

## Assisting Your Community in Collecting Delinquent Assessments

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As foreclosures have become commonplace, associations are often unable to make timely contact with banks following a foreclosure due to significant delays in the banks' recordation of the "trustee's deed upon sale." If an association is unable to timely contact a bank owning a foreclosed property, this can significantly impact the timely collection of assessments. As assessments are the life blood of associations, the board's ability to collect them in a timely manner is critical.

Effective January 1, 2011, associations can now record one blanket notice for all properties in the community, whereby a bank is required to provide the association with documents affecting a title on a specific property within the community, such as a copy of the trustee's deed upon sale due.

Previously, associations were required to record a notice against title as to individual separate interests, whereby banks were required to notify associations on properties with notices as to changes effecting title. As you can imagine, this proved to be extremely ineffective. While in spirit it attempted to correct an imbalance in the system and provide associations with much needed information, the practical effect of the law didn't work as recording a notice against each separate interest is cost prohibitive. The legislature, in trying to correct this deficiency, recently passed Assembly Bill 2016 ("AB 2016"), which will amend SB 1511, and is codified under *Civil Code* Section 2924b.

Beaumont Gitlin Tashjian ("BGT") is able to prepare and record an AB 2016 notice with the County Recorder's Office for a minimal fixed fee. For \$200.00 BGT will prepare and record a notice and list a representative of the association (i.e., board member or manager) as the contact person for banks to mail property updates to. For \$300.00 BGT will prepare and record a notice and list BGT as the contact. BGT will then monitor and forward any notices received, at no additional cost, for the Board's review and attention.

Either way, the recording of a AB 2016 notice is strongly recommended for all communities, but especially those with delinquencies and/or existing foreclosed properties. The recordation of an AB 2016 notice will serve as an added measure to protect associations and ensure boards and management can timely collect assessments from banks.

Should you have any questions or wish to record an AB 2016 notice, please don't hesitate to contact us.