

EXHIBIT A

COLLECTION OF DELINQUENT ASSESSMENTS

Community Legal Advisors Inc. (hereinafter "CLA") works closely with the Association's management company to aggressively pursue the collection of delinquent assessments. Once the management company has exhausted its collection efforts, we are available to provide collection services.

1. **Signal Advisory Letter.** Undoubtedly our most popular collections procedure, CLA will obtain title information on the property, research assets held by the debtor and provide a letter to the Association outlining CLA's opinion as to whether (green) the account should be aggressively pursued, (yellow) success in collecting the account is difficult to predict, or (red) the account should probably be written off. Although such an opinion must be considered more of an educated prediction than a guarantee, the directors may rely upon the reasoning in this \$150.00 opinion in discharging their fiduciary duty. From here, the Association can decide whether to have CLA proceed, or take no further action to collect the debt.
2. **Legal Services.** The Association is hiring Community Legal Advisors Inc. to collect delinquent assessments, to protect the Association's security and to give the Association general legal advice regarding the collection process. The Association hereby appoints CLA to act as its agent for the purposes of collection of delinquent assessments from the delinquent owner specified in the new file submission (a delinquent "Owner") and as its attorney-in-fact to sign whenever a signature is required by an officer or director of the Association, as well as authority to sign settlement and/or payment plan agreements with an Owner.
3. **Client's Duties.** The Association agrees to cooperate, promptly respond to requests sent by CLA, to keep CLA informed of developments, and to abide by this agreement. Specifically:
 - a. **The Association will always accept partial or full payments from owners.**
Acceptance of an Owner payment by the Association or the Association's agent is required by California law. The Association agrees to immediately forward any and all monies received from a delinquent owner to CLA, who will adjust the accounting accordingly and provide the Owner with a "partial payment" letter or full release, as appropriate.
 - b. **The Association will promptly respond to requests from CLA**
The efficacy of the collection process is reliant upon prompt responses from the Association to requests from CLA for lien resolutions, payment plan proposals, etc. CLA may close its collection file if the Association fails to respond to any requests from CLA within 30 days.
 - c. **The Association will provide current and accurate accounting**
CLA will make its best effort to analyze the Association's accounting to discover and rectify errors. However, CLA will not be responsible for accounting errors by the Association or the Association's agent and any adverse effects such errors cause to the foreclosure process or other collection procedure. The Association shall send written notification to CLA of fines, special assessments, changes in monthly assessments, or other charges that affect an account in collection. CLA will not be liable for failure to collect fines, special assessments, changes in monthly assessments, or other charges absent such written notification.

d. **The Association will not send statements to delinquent owners**

While an owner's account is with CLA for collection, the Association shall not send that owner assessment account statements (as such statement would display a delinquent balance that conflicts with the balance displayed on CLA notices, potentially causing undue confusion to the least sophisticated debtor). When CLA opens each collection file, CLA shall send a notice to the owner notifying the Owner that monthly statements from the Association will not be received while the account is in collection with CLA and that all payments and correspondence regarding the collection account must be directed to CLA. CLA may close its collection file if the Association or its managing agent sends a statement to the delinquent Owner while the matter is at CLA for collection. The Association agrees to indemnify and defend CLA pursuant to paragraph 9 should any claim, cause of action, or damages arise from the Association's act of sending statements to delinquent owners.

4. **Fees.** CLA's Legal Fees are based upon the firm's hourly work or fee schedule. The Association understands that CLA's fee schedule is subject to change from time to time. The Association also understands that CLA's fee schedule enumerates typical charges but does not include all fees or costs that may be incurred on a file. Although typically collected from delinquent Owners, the Association is responsible for all fees and costs incurred. The Association and CLA agree that all fees and costs are "incurred" by the Association within the meaning of California Civil Code §5600 and §5650 at the time the service is performed or cost is paid, even though CLA may ultimately defer billing or discount such fee or cost.
5. **Accounting for Owner Payments.** The Association and its agents understand and agree that, pursuant to Civil Code §5655, any payments received from a delinquent Owner will be applied to the outstanding delinquent assessments first. Only after the delinquent assessments are paid in full shall payments be applied to interest, late fees and the costs of collection (which include attorney's fees.) If the Association's agent accepts payments without prior notification to CLA and the account is closed out, the Association remains responsible for full payment of all legal fees and costs incurred by CLA.
6. **Accounting for Client Billing.** Association and CLA shall comply with §5655 for purposes of providing accounting to Owners. However, the Association and CLA mutually agree that §5655 shall not govern how funds collected are allocated and disbursed between Association and CLA. For example, the Association authorizes CLA to allocate portions of collected funds to CLA to pay down accrued costs of collection and attorney's fees attributable to Association.
7. **Method of Collection.** CLA will generally proceed by way of judicial foreclosure proceedings on assessment matters. However, the Association authorizes CLA to proceed with any method deemed by CLA to be most likely to succeed under the circumstances of each case.
8. **Collection Authority.** In order to speed collection of monies, CLA is pre-authorize to settle cases and accept payment plans with Board approval. The Association also gives CLA the power and authority to execute any and all pleadings, claims, contracts, settlements, drafts, checks, compromises, releases, dismissal, deposits, orders, and other papers which the Association could properly execute, and to receive in the name and stead of the Association any monies or other things of value which may properly be payable or deliverable to the Association on account of any judgment recovered or any settlement agreed on in connection with the aforesaid claims of the Association.

9. **Status Reports.** CLA will furnish the Association with a Status Report on each delinquent owner approximately every 30 days, or upon request. The Status Report reflects the CLA's collection efforts and Advanced Fees.
10. **Indemnity.** If CLA is named as a party in a lawsuit or other proceeding, involving a conflict between the Association and Owner, the Association expressly and unequivocally agrees that all attorneys' fees and costs incurred by CLA in defense of such a lawsuit or proceeding shall be borne by the Association. The Association agrees to indemnify and hold CLA, its officers, principals, directors, and employees *harmless from any claims obligations, causes of action, losses, damages, costs, expenses, judgment, or liability of any nature whatsoever*, unless CLA's acts constitute gross negligence or willful misconduct. Hence, the Association expressly agrees to indemnify and accept the responsibility for all the expenses/costs incurred by CLA in defending itself in any such lawsuit, together with any loss, liability, or judgment suffered as a result of same. If Association tenders the defense of any lawsuit to its D&O insurance carrier and said carrier denies coverage to CLA, the Association shall still be obligated to indemnify, defend and hold harmless CLA, its principals and employees.
11. **Collections Lien.** If CLA takes on a contingent collections action, the Association grants to CLA a lien on any causes of action and/or judgments, including the proceeds thereof, to the extent of all accrued fees and costs, and Association expressly assigns to CLA such causes of action and/or judgments, including the proceeds thereof, to the extent of such lien and in accordance with this Agreement. In accordance with the ruling in the Supreme Court in Fletcher v. Davis (2004) 33 C4th 61, 66 [14 Cal.Rptr. 3d 58], and Rule 300 of the Rules of Professional Conduct of the State Bar of California, Association is advised that by signing this contract the Association acknowledges the following:
 - a. That the terms of the above referenced attorney lien have been fully disclosed to the Association in a manner which was freely, completely and unreservedly understood by the Association;
 - b. That the Association was advised by this writing that it may seek the advice of an independent lawyer of the Association's choice and has been given a reasonable opportunity to seek that advice; and
 - c. The Association unequivocally consents to the terms and the above referenced lien. If any of the above cannot be acknowledged and agreed to by the Association, the Association should not sign this Agreement.
12. **Withdrawal.** Matters initiated by CLA shall be concluded by CLA. However, the Association reserves the right to withdraw or transfer matters initiated by CLA upon payment to CLA of the costs and advanced fees attributable to the file. CLA may withdraw at any time as permitted under the Rules of Professional Conduct of the State Bar of California. If CLA withdraws for cause, such as the Association's failure to comply with the terms of this Agreement, CLA shall be entitled to compensation on the same basis as if the Association had transferred the matter. If the Association or its agent settles a matter with an owner after referring the matter to CLA, the Association is responsible for fees and costs incurred.
13. **Discharge.** The Association may discharge CLA at any time by written notice effective when received by CLA. Unless specifically agreed by CLA and the Association, CLA will provide no further services and advance no further costs on the Association's behalf after receipt of the notice. If CLA is the Association's attorney of record in any proceeding, the Association will execute and return a Substitution of Attorney form

immediately on its receipt from CLA. Notwithstanding the discharge, the Association will be obligated to pay CLA reasonable fees for all services provided and to reimburse CLA for all costs advanced. At the termination of services under this agreement, CLA will release promptly to the Association all of the Association's papers and property.

14. **Destruction of Records.** It is our policy to destroy the Association's legal files in our possession three (3) years after the file is closed, unless the Association asks us in writing to retain Association's files for up to an additional two (2) years. The Association may have its files delivered to any designee. CLA is entitled to payment for any expenses incurred such delivery.
15. **Disclaimer of Guarantee.** CLA will use best efforts to collect, but makes no guarantees about the outcome. Nothing in this Agreement and nothing in CLA statements to the Association will be construed as a promise or guarantee of outcome. CLA's comments about the outcome of the matter are expressions of opinion only.
16. **Getting Started.** All information will be submitted through CLA's website. That website will contain additional terms and conditions which add to this Agreement. In order to begin, the Association is responsible for providing CLA with the following information on delinquent accounts:
 - a. Names and all addresses in the Association's books and records of delinquent owners;
 - b. The correct common address and legal description of the property owned by the delinquentowner;
 - c. The verified amount owing by the owner and an accounting history beginning with a zero balance;
 - d. The amount of current monthly (or other periodic) assessments, late charges, management fees and interest accruing with respect to delinquent owner's account;
 - e. A current Delinquency Policy; and Board minutes approving Lien
 - f. Board minutes approving Foreclose (if applicable)

EXHIBIT B

ASSESSMENT FEE SCHEDULE

<u>Initial Collection Actions:</u>	Billed to Association
Telephone calls/emails with manager and debtor (non-contested)	No charge
Monthly status reports	No charge
Signal Analysis	\$150.00
Open file, verify accounting and current ownership	\$125.00
FDCPA Letter prepared, accounting ledger verified and mailed to Debtor	\$250.00
IF NOTICE OF DELINQUENT ASSESSMENT LIEN HAS ALREADY BEEN RECORDED, PLEASE SKIP TO FORECLOSURE ACTIONS.	
Pre-Lien letter prepared and mailed to owner and Lien Resolution prepared for management	\$195.00
Notice of Delinquent Assessment Lien prepared for recording; Copy of Lien letter mailed to Debtor; and Release of Lien prepared for recording	\$575.00
"COSTS" (Postage, Copies, Recording Fees, Notary Fees and any other out of pocket costs)	costs billed monthly
<u>Non-Judicial Foreclosure Actions:</u>	
Pre-Foreclosure letter prepared and mailed to owner	\$300.00
Notice of Default prepared for recording; Declaration of mailing; Service of NOD and Rescission of Default	\$325.00
Prepare Board minutes for personal service	\$90.00
Notice of Trustee's Sale prepared for recording; Declaration of mailing	\$240.00
Publication (costs vary upon newspaper)	\$1,000-\$2,000
Posting	billed directly
Conduct Trustees' Sale	\$175.00
Certificate of Non-Judicial Foreclosure prepared for recording; Declaration of mailing	\$125.00
Trustees Deed Upon Sale prepared for recording; Declaration of mailing	\$125.00
Costs	billed monthly
<u>Superior Court Lawsuits/Judicial Foreclosure/Money Judgment:</u>	
Pre-Lawsuit letter prepared and mailed to owner	\$300.00
Summons and Complaint prepared and filed with Court	\$600.00
Request for Court Default prepared and filed with Court; includes calculating fees and costs incurred	\$110.00
Court Judgement by Default Packet and Notice of Entry of Judgment prepared and filed with Court and mailed to defendant	\$800.00
First Abstract of Judgment	\$90.00
Acknowledgement of Satisfaction Judgment prepared and filed with court; recorded with county recorder	\$90.00
Notice of Lis Pendens prepared and filed with court; recorded with county recorder	\$90.00
Substitution of Trustee prepared and recorded with county recorder	\$90.00
Motion to Publish Summons prepared and filed with Court	Hourly rate per contract
Stipulated Judgment prepared and filed with Court	\$250.00
Request for Dismissal prepared and filed with Court	\$90.00

Small Claims Lawsuits:	
Small Claims Packet	\$300.00
Costs	billed monthly
General Judgment Collection Services	
Substitution of Attorney	\$45.00
Additional Abstract of Judgments	Hourly rate per contract
Memorandum of Costs after Judgment	Hourly rate per contract
Judgment Debtor's Exam prepared and includes Subpoena; includes 1 attendance at hearing	\$400.00
Writ of Execution	Hourly rate per contract
Writ of Sale	Hourly rate per contract
Sale of Real Property through Sheriff	Hourly rate per contract
Wage Garnishment	Hourly rate per contract
Bank Levy	Hourly rate per contract
Rent Garnishment	Hourly rate per contract
Out-of State "Sister" Judgments	Hourly rate per contract
Acknowledgement of Satisfaction of Judgment	\$90.00
Renewal of Judgment	Hourly rate per contract
Costs	billed monthly
CONTESTED LITIGATION (Debtor disputes debt, files answer or bankruptcy)	
CONTESTED LITIGATION (Debtor disputes debt, files answer or bankruptcy)	Hourly rate per contract
Costs	billed monthly
Bankruptcy Actions:	
Post petition demand letter	\$150.00
Proof of Claim prepared and filed with court	Hourly (approx. \$300.00)
Relief from Automatic Stay; Notice and Order for Relief from Automatic Stay	Hourly rate per contract
Adequate Protection Order prepared and filed with court	Hourly rate per contract
Monitoring Fee for Bankruptcy	Hourly rate per contract
Costs	billed monthly
Other Actions:	
Payment Plan	\$250.00
monthly monitoring fee - check	\$10.00
monthly monitoring fee - ACH	\$15.00
Reminder to pay letter/failure to pay letter	\$30.00
File cancellation fee	\$375.00
Prepare letter to management advising of new ownership with copy of Trustee's Deed Upon Sale	\$90.00
Separate Release of Notice of Delinquent Assessment Lien	\$90.00
Transmit copy of recorded Release/Rescission to Debtor and management	\$45.00
Escrow Demand	\$400.00 billed to escrow company
Updated Demand	\$50.00 billed to escrow company