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**RESOLUTION OF THE BOARD OF DIRECTORS
LA JOLLA CLASSIC HOMEOWNERS ASSOCIATION
2012 ASSESSMENT AND FINE COLLECTION POLICY**

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WHEREAS, in any private neighborhood homeowners association (HOA), the Owners buying homes in the neighborhood have consciously decided to give up some freedoms (namely, to follow the association's Rules and Regulations) and to pay regular periodic assessments (the "dues") as well as special assessments in exchange for the perceived benefits of home ownership within that private community; and assessment funds are the lifeblood of the organization; and it is only fair that every Owner, without exception, submit these payments; and to achieve this result, it is appropriate that the association has a policy that ensures that all Owners live up to these explicit covenants of HOA membership; and for the maximum benefit of the entire HOA membership, state law allows HOAs to forcibly require compliance with assessment payments and association rules; and

WHEREAS, the overwhelming majority of Owners agree with this premise, and never fall out of compliance, although a very small minority of Owners do, however; and in order to help these few return to compliance, it is necessary to have an escalating set of sanctions in place that will, sooner or later, gain the negligent Owner's attention by way of fines, liens and possibly even greater measures; and these sanctions are not punishments, nor are they attempts to increase the HOA's revenues beyond the Board-adopted assessments but instead are measures intended only to return that Owner to good standing; and acting upon this premise, the HOA Board is adopting this resolution that enacts these aforementioned measures; and

WHEREAS, Article III, Section 3.2 of the Declaration creating La Jolla Classics Homeowners Association gives the Association Board of Directors ("Board") the responsibility to manage the business affairs of the Association; and

WHEREAS, Article IV, section 5 of the Bylaws for the La Jolla Classics Homeowners Association gives the Board the power to manage the business affairs of the Association; and

WHEREAS, NRS 116 requires the Board to set policies regarding the collection of past-due assessments and fees,

NOW THEREFORE BE IT RESOLVED, that the following policy shall be implemented and followed as such:

1. Owner shall be responsible to pay all assessments and special assessments levied against a unit, including any and all collection fees and costs allowed by law related to any and every step taken by or at the direction of the association in the collection of delinquent assessments. If Owner fails to pay assessments in a timely manner, the Association shall have the right to commence on the following escalating series of actions aimed solely at bringing the Owner's assessments current:
 - a. A Notice of Intent to Lien shall be sent to any Owner who is delinquent in the payment of any assessment owed with respect to Owner's unit.

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- b. A Notice of Delinquent Assessment lien shall be recorded with the County Recorder and mailed to the unit Owner if an Owner fails to pay in full all assessments due to the Association within the time required by the Notice of Intent to Lien.
 - c. A Notice of Default & Election to Sell shall be recorded and mailed to an Owner that fails to pay in full all assessments due to the Association within the time required by the Notice of Delinquent Assessment lien.
 - d. A Notice of Sale setting forth the date for the sale of the unit of any Owner who fails to pay in full all assessments due to the Association within the time required by the Notice of Default & Election to Sell. This foreclosure action on the property is authorized pursuant to Nevada Revised Statutes Chapter 116, as described in more detail below.
2. Attached is the currently in effect SCHEDULE OF COLLECTION RELATED FEES FOR COLLECTION OF DELINQUENT ASSESSMENTS specifying the maximum dollar amount of these collection fees and costs that Owner shall be responsible to pay. That schedule of collection fees and costs will be superseded by any regulations adopted by the Nevada Real Estate Division on the date such regulations become effective. Note that there are never any fines applied for failure to pay assessments; only collection fees and costs are added on top of the unpaid assessments.
 3. All collection related fees and costs shall be assessed against the Owner's unit pursuant to NRS 116.3115(6) and any other applicable provision of NRS Chapter 116.
 4. Owner shall be responsible to pay all outstanding assessments, including all collection related fees and costs, assessed against a unit or property, even prior to the date that Owner first held title, to the extent allowed by NRS Chapter 116.
 5. Owner shall be responsible to pay all fines that are levied for willful and/or continuing violation of association Rules or Regulations. Attached is the currently in effect SCHEDULE OF COLLECTION RELATED FEES FOR COLLECTION OF UNPAID FINES specifying the maximum dollar amount of fines that Owner shall be responsible to pay. If Owner fails to pay any fine, then Association may lien Owner's property and Association has the right to charge any amount allowed by law to collect unpaid fines from Owner. Please be aware that fines for violations of HOA Rules or Regulations are different than sanctions for non-payment of assessments. The Association does have the right to assign an Owner's account to the Association's collection agency for unpaid fines. With few exceptions however, state law prevents the Association from foreclosing, (or taking any steps leading to a foreclosure) on a lien that has been filed as a sanction for non-payment of fines.
 6. Regular Assessments shall be due on the 1st day of the month at the beginning of each calendar quarter (i.e., January 1, April 1, July 1, and October 1).
 7. Regular and special assessments shall be delinquent if not paid **within Thirty (30) days** of the due date.

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8. There shall be a late payment charge of **Ten dollars per month (\$10) added to the unpaid balance** for assessment that is not paid within **Thirty (30) days** of the due date.
9. The Association may charge interest at the rate allowed by law on any assessments not paid within sixty (60) days after the due date. The unpaid balance shall bear interest from the due date at a rate equal to the prime rate at the largest bank in Nevada as ascertained by the Commissioner of Financial Institutions on January 1 or July 1, as the case may be, immediately preceding the date the assessment becomes past due, plus 2 percent. The rate will be adjusted accordingly on each January 1 and July 1 thereafter until the balance is satisfied.
10. If the Owner's account carries an unpaid balance for more than **Thirty (30) days**, the Association, through its Agent will send a Reminder Letter to the owner. A \$10.00 administrative fee will be assessed to the Owner's account for this service.
11. If the Owner's account carries an unpaid balance for more than **Sixty (60) days**, the Association, through its Agent will send a second Reminder Letter to the owner, this time by Certified Mail requiring a signature receipt. A \$30.00 administrative fee will be assessed to the Owner's account for this service. The Association's Agent will also attempt to contact the Owner by email to alert the Owner of the escalating fees accumulating on the Owner's HOA account.
12. If the Owner's account carries an unpaid balance for more than **Ninety (90) days, and no accommodations for structured payments on the balance have been commenced**, the Association, through its Agent, will turn the delinquent account over to the Association's approved Collection Agent without additional notification to the Owner.
13. After the Owner's delinquent account has first been assigned to a Collection Agent, the Owner must deal with the collection agency to clear both the unpaid balance and all collections fees before the account is once again returned from the Collection Agent to be handled by the Association.
14. An Owner shall be responsible for all reasonable collection fees, legal fees and costs the Association charged in attempting to collect any delinquent assessments. The legal fees and collection costs associated with collecting unpaid assessments are significant. The more steps to collect delinquent assessments, the more legal fees and collection costs will be added to the delinquent Owner's account. Thus, the Association strongly advises that all Owners ensure assessments are paid when due.
15. The Association may enter into a good faith agreement with an Owner to set up a payment plan for delinquent assessments. However, if an Owner refuses to enter into a payment plan acceptable to the Association or if an Owner fails to comply with the terms of a payment plan, the Association shall proceed to collect the delinquent assessments as set forth herein.
16. The Board must approve all write-offs of debt.

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<#>A Notice of Intent to Lien may be sent to any Owner who is delinquent in the payment of any assessment owed with respect to Owner's unit. ¶

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<#>A lien (Notice of Delinquent Assessment) shall be recorded with the County Recorder and mailed to the unit Owner if an Owner fails to pay in full all assessments due to the Association within the time required by the Notice of Intent to Lien. ¶

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<#>A Notice of Default & Election to Sell shall be recorded and mailed to an Owner that fails to pay in full all assessments due to the Association within the time required by the lien (Notice of Delinquent Assessment). ¶

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<#>The Association shall record and mail a Notice of Sale setting forth the date for the sale of the unit of any Owner who fails to pay in full all assessments due to the Association within the time required by the Notice of Default & Election to Sell. ¶

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17. The Community Manager shall provide timely updates and reports on delinquent accounts as necessary. The Community Manager shall notify every Board member each time prior to assigning any Owner account to the Collection Agent.

18. The Association has the right to collect any delinquent assessments and unpaid fines in any manner allowed by Nevada law.

19. The Association authorizes any person acting on behalf of the Association to charge the fees and costs described on the attached SCHEDULE OF COLLECTION RELATED FEES FOR COLLECTION OF DELINQUENT ASSESSMENTS and SCHEDULE OF COLLECTION RELATED FEES FOR COLLECTION OF UNPAID FINES and to perform any other actions necessary to collect unpaid assessments or fines, including, but not limited to signing any and all documents related to the actions set forth in this Collection Policy.

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20. This policy is superseded to the extent necessary to comply with NRS Chapter 116 and any amendments thereto.

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21. This policy was approved by the Board and was adopted on this 15th day of March, 2012 and supersedes any previous ASSESSMENT AND FINE COLLECTION Policy.

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SCHEDULE OF COLLECTION RELATED FEES FOR COLLECTION OF DELINQUENT ASSESSMENTS

The following listed fees are the set amounts to be charged by the Association's management company:

1. First Reminder Letter for Unpaid Assessments..... \$10.00*
2. Second Reminder Letter (certified) for Unpaid Assessments \$30.00

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The following listed fees are the maximum amounts allowed by state law. Actual fees applied for a particular collection action may be lower than those shown in this Schedule, depending on the fee table that the Association and its Collection Agent agree upon. All of the fees and costs shown in this portion of the Schedule are incurred only after the Owner's account has been assigned to its Collection Agent.

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| a) Demand or Intent to Lien Letter | \$150.00 |
| b) Notice of Delinquent Assessment Lien | \$325.00 |
| c) Intent to Notice of Default Letter | \$90.00 |
| d) Notice of Default | \$400.00 |
| e) Intent to Notice of Sale Letter | \$90.00 |
| f) Notice of Sale | \$275.00 |
| g) Intent to Conduct Foreclosure Sale..... | \$25.00 |
| h) Conduct Foreclosure Sale | \$125.00 |
| i) Prepare and Record Transfer Deed | \$125.00 |
| j) Payment Plan Agreement - One Time Fee..... | \$30.00 |
| k) Payment Plan Breach Letter | \$25.00 |
| l) Release of Notice of Delinquent Assessment Lien | \$30.00 |
| m) Notice of Rescission Fee | \$30.00 |
| n) Bankruptcy Package Preparation and Monitoring | \$100.00 |
| o) Mailing Fee Per Piece, Subsections (a), (b), (d), (f) hereof only | \$2.00 |
| p) NSF Fee..... | \$20.00 |
| q) Escrow Payoff Demand Fee | \$150.00 |
| r) Substitution of Agent Document Fee | \$25.00 |
| s) Postponement Fee | \$75.00 |
| t) Foreclosure Fee | \$150.00 |
| u) Reasonable Management Company Fees not to exceed: | \$200.00 |
| v) Reasonable attorney's fees and actual costs | |
| w) Additional costs include, but are not limited to, the cost of a trustee's sale guarantee, recording costs, posting and publishing costs, sale costs, mailing costs, express delivery costs and skip trace fees, which may be charged at the actual cost incurred. | |

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**SCHEDULE OF COLLECTION RELATED FEES
FOR COLLECTION OF UNPAID FINES**

In circumstances where the Association can foreclose on a lien for unpaid fines, the same fee schedule for unpaid assessments set forth above shall apply, except that paragraph (b) shall be a fee of \$325.00 for the lien for unpaid fines.

- a) Courtesy Reminder Letter for Rules or Regulation Violations (LJCHA will absorb this cost) \$0.00*
- b) Violation Letter (this fee covers up to two additional letters if needed: 'Call to Hearing' and 'Violation').... \$25.00
- c) Demand and Intent to Lien Letter \$150.00
- d) Lien for Unpaid Fines \$325.00
- e) Actual costs incurred by Association or any person acting on behalf of the Association
- f) Reasonable Attorney's Fees and Actual Costs

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SCHEDULE OF FINES

Pursuant to the governing documents of the La Jolla Classic Homeowners Association (“Association”), and NRS 116.3108(5), the Board of Directors of the Association (“Board”) has adopted the following Schedule of Fines. The term “governing documents” has the meaning ascribed to it in NRS 116.049.

1. The initial fine imposed pursuant to NRS 116.31031(1)(b) for violations of the Governing Documents shall be \$100.00 for each and every violation. If a violation is not cured within fourteen (14) days, the violation may be deemed a continuing violation, in which case an additional fine of \$100.00 may be imposed for each seven (7) day period the violation is not cured.

2. Notwithstanding anything herein to the contrary, there shall be **NO DOLLAR LIMIT** on the amount of any initial fine for each and every separate violation of any provision of the governing documents which poses an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the unit’s owners or residents of the Association. Such initial fine amount will be determined commensurate with the severity of the violation, in the Board’s discretion.

<u>Infraction</u>	<u>1st Offense</u>	<u>2nd Offense</u>	<u>Continuing*</u>
Dogs/Cats Failure to clean droppings Non-compliance of Clark County Leash Law	Courtesy letter	Invitation to Hearing for \$100 Fine	\$100 fine
Unkempt Exteriors Including porches and fronts and sides of property	Courtesy letter	Invitation to Hearing for \$100 Fine	\$100 fine
Violation of Common Area Rules Oil Spills/fluids, speeding Disregard for landscape	Courtesy letter/ Cost of Repair (if applicable)	Invitation to Hearing for \$100 Fine	\$100 fine
Damage to Common Area	Cost of repair	<u>Cost of repair</u>	<u>Cost of repair</u>
Parking Violation/ Speeding	Courtesy letter <u>except as below**</u>	Invitation to Hearing for \$100 Fine	\$100 fine

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Noise Nuisance Courtesy letter Invitation to \$100 fine
Hearing for \$100
Fine

Architectural Violations Courtesy letter Invitation to \$100 fine
Hearing for \$100
Fine***

* If a violation is continuing after being fined \$100, you will be subject to be fined an additional \$100 every fourteen (14) days.

** Cars parked in red zones (fire lanes or within 30 feet of fire hydrants), or other marked or signed no parking areas, or parked so as to interfere with the operation of the entry gates, are subject to tow with no notice and at the vehicle owners' expense.

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Cars left parked on street for more than three (3) days continuously without being moved may be tagged with a violation notice, and if still unmoved seven (7) days later, are subject to tow with no further notice and at the vehicle owners' expense.

*** The "Invitation to Hearing for \$100 Fine" means that a letter will be sent to the Owner that requests that they appear at the next Board meeting Executive Session to show cause why the uncorrected Violation should not result in a fine of \$100.

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