

NOTICE
ASSESSMENTS AND FORECLOSURE

(Required by Civil Code Section 1365.1 Effective Date: January 1, 2003)

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 NONJUDICIAL 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. (Sections 1367.1 and 1367.1 of the Civil Code)

SYMPHONY TERRACE CONDOMINIUM ASSOCIATION

C/o S.H.E. Manages Properties, Inc.
3990 Old Town Avenue, Suite 105C
San Diego, CA 92110

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 1363.810) of Chapter 4 of Title 6 of Division 2 of the Civil Code. In addition, an association may not initiate a foreclosure without participation 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 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)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share 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 the 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)

* Article 5 (commencing with Section 1363.810) of Chapter 4 of Title 6 of Division 2 of the Civil Code is attached and made a part of this document.

** Article 2 (commencing with Section 1369.510) of Chapter 7 of Title 6 of Division 2 of the Civil Code is attached and made a part of this document.

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ASSESSMENT COLLECTION POLICY

Symphony Terrace Condominium Association is responsible for managing and operating the common areas of the community, and for collecting homeowners' assessments. The timely collection of assessments from all homeowners is important to the management and operation of the community, and to the preservation of property values. Pursuant to California Civil Code Section 1365(d), the Association has adopted the following policy for collecting delinquent assessments.

1. Regular assessments shall be paid monthly. Each regular assessment is due on the first (1st) day of the month. Any regular assessment not paid by the fifteenth (15th) of the month shall be delinquent, pursuant to California Civil Code Section 1366(e). Any special assessment levied shall be delinquent if not paid fifteen (15) days after the date due. An assessment is considered paid the day the payment is received by the Association or its designated agent. Postmarks are not considered.
2. A late charge of ten dollars (\$10.00) or ten percent (10%) of the amount of the assessment, whichever is greater, as provided in Article 4.07, Section, (b), of the CC&R's, shall be assessed when an assessment is delinquent. Any assessment not paid by the thirtieth (30th) day after it is due shall accrue interest at the rate of twelve percent (12%) per annum, as provided in Article 4.07, Section (c) of the CC&R's. Interest shall also accrue on late charges and costs of collection. To simplify monthly accounting, the Association may choose not to compute interest on small delinquencies. However, if the Association takes action against an owner to collect delinquent assessments, the Association will compute, to the fullest extent permitted by law and the Association's governing documents, the interest due from the date of the first delinquency and will add that interest to the delinquent owner's balance. If a check or automatic debit is returned for insufficient funds, the owner will be charged a \$22.00 fee. Post-dated checks will not be accepted.
3. Upon any assessment becoming delinquent, the Association or its designated agent will mail a notice to the owner via certified mail to pay the account in full or a lien will be recorded against the owner's property. Should the owner fail to bring the account current pursuant to the Association's demand, the Association will cause a lien to be recorded against the owner's property.
4. Within ten (10) days after a lien is recorded for delinquent assessments, the Association or its designated agent will mail a copy of the lien to all record owners of the property as set forth in California Civil Code Section 2924b.
5. After thirty (30) days has passed since recordation of a lien for delinquent assessments, the Association or its designated agent will diligently proceed with foreclosure. Once foreclosure is commenced, no partial payments will be accepted on an assessment account. In lieu of foreclosure, or concurrently, a lawsuit may be filed against the owner personally if the Association concludes such action will enhance the prospect of recovering the delinquent assessments, or will otherwise be in the best interests of the Association.

6. All collection action will comply with the applicable provisions of the Davis-Stirling Common Interest Development Act, California Civil Code Section 1350, et seq.
7. An owner may choose to pay in full, under protest, to the Association all amounts due, including assessments, late charges, interest and the cost of the lien. Such protest must be made in writing and sent to the Association via certified mail along with payment in full as set forth above within thirty (30) days after the lien is recorded against the owner's property. If payment under protest is made in this manner, the Association or its designated agent shall advise the owner of the owner's right to resolve the dispute via alternative dispute resolution, civil action, or other procedures the Association may have in place. Payment under protest may not be made more than two times in one year or three times in five years.
8. All Association designated agents' fees, attorneys' fees, costs, late charges, interest, penalties, fines, charges and expenses billed to the Association for any of the above activities shall be added to the owner's account and shall become the liability of the owner.
9. The Association may, prior to recording a lien or filing a lawsuit, declare the entire annual assessment for the delinquent property immediately due and payable if the Association concludes such action will enhance the prospect of recovering the delinquent assessments, or will otherwise be in the best interests of the Association.
10. Monetary payments received from an owner will be credited to balances on the owner's account in the following order:
 - a. Emergency assessments
 - b. Special assessments
 - c. Regular assessments
 - d. Monetary penalties or fines
 - e. Late charges
 - f. Legal fees and costs
 - g. Interest
11. The Association has selected William Beckwith as its legal counsel for all matters concerning the collection of delinquent accounts, and has further selected Cal-Western Reconveyance Corporation as its trustee for the purposes of foreclosing and selling any property, which is subject to a delinquent assessment lien.

12. A copy of this collection policy shall be sent annually to all owners within the sixty (60) day period immediately preceding the beginning of the Association's fiscal year pursuant to California Civil Code Section 1365(d).

13. In general, the Association's Board intends to take whatever actions are authorized by law and the Association's governing documents to collect assessments. If the Board elects to use practices, procedures or notices, which exceed those required by law or under the governing documents, it does so without waiving the Association's right to exercise collection remedies to the fullest extent permissible. Any additional notices or time periods the Association might use are extended solely as a courtesy. No owner shall be entitled to expect longer time limits or notices other than those, which are required by law or the governing documents. Billing statements are a courtesy. Owners are responsible for making payments on time, whether or not a statement is received.

**Payment may be made by overnight mail to the following address:
C/o S. H. E. Manages Properties, Inc.
3990 Old Town Ave, 105-C
San Diego, CA 92110**

This collection policy is effective May 21, 2008, and was adopted by the Board of Directors at a meeting held May 21, 2008.

SYMPHONY TERRACE CONDOMINIUM ASSOCIATION

DATED: May 21, 2008

President