

ARTICLE 7

EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION

7.1 Effect of Nonpayment of Assessments: Remedies of the Association.

Any installment of a Regular, Special or Compliance Assessment not paid within fifteen (15) days after the due date shall be deemed delinquent, shall be subject to reasonable costs of collection, including reasonable attorneys' fees, and a reasonable late charge not exceeding ten percent (10%) of the delinquent Assessment or Ten Dollars (\$10.00), whichever is greater, or as may, from time to time, be established by the Board in accordance with California law, and interest on all sums imposed under this Section at an annual percentage rate not to exceed twelve percent (12%), or the maximum rate allowed by law, commencing thirty (30) days from the date the Assessment becomes due until paid. The Board, for and on behalf of the Association, may commence legal action against the Owner personally obligated to pay the same, or, in the case of a Regular or Special Assessment, may foreclose the lien against his Lot. Such lien may also be foreclosed by a power of sale or other nonjudicial procedure provided for by the laws of the State of California. In furtherance thereof, each Owner hereby vests in the Association, its successors or assigns, the right and power to bring all actions at law or to pursue lien foreclosure against any Owner for purposes of collecting such delinquent Assessments.

7.2 Notice of Delinquent Assessments.

No action shall be brought to foreclose a lien for delinquent Assessments or to proceed under the power of sale herein, unless at least thirty (30) days has expired following the date a Notice of Delinquent Assessments is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Lot and a copy thereof is recorded by the Association in the Office of the County Recorder. Said Notice of Delinquent Assessments must recite a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the total amount due and payable as provided herein, and the name and address of the principal office of the Association, and, in the event of a nonjudicial foreclosure, as provided in Section 7.3 below, the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice shall be signed and acknowledged by any authorized officer of the Association. A monetary fine or penalty imposed by the Association as a disciplinary measure for failure of Owner to comply with the Association Management Documents may not become a lien enforceable by non-judicial foreclosure against such Owner's Lot. The Notice of Delinquent Assessments must be signed by an authorized officer or agent of the Association and must be mailed in the manner set forth in Section 2924(b) of the California Civil Code to the Owner of record of the Lot no later than ten (10) calendar days after recordation.

7.3 Foreclosure Sale.

Any foreclosure sale provided for above is to be conducted by the Board, its attorney or other persons authorized by the Board, in accordance with the provisions of the California Civil Code applicable to the exercise of powers of sale in Mortgages and deeds of trust, as same may be amended from time to time, or in any other manner permitted by law. The Association, through duly authorized agents, shall have the power to bid on the Lot at a foreclosure sale and to acquire, hold, lease, mortgage and convey the same.

7.4 Curing of Default; Release of Lien. Upon payment to the Association of the full amount claimed by the Association in the Notice of Delinquent Assessments, or other satisfaction thereof the Board shall, either prior to sale, or prior to completion of judicial foreclosure proceedings, cause to be recorded a Notice of Release of Lien stating the satisfaction and release of the amount claimed. The Board may demand and receive from the applicable Owner a reasonable charge, to be determined by the Board, for the preparation and recordation of the Notice of Release of Lien.

7.5 Cumulative Remedies. The Association's remedies for nonpayment of Assessments, including, but not limited to, an action to recover a money judgment, Assessment lien and right of foreclosure and sale, are cumulative and in addition to and not in substitution of any other rights and remedies which the Association and its assigns may have hereunder or at law.

7.6 Mortgagee Protection. Notwithstanding all other provisions hereof, no lien created hereunder, nor any breach of the terms and provisions of this Declaration, nor the enforcement of any term or provision hereof, shall defeat or render invalid the rights of any Mortgagee under any recorded Mortgage or deed of trust upon a Lot made in good faith and for value; provided that such deed of trust is recorded prior to any such Notice of Delinquent Assessments, and after such Mortgagee or other person or entity obtains title to such Lot by judicial or nonjudicial foreclosure, such Lot shall remain subject to this Declaration and the payment of Assessments accruing after the date the Mortgagee obtains title.

7.7 Alternative Dispute Resolution - Assessments. Disputes between an Owner and the Association regarding the Assessment imposed by the Association may be submitted to alternative dispute resolution in accordance with Civil Code Section 1354 if such Owner pays in full (i) the amount of assessment in dispute, (ii) any late charges, (iii) any interest, and (iv) all fees and costs associated with the preparation and filing of the Notice of Delinquent Assessment, and states by written notice that such amount is paid under protest, and the written notice is mailed by certified mail not more than thirty (30) days of a notice of delinquent assessment.

The right of any Owner to utilize alternative dispute resolution under this Section 7.7 may not be exercised more than two times in any single calendar year, and not more than three times within five calendar years. Nothing in this section shall preclude any Owner and the Association upon mutual agreement, from entering into alternative dispute resolution in excess of the limits set forth herein. An Owner may request and be awarded through alternative dispute resolution reasonable interest to be paid by the Association in the total amount paid under items (i) through (iv) above, if it is determined that the assessment levied by the Association was not correctly levied.

The provisions of this Section 7.7 are intended to satisfy the statutory provisions in Section 1366.3 of the California Civil Code. In the event of an amendment, modification, alteration or revocation of said Section 1366.3, the provisions of this Section 7.7 shall be deemed amended or terminated, as applicable, without the need to amend this Declaration.