



POLICY and PROCEDURE

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Board Approval Date	04/14/2012
Original P&P Date	07/08/1995

DUES DELINQUENCY PROCESS

Purpose

To establish the fees and processes for the late payment of the HOA annual assessment (Referred to as "Dues"); to establish the fees and processes applicable to property liens and foreclosures; and the fees and processing of returned checks for insufficient funds; in accordance with applicable law(s)

Policy

Fees for delinquent "Dues", property liens and foreclosure, and returned checks will be assessed and processed in accordance with the procedure in this document

Reference

California Civil Code, Sections 1365 through 1369

Forms

Cimarron's Trustee Services (CTS): "Authorization to collect Delinquent "Dues"".

Procedure

1. Pinebrook HOA Annual "Dues" and "special" assessments.
 - A. Pinebrook operates on a September 1st to August 31st fiscal year. The Annual HOA "Dues" are payable by September 1st of each year, and become delinquent on October 1st of each year. Any "special assessments" will have a specific due date and delinquent date.
 - B. Any property owner who is delinquent in annual "Dues" or any "special assessment" shall incur the following penalties which shall be added to any other amounts owed:
 - 1) A late charge of 10% of the current delinquency; plus
 - 2) A \$25.00 bookkeeping charge; plus
 - 3) A 1% per month (compounded monthly) interest on all delinquent amounts including all penalties commencing on November 1st for HOA annual "Dues" or one month after the delinquent date of any "special assessment".
 - C. Annual Assessment "Dues" process for properties already in default and/or with Cimarron (CTS).
 - 1) Initial invoice in July will show just current year's assessment.
 - 2) CTS and/or Pinebrook delinquent fees and costs will continue to be added to the current year's assessments monthly. Previous year delinquent invoices will continue to accrue charges on their own as a separate bill past due invoice with charges to be paid directly to Pinebrook.
 - D. If the annual HOA "Dues" or any part thereof, remains unpaid after the delinquent date of October 1st, the following process will commence:
 - 1) A second updated invoice (with penalties added) will be mailed to the delinquent account on approximately October 5th. Penalties are 10% of total initial invoice plus \$25 for bookkeeping charges.



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- 2) On approximately November 5th and December 5th, if the bill has not been paid, an updated Invoice will be mailed reflecting a 1% compounded monthly penalty.
- 3) On January 15th a 4th updated Invoice with a monthly 1% penalty along with a \$15 Certified Mailing Charge can be mailed out via the USPS Certified Mail process, thus beginning the defined legal process which allows for Lien processing and eventual property foreclosure and sale without court action. . . Certified mailing costs may increase over time depending on USPS costs and employee wage costs to process.
- 4) On March 15th the delinquent account can be turned over to the Cimarron Trust Services (CTS) for collection or Pinebrook Homeowners' Association can invoke the defined lien process themselves.
- 5) Demand for payment (NOTICE OF RIGHTS AND RESPONSIBILITIES) will be sent by CTS or Pinebrook to the property owner within 24 hours of receipt from the Association to advise the property owner of a 30 day grace period to respond and avoid recording of the (NOTICE OF DELINQUENT ASSESSMENT) lien (a minimum charge of \$300 will occur if CTS is handling and there will be significant charges for continued lien processing). This notice will be the 2nd Certified Letter process (required by law) and will include an Invoice with the updated monthly 1% penalty charge along with the additional Certified Mailing cost.
- 6) If there is no response to the demand letter above, on or about April 15th, CTS or Pinebrook may file a NOTICE OF DELINQUENT ASSESSMENT lien. A certified letter will be sent to the property owner with a copy of the recorded LIEN, stating they have 30 days to comply or a NOTICE OF DEFAULT can be filed, recorded and then "served" on the property owner by a hired process server. All costs are included in the amount of the LIEN and are the obligation of the property owner. The LIEN will not be released until all amounts, i.e. delinquencies and costs, are paid in full. The property owner has 30 days to respond to this final attempt.
- 7) If no response, on approximately May 15th, upon the direction of the board, a NOTICE OF DEFAULT can be filed. Following the 3 month period from the recording date of the NOTICE OF DEFAULT (approximately August 15th) a NOTICE OF TRUSTEE SALE can be filed, recorded and published and the subject property will be posted with a copy of the NOTICE OF TRUSTEE SALE. All costs are included in the amount to cure the default and are estimated to be in excess of \$5,000.
- 8) Approximately 2 weeks prior to publication of the NOTICE OF TRUSTEE SALE, if payment in full has not been made, CTS or Pinebrook will notify the association's Board that the account remains delinquent and request authorization to publish and post the subject property. The sale date will be established (not before October 1st), and if the property owner does not cure the default, an auction sale will be held.



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2. Returned Checks (Non-sufficient Funds, etc.)
 - A. The party whose check has been returned (NSF, etc) will be required to remit with a cashier's check, money order or cash to cover the total amount.
 - B. A \$10.00 charge or current bank charges (whichever is greater) will be levied for each check so marked.

Summary of Change from Previous Issues

- Consolidated previous Policy Letters 4, 6 and 10 with a complete rewrite of the policy and procedures. In 2008 amended to include CTS procedures.
- Added section 1.C in "annual assessments" process for properties currently in default and with CTS.
- Added Pinebrook capability to process Liens, and Notice of Default and Auctions.
- Updated Pinebrook process with more specific dates and actions.