PACIFIC RIDGE OWNERS ASSOCIATION
ASSESSMENT COLLECTION POLICY
Adopted: 10.29.24

Prompt payment of assessments by all Owners is critical to the financial health of the Association. Accordingly, the Board of Directors takes its obligations under the Declaration of Covenants, Conditions and Restrictions ("CC&Rs") and the California Civil Code to enforce the members' obligation to pay assessments very seriously. The Board has adopted this Collection Policy in an effort to discharge that obligation in a fair, consistent and effective manner. All policies and practices outlined below shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board of Directors. Therefore, pursuant to the CC&Rs and applicable sections of the California Civil Code, the following is the Association's Assessment Collection Policy:

1. Regular monthly assessments are due and payable on the ***first*** (1st) day of each month. It is the responsibility of the Owner of record to pay each assessment in full each month regardless of receipt of a statement.
2. All other assessments, including special assessments, are due and payable on the date specified by the Board in the notice of assessment.
3. Assessments, late charges, interest and fees, and collection costs, including attorney's fees, are both the personal obligation of the Owner of the property at the time the assessment or other sums are levied and a lien/debt on the property.
4. In addition to the Regular and Special Assessments noted above, each owner is responsible for reimbursing the Association for payment for the cost to provide water to the owner's separate interest unit, as allocated to the owner by water submeters, in addition to an service charges imposed by the Metering Company and/ or the Service Provider. This cost shall be considered a "Utility Assessment" for the owner's unit.
5. Payments are posted on the date received by the Association. Assessments are delinquent **fifteen *(15)* *days*** after they become due. If the 15th day falls on a Saturday, Sunday, or bank holiday, the delinquency deadline will be extended until 3:00 p.m. on the next business day.
6. Delinquent assessments shall be subject to a late charge equal to ten percent (10%) of the unpaid assessment or ten dollars ($10.00), whichever is greater.
7. Interest on all sums imposed in accordance with this Assessment Collection Policy including the delinquent assessments, fees and costs of collection and attorney's fees shall be at a rate of 12% per year, commencing **thirty *(30)*** days after the assessment becomes due.

8. A Reminder Notice will be sent on or about the 22nd of each month to all delinquent Owners if the amount owed is greater than or equal to the current monthly assessment. A fee will be charged for each Reminder Notice sent.
9. Residents who are delinquent may be subject to suspension of the use of Common Area amenities, restrictions on membership privileges, and revocation of voting privileges in upcoming votes of the membership.
10. If the assessment is not paid within ***sixty (60) days*** of the due date,

    the Association will send a letter ("Notice of Intent to Lien") by certified mail to the delinquent Owner's addresses of record, including primary and secondary addresses provided to the Association by Owner, informing the Owner of the following;

    The letter described in this Paragraph will be sent to the delinquent Owner at least ***thirty (30)*** days prior to recording a lien against the delinquent Owner's separate interest. The cost of the letter will be billed to the delinquent Owner's account.

11. An Owner may submit a written request to the Association to meet with the Board to discuss a payment plan for the amount set forth in the Notice of Intent to Lien. The Board shall meet with the delinquent Owner in executive session within ***forty-five (45) days*** of the date of the postmark of the request. If there is no regularly scheduled Board meeting during this period, then the Board may designate a committee of one or more Board members, but less than a quorum, to meet with the Owner.
12. If the delinquent Owner fails to pay the amount set forth in the Notice of Intent to Lien (a) within thirty (30) days of the date of receipt of the Notice of Intent to Lien, or (b) in the event the delinquent Owner fails to submit a request to meet, as set forth in the Paragraph above, within ***thirty (30) days*** of the date of the receipt of the Notice of Intent to Lien, then the Board may resolve to record a lien against the Owner's separate interest. The delinquent Owner will be charged for the lien costs associated with preparation and recordation of the lien. An itemized statement of the charges owed by the Owner will be recorded together with the lien.
13. A copy of the recorded lien shall be sent via certified mail to every person who is shown as an Owner of the separate interest in the Association's records no later than ***ten (10) days*** after recordation. Notices shall also be sent to any secondary address provided by Owner.
14. After recordation of a lien, all subsequent payments made by personal check will be held for posting pending verification of funds and clearance by the bank.
15. If an Owner is delinquent for ***thirty (30) additional days*** after the lien has been recorded, the matter will be referred to the Association's attorney or collection agent, and the lien may be enforced by judicial or non-judicial foreclosure sale, or by money judgment at the Association's option. Costs associated with the preparation of documents required to open the case file with the attorney or collection agent will be the responsibility of the delinquent Owner.

16. No assessment lien may be foreclosed until (a) the amount of the delinquent assessments secured by the lien (exclusive of any accelerated assessments, late charges, fees and costs of collection, attorney's fees or interest) equals or exceeds $1,800.00, or (b) the assessments are more than twelve (12) months delinquent. If the Association chooses to foreclose a lien under these circumstances, it shall, prior to foreclosing, offer the Owner an opportunity to "meet and confer" regarding the delinquency, in accordance with Civil Code Section 5900 or participate in alternative dispute resolution with a neutral third party pursuant to Civil Code Section 5925. The decision to pursue dispute resolution, or a particular type of alternative dispute resolution is the Owner's choice; however, binding arbitration shall not be available if the Association intends to initiate judicial foreclosure.

17. The decision to initiate foreclosure of a lien must be made by the Board and may not be delegated to an agent of the Association. The Board's decision to foreclose a lien must be by a majority vote of the Board members in executive session, and the Board's vote shall be recorded in the minutes of the next regular session meeting. The Board shall maintain the confidentiality of the Owners by identifying the matter in the minutes by the parcel number of the separate interest, rather than the name of the Owners. A Board vote to approve foreclosure of a lien shall take place at least ***thirty (30) days*** prior to any public sale.

18. The Board shall provide notice of its decision to foreclose on an assessment lien by (a) personal service to the Owner if the Owner occupies the separate interest, or to the Owner's legal representative, or (b) first class mail, postage prepaid, at the most current address for the Owner shown on the books of the Association, including primary and any secondary address provided by Owner, if the Owner does not occupy the separate interest.

19. A nonjudicial foreclosure is subject to a ***ninety (90) day*** right of redemption.

20. Nothing herein limits or otherwise affects the Association's right to proceed in any lawful manner to collect any delinquent sums owed to the Association and the Association may turn the matter over to legal counsel at any time.

21. The mailing address for overnight payment of assessments is:
    The Avalon Management Group, Inc. AAMC.
    31608 Railroad Canyon Road
    Canyon Lake, California 92587

22. The Association may alternatively file a civil action in Small Claims Court.

23. In the event that the Association files an action against an Owner for unpaid Assessments, and that separate interest is, or becomes rented or leased at any time during the pendency of the action, the Association shall have the right to request that the Court order Owner to assign all rents due from the renter/lessor of the separate

interest to the Association until such time as all Assessment delinquencies are cured.

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of Owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an Owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars ($1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars ($1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the Owner's property. The Owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the Owner's property until it has satisfied those requirements.

Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an Owner's separate interest, the association must provide the Owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the Owner. An Owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an Owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an Owner certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an Owner makes a payment, the Owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform Owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

An Owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An Owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the Owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An Owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code).

MEETINGS AND PAYMENT PLANS

An Owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform Owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The board must meet with an Owner who makes a proper written request for a meeting to discuss a payment plan when the Owner has received a notice of a delinquent assessment. These payment plans must conform to the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code).

An association distributing the notice required by this section to an Owner of an interest that is described in Section 11212 of the Business and Professions Code that is not otherwise exempt from this section pursuant to subdivision (a) of Section 11211.7 of the Business and Professions Code may delete from the notice described in subdivision (a) the portion regarding meetings and payment plans.