

SOUTH BAY ASSOCIATION
BOARD OF DIRECTORS RESOLUTION
RE: DELINQUENT ASSESSMENT POLICY AND PROCEDURE

Timely payment of assessments is critical to the South Bay Association (the "Association"). The failure of any owner to pay assessments when due creates a cash flow shortage for the Association, and causes those owners who timely pay their assessments to bear a disproportionate share of the Association's financial obligations. Therefore, the Board of Directors ("Board") for the Association hereby adopts the following Delinquent Assessment Policy and Procedure for implementation within the Association. Except as otherwise set forth herein, the capitalized terms have the same meaning as those terms are defined in the Declaration of Covenants Conditions and Restrictions for South Bay Condominium Association (the "Declaration"), which was recorded with the Clark County Recorder's Office on June 13, 1990, in Book No. 900613, as Instrument No. 01491, and all amendments thereto (the "Declaration"):

1. Types of Assessments. Pursuant to the Declaration and applicable Nevada law, the Association has a duty to levy Annual Assessments for Common Expenses, Capital Improvement Assessments, and Special Assessments, as defined in the Declaration, and reserve assessments as set forth in NRS 116 (collectively the "Assessments"), sufficient to perform its obligations under the Declaration, including any amendments thereto, the Bylaws, Articles and any Rules and Regulations and resolutions adopted by the Board, which may be amended from time to time (collectively the "Governing Documents") and Nevada law. See Declaration, Article III, Sections 3.1, 3.4, and NRS 116.3102(1) (b) and 116.31152(1). Annual Assessments in an amount sufficient to pay expenses pursuant to the Association's budget, are levied annually and are payable during the year in monthly installments.

2. Creation of Lien and Personal Obligation of Owner. Each Assessment or charge is the personal obligation of the Owner at the time the Assessment or other sums are levied. See Declaration, Article III, Section 3.1 and 3.11. In addition, the Assessment is also a charge or lien upon the Owner's Unit. See Declaration, Article III, Section 3.1. Recordation of the Declaration constitutes record notice and perfection of the Association's lien. No further recordation of any claim or lien for any unpaid Assessment is required. See NRS 116.3116(9) as amended by SB 306 (2015). However, pursuant to this Policy, the Association may record a lien for unpaid Assessments and related charges.

3. No Exemption. No Owner may exempt himself or herself from liability for Assessments by non-use of Common Area or abandonment of his or her Unit. See Declaration, Article III, Section 3.11.

4. Notice to Owner of Increase in Assessments. The Association will give the Owners notice of any increase in the Assessments, through the budget process set forth in the Association's Governing Documents and Nevada law or as otherwise required by Article III, Sections 3.1, 3.5 and Article X, Section 10.13 of the Declaration, at least 30 days in advance of each Annual Assessment period. See NRS 116.31151. Notice will be sent by first-class mail to the Owners at the addresses on the Membership register as of the date the notice is issued or to an electronic mail address if the Owner has designated an electronic address to which notice may be delivered. See NRS 116.31068(1). It is the responsibility of each Owner to advise the

Association of any changes in their mailing address. The Board may elect from time to time to provide additional periodic statements of Assessments and charges, but failure to transmit such additional statements does not relieve the Owners of the obligation to pay Assessments.

5. Designation of Collection Agent. The Board may designate an agent to collect Assessment payments and administer this Assessment collection policy. Such designated agent may be a collection company, trustee company, law firm or any other agent properly licensed to provide the service (the “Designated Collection Agent”).

6. Due Date. Unless otherwise specified by the Board, an Assessment is due on or before the first day of the month for which it is due. See Declaration, Article III, Section 3.7. At present, Annual Assessments for common expenses are due on the first day of each month. Other Assessments are due on the date established by the Board.

7. Late Fees. Any installment of an Assessment, or portion thereof, that is not received by the Association within 30 days after the due date, shall be deemed to be past due and result in a late fee being imposed in the amount of \$15.00 per month. See Declaration, Article III, Section 3.8, Bylaws, Article IV, Section 4.3 and NRS 116.3102(1) (k).

8. Interest. Any installment of an Assessment, or portion thereof, which is not received by the Association within 60 days after the due date, shall bear interest at the rate of prime plus two percent (2%) per annum. See Declaration, Article III, Sections 3.1 and 3.8, and Bylaws, Article IV, Section 4.3. See also NRS 116.3115(3). The prime rate shall be determined by 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 due.

9. Costs of Collection. The Association shall charge an Owner reasonable fees to cover the costs of collecting any delinquent Assessments in an amount not to exceed the amount established by the Commission for Common-Interest Communities and Condominium Hotels. Such costs shall include, but shall not be limited to, any fee, charge or costs, by whatever name, any collection fee; filing fee; recording fee; fee related to the preparation, recording or delivery of a lien or lien rescission; title search lien fee; bankruptcy search fee; referral fee; fee for postage or delivery; and any other fee or cost that the Association may charge an Owner for the investigation, enforcement or collection of a delinquent Assessment (collectively, the “Collection Costs”). Such Collection Costs shall become additional charges against the Owner’s Unit and shall be subject to collection pursuant to this Policy. See Declaration, Article III, Section 3.8, NRS 116.310313 and NRS 116.3116(1) as amended by SB 306 (2015).

10. Application of Payments. Unless otherwise specified by an Owner, payments received by the Association shall be applied as mandated by NRS 116, NRS 116A and NAC 116. The Association may not apply any Assessment, fee or other charge that is paid by an Owner toward a fine or monetary penalty imposed by the Association against the Owner, without the Owner’s consent. See NRS 116.310315.

11. Disclosure and Payment Plan. In addition to all other remedies available to the Association, if any installment of an Assessment, or portion thereof, is not received by the

Association within 60 days after the obligation becomes past due, then the Association shall transmit a letter to the Owner (“Disclosure and Payment Plan”). For the purpose of this Resolution, an obligation shall be deemed to be “past due” on the date that a late fee may be imposed pursuant to Paragraph 7, above. The Disclosure and Payment Plan shall include the following:

- (a) A schedule of the fees that may be charged if the Owner fails to pay the past due obligation;
- (b) A proposed repayment plan; and
- (c) A notice of the right to contest the past due obligation at a hearing before the Board and the procedures for requesting such a hearing.

See NRS 116.31162(4).

NOTE 1: The schedule of fees referenced in subparagraph (a), above, is included as an attachment to this Board Resolution. The Association may satisfy subparagraph (a), above, by re-sending to the Owner a copy of the Fee Schedule Exhibit, as may be amended, which is defined in Paragraph 22.

NOTE 2: Unless otherwise determined by the Board after the hearing referenced in subparagraph (c), above, all repayment plans shall be: (i) signed by the Owner and returned to the Association within 30 days of the date of the Disclosure and Payment Plan is mailed, (ii) be completed in 3 months, and (iii) require the Owner to stay current on future accruing Assessments.

NOTE 3: If an Owner wants to request a hearing to contest the past due obligation, then, within 30 days of the date of the Disclosure and Payment Plan is mailed, the Association must receive a written request for the hearing. The written request must be sent to and received by the Association’s Manager within the time period provided.

If the Owner or his or her successor in interest requests a hearing (NOTE 3) or enters into a repayment plan (NOTE 2) within 30 days after the date on which the Disclosure and Payment Plan is mailed and is unsuccessful at the hearing or fails to make a payment under the repayment plan within 10 days of the payment’s due date under the repayment plan, the Association may take any lawful action to enforce its lien. See NRS 116.31162(4)(b) as amended by SB 306 (2015).

12. Assignment of Account to Designated Collection Agent. If within 30 days of the date after the Disclosure and Payment Plan is mailed, the Owner has not: (a) paid the past due obligation in full; (b) signed and returned the Disclosure and Payment Plan, or (c) submitted a written request for a hearing as set forth in NOTE 3 of Paragraph 11, above, then the Association may turn the account over to the Association’s Designated Collection Agent for collection which may include filing a Notice of Delinquent Assessment and, thereafter, foreclosure on the lien. See NRS 116.31162 et seq.

13. Acceptance of Payments. The following provisions shall apply to payments made:

- (a) if an Owner physically delivers a payment for delinquent Assessments to the Association or the Association's Manager or its Designated Collection Agent, then the Association must accept such payment;
- (b) if an Owner remits a payment and makes a notation on the check that it is "payment in full," or some other similar verbiage, but the payment does not constitute full payment of the Assessments then due, the Association, the Manager or its Designated Collection Agent need not accept such payment;
- (c) if the Association has entered into an agreement with a Designated Collection Agent to collect delinquent Assessments, and such agreement provides that the Association, its Manager or its Designated Collection Agent need not accept payments from an Owner after the Owner's account has been referred to collections, the Association, its Manager or its Designated Collection Agent must accept payments received from that Owner notwithstanding the provisions of the agreement with the Designated Collection Agent to the contrary. Upon acceptance of such payment, the Association or its Manager must either forward the check to the Designated Collection Agent or email or fax a copy of the check to the Designated Collection Agent; and
- (d) if the Association has entered into an agreement with a Designated Collection Agent as set forth in subsection (c) and the payment received from the Owner has been noted "payment in full," but does not constitute full payment of the Assessments then due, the Association, its Manager or its Designated Collection Agent need not accept the payment.

14. Payment Plan. At any time after the account has been delivered to the Designated Collection Agent, an Owner may petition the Board in writing for a payment agreement to allow the Owner to make periodic partial payments on the entire balance of the Assessment account. However, after the account has been delivered to the Designated Collection Agent, the Association has no obligation to enter into such a payment agreement. Notwithstanding the foregoing, if the Board agrees to enter into a payment agreement and to accept a reasonable payment plan with the Owner, then the terms of any payment agreement shall include, at a minimum:

- (a) the Owner staying current on all future accruing Assessments as they come due; and
- (b) paying off the past due balance, including all Collection Costs and related charges, in installments, over a term acceptable to the Board.

Any payment agreement entered into with the Owner shall be reasonable, as determined in the sole discretion of the Board, and for the sole purpose of assuring that the best interests of the Association are served. The payment agreement shall be in writing and a provision shall be included that failure to meet any terms of the agreement shall give the Board the right to immediately continue the collection/lien/foreclosure process without further notice to the Owner.

Neither the Association nor its Manager shall have the authority to waive any amounts incurred for any Collection Costs imposed directly by the Designated Collection Agent. If any Owner wishes to request a waiver of any Collection Costs imposed by any Designated Collection Agent, such Owner shall be responsible for contacting the Designated Collection Agent directly in order to make arrangements.

15. Release of Lien. Subject to Nevada law, a Release of Lien (“Release”) and/or Rescission of Notice of Default (“Rescission”) will not be recorded until the entire balance of the Owner’s Assessment account is paid. See NRS 116.31162(2), as amended by SB 306 (2015). All charges incurred in recording a Release and Rescission, including reasonable attorney’s fees, if any, will be charged to the Owner’s Assessment account.

16. NSF Check. At any time that the Association or its Designated Collection Agent receives a check dishonored by the bank for any reason, a charge of \$20.00 shall be imposed and added to the Owner’s account. Upon receipt of a returned check, the Association shall notify the Owner of the same in writing (the “NSF Notice”), and the Owner shall be required to resubmit payment for his or her Assessment in the form of a cashier’s check or money order only within 10 days of the date of the NSF Notice. The Association will not resubmit a previously returned personal or business check for payment. Furthermore, if any Owner is required to resubmit payment due to insufficient funds, the Owner will be subject to the Late Fee and interest charges as set forth and more fully described in Paragraphs 7 and 8 above. The Board may immediately proceed with the collection process if the entire past due Assessment balance is not paid within 10 days of the date of the NSF Notice. The Association may also seek any other damages, in accordance with Nevada law.

17. Owner Disputes. If the Owner disputes the accuracy of the calculation of an account or the amount charged to the Owner’s Assessment account, an objection to the specific charges must be received by the Board within 30 days of the date notice was received by the Owner of the charge or balance. The disputed amount may remain unpaid during the investigation, but undisputed portions of the account must be paid before the delinquency date in order to avoid Collection Costs. No action will be taken to collect the disputed amounts until the investigation is complete and the Board makes a decision. The Owner must provide the following information in writing regarding any dispute:

- (a) The Owner’s name, mailing address, and account number;
- (b) The exact dollar amount in dispute or in error.
- (c) For each charge in dispute, an explanation of the reasons the Owner believes there is an error, including evidence that may assist the Board in resolving the issue, i.e., dates, names, and check numbers, so that the dispute may be investigated efficiently and effectively.
- (d) Copies of checks (both front and back), letters or other documents applicable to the account and claimed error must accompany the written objection.

18. Other Remedies. The Association reserves the right to avail itself of any other remedy permitted by law and the Association’s Governing Documents to collect Assessments and related costs and charges, including, but not limited to, initiating an action through the

Nevada Real Estate Division and/or bringing an action in Small Claims, Justice or District Court. Such remedies may be taken in addition to or in lieu of any action already taken, and commencement of one remedy shall not prevent the Association from electing at a later date to pursue another remedy.

19. Notice to Association. Owners should respond in writing or make payments to the address as directed by the Designated Collection Agent. If no address is given, responses and petitions should be mailed to the Association at the following address:

Board of Directors
South Bay Association
c/o CDM Management
3650 South Pointe Circle, Suite 117
Laughlin, NV 89029

20. Write-offs. In accordance with NRS 116, the Board shall approve all write-offs of debt and the Manager shall provide timely reports to the Board regarding collection matters.

21. Designated Collection Agent Collection Costs. The Fee Schedule Exhibit, which includes the collection fees and costs of the Association or its Designated Collection Agent, is attached hereto as Exhibit "A".

22. Suspension of Privilege. In addition to any other remedies set forth herein, if any installment of Assessment, or any portion thereof, is not received prior to the deadline established in Paragraph 11, above, then the Board, after notice and hearing, may suspend the right of: (a) the Owner to vote at meetings of the Association and (b) the Owner's or Owner's family and tenant or invitees of the Owner or tenant from using the Common Area. The suspension may be imposed so long as the Owner is delinquent in the payment of Assessments. See Bylaws, Article V, Sections 5.2 and Declaration, Article X, Section 10.12.

DATED this 14th day of November, 2015.

SOUTH BAY ASSOCIATION

By: Sandra Shields

Its: President

By: [Signature]

Its: Vice-President

By: [Signature]

Its: Secretary/Treasurer

EXHIBIT "A"
FEE SCHEDULE

**SCHEDULE OF COLLECTION FEES AND COSTS
(NAC 116.470(1)-(6))**

1. Except as otherwise provided in subsection 5, to cover the costs of collecting any past due obligation of a unit's owner, an association or a person acting on behalf of an association to collect a past due obligation of a unit's owner may not charge the unit's owner fees in connection with a notice of delinquent assessment pursuant to paragraph (a) of subsection 1 of NRS 116.31162, which exceed a total of \$1,950, plus the costs and fees described in subsections 3 and 4.

2. An association or a person acting on behalf of an association to collect a past due obligation of a unit's owner may not charge the unit's owner fees in connection with a notice of delinquent assessment pursuant to paragraph (a) of subsection 1 of NRS 116.31162 which exceed the following amounts:

(a)	Demand or intent to lien letter	\$150
(b)	Notice of delinquent assessment lien.....	\$325
(c)	Intent to notice of default letter.....	\$90
(d)	Notice of default	\$400
(e)	Intent to notice of sale letter.....	\$90
(f)	Notice of sale	\$275
(g)	Intent to conduct foreclosure sale	\$25
(h)	Conduct foreclosure sale.....	\$125
(i)	Prepare and record transfer deed.....	\$125
(j)	Payment plan agreement - One-time set-up fee.....	\$30
(k)	Payment plan breach letter.....	\$25
(l)	Release of notice of delinquent assessment lien	\$30
(m)	Notice of rescission fee	\$30
(n)	Bankruptcy package preparation and monitoring.....	\$100
(o)	Mailing fee per piece for demand or intent to lien letter, notice of delinquent assessment lien,	\$2
(p)	Insufficient funds fee	\$20
(q)	Escrow payoff demand fee.....	\$150
(r)	Substitution of agent document fee.....	\$25
(s)	Postponement fee	\$75
(t)	Foreclosure fee	\$150

3. If, in connection with an activity described in subsection 2, any costs are charged to an association or a person acting on behalf of an association to collect a past due obligation by a person who is not an officer, director, agent or affiliate of the community manager of the

association or of an agent of the association, including, without limitation, the cost of a trustee's sale guarantee and other title costs, recording costs, posting and publishing costs, sale costs, mailing costs, express delivery costs and skip trace fees, the association or person acting on behalf of an association may recover from the unit's owner the actual costs incurred without any increase or markup.

4. If an association or a person acting on behalf of an association is attempting to collect a past due obligation from a unit's owner, the association or person acting on behalf of an association may recover from the unit's owner:
 - (a) Reasonable management company fees which may not exceed a total of \$200; and
 - (b) Reasonable attorney's fees and actual costs, without any increase or markup, incurred by the association for any legal services which do not include an activity described in subsection 2.
5. If an association or a person acting on behalf of an association to collect a past due obligation of a unit's owner is engaging in the activities set forth in NRS 116.31162 to 116.31168, inclusive, with respect to more than 25 units owned by the same unit's owner, the association or person acting on behalf of an association may not charge the unit's owner fees to cover the costs of collecting a past due obligation which exceed a total of \$1,950 multiplied by the number of units for which such activities are occurring, as reduced by an amount set forth in a resolution adopted by the executive board, plus the costs and fees described in subsections 3 and 4.
6. For a one-time period of 15 business days immediately following a request for a payoff amount from the unit's owner or his or her agent, no fee to cover the cost of collecting a past due obligation may be charged to the unit's owner, except for the fee described in paragraph (q) of subsection 2 and any other fee to cover any cost of collecting a past due obligation which is imposed because of an action required by statute to be taken within that 15-day period.