

DISCLAIMER

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Summerlin Collection Steps & Approximate Costs

Following is a **summary of the communications** sent to homeowners in the notification process of assessments due and assessments delinquent. At each step of the process the owner is advised of how to clear the delinquency and the costs currently incurred along with the cost of the next step in the process, if necessary.

Important to note:

- to take one delinquency through the entire process would require a minimum of 430 days (or one year and two months) and includes a minimum of 10 separate communications from the association.
 - payment plans are offered at every step of the process if the owner responds to our communications.
1. Ratified Annual Budget mailed to all owners outlining the years expenses and the annual assessment for each unit.
 2. Annual Coupon Books Mailed to Each Owner - \$3.00 late fee if not paid in 30 days. (15,000 books @ \$1.50)
 3. Quarterly Statements sent to all owners with a delinquent balance of 30 days or more. (2,500 @ \$.75) 16% of our revenue base.
 4. Second quarterly statement mailed.
 5. Intent to Lien **letter** sent to all owners who are six months in arrears. (Approximately 100 each month @ \$30.00). This letter provides an additional 30 days for an owner to bring their account current.
 6. Notice of Delinquent Assessment. This is the **formal filing of the lien**. (Cost: \$300). This lien provides for a minimum 30-day response time.
 7. Notice of Intent to Default. This is a **letter** advising of our intent to proceed to the next step. The cost for this letter is included in the \$300.00 Notice of Delinquent Assessment charge. It provides another 30 days for response.
 8. Notice of Default and Election to Sell. This is a **formal filing** that requires a TSG be purchased from a title company at a cost of \$225.00. The total cost to an association for this filing is \$495.00 for the preparation of the Notice of Default and Election to Sell.
 9. Notice of Intent to Sell. This is another **letter** advising the owner of the association's intent to notice the property for foreclosure sale. The cost of this letter is included in the Notice of Default process.
 10. Notice of Sale. This is an expensive procedure as it requires not only document preparation, but also publication and posting at the property. The total cost is \$565.00.

* The collection process is contracted out to professional foreclosure services because of the many complexities and requirements of Nevada statutes and the Fair Debt Collection Act. If we were to take this entire process in-house, we do not feel we could do it for less than \$125,000 annually if we include the salary of a paralegal, the costs for outside reports (TSG's), computer tie-in with the recorders office, postage and other overhead (equipment, paper, office supplies, office space, copies, etc. and some legal consulting).

Summerlin Collection Steps & Approximate Costs

Following is a summary of the communications sent to homeowners in the notification process of assessments due and assessments delinquent. At each step of the process the owner is advised of how to clear the delinquency and the costs currently incurred along with the cost of the next step in the process, if necessary. **It is also important to note that that to take one delinquency through the entire process would require a minimum of 430 days (or one year and two months) and includes a minimum of 10 separate communications from the association** advising the owner of their delinquent amounts, the late charges and costs being incurred (and charged back to the delinquent owner) in the association's attempt to collect the budgeted annual assessment. **Payment plans are offered at every step of the process if the owner responds to our communications.** (Samples A.1 and A.2).

Note: a separate document from Pro Forma Lien & Foreclosure Services is attached outlining the many steps that must be taken under the Nevada statutes and the Fair Debt Collection Act in order to proceed through these steps.

1. Ratified Annual Budget mailed to all owners outlining the years expenses and the annual assessment for each unit.
2. Annual Coupon Books Mailed to Each Owner - \$3.00 late fee if not paid in 30 days. (14,500 books @ \$1.50)
3. Quarterly Statements sent to all owners with a delinquent balance of 30 days or more. (2,500 @ \$.75) 16% of our revenue base.
4. Second quarterly statement mailed.
5. Intent to Lien letter sent to all owners who are six months in arrears. (Approximately 100 each month @ \$30.00). This letter provides an additional 30 days for an owner to bring their account current. (Sample B).
6. Notice of Delinquent Assessment. This is the formal filing of the lien. (Cost: \$300). At present, Summerlin has liens recorded on 111 homes - less than 1% of our revenue base. (Of the 111 liens that are recorded, the first deed of trust holder is in the process of foreclosing on 26 of the accounts, 10 owners have declared bankruptcy, and the City of Las Vegas has foreclosed on 2 for none payment of taxes. The association will recover only a small portion of the assessment and collection costs they have incurred on these filings). This lien provides for a minimum 30-day response time.

Collection Steps, p.2

7. Notice of Intent to Default. This is a letter advising our intent to proceed to the next step. The cost for this letter is included in the \$300.00 Notice of Delinquent Assessment charge with the exception of postage. It provides another 30 days for response. (Sample C).
8. Notice of Default and Election to Sell. This is a formal filing that requires a TSG be purchased from a title company at a cost of \$225.00. The total cost to an association for this filing is \$495.00 for the preparation of the Notice of Default and Election to Sell (including document production, the TSG and postage). Summerlin North currently has 7 Defaults recorded. An additional 60 days is provided for curing the delinquency in this document.
9. Notice of Intent to Sell. This is another letter advising the owner of the association's intent to notice the property for foreclosure sale. The cost of this letter is included in the Notice of Default process and the only additional cost incurred is postage. (Sample D).
10. Notice of Sale. This is an expensive procedure as it requires not only document preparation, but also publication and posting at the property. The total cost is \$565.00. Since the inception of Summerlin, only one Notice of Sale has ever been processed. The account was several years in arrears. The property owner took bankruptcy prior to the sale and the association lost several thousand dollars.

NRS 116.3115, Subsection 6 states that " If any common expense is caused by the misconduct of any unit's owner (i.e. failure to pay their common assessments and the collection costs associated with that failure), the association may assess that expense exclusively against his unit.

Summerlin North Community Association had to write-off in excess of \$79,000 of uncorrectable assessments and costs in 2002. It carried forward into 2003 in excess of \$370,000 in assessment receivables that we hope to collect by utilizing the above steps. We had over \$73,000 in contracted collection costs* associated with these receivables. **This means that every homeowner in Summerlin must pay an additional one month plus in assessment to make up for the assessments not being paid by other owners and the collection costs associated with those delinquencies if the costs are not allocated back to the delinquent owner.**

*It is important to note that this collection process is contracted out to professional foreclosure services because of the many complexities and requirements of Nevada statutes and the Fair Debt Collection Act. If we were to take this entire process in-house, we do not feel we could do it for less than \$125,000 annually if we include the salary of a paralegal, the costs for outside reports (TSG's), computer tie-in with the recorder's office, postage and other overhead (equipment, paper, office supplies, office space, copies, etc. and some legal consulting).



SUMMERLIN NORTH

COMMUNITY ASSOCIATION

January 15, 2003

[REDACTED]
Las Vegas, NV 89144

Re: 01611-1-058-10

Dear [REDACTED]

In compliance with your request, the Summerlin North Community Association has agreed to a payment plan with the following stipulations:

- ♦ Payments of \$65.00 per month (\$31.00 current month and \$34.00 per month toward the past due balance) beginning February 5, 2003 and continuing until your account is current.
- ♦ Late charges will continue to accrue at \$3 per month until the account is brought current.

Monthly payments should be received in our office within the stated time period. The Summerlin North Community Association will proceed with enforcement of a lien in the event you should fail to make the payments.

Please acknowledge your agreement and understanding of the payment procedure by signing the copy of this letter, and returning it with the first payment.

Sincerely,

Jiri Bernhardt
Accounting Department

Date

Please note that this agreement will be considered null and void if not signed and returned to our office with your first payment.

PRO FORMA LIEN & FORECLOSURE SERVICES

P. O. Box 96807, Las Vegas, Nevada 89193-6807

(702)-736-4237 Fax (702)-736-4239

March 14, 2001

[REDACTED]
[REDACTED]
[REDACTED]
Las Vegas, Nv. 89144-1104

RE: Account No. 00111-1-063-10

Dear [REDACTED]

This letter is to confirm that the Summerlin North Community Association is agreeable to accept your offer to make monthly payments of \$50 each for the months of March, April and May. Thereafter you are to pay \$81 a month until your account is satisfied. Please make your first payment on or about March 25, 2001, and by the 25th of each month thereafter, until the account is paid in full. When the account has been paid in full, the lien and the default will be released against the property.

Please make your check payable to Summerlin North HOA, and mail all payments to Summerlin North Community Assn., 9911 Covington Cross, Suite 103, Las Vegas, Nv. 89134. The Association reserves the right to proceed with enforcement of the lien and default in the event you should miss any payment.

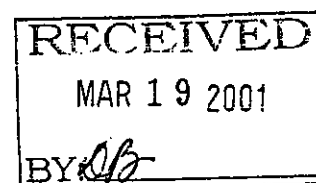
Please acknowledge your agreement and understanding of this payment procedure by signing the copy of this letter, and returning it with the first payment.

Sincerely,

Dorothy C. Lappin
for: Dorothy C. Lappin

Agreed: [Signature] Date: 3/15/01
Agreed: [Signature] Date: 3/15/01

cc: Summerlin North Community



COPY

SUMMERLIN NORTH

COMMUNITY ASSOCIATION

January 20, 2003

[REDACTED]
Las Vegas, NV 89134

VIA CERTIFIED MAIL
(copy via regular US Mail)

RE: Unit No.: 00101-5-152-11

Property Address: [REDACTED]

Balance Due as of December 31, 2002: \$234

Due Date: February 28, 2003

Intent to Lien Letter: \$30.00

Certified Article Number

7160 3901 9844 1925 9062

SENDER'S RECORD

Dear Property Owner:

The Summerlin North Community Association records reflect that your monthly dues assessments for the above-referenced property are delinquent. On behalf of your Association, demand is made for the balance due as stated above. Your check should be made payable to The Summerlin North Community Association, and mailed or delivered to 9911 Covington Cross, Suite 103, Las Vegas, Nv. 89144. If you choose to make payment in person at the Association office, please note that cash will not be accepted, payment must be made with check or money order. If your total payment has not been received or postmarked on or before the due date above, one or more of the following steps will be taken:

1. A lien will be recorded against your property.
2. Legal action will be commenced to foreclose that lien, including assessments, interest, legal fees and costs.
3. Your debt may be reported to a credit reporting agency.

Pursuant to the procedures adopted by right of Article VI, Section 6.15 of the Covenants, Conditions, Restrictions and Easements of The Summerlin North Community Association, at the time the lien is recorded you will owe additional lien preparation fees and filing costs of a minimum of \$300.00.

You are reminded that pursuant to Section 3.1(e) of the Covenants, Conditions, Restrictions and Easements, your voting rights and your rights to use of any of the common areas in Summerlin are suspended until full payment of the assessment, late fees, interest and lien fees and costs has been received.

Your immediate attention to this matter is required. Please direct any inquiries to our office at 838-5500.

Sincerely,

Jill Bernhardt

JAN 2 2003

COPY

PRO FORMA LIEN & FORECLOSURE SERVICES

State of Nevada Collection Agency License No. CA02069

P.O. Box 96807, Las Vegas, Nv. 89193

Tel: (702) 736-4237 • fax (702) 736-4239

December 31, 2002

[REDACTED]
[REDACTED]
Las Vegas, NV 89134

Original via Certified Mail
Copy via regular U.S. Mail

Certified Article Number

7160 3901 9844 1926 6350

SENDERS RECORD

RE: Summerlin North Community Association

Dear [REDACTED]

As you are aware your property was liened for non payment of Association dues in November 2002. The Association has notified our office that they have not received any payments on the account and our office has not heard from you. The balance due on the account as of December 30th is \$688.00. The lien will not be released until the account is paid in full.

The purpose of this letter is to inform you of the Association's intent to proceed with enforcement of the lien against the property unless the account is paid in full on or before February 3, 2003. The Association will proceed with enforcement of the lien against the property by filing a Notice of Default and Election to Sell, which will cause the Association to incur additional lien fees of a minimum of \$650, for which you will also be responsible for payment.

Please make your cashiers check or money order payable to Summerlin North Community Association, and mail it to this office.

Your attention to his matter is urged.

Sincerely,


Dorothy C. Lappin

PRO FORMA LIEN & FORECLOSURE SERVICES

State of Nevada Collection Agency License No. CA02069

P.O. Box 96807, Las Vegas, Nv. 89193

Tel: (702) 736-4237 • fax (702) 736-4239

January 23, 2003

DRAFT

Original via Certified Mail
Copy via regular U.S. Mail

RE: Summerlin South Community Association

Dear :

As you are aware your property was liened for non payment of Association dues in December 2002. The Association has notified our office that they have not received any payments on the account and our office has not heard from you. The balance due on the account as of January 10th is \$696.00. The lien will not be released until the account is paid in full.

The purpose of this letter is to inform you of the Association's intent to proceed with enforcement of the lien against the property unless the account is paid in full on or before February 13, 2003. The Association will proceed with enforcement of the lien against the property by Noticing the property for Sale, which will cause the Association to incur additional lien fees of a minimum of \$600, for which you will also be responsible for payment.

Please make your cashiers check or money order payable to Summerlin South Community Association, and mail it to this office.

Your attention to his matter is urged.

Sincerely,

Dorothy C. Lappin