right to request a meeting with the Board of Directors in accordance with Civil Code Section 1367.1(b).
4. All such amounts, and all other assessments and related charges for such lot thereafter due to the Association until all such amounts are paid, must be paid in full and the Association shall not be required to accept any partial or installment payments from the date of the notice specified in Paragraph 2 above to the time that all such amounts are paid in full.
5. If requested by an owner who is in receipt of a letter of intent to record a notice of delinquent assessment as described in paragraph 2 above, the Association will participate in a dispute

resolution program as outlined below. Pending its outcome, the Association will not record a Notice of Delinquent Assessment against the owner's separate interest property.

6. An owner may make a formal, written request to meet with the Board to discuss a payment plan for the debt described in the letter of intent to record a notice of delinquent assessment. The board shall meet with the owner, in executive session, within forty-five (45) days of the postmark of the request, if the request is mailed within fifteen (15) days of the date of the postmark if the notice, unless there is no regularly scheduled Board meeting within that period.
7. If all such amounts have not been paid within ninety (90) days after the original due date thereof, and the owner had not requested the dispute resolution program within 30 days from the date of mailing a letter of intent to record a notice of delinquent assessment, a Notice of Delinquent Assessment ("Lien") will be prepared and recorded as to the delinquent lot and the owner(s) thereof. The Association reserves the right to recover costs of collection, all resulting collection fees and costs, which will be added to the total delinquent amount. A copy of the Lien will be sent, by certified mail, to the address as described in Paragraph 2 above within ten (10) days after its recordation.
8. If all such amounts have not been paid in full within thirty (30) days after the recordation of such Lien, the Association may, without further advance notice, proceed to take any and all additional enforcement remedies ad the Association, in its sole discretion, deems appropriate, including, without limitation, non-judicial foreclosure of such Lien, judicial foreclosure, or suit for money damages all at the expense of such lot and the owner(s) thereof.
9. At the option of the Association, interest shall be due on all such amounts, once due and unpaid for thirty (30) days, at the rate of twelve percent (12%) per annum.
10. The Association shall charge a "returned check charge" of twenty-five dollars (\$25.00) for all checks returned as "non-negotiable", "insufficient funds" or any other reason.
11. All payments received by the Association, regardless of the amount paid, will be directed to the oldest assessment balances first, until such time as all assessment balances are paid, and then to fees and costs of collection, attorneys' fees, late charges and interest.
12. Effective January 1 2007, the outside management company of Kocal Management Group (KMG) began collecting your monthly assessments on behalf of the Associations. If you have questions concerning your monthly assessments payments (account balance), you may contact KMG at (916) 985-3633, ext. 122. The mailing address for overnight payment of assessments is: Riverlake Community Association (and/or Riverlake Lake Association), c/o Umpqua Bank, PO Box 13280, Sacramento, Ca 95813.
13. The Board of Directors of the Association may revise this policy, either generally or on a case-by-case basis, if it finds good cause to do so.
14. Notwithstanding the above, the Association does not waive the right to bring an action at law or equity to collect delinquent assessments.

**CA CIVIL CODE 1365.1**

## **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 section of Civil Code indicated for further information. A portion of the information in this notice applies to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

Owners may submit a secondary address to the Association. Upon receipt of a written request by an owner identifying a secondary address for purpose of collection notices, the Association shall send additional copies of any notices required to the secondary address provide by the Owner. The Owners request shall be in writing and shall be mailed to the Association in a manner that shall indicate the Association has received it. The Owner may identify or change its address at any time, provide that if a secondary address is identified to send noticed to the indicated secondary address from the point the Association received the request.

### **ASSESSMENT 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 Section 1367.4 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 1366, 1367.1, and 1367.4 of the Civil Code)

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 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)

## **MEETING 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)"

(c) A member of an Association may provide written notice by facsimile transmission or United States mail to the Association of a secondary address. If a secondary address is provided, the Association shall send any and all correspondence and legal notices required pursuant to this article to both the primary and the secondary address.