

Brown | Olcott, PLLC

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January 16, 2020

Board of Directors
Cobblestone Homeowners Association, Inc.
c/o HBS Management Solutions, LLC
6258 E Grant Rd
Tucson AZ 85712

Re: *Contingent Fee Agreement for Cobblestone Homeowners Association, Inc.*

Dear Board of Directors:

This letter confirms our understanding of the representation Brown | Olcott, PLLC (the "Firm") will undertake on behalf of Cobblestone Homeowners Association, Inc. (the "Association"), its scope and the terms of our representation.

Please carefully review this letter. If it meets with the approval of the Board of Directors and reflects its understanding of our respective responsibilities, please sign the letter and return it to us.

1. **Scope of Engagement.** Collection of delinquent assessments.
2. **Progress.** We will forward to the Association monthly status reports so the Association may keep track of the progress of the cases. The Association will provide the Firm with a schedule of monthly Board meetings, and monthly delinquency reports. Each month, the Firm will forward the status report to the Association's manager approximately one week before the Board meeting.

The Association will be assigned to a team consisting of one attorney, and one or more paralegals.

3. **Plan.** We offer these collection services on a flat fee basis. The Association is not required to pay attorney fees on cases the Firm loses. The Firm loses cases where the first mortgage holder forecloses, and the homeowner either bankrupts, or can't be found. Each delinquent homeowner is charged the full amount of collection costs and attorneys' fees. The Firm collects its attorney fees directly from the homeowner. The attorney fees are due from the homeowner or the Association when the firm collects the full amount of unpaid assessments. The Association may become responsible to pay the fees if the Association collects the assessments but does not collect the attorney fees. The Association may also be responsible to pay the fees if the Association waives attorney fees. If the Association requests the Firm to waive attorney fees, the Association also agrees to waive its late fees and interest.

Each delinquent homeowner is charged the full amount of collection costs and attorneys' fees. The Firm will take the case from demand letter all the way through collections, including judgments and garnishments and foreclosure. In some cases, foreclosures are not included under the fully contingent plan. A \$1,000.00 retainer is due if the Firm must foreclose the lien, and if the equity in the house is less than 15 percent (Note: By statute the Association is in second position behind the first mortgage. If the home is upside-down or has little equity neither the Association nor the Firm is likely to recover anything from a foreclosure). The \$1000.00 retainer is collectible from the delinquent owner.

If the Defendant-Homeowner files a Counterclaim against the Association, members of the Board of Directors, Officers of the Association, or its management company, the defense of the Counterclaim will be at the normal hourly rates charged by the Firm and will not be on a "no fee" basis. The firm will assist the Association in tendering its defense to its insurance carrier if asked by the Association to do so.

In order for the flat fee retainer plan to be successful, the Association is required to follow the following procedures:

(i) **Access to Account Statements.** Under this program, the management company does not know the amount of attorney fees on the accounts. This Firm has the primary responsibility for maintaining account statements. We correlate the Association's account statements with the balance ledgers in our office. If account statements are available online, we request access to review and print them on a read only basis. If online account statements are not available, the Association's accountant will forward all collection account statements to our Firm on or before the 10th day of each month. The Association agrees to provide us with a delinquency report each month.

(ii) **Urgent Fax Requests.** Occasionally, a homeowner will pay assessments within days of a lawsuit filing. Before this office files a lawsuit, we will send an urgent fax request to the accountant. The fax will serve as notification to the accountant that a lawsuit will be filed the next day. The Association must verify that all payments, credits and fees have been applied to the account, and respond to this office within 24 hours with an e-mail or fax a current account statement. This prevents us from incurring legal fees in filing a lawsuit against a homeowner who has paid the account.

(iii) **Communication with Homeowners.** A homeowner who is in collections with the Firm may approach the manager and/or the Board of Directors directly. The manager, accountant and/or Board member must not discuss the account with the homeowner and must direct the homeowner to contact our office. If the homeowner requests that the Board of Directors take their case into consideration, a written request must be submitted to this office. Our office will forward all requests for consideration to the manager for review by the Board of Directors. Brown | Olcott has no authority to waive any late fees or monetary penalties. Brown | Olcott will collect these amounts from the homeowners without reduction and alert the homeowners to request a reduction in writing for submittal to the Board. The Firm does not stop or delay the process while the Board is reviewing those requests.

(iv) **Payments from Homeowners.** Once a case is sent to our Firm for collection, all homeowner payments will be mailed or hand delivered to the firm and made payable to Brown | Olcott, PLLC. If a homeowner remits payment to the Association or management company directly, the Association will endorse the payment to Brown | Olcott, PLLC and mail it to this office. We are maintaining the account balance. The only exception to this procedure is payments made through the Association's lock box. The Association must notify us immediately of any lock box payments. If required by the Firm's bank, the Association agrees to execute a commingling agreement that permits the bank to deposit checks payable to the Association into the Firm's trust account.

(v) **Partial Payments.** When the Firm receives a partial payment, it will be deposited to Brown | Olcott's trust account and held until it has cleared the bank. We alternate payments with the

Association receiving the first check. If the first payment is a large down payment, it is shared with the Association receiving 60 percent, and the Firm receiving 40 percent.

(vi) **Resales and Refinances.** On resales or refinances, the Association must contact the Firm for the current attorney fee balance before submitting to the title company any payoff figures. The Firm will provide a Payoff Request Form to be processed and returned by the Association/Management Company.

(vii) **All Cases.** The Association must agree to hire the firm for all its collection cases.

4. Termination and Dispute Resolution

Upon any termination of the firm's services on a case in progress, the Association agrees to remit all fees due on the case. All disputes are handled before the free State Bar Fee Arbitration service.

Thank you for retaining us to represent the Association.

Very truly yours,
Brown | Olcott, PLLC

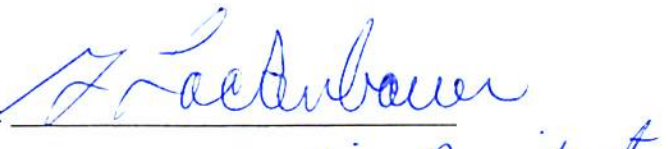
Philip Brown

APPROVED AND AGREED TO:
Cobblestone Homeowners Association, Inc.

By: 

Title: President

Dated: 11 May 2020

By: 

Title: ~~Secretary~~ Vice President

Dated: May 8/20

Brown | Olcott. PLLC

01/2019

373 S Main Ave. Tucson AZ 85701
5201 N 7th Ave. Phoenix AZ 85013

COLLECTION FEES AND COSTS SCHEDULE

Pre-litigation		Bankruptcy	
Open File	\$100.00	Demand Letters	\$100.00
Research/Ventry Ownership	\$50.00	Proof of Claim	\$225.00
Account Statement Creation	\$45.00	Analyze Chapter 13 Plan	\$110.00
Demand Letters	\$100.00	Motion for Relief from Automatic Stay	\$600.00
Debt Repayment Agreement	\$150.00	Motion for Relief filing fee	actual cost*
		Attorney/Paralegal Time billed on hourly rate	
Litigation (Uncontested)			
Demand Letters	\$100.00	Miscellaneous	
Lawsuit	\$350.00	Address or Employment Verification	\$110.00
Lawsuit Filing Fee	actual cost*	Drivers License or DMV Search	\$110.00
Process Service Fee (Per Person)	actual cost*	Skip Tracing Fee	actual cost*
Attempted Service (Per Person)	actual cost*	Research Recorder Assessor BK	\$50.00
Acceptance of Service	\$50.00	Record Judgment	actual cost*
Service by Publication	actual cost*	Certify Judgment Satisfaction	actual cost*
Publication Costs (varies per case)		Social Security Number Search	\$65.00
Settlement Agrmnt Stipulated Judgment	\$150.00	NSF Charge (Charged by Firm)	\$50.00
Notice of Default	\$150.00	NSF letter	\$100.00
Default Judgment	\$225.00		
Substitution of Counsel	\$50.00	Memo to Process Server	\$50.00
Motion to Continue on Inactive Calendar	\$125.00	Memo to Skip Tracer	\$50.00
Motion to Extend Time of Service	\$125.00	Notary Fee	\$2.00
Motion for Alternative Method of Service	\$200.00	Memo to Accountant	\$31.50
Subpoena for Appearance	\$130.00	Memo to Manager	\$31.50
Subpoena Duces Tecum	\$130.00	Payoff (final accounting)	\$125.00
Judgment Balance Table	\$155.00	Payoff Request	\$40.00
Application for Attorney's Fees	\$220.00	Analysis billed on hourly rates (trustee's sale, foreclosures, etc.)	
Contested Lawsuit			
Attorney/Paralegal Time Billed on Hourly Rate		Lien Foreclosure	
		Attorney/Paralegal Time Billed on Hourly Rate	
Garnishment			
Demand Letters	\$110.00	Estimated Foreclosure Costs	
Garnishment Filing Fee	actual cost*	Litigation Guarantee	actual cost*
Process Service Fee	actual cost*	Foreclosure Lawsuit Filing Fee	actual cost*
Earnings Garnishment	\$390.00	Lis Pendens	\$65.00
Order of Continuing Lien	\$180.00	Record Release Lis Pendens	actual cost*
Report of Judgment Balance	\$130.00	Process Service Fee (Per Person)	actual cost*
Non-earnings Garnishment	\$390.00	Sheriff's Fee To Schedule Sale	actual cost*
Motion to Quash Garnishment	\$110.00	Sheriff's Fee For Deed	actual cost*
Judgment Against Garnishee	\$195.00	Foreclosure Lawsuit	\$400.00
Voluntary Wage Assignment	\$80.00	Foreclosure Default Hearing	\$400.00
All services performed not included on this fee schedule are time-billed on hourly rates.			
* Actual costs vary by County and Court			