



SOMERSETT OWNERS ASSOCIATION
2016 Budget Package

November 1, 2015

Dear Homeowner:

Enclosed for your review are the 2016 Budgets for the General Common, The Club at Town Center & the Private Streets and Gates cost centers. Also included, is a summary of the latest Reserve Study for Somerset Owners Association. The monthly assessments for General Common will remain the same at \$80; The Club at Town Center is increasing from \$76 to \$78 per month; and, the Private Streets & Gates assessments will remain the same at \$52 per month for streets only and \$64 for active gates and private streets.

The Annual Meeting will be held on Wednesday, November 18, 2015 at 4 pm. An agenda, along with the 2015 Board Election information, has been previously mailed to all owners. Along with the election, the Annual meeting will serve as the Budget Ratification meeting. In accordance with Nevada law, NRS 116.31151 (3), "Unless at that meeting a majority of all units' owners, or any larger vote specified in the declaration, reject the proposed budget, the proposed budget is ratified, whether or not a quorum is present."

Per NRS116, a copy of the Association's Collection Policy is also included in this mailer. Homeowners who become more than 60 days delinquent on any past due obligation to the Association will be subject to a \$50.00 Pre-collection Processing Fee.

Complete and physical copies of all documentation included in this mailer are also available at the onsite Association office.

Should you have any questions regarding this mailer, please contact Lauren Stemmler, Community Manager, at lstemmler@mysomerset.com, or 775-787-4500 x327.

Sincerely,

Board of Directors

Somerset Owners Association

2016 Common Area including Canyon 9 Budget

Monthly Assessment - \$80 per month

	January	June	July	October
Public Street Units	610	610	661	661
Vue & Village Sub-associations	371	371	371	371
Gated Communities	640	665	665	665
Sierra Canyon Sub-association	1155	1155	1155	1212
	2776	2801	2852	2909

Budget for assessments to all units for daily operating expenses per NRS 116.3115(2)(a)

	2014 Actual	2015 Budget	2015 Estimated	2016 Budget	2016 COMMENTS
Common & Canyon 9 Area Revenues					
Assessments-Master Association	2,487,746	2,610,880	2,553,936	2,717,120	58 Units SC January; 25 units 5D June; 51 units WC July; 57 units SC October
Commercial Assessments	46,944	46,944	46,944	46,944	
Non-Resident SGCC Membership	6,945	3,828	5,453	4,500	For Canyon Nine access
Late Fees / Interest	21,866	-	14,762	8,400	Not a budgeted item in 2015
Fine income	30,350	-	19,325	6,000	Not a budgeted item in 2015
Bank Interest - Operating	443	120	345	360	
Architectural & Landscape Review Fees	22,315	14,004	22,530	18,000	
Green Fees / equip rental / merch	37,575	41,200	44,031	41,200	Canyon 9 fees
Community Events	8,331	10,500	1,599	7,000	Decreased due to restructure of events
Rental Revenue	33,458				Moved out of General Common in 2015
Reserve Transfer	(279,996)	(287,004)	(287,004)	(294,180)	Based on 2015 Reserve Updates
Addtl' Reserve Transfer	(100,000)	(36,000)	(36,000)	-	
TOTAL REVENUES	2,315,977	2,404,472	2,385,921	2,555,344	
Common & Canyon 9 Area Expenses					
General & Administrative	421,427	654,372	598,935	638,482	Includes Legal, Payroll, BOD Training & PAC
Insurance	29,681	34,968	27,381	36,066	Increased based on 2015-16 Insurance Updates
Utilities & Maintenance	404,533	376,000	371,578	407,680	Includes increased maintenance supplies & staffing; General Common Utilities
Patrol / Community events	46,694	58,000	49,855	61,500	Patrol increased to include additional hours
Landscaping	702,816	779,000	883,985	1,069,000	Includes portion of water conservation and tree mapping projects; increase to landscape improvement projects and contract
AGC Expenses	24,865	13,200	16,330	18,000	
C9 Maint/SGCC Land Purchased	643,400	574,008	404,812	423,495	C9 Maintenance and SGCC Land Purchase Loan Interest; Previously included Community Access
TOTAL EXPENSES	2,273,416	2,489,548	2,352,876	2,654,223	
Excess Revenue/(Expense)		(85,076)	33,045	(98,879)	
Adjustments					
<i>Year End Carry Forward</i>			85,072	115,694	
<i>Capital Contribution Fund Revenue</i>			137,378	150,000	
<i>SGCC Loan Principal Adjustment</i>			(108,898)	(135,992)	
<i>C9 Loan Principal Adjustment</i>			(33,819)	(35,546)	
<i>Depreciation Expense</i>			2,916	2,916	
Adjusted Net Revenue/(Expense)			115,694	(1,807)	

2016 The Club at Town Center

Monthly Assessment - \$78 per month

	January	June	July
Public Street Units	610	610	661
Vue & Village Sub-associations	371	371	371
Gated Communities	640	665	665
	1621	1646	1697

Budget for assessments to all units for daily operating expenses per NRS 116.3115(2)(a)

	2014 Actual	2015 Budget	2015 Estimated	2016 Budget	2016 COMMENTS
CLUB AT TOWN CENTER REVENUES					
Club Assessments	1,415,472	1,479,264	1,476,072	1,554,774	25 units 5D June; 51 units WC July
Non resident -Country Club members	23,973	18,120	24,806	24,000	For TCTC access
TOTAL CLUB ASSESSMENTS	1,439,445	1,497,384	1,500,878	1,578,774	
TOTAL F&B REVENUE	54,754	61,000	47,553	61,000	Includes food, alcohol & non-alcohol sales
TOTAL OPERATIONS REVENUE	138,485	198,050	193,994	192,750	Includes guest fees and operations revenues
Reserve Transfer	(156,000)	(176,280)	(176,280)	(233,774)	
TCTC REVENUES	1,476,684	1,580,154	1,566,145	1,598,750	
TCTC EXPENSES					
TOTAL COST OF SALES	40,550	36,778	40,967	36,778	Cost of Goods for food, alcohol & non-alcohol
TOTAL OPERATIONS	655,754	724,090	751,261	802,132	Operational expenses including payroll
TOTAL GENERAL & ADMINISTRATIVE	401,287	221,196	427,296	479,235	Reflects mgmt contract, legal fees; now includes budget for depreciation with equal deduction under adjustments
TOTAL BUILDING EXPENSE	221,653	295,200	232,101	348,780	Building R&M, utilities, pool expenses, landscaping; increased maintenance staff & supplies
TOTAL CLUB LOAN EXPENSE	127,036	247,008	119,358	111,299	Club Loan Interest with principal under adjustments
TOTAL TCTC EXPENSES	1,446,280	1,524,272	1,570,983	1,778,224	
Excess Revenue/(Expense)		55,882	(4,838)	(179,474)	
Adjustments					
Year End Carry Forward			-	89,234	
TCTC Loan Principal Adjustment			(157,823)	(165,883)	
Depreciation Expense			251,896	252,624	
Adjusted Net Revenue/(Expense)			89,234	(3,499)	

2016 Private Streets & Gates

	January	June	
Active Gate & Street	637	662	\$64 per month
Street Only	3	3	\$52 per month
	640	665	

Budget for assessments to all units for daily operating expenses per NRS 116.3115(2)(a)

	2014 Actual	2015 Budget	2015 Estimated	2016 Budget	2016 COMMENTS
Private Street & Gate REVENUES					
Homeowners Assessments	469,248	503,760	485,176	502,288	25 units 5D June
Misc Income	5,035	600	3,100	600	Gate Clicker Purchases
Reserve Transfer	(330,000)	(330,000)	(330,000)	(307,560)	
TOTAL REVENUES	474,283	174,360	158,276	195,328	
Private Street & Gate EXPENSES					
TOTAL GENERAL & ADMINISTRATIVE	76,748	\$141,050	92,696	\$134,240	Contracted Services, Patrol, Increased payroll allocation for SOA staff
TOTAL UTILITIES	16,721	\$16,800	17,961	\$16,200	Includes electricity and telephones
TOTAL MAINTENANCE	30,608	\$57,000	47,571	\$85,440	Snow plowing expenses, increased maintenance and gate repairs
TOTAL EXPENSES	124,077	214,850	158,228	\$235,880	
Excess Revenue/(Expense)		(40,490)	48	(40,552)	
Adjustments					
Year End Carry Forward			40,493	40,541	
Adjusted Net Revenue/(Expense)			40,541	(11)	

2016 Budget Disclosures

Below are the calculations showing the amounts a homeowner could potentially be responsible for if they become delinquent. The calculations are based on a 12 month timeframe to include assessments, late fees, and the collection processes hard costs.

2016 Common Area including Canyon 9 Budget**Budget for assessments to individual units for daily operating expenses per NRS 116.3115 (4)-(7)**

<u>Item to be assessed</u>		<u>Basis for assessment</u>
Limited common elements assessments	960.00	Per year for expenses related to limited common elements
Insurance expense (benefiting less than all owners)	-	Per year for premiums relating to insurance per affected unit
Sub-metered Utility common expenses	-	Per year estimate of utility costs sub-metered to each unit
Collection costs	2,950.00	Max per collection event for the cost of collecting past due assessments per NAC regulation
Late Fees	25.00	Penalty for each late payment of assessments
Interest - Homeowners	<u>9.12</u>	Estimated monthly interest from homeowners for late assessments--balance times 5.25%
Total	<u>3,944.12</u>	Assessed to units as described herein

Super-priority Lien Limitation NRS 116.3116 (2)

9 months of assessments for common expenses 3,919.44

2016 The Club at Town Center**Budget for assessments to individual units for daily operating expenses per NRS 116.3115 (4)-(7)**

<u>Item to be assessed</u>		<u>Basis for assessment</u>
Limited common elements assessments	936.00	Per year for expenses related to limited common elements
Insurance expense (benefiting less than all owners)	-	Per year for premiums relating to insurance per affected unit
Sub-metered Utility common expenses	-	Per year estimate of utility costs sub-metered to each unit
Collection costs	2,950.00	Max per collection event for the cost of collecting past due assessments per NAC regulation
Late Fees		Penalty for each late payment of assessments
Interest - Homeowners	<u>10.59</u>	Estimated monthly interest from homeowners for late assessments--balance times 5.25%
Total	<u>3,896.59</u>	Assessed to units as described herein

Super-priority Lien Limitation NRS 116.3116 (2)

9 months of assessments for common expenses 3,800.11

2016 Private Streets & Gates**Budget for assessments to individual units for daily operating expenses per NRS 116.3115 (4)-(7)**

<u>Item to be assessed</u>		<u>Basis for assessment</u>
Limited common elements assessments	768.00	Per year for expenses related to limited common elements
Insurance expense (benefiting less than all owners)	-	Per year for premiums relating to insurance per affected unit
Sub-metered Utility common expenses	-	Per year estimate of utility costs sub-metered to each unit
Collection costs	2,950.00	Max per collection event for the cost of collecting past due assessments per NAC regulation
Late Fees		Penalty for each late payment of assessments
Interest - Homeowners	<u>7.28</u>	Estimated monthly interest from homeowners for late assessments--balance times 5.25%
Total	<u>3,725.28</u>	Assessed to units as described herein

Super-priority Lien Limitation NRS 116.3116 (2)

9 months of assessments for common expenses 3,253.69



2016 Special Projects

The items on this list are not definitive items that will be submitted and approved by the Board in 2016, but a list of items the Board can choose to take action on. Approval of items in 2016 can depend on amount of money in the budget, resident feedback, recommendations from committees, and the board's direction.

General Common - \$100,000

- Amenity Master Plan/Land Usage Consultant
- Tree Consultant/Arborist, mapping, maintenance plan and health identification of trees
- Irrigation/Water Consultant, mapping and system improvements
- Added Water Conservation Projects
- Feasibility Study and Consultant to study well water irrigation vs. TMWA potable water
- West Park Conceptual Plan Design
- Trail System Improvements, including path repairs, signage, and benches
- Safety & Security Improvements within the community to address crosswalk concerns, access points, and neighborhood watch systems
- Scanning Community plot, parcel, and landscaping plans to electronic format
- Computer Systems Integrations
- Website Enhancements, including upgrades to mysomerset.com and additional Somerset website hosting and services
- Allow for ways to capture resident contact information, such as accurate emails
- Relocation/Additional Office Space for added staff

The Club at Town Center - \$80,000

- Amenity Master Plan/Land Usage Consultant
- Expansion/Upgrade of Aquatics Amenities
- Expanded Deck Area for additional seating, including more pool furniture
- Fitness Room expansion to accommodate increased usage which may include expansion into media room or extending the room towards the pools
- Improve SOA purchased lot in Town Square; Purchase Lot adjacent to The Club at Town Center
- Computer Systems Integrations
- Website Enhancements, including upgrades to mysomerset.com and additional Somerset website hosting and services
- Allow for ways to capture resident contact information, such as accurate emails
- Relocation/Additional Office Space for added staff

Private Streets & Gates - \$5,000

- Upgrades to the Gate Keypads for additional lighting
- Improve & Investigate camera systems and potential upgrades

Some items identified on the above list may cost more than the allocated funding in the 2016 Budget for special projects.

October 07, 2015

This is a summary of the Reserve Study that has been performed for Somerset Owners Association, (the "Association"). This study was conducted in compliance with Nevada *NRS 116.31151 and NRS 116.31152* and is being provided to you as a member of the Association. A full copy is available (through the Association) for review by members of the Association.

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This is done utilizing the "Cash Flow Method." This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund.

Browning Reserve Group prepared this Update w/o Site Visit Review for the January 1, 2016 - December 31, 2016 fiscal year.

Somerset Owners Association is a Planned Community with a total of 2,718 Lots.

At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 1.75% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.50% per year.

The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

This reserve study was produced under the responsible charge of Robert W. Browning who, pursuant to Nevada regulation R145-06, is a Nevada Reserve Study Specialist (RSS #5).

Funding Assessment

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

Nevada statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

The Board of Directors does not anticipate the levy of a special assessment during the term of the reserve study.

<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2015 Fully Funded Balance</i>	<i>2016 Fully Funded Balance</i>	<i>2016 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving	6,707,896	3-25	0-15	3,403,587	3,799,969	474,472
02000 - Concrete	245,130	1-30	0-27	116,572	133,911	20,585
03000 - Painting: Exterior	56,194	1-10	0-7	32,899	45,379	13,685
03500 - Painting: Interior	10,022	1-10	0-7	5,720	8,477	3,275
04000 - Structural Repairs	226,781	10-30	4-22	99,976	113,543	14,922
05000 - Roofing	200,883	18-30	7-21	76,095	85,138	11,111
08000 - Rehab	223,804	1-20	0-17	156,330	171,566	16,854
11000 - Gate Equipment	303,920	1-20	0-11	90,956	127,649	38,588
12000 - Pool	183,285	1-24	0-23	70,579	89,158	21,804
13000 - Spa	23,202	1-10	0-9	8,981	11,923	3,562
14000 - Recreation	175,100	1-25	1-14	76,152	97,737	22,417
17000 - Tennis Court	102,940	6-18	3-9	51,470	59,661	8,344
17500 - Basketball / Sport Court	27,084	15-20	4-17	7,926	9,625	2,093
18000 - Landscaping	211,578	1-20	0-9	135,279	147,546	46,447
19000 - Fencing	80,291	10-30	0-19	36,977	29,660	5,047
20000 - Lighting	132,232	5-35	1-24	50,144	57,579	8,686
21000 - Signage	62,658	5-25	1-19	30,637	35,394	4,906
22000 - Office Equipment	30,322	2-12	0-7	21,580	24,861	5,587
23000 - Mechanical Equipment	257,939	1-30	1-27	166,416	189,774	21,899
23500 - Elevator	75,059	10-30	1-25	29,803	33,942	4,904
24000 - Furnishings	247,804	1-20	0-9	184,004	194,215	20,017
24500 - Audio / Visual	23,173	10-20	1-9	15,173	17,815	2,475
24600 - Safety / Access	24,273	1-4	1-1	15,586	24,880	9,117
25000 - Flooring	227,861	1-25	0-14	117,295	130,922	19,661
25500 - Wallcoverings	47,083	10-20	9-17	8,669	11,838	4,119
26000 - Outdoor Equipment	107,378	8-22	0-11	73,527	76,034	9,379
27000 - Appliances	50,802	5-20	1-12	30,831	36,097	5,041
30000 - Miscellaneous	43,261	1-15	0-3	24,560	38,742	16,515
Totals	\$10,107,956			\$5,137,724	\$5,803,036	835,514
Estimated Ending Balance				\$4,612,328	\$4,937,050	
Percent Funded				89.8%	85.1%	



ASSESSMENT COLLECTION POLICY

WHEREAS, the Board of Directors of the Somerset Owners Association, a Nevada non-profit corporation ("Association"), on behalf of the Association and under the authority of NRS 116.3102 and NRS 116.3116, is charged with the responsibility of collecting assessments for common expenses from all Owners; and

WHEREAS, from time to time Owners become delinquent in their payments of these assessments and fail to respond to the demands from the Association to bring their accounts current; and

WHEREAS, the Board deems it to be in the best interest of the Association to adopt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interest of the Association to promptly refer delinquent accounts for collection so as to minimize the Association's loss of assessment revenue; and

WHEREAS, the Association may retain an agent or several agents for their experience in representing homeowners associations in collections; and

WHEREAS, the Association may direct such agent or agents to represent the Association on the terms outlined in this Assessment Collection Policy;

NOW THEREFORE, BE IT RESOLVED, that the Board adopts the following policy and practice effective thirty (30) days after distribution to Owners. Upon the effectiveness of this policy, any previously adopted collection policies are hereby deemed null and void.

The Board establishes the Association's fiscal year, January 1 to December 31, as the Regular Assessment Period. Regular Assessment payments are due on the first (1) day of each month ("Due Date"). Assessments are delinquent if not paid on the Due Date, unless a Special Assessment, Capital Improvement Assessment or other assessment is levied and the Board establishes a different due date for such Assessment.

1. Assessments in General: The Association shall have the power to levy all types of assessments as defined in its CC&Rs sufficient to perform its obligations under the governing documents and Nevada law. Regular Assessments are levied annually and are payable during the year in twelve (12) monthly installments. In addition to Regular Assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted.

2. Obligation to Pay Assessments and Charges: Each Owner covenants and agrees to pay all assessments and charges levied by the Association in a timely manner. The Association shall have the right to record a notice of the Association's statutory lien against the Owner's property, notifying the owner of the Association's security for payment of delinquent assessments, as well as interest, late charges and costs of collection.

3. Designation of Agent(s): The Association may designate an Agent or several Agents to collect assessments, interest, late charges and other collection charges and administer the Assessment Collection Policy. Such designated Agent(s) may be an Association Officer, Association Manager, Association Attorney, Trustee Service or other appropriate agent.

4. Notice of Assessments: The Association will give the Owner notice before any increase in the regular assessment or before the levy of any special assessment. Notice will be sent by first-class mail to the Owner's address listed on the Association's membership register as of the date of the notice. It is the responsibility of each Owner to advise the Association of any mailing address change in writing. The Board of Directors may elect from time to time to provide additional periodic statements of assessments and charges, but the absence of such statements does not relieve the Owner of his/her obligation to pay assessments and charges.



5. Acceleration of Assessments: If the Association so elects, the Association may notify the Owner that failure to pay the delinquent or outstanding balance within thirty (30) days after the Due Date may result in the acceleration of all assessments due for the remainder of the calendar year.

6. Interest Charges and Late Fees: The unpaid balance of the Owner's assessment account may bear interest at the maximum rate of the prime rate plus two percent (2%) in accordance with state law for any assessment that is sixty (60) days or more past due. The prime rate must be adjusted accordingly on January 1st and July 1st of each year. The owner shall also incur a late fee of \$25.00 each month that assessments or any portions thereof, remain unpaid.

7. Collection Charges: Any costs and fees incurred in processing and collecting delinquent assessment amounts, including, without limitation, interest charges, charges for preparation of delinquency notices, recorder costs, postage, copies, and attorney's fees and costs shall become an additional charge against the Owner and the Owner's property and shall be subject to collection action pursuant to this Policy. The Association or its Designated Agent may impose fees and charges for the collection of delinquent assessments. Attached hereto is a Schedule of Collection Fees and Costs that may be charged with the collection of past due assessments or fines.

8. Application of Payments: Payments from the Owner shall be applied first to late fees and/or collection fees and then to assessment principal.

9. 60-Days Past Due Notification: In accordance with NRS 116.31162(4), if any installment of an Assessment is not received by the Association within sixty (60) days after the Assessment obligation becomes past due, the Association must transmit by mail, a letter which shall include, at a minimum, the following:

- a. A schedule of the fees that may be charged if the Owner fails to pay any past due obligation, and any charges associated with the delinquency, including but not limited to: interest, late fees, attorneys' fees or other costs of collection;
- b. A proposed repayment plan which the Owner will have not less than thirty (30) days from the date of the letter to accept in writing;
- c. The action that is required to be taken by the Owner to cure any delinquency, which includes the right to contest any past due obligation at a hearing before the executive board and the procedures for requesting such a hearing;
- d. That the failure to cure any delinquency may result in acceleration of the balance of the installment of the assessments for the then current fiscal year;
- e. What action the Owner may take to cure the delinquency after acceleration.

In addition, the Association may take action allowed by the Governing Documents to suspend the membership privileges of the Owner until the overdue Assessment(s) and all cost of collections are paid in full. The membership privileges that may be suspended shall include, but are not limited to, access to the community centers and recreational amenities, including but not limited to, use of The Club at Town Center and Canyon 9 Golf Course and suspension of the Owner's voting rights. This action requires the Board of Directors to send a Hearing Notice to the Owner's mailing address, setting a date for the Owner to appear before the Board (or its designated Hearing Committee) at least ten (10) days after the mailing of the Notice to discuss this matter.



10. Notice of Intent to Lien: If an assessment, or any portion thereof, remains unpaid after 90 days from the Due Date, the Association or its Designated Agent may send a Notice of Intent to Lien to the Owner demanding payment in full of all amounts owing. A charge for that Notice of Intent to Lien may be charged to the Owner in an amount no greater than as stated in the attached Schedule of Fees and Costs.

11. Notice of Delinquent Assessment Lien: If an assessment or any portion thereof remains unpaid for thirty (30) days after the mailing of the Notice of Intent to Lien, the Association or its designated Agent(s) will mail a Notice of Delinquent Assessment Lien by certified mail to the address of the Unit and to the Unit Owner's address listed on the Association's membership register as of the date of the Notice of Delinquent Assessment Lien, if different from the Unit address in accordance with NRS 116.31162. The Notice of Delinquent Assessment Lien gives notice to the delinquent Owner of the Association's statutory lien under NRS 116.3116 and shall provide an itemized statement of the charges owed as of the date of the Notice of Delinquent Assessment Lien, including all collection costs and other charges, a description of the property against which the Notice of Delinquent Assessment Lien is recorded, the name of the owner of record, and a demand for payment in full within thirty (30) days. The Association's Agent for the collection may require that payment be made with certified funds.

12. Notice of Default and Election to Sell: Not less than thirty (30) days after the recording of the Notice of Delinquent Assessment Lien, the Association or its Agent(s) will mail, by certified or registered mail, return receipt requested, a Notice of Default and Election to Sell to the Owner, if the assessment account remains unpaid. The Notice of Default and Election to Sell will also be recorded against the Owner's property at the County Recorder's Office. Service of the Notice of Default and Election to Sell must be made on the Owner, by certified or registered mail, return receipt requested, to the Unit address and the Unit Owner's mailing address of record, if different from the Unit address. The Notice of Default and Election to Sell will describe the deficiency in payment and state the name and address of the person authorized to enforce the sale.

13. Notice of Trustee's Sale: If, after the expiration of ninety (90) days from the date of the recording of the Notice of Default and Election to Sell or the date on which a copy of the Notice of Default and Election to Sell is mailed certified or registered mail, return receipt requested, whichever is later, the Association or its Agent(s) shall give notice of the time and place of the Trustee's sale for a time not less than the time required by law. Service of the Notice of Trustee's Sale must be made on the Owner, by certified or registered mail, return receipt requested, on or before the first publication or posting of the sale to the Unit address and the Unit Owner's mailing address of record, if different from the Unit address. Also, service of the Notice of Trustee's Sale shall be served in accordance with NRS 116.311635(2). The sale shall be subject to the provisions set forth in NRS 116.31164.

14. Unpaid Fines: Any Fine imposed as permitted by Nevada law and the Governing Documents, pursuant to the Association's adopted enforcement policy, is also subject to this collection policy. Fines are not subject to interest charges. Owners are responsible for and subject to liens for accumulated fines and the cost of their collection including, without limitation, any collection fee, filing fee, recording fee, referral fee, postage or delivery fee, and any other fee or cost that an Association may reasonably charge to the Owner for the collection of a past due fine. This does not include any costs incurred during a civil action to enforce the payment of a past due fine. The remedies and penalties set forth herein are cumulative in nature and do not prevent the Association from taking all necessary legal action to enforce any violations of the Association's governing documents in any manner, including but not limited to seeking declaratory or injunctive relief and/or by proceeding through arbitration pursuant to NRS 38.



15. Payment Agreement: The Board of Directors will provide an Owner with a proposed payment agreement, which allows the Owner to make periodic partial payments on the entire balance of the Assessment and/or Fine account. The Owner has no duty to enter into a payment plan; however, if the Owner agrees to enter into a reasonable payment plan with the Association, then the Designated Agent may charge fees and costs for setting up and monitoring this agreement (See "Schedule of Collection Fees and Costs"), subject to the established payment terms which shall include, at a minimum:

- a. The Owner staying current on all future accruing Assessments as they come due;
- b. Paying off the past due balance in installments over a term generally not to exceed six (6) months; and,
- c. The Owner is responsible for any and all fees charged by the Designated Agent for administration of such Payment Plan.

Any 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 interest of the Association is 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. However, other than the 6 month payment plan offered to the owner in the 60-day past due notification, which the owner has fifteen days to accept, the Association is not obligated to agree to any other payment agreements with any Owner. Attached hereto is a copy of the proposed payment plan, which is subject to change from time to time.

16. Recording of Release of Lien: A release of any notice of delinquency or other encumbrance recorded in connection with the collection of delinquent assessments will not be recorded until the entire outstanding balance of the Owner's assessment account is paid.

17. Dishonored Check: At any time that the Association or its designated Agent(s) receives a check dishonored by a bank for any reason, a Dishonored Check charge will be imposed in the amount of \$20.00. The Board may immediately proceed with the collection process if the Owner's assessments are not paid within ten (10) days after Notice of the Dishonored Check is mailed to the Owner by first-class mail. The Association may also seek damages in accordance with Nevada Revised Statutes Chapter 116.

18. Dispute of a Charge to an Assessment Account: If the Owner questions the accuracy of the calculation of an account or the amount charged to the Assessment account, an objection to the specific charges must be received by the Board of Directors 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 charges. No action will be taken to collect the disputed amounts until completion of the investigation and the Board of Directors 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, with sufficient detail such as dates, names, and check numbers, so that the dispute may be investigated efficiently and effectively, must be provided; and, Copies of checks (both front and back), letters or other documents applicable to the account and claimed error must accompany the written objection.



19. **Other Remedies:** The Association reserves the right to avail itself of any other remedy permitted by Nevada law and the Association's governing documents to collect assessments and related costs and charges, including, but not limited to, bringing an action against the Owner in Small Claims, Municipal or District Court. Such remedies may be taken in addition to or in lieu of any collection action already taken, and commencement of one remedy shall not prevent the Association from electing at a later date to pursue another remedy.

20. **Address of the Association and the Board:** The Owner shall respond in writing or make payments to the address as directed by the designated Agent(s). If no address is given by the Agent(s), the Owner should mail all responses and petitions to the Association at the following address:

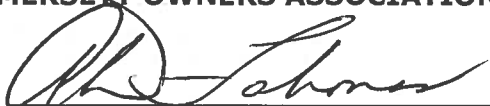
**Somerset Owners Association
c/o First Service Residential
7650 Town Square Way
Reno, NV 89523**

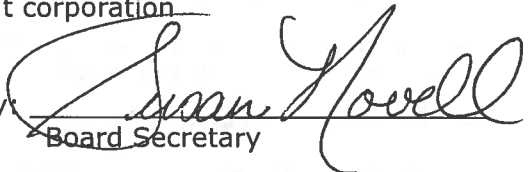
21. **Sufficiency of Notice:** Except for notice that, under Nevada law, must be sent by certified mail, notice is sufficient if either hand-delivered or mailed first-class postage prepaid to the Owner at the mailing address on the Association's membership register at the time of notice.

22. **Void Provisions:** If any provision of this Assessment Collection Policy is determined to be null and void, all other provisions of the Assessment Collection Policy shall remain in full force and effect.

IN WITNESS WHEREOF, this Collection Policy has been executed by the Association as of this 24th day of June, 2015. The undersigned hereby certify that this policy has been adopted and approved in accordance with the NRS 116 and the Association's Governing Documents.

SOMERSETT OWNERS ASSOCIATION, a Nevada non-profit corporation

By: 
Board President

Attested By: 
Board Secretary



SCHEDULE OF COLLECTION FEES AND COSTS (NAC 116.470(1)-(6))

1. Except as otherwise provided in subsection 5, to cover the costs of collecting any past due obligation of a unit's owner, an association or a person acting on behalf of an association to collect a past due obligation of a unit's owner may not charge the unit's owner fees in connection with a notice of delinquent assessment pursuant to paragraph (a) of subsection 1 of NRS 116.31162, which exceed a total of \$1,950, plus the costs and fees described in subsections 3 and 4.
2. An association or a person acting on behalf of an association to collect a past due obligation of a unit's owner may not charge the unit's owner fees in connection with a notice of delinquent assessment pursuant to paragraph (a) of subsection 1 of NRS 116.31162 which exceed the following amounts:

(a) Demand or intent to lien letter.....	\$150
(b) Notice of delinquent assessment lien.....	\$325
(c) Intent to notice of default letter.....	\$90
(d) Notice of default.....	\$400
(e) Intent to notice of sale letter.....	\$90
(f) Notice of sale.....	\$275
(g) Intent to conduct foreclosure sale.....	\$25
(h) Conduct foreclosure sale.....	\$125
(i) Prepare and record transfer deed.....	\$125
(j) Payment plan agreement - One-time set-up fee.....	\$30
(k) Payment plan breach letter.....	\$25
(l) Release of notice of delinquent assessment lien.....	\$30
(m) Notice of rescission fee.....	\$30
(n) Bankruptcy package preparation and monitoring.....	\$100
(o) Mailing fee per piece for demand or intent to lien letter, notice of delinquent assessment lien.....	\$2
(p) Insufficient funds fee	\$20
(q) Escrow payoff demand fee.....	\$150
(r) Substitution of agent document fee.....	\$25
(s) Postponement fee.....	\$75
(t) Foreclosure fee.....	\$150

3. If, in connection with an activity described in subsection 2, any costs are charged to an association or a person acting on behalf of an association to collect a past due obligation by a person who is not an officer, director, agent or affiliate of the community manager of the association or of an agent of the association, including, without limitation, the cost of a trustee's sale guarantee and other title costs, recording costs, posting and publishing costs, sale costs, mailing costs, express delivery costs and skip trace fees, the association or person acting on behalf of an association may recover from the unit's owner the actual costs incurred without any increase or markup.
4. If an association or a person acting on behalf of an association is attempting to collect a past due obligation from a unit's owner, the association or person acting on behalf of an association may recover from the unit's owner:
 - (a) Reasonable management company fees which may not exceed a total of \$200; and
 - (b) Reasonable attorney's fees and actual costs, without any increase or markup, incurred by the association for any legal services which do not include an activity described in subsection 2.
5. If an association or a person acting on behalf of an association to collect a past due obligation of a unit's owner is engaging in the activities set forth in NRS 116.31162 to 116.31168, inclusive, with respect to more than 25 units owned by the same unit's owner, the association or person acting on behalf of an association may not charge the unit's owner fees to cover the costs of collecting a past due obligation which exceed a total of \$1,950 multiplied by the number of units for which such activities are occurring, as reduced by an amount set forth in a resolution adopted by the executive board, plus the costs and fees described in subsections 3 and 4.
6. For a one-time period of 15 business days immediately following a request for a payoff amount from the unit's owner or his or her agent, no fee to cover the cost of collecting a past due obligation may be charged to the unit's owner, except for the fee described in paragraph (q) of subsection 2 and any other fee to cover any cost of collecting a past due obligation which is imposed because of an action required by statute to be taken within that 15-day period.