

DESERT SHORES COMMUNITY ASSOCIATION DELINQUENT ASSESSMENT POLICY AND PROCEDURE

Timely payment of assessments is critical to the Master Association. The failure of any owner to pay assessments when due creates a cash flow shortage for the Master Association, and causes those owners who timely pay their assessments to bear a disproportionate share of the Master Association's financial obligations. Therefore, the Board of Directors ("Board") for the Desert Shores Community Association (the "Master Association") hereby adopts the following Delinquent Assessment Policy and Procedure for implementation within the Master Association, with the capitalized terms having the same meaning as those terms are defined in the Master Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Desert Shores, which was recorded with the Clark County Recorder's Office on June 1, 1988, in Book No. 880601, as Instrument No. 00011 (the "Master Declaration"):

1. Types of Assessments. Pursuant to the Master Declaration and applicable Nevada law, the Master Association has a duty to levy annual Common Assessments for Common Expenses, Capital Improvement Assessments, Special Assessments, and Reconstruction Assessments as defined in the Master Declaration, and reserve assessments as set forth in NRS 116 (collectively the "Assessments"), sufficient to perform its obligations under the Master Declaration, 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 Master Declaration, Article I, Sections 1.07-1.10, inclusive, and Article VI, Sections 6.01, 6.04, 6.05 and 6.08, and NRS 116.3102(1) (b) and 116.31152(1). Common Assessments in an amount sufficient to pay the Common Expenses pursuant to the Master Association's budget, are levied annually and collected in advance on a regular basis by the Board, at such frequency and on such due dates as the Board shall determine from time to time in its sole and absolute discretion. See Master Declaration, Article VI, Section 6.06.

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 Master Declaration, Article VI, Section 6.01. In addition, the Assessment is also a charge or lien upon the Owner's Lot or Condominium. See Master Declaration, Article VI, Section 6.01. Recordation of the Master Declaration constitutes record notice and perfection of the Master Association's lien. No further recordation of any claim or lien for any unpaid Assessment is required. See NRS 116.3116(4). However, pursuant to this Policy, the Master 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 Areas or abandonment of his or her Lot or Condominium. See Master Declaration, Article VI, Section 6.10.

4. Notice to Owner of Increase in Assessments. The Master Association will give the Owners notice of any increase in the Assessments, through the budget process set forth in the Master Association's Governing Documents and Nevada law, at least 30 days in advance of each Common Assessment period. See NRS 116.31151 and Master Declaration, Article VI, Section 6.06. 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. It is the responsibility of each Owner to advise the Master 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 Master Declaration, Article VI, Sections 6.06. At present, the Common

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 Master 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 \$10.00 per month. See Master Declaration, Article VI, Section 6.10 and NRS 116.3102(1) (k).

8. Interest. Any installment of an Assessment, or portion thereof, which is not received by the Master Association within 60 days after the due date, shall bear interest at the rate of prime plus two percent (2%) per annum. See Master Declaration, Article VI, Section 6.10. 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 Master 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 Master 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 Lot or Condominium and shall be subject to collection pursuant to this Policy. See Master Declaration, Article VI, Section 6.01 and NRS 116.310313.

10. Late Notice. If an installment of an Assessment is not received within 30 days after the due date, a late fee notice may be sent to the Owner itemizing the Assessment installment and late fees. The processing cost for mailing this late notice shall be charged to the Owner.

11. 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 116.3101315.

12. Disclosure and Payment Plan. In addition to all other remedies available to the Master Association, if any installment of an Assessment, or portion thereof, is not received by the Master Association within 60 days after the obligation becomes past due, then the Master Association shall transmit a letter to the Owner ("Disclosure and Payment Plan") that includes:

- (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) as amended by SB 280 (2013).

NOTE 1: The schedule of fees referenced in subparagraph (a), above, is included as an attachment to this Board Resolution. The Master 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 23.

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 Master Association within 30 days of the date of the Disclosure and Payment Plan, (ii) be completed in 6 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, the Master Association must receive a written request for the hearing. The written request must be sent to and received by the Master Association's Manager within the time period provided.

13. Notice of Intent. If within 30 days of the date of the Disclosure and Payment Plan, the Owner has not: (a) signed and returned the Disclosure and Payment Plan, or (b) submitted a written request for a hearing as set forth in NOTE 3 of Paragraph 12, above, then the Master Association shall transmit a letter to the Owner notifying him or her of the delinquency and requesting payment thereof (the "Notice of Intent"). The Notice of Intent shall be mailed by certified mail, return receipt requested to the address of the Lot or Condominium and, if different, to a mailing address specified by the Owner, and shall include, at a minimum, the following.

- (a) the fact that the installment is delinquent;
- (b) the amount of the delinquency, including any charges associated with the delinquency including, but not limited to, interest, late fees, attorneys' fees or other Collection Costs;
- (c) the action that is required to be taken by the Owner to cure the default;
- (d) the date, not less than 30 days from the date the Notice of Intent is mailed to the Owner, by which such default may be cured;

In addition, the Notice of Intent may include the following:

- (e) that the failure to cure the default on or before the date specified in the Notice of Intent may result in acceleration of the balance of the installment of the Assessments for the then current fiscal year; and
- (f) what action the Owner may take to cure the default after acceleration.

14. Assignment of Account to Designated Collection Agent. If the Owner fails or refuses to pay the balance due and owing to the Master Association as set forth in the Notice of Intent, then the Master Association may turn the account over to the Master Association's Designated Collection Agent for collection which may include filing a Notice of Delinquent Assessment ("Lien") and, thereafter, foreclosing on the Lien. See NRS 116.31162 et. seq.

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

- (a) if an Owner physically delivers a payment for delinquent Assessments to the Master Association or the Master Association's Manager or its Designated Collection Agent, then the Master 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 Master Association, the Manager or its Designated Collection Agent need not accept such payment;
- (c) if the Master Association has entered into an agreement with a Designated Collection Agent to collect delinquent Assessments, and such agreement provides that the Master 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 Master 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 Master 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 Master 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 Master Association, its Manager or its Designated Collection Agent need not accept the payment.

16. Payment Plan. At any time after the Notice of Intent has been issued, 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 Notice of Intent has been issued, the Master 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 Master 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 Master 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.

17. Release of Lien. 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. 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.

18. NSF Check. At any time that the Master 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 Master 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 Master 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 Master Association may also seek any other damages, in accordance with Nevada law.

19. 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.

20. Other Remedies. The Master Association reserves the right to avail itself of any other remedy permitted by law and the Maser 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 Master Association from electing at a later date to pursue another remedy.

21. Notice to Master 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 Master Association at the following address:

Desert Shores Community Association
c/o General Manager
2500 Regatta Drive
Las Vegas, NV 89128-6800

22. 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.

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

24. 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 Master Association's issuance of the Notice of Intent, defined in Paragraph 13, above, then the Board may suspend the right of: (a) the Owner to vote at meetings of the Master Association, and (b) the Owner's or Owner's family and tenant or invitees of the Owner or tenant from using the Common Areas or Association Property. The suspensions may be imposed so long as the Owner is delinquent in the payment of Assessments. No suspensions may be imposed until the Owner has been afforded the right to be heard in person, by submission of a written statement or through a representative, at any such hearing.

25. Nevada Servicemembers Civil Relief Act. An Owner may be entitled to certain protections under the Nevada Servicemembers Civil Relief Act ("NVSCRA"). If an Owner is a service member, or the dependent of a service member, currently on active duty or deployment or for a period of one year immediately following the end of such active duty or deployment, the Master Association may not initiate a foreclosure action against the Lot or Condominium if an Owner is delinquent in paying any obligation owed to the Master Association during this period. For this protection, an eligibility verification form must be completed and obtained from the Master Association. The service member's social security number and a date of birth are required in order for the Master Association to accurately verify active duty status through the internet website maintained by the United States Department of Defense. The Master Association will maintain the security of this personal information as required under NRS 603A. The protections afforded by the NVSCRA do not apply if a court determines that the Owner's ability to pay or the Owner's dependent's ability to pay the obligation owed to the Master Association is not materially affected by the active duty or deployment. (added 10/1/17)

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2018 BANKRUPTCY FEE SCHEDULE**

1. <u>Bankruptcy Package Preparation and Monitoring</u>	\$100.00 Flat Fee
2. <u>File Evaluation/Recommendation</u> This can be utilized in conjunction with any of the following items or not at all	\$195.00 Flat Fee
3. <u>Proof of Claim</u> Includes coordination with manager to obtain updated account history and prepare and file Proof of Claim	\$175.00 Flat Fee
4. <u>Demand Letter Regarding Payment of Post-Petition Payments</u> Includes coordination with manager to obtain updated account history and prepare and deliver demand letter	\$215.00 Flat Fee
5. Motion for Relief From Stay	\$500.00 Flat Fee + Court Filing Fees (Filing fees are currently \$181.00 and are subject to change)
6. Bankruptcy Letter to Lender(s) (in case of Property Surrender to Lender(s) and/or Lender(s) Motion for Relief From Stay Granted)	\$175.00 Flat Fee
7. Filing of pleadings other than Motion to Terminate Stay (i.e., Opposition, Reply, Objection to Plan Confirmation, etc.), Court appearances and Board meeting appearances at professional's hourly rate	At hourly rate set forth below
8. Paralegal Services performed @ Hourly Rate	\$145.00-\$165.00/hour
9. All other attorney services performed @ Hourly Rate	Partner \$325.00 - \$350.00 Associates \$185.00-\$285.00
10. Copy/Facsimile Charges	\$.20/page
11. Postage Charges	At cost of postage
12. Certified Mailing Charges	At cost of certified mailer
13. Recording Fees	At cost charged by Recorder's Office
14. Pacer Charges	At cost charged by CM/ECF
15. Other Third Party Costs	At cost charged by third party

** Each line item amount is the fee for that task. Pursuant to NAC 116.470(3), actual costs incurred in performing each line item task are in addition to the fee for each task.

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2018 LIEN/FORECLOSURE FEE SCHEDULE**

1. <u>NRS 116.31162(4) sixty (60) day Payment Plan/Fee Disclosure Letter</u>	\$150.00
2. <u>Attorney Demand Letter</u> (provided on LJSG letterhead)	\$150.00
3. <u>Notice of Delinquent Assessment Lien</u> (preparation and recordation of lien and all statutorily required mailings)	\$325.00 ^{††}
<ul style="list-style-type: none"> • <u>Release of Notice of Delinquent Assessment Lien</u> (upon payment of all amounts owed by HO) – [includes contact from owner to pay lien without dispute, preparation of document, obtaining appropriate signature from client, recordation of document, and providing recorded copies to client and HO] 	\$30.00
4. <u>Intent to Notice of Default Letter</u>	\$90.00
5. <u>Notice of Default</u> (preparation and recordation of NOD and all statutorily required mailings)	\$400.00
<ul style="list-style-type: none"> • <u>Trustee’s Sale Guarantee</u> (at actual cost charged by title company – the cost is based on the amount of the lien) • <u>Rescission of NOD</u> (upon payment of all amounts owed by HO) – [includes contact from owner to pay lien without dispute, preparation of document, obtaining appropriate signature from client, recordation of document, and providing recorded copies to client and HO] 	At actual cost charged by title company \$30.00
6. <u>Intent to Notice of Sale Letter</u>	\$90.00
7. <u>Foreclosure Sale</u> – includes: <ul style="list-style-type: none"> • Notice of Sale • Publication & Posting Costs • Conduct Sale 	At fee rates provided in NAC 116.470, including subsections (e)-(i), (s)-(t).

** Each line item amount is the fee for that task. Pursuant to NAC 116.470(3), actual costs incurred in performing each line item task are in addition to the fee for each task.

†† Violation Lien(s) may be filed in accordance with NRS Chapter 116.

• Transfer Deed	
8. <u>Payoff Demand(s)/Escrow Demand (s)</u>	\$150.00
9. <u>Expediting Fee</u> (Payoff requested within 3 days)	\$100.00
10. <u>Repayment Agreement(s) – Between Owner(s) and Association</u>	
• Set-up Fee	\$30.00
• Payment Plan Breach Letter	\$25.00
11. <u>Mailing Fee Per Piece – Intent to Lien Letter, Demand Letter, Notice of Delinquent Assessment Lien, Notice of Default</u>	\$2.00 per piece
12. <u>Insufficient Funds Fee (NAC 116.470(2)(p))</u>	\$20.00 + third party costs (NAC 116.470(3))
13. <u>Paralegal Services performed @ Hourly Rate (NAC 116.470(4)(b))</u>	\$145.00-\$165.00
14. <u>All other attorney services performed @ Hourly Rate (NAC 116.470(4)(b))</u>	Partner \$325.00 - \$350.00 Associates \$185.00-\$285.00
15. <u>Copy/Facsimile Charges</u>	\$.20/page
16. <u>Postage Charges</u>	At cost of postage
17. <u>Certified Mail Charges</u>	At cost of certified mailer
18. <u>Recording Fees</u>	At cost charged by Recorder's Office
19. <u>Other Third Party Costs</u>	At cost charged by third party