

## **MONTREUX HOMEOWNERS ASSOCIATION ASSESSMENT COLLECTION MANUAL**

Montreux Homeowners Association, a Nevada non-profit corporation (the "Association"), is the homeowners association for the "Montreux" planned common-interest community (the "Community"). The Community, which is located in Washoe County, Nevada, was created pursuant to the Montreux Subdivision Declaration of Covenants, Conditions and Restrictions, recorded in the Office of the Washoe County Recorder on August 21, 1996, in Book Number 4651, as Instrument Number 2115924, at Page Number 0787 (which, as amended and supplemented from time to time, is referred to herein as the "Declaration"), and is subject to the provisions of Chapter 116 of the Nevada Revised Statutes (the "Act").

This Manual provides general information and procedures for collection of assessments levied by the Association against Owners in the Community. Terms defined in the Declaration and not otherwise defined in this Manual shall have the meanings defined for those terms in the Declaration. In the case of any conflict between the Declaration and this Manual, the Declaration shall control. In the case of any conflict between this Manual and the Act, the Act shall control.

The Board establishes the Association's fiscal year, from January 1 to December 31, as the basis for quarterly assessment periods. Quarterly payments are due on the first day of each month of each quarter beginning on January 1 annually.

### 1. Assessments in General.

A. Duty to Assess. The Association shall levy annual and special assessments sufficient to perform its obligations under the Declaration and the Act, all in conformance with the terms and provisions of the Declaration and the Act.

B. Fiscal Year. The Association's fiscal year shall run from January 1 through the following December 31 of each year.

C. Annual Assessment Payments. The annual assessment levied against an Owner for a Lot for a particular fiscal year, as adopted in accordance with the terms of the Declaration and the Act, shall be payable in equal quarterly installments in the year for which the annual assessment is set, with payment for the first quarter due in advance on January 1, payment for the second quarter due in advance on April 1, payment for the third quarter due in advance on July 1, and payment for the fourth quarter due in advance on October 1.

D. Special Assessment Payments. The due date for payment of any special assessment shall be set at the time such special assessment is made in accordance with the terms of Article III, Section 5 of the Declaration.

E. Obligation to Pay Assessments. Each assessment or charge levied against an Owner becomes the personal obligation of the Owner immediately at the time the assessment or charge becomes due and payable. An Owner's obligation to pay each assessment or charge levied against that Owner when due shall be secured to the Association by a lien against that Owner's Lot to which the assessment or charge relates, all as provided for under the Declaration and Section 116.3116 of the Act. Subject to the provisions of Article III, Section 2 of the Declaration, a purchaser of a Lot shall be jointly and severally liable with the seller of the Lot for all unpaid assessments secured by the Association's lien against the Lot without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments. No Owner may avoid or diminish such personal obligation by abandonment of his/her Lot.

2. Notice of Assessments and Delinquencies.

A. Notice of Assessments. The Association will give each Owner notice of any *increase* in the annual assessment or of any special assessment. Notice will be sent by first-class mail to the Owner's address as set forth on the Association's membership register as of the date of notice. **It is the responsibility of each Owner to advise the Association of any mailing address changes.** The Board may elect from time to time to provide additional periodic statements of assessments. Any such notice shall in no way obviate or alter the fact that each Owner, by delivery of this Manual and previous collection policies of the Association, has been notified and informed that the quarterly payments for the annual assessment for a given fiscal year are due on January 1, April 1, July 1, and October 1, as described in Section 1.C above, and no additional notice of quarterly payments for the annual assessment need be given.

B. Due Date/Delinquency Date of Assessment. An assessment, any portion thereof, or any other charge becomes delinquent if not paid within one month after it is due.

C. Charges on Delinquent Amounts. Any regular quarterly payment for the annual assessment, or any portion thereof, that becomes delinquent shall incur a late charge of \$25.00 and shall bear interest at the highest rate allowed by applicable law per annum from the date it becomes delinquent.

D. Interest and Collection Charges. Any costs and fees incurred in processing and collecting delinquent amounts, including, without limitation, late and interest charges, charges for preparation of delinquent notices or referral for collection, postage and copies, and attorneys' fees and costs, shall become an additional charge against the Owner, secured by the Association's lien against the Owner's Lot, and shall be subject to collection action pursuant to this Manual.

E. Application of Payments. Payments shall be applied to the oldest balance owing (assessments, late charges and/or interest and collection charges).

3. Enforcement of Lien.

A. Generally. In the event the Board elects to pursue collection of a delinquent assessment by recourse to its lien rights and foreclosure under the Declaration and the Act, the Board and its authorized representatives shall do so in accordance with the applicable provisions of the Act, the Declaration, and this Section 3. The Association's community manager (the "Manager") and the President of the Board are each authorized to execute notices of default and election to sell on behalf of the Association pursuant to NRS Section 116.31162(2), to pursue the Association's rights under the Declaration, the Act, and this Section 3, and to take such steps as the Board deems necessary or appropriate in connection with the collection of any and all delinquent assessments under this Section 3.

B. Initial Delinquency Notice. Once an assessment payment, or any portion thereof, has become delinquent, the Association may, but is not required to, send the relevant Owner a notice, by certified mail and at a charge to the Owner of \$10.00, that the Owner's account is delinquent and must be paid in full within 30 days. Such notice, if sent at all, may be in the form of a letter, statement, past due notice or any other form of writing or notice from the Association, and may include such information as the Association deems appropriate (for example, all amounts past due, any known collection charges imposed as of the date of the notice, and so forth).

C. Notice of Delinquent Assessment. If an assessment payment, or any portion thereof, remains unpaid two months after it is due, the Association, regardless of whether or not it has sent the relevant Owner the notice referenced in Section 3.B or whether the 30 day time period therein has expired, may prepare and send to the relevant Owner a Notice of Delinquent Assessment, which notice shall be sent by certified or registered mail, return receipt requested, to both the Owner's Lot and any other address of the Owner listed in the Association's membership register, and which notice shall contain the information required under Section 116.31162 of the Act (by way of example only, the Notice of Delinquent Assessment may be in the form attached hereto as **Exhibit "A"**). The Association may, in its sole and absolute discretion, record the Notice of Delinquent Assessment against the relevant Lot in the Official Records of the Washoe County Recorder ("Official Records").

D. Notice of Default and Election to Sell. If an assessment payment, or any portion thereof, remains unpaid 30 days after mailing the notice referenced in Section 3.C above, the Association may prepare and send to the relevant Owner a Notice of Default and Election to Sell ("Notice of Default"), which notice shall be sent by certified or registered mail, return receipt requested, to both the Owner's Lot and any other address of the Owner listed in the Association's membership register, and which notice shall contain the information required under Section 116.31162 of the Act (by way of example only, the Notice of Default may be in the form attached hereto as **Exhibit "B"**). The Association shall record the Notice of Default in the Official Records. Furthermore, the Association shall send the Notice of Default, within 10 days after its recordation in the Official Records, to all parties entitled thereto under Section 116.31163 of the Act, which notices shall be sent by first class mail (except for any notice sent to

a person entitled to notice under NRS Section 107.090, which shall be sent by certified mail, return receipt requested).

E. Notice of Sale. If any assessment payment, or portion thereof, remains unpaid 90 days after the later of the date on which the Notice of Default is recorded, or the date the Notice of Default was sent by certified or registered mail, return receipt requested, to both the Owner's Lot and any other address of the Owner listed in the Association's membership register, the Association may prepare and send to the relevant Owner a Notice of Sale ("Notice of Sale"). The Notice of Sale shall be sent to the relevant Owner by certified or registered mail, return receipt requested, to both the Owner's Lot and any other address of the Owner listed in the Association's membership register, and shall contain the information required under Section 116.311635 of the Act (by way of example only, the Notice of Sale may be in the form attached hereto as **Exhibit "C"**). The Notice of Sale shall also be sent by first class mail to all parties entitled thereto under Section 116.311635(1)(b) of the Act, and shall *thereafter* be posted and published as required by the terms of NRS Section 21.130 and Section 116.311635 of the Act. Additionally, the Notice of Sale shall be served by (i) a person who is 18 years of age or older and who is not a party to or interested in the sale by personally delivering a copy of the Notice of Sale to an occupant of the Lot who is of suitable age, or (ii) posting a copy of the Notice of Sale in a conspicuous place on the Lot. Evidence of such service shall be in the form of an affidavit signed by the person who served the Notice of Sale, which affidavit shall include the information provided in Section 116.311635(4)(b) of the Act (by way of example only, such affidavit may be in the form attached hereto as **Exhibit "D"**). The Association may, in its sole and absolute discretion, record the Notice of Sale against the relevant Lot in the Official Records.

F. Sale. The Association may foreclose its lien for a delinquent assessment by sale of the Lot encumbered thereby at the time referenced in the relevant Notice of Sale, which sale may be held at the Association's office (noted below) or at any other place in Washoe County, Nevada, referenced in the Notice of Sale. Such sale shall be conducted by the Manager, any then current member of the Board, the Association's legal counsel, or any other person authorized by the Board. The sale may be postponed to a later time any number of times by oral proclamation to the persons then assembled at the time and place previously set for the sale. The sale shall be made by public auction to the highest cash-bidder, and the Association may credit bid as provided in Section 116.31164 of the Act. Other terms, conditions, and rules of the sale and the process for transferring the lot and applying sale proceeds toward delinquencies shall be as set forth in the applicable provisions of the Act, including Sections 116.31164 and 116.31166.

G. Exception for Certain Assessments. Notwithstanding anything else herein to the contrary, the Association shall not attempt to collect by enforcement of its lien rights and foreclosure any assessment based on a fine or penalty except in accordance with Section 116.31162(4) of the Act.

4. All Rights Reserved; Remedies Cumulative. Enforcement of its lien rights under the Declaration and the Act, in the manner outlined in the Declaration, the Act, and Section 3 above, is but one remedy available to the Association to collect a delinquent assessment from an Owner. 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, bringing a personal action against an Owner in small claims court or district court, and/or suspending an Owner's rights under the Association's governing documents. Any such remedy may be pursued at such time as an assessment or other charge becomes delinquent, all in such manner as the Board deems necessary or appropriate in its sole and absolute discretion, but subject to applicable terms of the Act and the Association's governing documents. All remedies available to the Association for the collection of delinquent assessments shall be cumulative, and commencement of one remedy shall not prevent the Association from electing at a later date to pursue another remedy. Without limiting the foregoing, suit to recover a money judgment for an Owner's personal obligation to pay shall be maintainable by the Association without foreclosure or waiver of the lien securing the same.

4. Miscellaneous.

A. Payment Agreement. 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 such Owner's account, in addition to the ongoing assessment payments, in amounts and on a payment schedule agreed to by the Board. The Board has no obligation to enter into any such payment agreement, but may elect to do so in its sole and absolute discretion. Any agreement entered into with the Owner shall be reasonable, as determined by the Board in its sole discretion, and for the sole purpose of assuring that the best interests of the Association are served. The payment agreement shall include a provision that failure to meet any term of the agreement shall give the Board the right to immediately continue the collection process without further notice to Owner.

B. Dishonored Checks; Payment of Delinquent Sums. At any time that the Association or its designated agent receives a check dishonored by the bank for any reason, a charge of \$25.00 shall be imposed. The Association may also seek damages in accordance with Nevada Revised Statutes Chapters 30, 116 and 597. Without limiting the foregoing, the Association may require that payment for any delinquent sum be made in certified funds.

C. Dispute of Charges. If an Owner questions the accuracy of the calculation of an assessment or the amount of charges added to the Owner's assessment account, a written objection to the specific charges must be made to the Board within 30 days of the date notice is sent to the Owner of the charge or balance (or, the case of a quarterly installment of an annual assessment for which no additional notice was given, within 30 days of the due date for such installment payment). A telephone call is insufficient to object and will not reserve any rights. 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 charges. No final action will be taken to collect the disputed amounts until completion of the investigation and a decision is made by the Board; provided, however, the Board may pursue, or cause to be pursued, the process for a foreclosure sale as provided in Section 3 above, and no time period set forth therein shall be tolled during the investigation, except that the Board will not conduct the actual sale until completion of the investigation and a decision by the Board. The Owner must provide the following information in writing regarding any disputed assessment or charge:

I. Explanation of the reason the Owner believes there is an error. If the Owner does not know how the error was made, that statement may be made, but the dates and check numbers, etc., must be given.

II. Copies of checks (both front & back), letters or other documents referred to or claimed must accompany the written objection.

D. Address of the Association and the Board. Owners should respond in writing or make payments to the address as directed by the Association. If no address is designated, responses and petitions should be mailed to the Association at the following address:

Board of Directors  
Montreux Homeowners Association  
4005 Quail Rock Lane  
Reno, Nevada 89511

E. Sufficiency of Notice. Except for notices that under Nevada law must be sent by specific means, notice is sufficient if either hand delivered or mailed first class, postage prepaid, to the Owner at the address on the membership register at the time of notice.

F. Void Provisions. If any provision of this Manual is determined to be null and void, all other provisions of the Manual shall remain in full force and effect.

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