

LANDYE BENNETT BLUMSTEIN LLP
ASSESSMENT COLLECTION CHRONOLOGY & PROCEDURES

Revised December 2013

In our effort to better serve our Association clients, we have estimated some of our collection fees and have standardized our collection procedures into this Assessment Collection Chronology & Procedures. Unless we are instructed otherwise by the Board of Directors or Association manager, or unless the documents mandate other processes, we follow these steps and procedures. The procedures and fees discussed below outline our standard process, the approximate timing of various actions, and the approximate fees you should expect to be charged. This procedure assumes that the Association will elect the money judgment option once a lawsuit is filed and not foreclosure. If the Association wishes to foreclose the lien, please contact our office for further information. On occasion we will recommend foreclosure, but we will discuss details with the Association at that time. Legal fees will be charged at the hourly rates listed at the end of this document.

1. Delinquent account referred to attorney by Management Company or Board of Directors ("Manager").

2. Set up file, run conflict check and obtain deed from title company. Check with title company for Notice of Default, Trustee's Notice of Sale or judicial foreclosure (Lis Pendens) from lender. Note, title companies do not guarantee the information they provide us in this manner as it is provided as a courtesy. Repeat debtor files do not incur the set up expense. (Approximately \$53.00 fee.)

If a Notice of Default, Trustee's Notice of Sale or judicial foreclosure is obtained for new or repeat debtors, we will prepare a letter to the Association advising it of the effect on collection. We will docket the file for the foreclosure date to determine if the sale has occurred, been cancelled, or been postponed. (Approximately \$85.00 fee.) If a bankruptcy is found and it affects the Association's ability to collect some or all of the delinquent account, we will advise the Association accordingly (legal fees at hourly rates).

3. Send initial demand letter by regular and certified mail ("First Contact Letter"). Letter must include the statutory language required under the Fair Debt Collection Practices Act ("Act"), which allows the debtor thirty (30) days to dispute the amount owed. Calendar review for thirty (30) days from date of letter, plus an additional three days for mailing. (Approximately \$97.50 fee billed, plus postage and photocopy charges.)

4. Handle any response from delinquent homeowner. Communicate settlement offers, questions or verification documents to Manager (legal fees at hourly rates). If there is a dispute, Manager will be required to provide an accounting of the amount due and any other verification documents required.

5. If no response from homeowner in 33 days, contact Manager for status.

(A) If no payment has been received by LBB, determine if any payments have been received by Manager/Board. Prepare and file lien. Recording of liens are now done

electronically the same day for most counties. (Approximately \$180.50 fee, plus recording fee [\$41.00 in Multnomah County, \$46.00 in Washington County, \$48.00 in Clackamas County, \$77.00 in Clark County, and \$42.00 in Deschutes County], and postage and photocopy charges.)

(B) If payment in full has been made, close file.

6. Upon receipt of verification from County that lien has been recorded, mail notification of lien letter by regular and certified mail. Calendar for follow-up in thirty (30) days. (Approximately \$48.00 fee, plus postage and photocopy charges.)

7. CONDOMINIUMS ONLY. Any time after we record a lien with the county we may prepare and record a Notice to Lender. If the owner is in default on their first mortgage principle and interest and the mortgage holder does not start its foreclosure proceedings within 90 days of our Notice to Lender, the Association's lien will obtain priority over ("jumps ahead") of the first mortgage's lien (legal fees at hourly rates plus recording fees).

8. Review file in thirty (30) days for payment to us, Board or Manager.

(A) If payment has not been received, send ten (10) day demand letter by certified and regular mail of the Association's intent to file suit. (Approximately \$110.00, fee plus postage and photocopy charges.)

(B) If payment has been made, file Satisfaction of Lien. (Approximately \$97.50 fee, plus recording fee [\$41.00 in Multnomah County, \$46.00 in Washington County, \$48.00 in Clackamas County, \$77.00 in Clark County, and \$42.00 in Deschutes County], plus postage and photocopy charges.)

9. After approximately 15 days, if payment has not been received, contact Manager or Board (if applicable) for authority to file Complaint for Foreclosure and/or Money Judgment (aka "lawsuit"). If Association Collection Resolution authorizes us to proceed with a lawsuit, no contact with the Manager or Board is required. Prepare Summons and Complaint. (Approximately \$225.00-\$380.00 fee, plus filing fee [Filing Fee: Oregon = \$158.00 (under \$10,000) or \$252.00 (\$10,000+); Washington = \$240], plus photocopy charges.)

10. Send summons and complaint for service on defendant(s). (Typical service fee is \$65.00-\$100.00 for each defendant, depending on service area and difficulty of service.) Once service is effected on the defendant(s), the file is calendared for review in thirty (30) days, the statutory time allowed for the defendant(s) to answer the complaint. If defendant(s) cannot be located, we will investigate further into possible locations for service (legal fees at hourly rates). An investigator may be needed to locate defendant(s).

11. Review file in thirty (30) days for payment to us or Manager. (Legal fees at hourly rates.)

(A) If payment has been made, record Satisfaction of Lien and file General Judgment of Dismissal without Prejudice. (\$195.00 fee, plus recording fee [varies by County], plus postage and photocopy charges.)

(B) If payment has not been made, file Default Judgment. (Approximately \$575.00-\$725.00 fee, plus postage and photocopies.)

12. Upon confirmation from Court that default judgment has been entered, send ten (10) day demand letter for payment of judgment in full. Calendar for review in fifteen (15) days. (Approximately \$97.00 fee, plus postage and photocopy charges.)

13. If payment still has not been tendered, proceed to institute collection of the money judgment by a debtor's examination, garnishment of paycheck, rents, bank accounts, etc. (Legal fees at hourly rates.) Oregon garnishments are billed at approximately \$136.00-\$195.00 per garnishment, plus costs. Washington garnishments are complicated and will be billed at our hourly rates for the time it takes. Court fees for Washington garnishments are \$30-\$60. Process server fees for Oregon garnishments are an additional \$30-\$60. Banks charge a financial search fee per person. (Oregon = \$15; Washington = \$20)

14. Upon payment in full of money judgment, file Satisfaction of Judgment with the Court. (Approximately \$97.00 legal fee, plus postage and photocopy charges.)

At any time during the process, we may complete a DMV, TLOxp or Accurint check. The DMV fee charged to us is usually between \$1.50 and \$10.00. The Accurint and TLOxp fees charged are approximately \$2.50 to \$60.00. (Legal fees at hourly rates.)

NOTES:

A. Additional Legal Fees/Costs. In approximately one-half of our collection cases, we are contacted by delinquent owners or their attorneys to discuss payment proposals, accounting, etc., and/or to negotiate settlement agreements or stipulated judgments, etc. This extra time is billed at our hourly rates and may be billed back to the delinquent owner(s).

When we are unable to locate a defendant for service of the summons and complaint or we are looking for assets to satisfy a money judgment, we periodically use the services of a private investigator. The extra costs are billed to the client and may be billed to the delinquent owner(s). The typical investigator fee is \$225 (employment only); \$300 (bank accounts).

During the collection process, we often receive a Trustee's Notice of Sale, Notice of Default or judicial foreclosure lawsuit indicating that the lender is in the process of foreclosing its mortgage on the property. We will notify the Board or Manager upon receipt of such Notice of the date of the foreclosure sale and, if possible, the effect on collection. We will monitor the progress of the foreclosure sale and advise the Association of the result. This extra time is billed at our hourly rates and may be billed to the delinquent owner(s).

B. Updated Statements of Account/Ledger Cards. During the collection process, we may receive updated statements of account/ledger cards from the Manager. If so, we will proceed accordingly. (Legal fees will be billed at our hourly rates).

C. Filing of Complaint for Money Judgment and/or Foreclosure (aka "Lawsuit"). Typically, we will not file a lawsuit until we have obtained direction from the Manager or Board member, whichever is applicable. If the collection resolution for the Association allows us to file

the lawsuit without contacting the Manager or Board for permission, we will proceed on that basis.

D. Title Company Demand. We often receive telephone calls from title companies requesting the amount required to satisfy a lien or judgment. We will prepare and send a demand letter in the form of escrow instructions and enclose a Satisfaction of Lien to be recorded by the title company when it holds in collected funds the amount due to the Association. (Approximately \$150.00, plus postage and photocopy charges.) We charge an additional fee if we are also required to satisfy a judgment. (Approximately \$97.00, plus costs.) Occasionally, we are asked to update these demand letters (Legal fees will be billed at our hourly rates).

E. Payments Directly to Manager; Contact With Owner/Debtor. Once we have initiated collection proceedings, please notify us immediately if payment is sent to you directly from the owner/debtor. In addition, please instruct your employees and Board members not to enter into agreements, mail statements, or discuss accounts with delinquent owners. The delinquent owner should be directed to contact our office with questions or comments. This will prevent the Association from incurring additional legal fees and costs on an account that has been paid current.

F. Bankruptcy Counsel. On occasion owner(s) file Bankruptcy, usually a Chapter 7 or 13. If the Association receives notification of a bankruptcy directly from the debtor or debtor's attorney, we ask that you notify us immediately. There are deadlines that, if missed, could compromise the Association's ability to collect. We may use the assistance of an outside Bankruptcy counsel to file a proof of claim, object to a Chapter 13 plan or get a Bankruptcy dismissed. The legal fees for the Bankruptcy counsel will be billed to the Association.

G. Cash Flow. Although all of the fees and charges mentioned in this letter may be billed to the delinquent owner's account and added to the Association's lien, there is usually a time gap between the time the fees are payable by the Association to our firm (30 days after billing) and the time the Association receives payment from the delinquent owner. In addition, some Association boards of directors choose, in the ordinary compromises that occur in conducting association business, to accept less than the full amount owed, or to accept a payment plan from an owner. Also, of course, some debts are just not collectible.

Accordingly, the collection process is not without some cost to the Association, at least in terms of cash flow timing, and it is likely that the Association will not always recover all of its expenditures in collection actions.

H. Change in Ownership. Often we receive information of a change in ownership of the property. Change in ownership may happen with a sale or a foreclosure. We will send a copy of the new deed, if appropriate, to the Manager or Board. (Legal fees will be billed at our hourly rates.)

Nevertheless, the fees referred to in this letter are the standard customary fees.

SCHEDULE OF ATTORNEYS AND HOURLY RATES*

*Nearly all collection work will be done by Karna Gustafson and her paralegals, Elaine Hirth, Kirsten Gustafson and Brittany Ruedlinger. Most litigation work will be done by Stuart Cohen and Patrick Foran.

J. David Bennett	\$425.00
Stuart K. Cohen	\$350.00
Conde T. Cox	\$410.00
James S. Crane	\$300.00
Patrick T. Foran	\$180.00
David N. Goulder	\$400.00
Karna R. Gustafson	\$350.00
P. Stephen Russell III	\$350.00
Kirsten A. Gustafson (paralegal)	\$125.00
Elaine E. Hirth (paralegal)	\$125.00
Jami L. Queener (paralegal)	\$125.00
Brittany A. Ruedlinger (paralegal)	\$110.00
Collections Assistants	\$50.00-\$90.00

Note: Quoted fees and hourly rates are subject to change without notice. Hourly rates for construction defect work may be different than what is set forth above.