
RIDGELINE HOMEOWNERS ASSOCIATION

DELINQUENT ASSESSMENT COLLECTION POLICY

ADOPTED: 07/20/2024

Prompt payment of assessments by all members is critical to the financial health of the Association and to the enhancement of the property values of our homes. Your Board of Directors takes very seriously its obligation under the Declaration of Covenants, Conditions and Restrictions (CC&Rs) and the California Civil Code to enforce the members' obligation to pay assessments. The policies and practices outlined herein shall remain in effect until such time as they may be changed, modified, or amended by the Board of Directors. Therefore, pursuant to the CC&Rs and California Civil Code, the following are the Association's assessment practices and policies:

1. **IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.** Thus, it is important to pay your assessments on time. The Board will not use non-judicial foreclosure to collect fines or penalties but be advised that other remedies are available to collect these as well as any sums not suitable for collection by non-judicial foreclosure. The Association intends to comply with requirements of California Civil Code Sections 5650, *et seq.* when collecting delinquent assessments.

2. Assessments, late charges, interest, reasonable fees, collection costs, and any attorneys' fees, are the personal obligation of the owner of the property at the time the assessment or other sums are levied (Civil Code Section 5650(a)).

3. Regular assessments are levied quarterly and are due and payable on the first (1st) day of January, April, July, and October of each calendar year. Such assessments are considered delinquent at 5:00 p.m. on the (15th) day of the month in which they are due, and at which time a late charge of ten dollars (\$10.00) or ten percent (10%) of the delinquent assessment will be charged, whichever is greater. All balances due as of 5:00 p.m. on the thirtieth (30th) day of the month in which the assessment is due will be subject to interest at the rate of twelve percent (12%) per annum.

4. All other assessments, including special assessments, are due and payable on the date specified by the Board on the Notice of Assessment, which date will not be less than thirty (30) days after the date of notice of the special assessment. If a special assessment is payable in installments and an installment payment of that special assessment is delinquent for more than thirty (30) days, all installments will be accelerated, and the entire unpaid balance of the special assessment shall become immediately due and payable. Unpaid special assessments shall be subject to a late charge and interest as provided above.

5. A first notice of past due assessment (Reminder Notice) will be prepared and mailed once an assessment becomes delinquent.

6. If an assessment(s) is more than sixty (60) days delinquent, the Association will send a notice to the owner(s) of record by certified mail that the account will be sent to a collections agent if the delinquent balance is not paid in full within ten (10) days. The owner may be charged a fee for such notice. (**Note:** The amount for this fee is subject to change at any time if the amount charged by the agent for the Association changes the amount charged to the Association.) If the owner has provided written notice to the Association noting a secondary address for collection notices, all notices shall be sent to that address also.

7. If the owner fails to pay the delinquent assessment amount within the time allocated in the notice, the Association may turn over the delinquent account to a collections agent. The amount of the charge for the managing agent to monitor the collection account will be charged to the delinquent owner's account. The owner may be charged a fee for such notice. (**Note:** The amount for this fee is subject to change at any time if the amount charged by the agent for the Association changes the amount charged to the Association.) If the owner has provided a written notice to the Association noting a secondary address for collection notices, all notices shall be sent to that address also.

8. If delinquent assessments are not received following issuance of the notices described above, the Association or its collections agent, will send a pre-lien notice to the owner as required by Civil Code Section 5660 ("Pre-Lien Notice"). The Pre-Lien Notice will be sent by certified mail to the owner's mailing address of record and any secondary address provided for collection notices. The Pre-Lien notice must be sent at least thirty (30) days prior to recording a lien against the owner's separate interest. The owner will be charged a fee for the pre-lien letter.

The Pre-Lien Notice shall include the following:

(a) A general description of the collection and lien enforcement procedures of the association and the method of calculation of the amount, a statement that the owner of the separate interest has the right to inspect the association records pursuant to Section 5205, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed:

IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.

(b) An itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest, if any.

(c) A statement that the owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the association.

(d) The right to request a meeting with the board in executive session to discuss a possible payment plan as provided in Civil Code Section 5665.

(e) The right to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association's "meet and confer" program required in Civil Code Section 5900, *et seq.*

(f) The right to request alternative dispute resolution with a neutral third party pursuant to Civil Code Section 5925, *et seq.* before the association may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

Any fees and costs associated with alternative dispute resolution with a neutral third party shall be split equally between the association and the requesting owner. Pursuant to Civil Code Section 5930(d), the association is not required to request alternative dispute resolution with an owner prior to filing an enforcement action regarding an assessment dispute.

Notwithstanding the provisions of this paragraph, the Association may: (a) send a Pre-Lien Notice to a delinquent owner at any time when there is an open escrow involving the owner's separate interest, and/or (b) issue a Pre-Lien Notice immediately if any special assessment becomes delinquent.

9. If an owner fails to pay the amounts set forth in the Pre-Lien Notice and fails to request dispute resolution within thirty (30) days of the date of the Pre-Lien Notice, the Board shall decide, by majority vote of the Board in an open meeting, whether to authorize the collections agent to record a lien for the amount of any delinquent assessments, late charges, interest and/or costs of collection including attorneys' fees, against the owner's separate interest, or to file a court action against the delinquent owner. Such decision shall be recorded in the Board meeting minutes. If the Association authorizes the recordation of a lien against the owner's separate interest, the owner will be charged for the fees and costs of preparing and recording the lien. After the expiration of thirty (30) days following recording of the lien, the lien may be enforced in any manner permitted by law, including without limitation, judicial or non-judicial foreclosure (Civil Code Section 5700).

10. In order for the lien to be enforced by nonjudicial foreclosure, the notice of delinquent assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice of delinquent assessment shall be signed by the person designated by the Board for that purpose, or if no one is designated, by the president of the Association, and mailed in the manner set forth in California Civil Code Section 2924b, to all record owners of the lot no later than ten (10) calendar days after recordation.

11. Once the matter has been transferred to the collection agent, the collection agent may be authorized to foreclose the lien by non-judicial foreclosure sale when either: (a) the delinquent assessment amount totals One Thousand Eight Hundred Dollars (\$1,800.00) or more, excluding accelerated assessments and specified late charges and fees, or (b) the assessments are more than twelve (12) months delinquent.

You could lose ownership of your separate interest if a foreclosure action is completed. You will be responsible for significant additional fees and costs if a foreclosure action is commenced against your separate interest. There may be additional fees charged by the collection agent during collection before foreclosure can commence.

12. The decision to foreclose on a lien must be made by a majority of the Board of Directors in an Executive Session meeting, and the Board of Directors must record their votes both in the minutes of the Executive Session meeting and the next open meeting of the Board. The Board must maintain the confidentiality of the delinquent owner(s) by identifying the matter in the minutes by only the parcel number of the owner's separate interest. Pursuant to Civil Code Section 5705(b), prior to initiating any foreclosure sale on a recorded lien, the Association shall offer delinquent homeowners the option of participating in internal dispute resolution (IDR) or Alternative Dispute Resolution (ADR), except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

13. An owner is entitled to inspect the Association's books and records to verify the amounts owed pursuant to Corporations Code Section 8333.

14. In the event it is determined that the owner has paid the assessments on time, the owner will not be liable to pay the charges, interests, and costs of collection associated with collection of those assessments.

15. An owner has the right to dispute the assessment debt by submitting a written request for dispute resolution to the Association or to the collection agent if the matter has been referred to a collection agent pursuant to Civil Code Section 5900, *et seq.*

16. Any owner who is unable to pay assessments will be entitled to make a written request for a payment plan to be considered by the Board of Directors. An owner may also request to meet with the Board of Directors in Executive Session to discuss a payment plan if the payment plan request is mailed within fifteen (15) days of the postmark date of the Pre-Lien Notice.

The Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests. Payment plans shall not interfere with the Association's ability to record a lien on an owner's separate interest to secure payment for the owner's delinquent assessments. If the Board authorizes a payment plan, it may incorporate payment of ongoing assessments that accrue during the payment plan period. If a payment plan is approved, additional late fees from the homeowner will not accrue while the owner remains current under the terms of the payment plan. If the owner breaches an approved payment plan, the Association may resume its collection action from the time the payment plan was approved.

17. Unless the Owner and the Association enter into an agreement providing for payments to be applied in a different manner, all payments received by the Association, regardless of the amount paid, will be directed to the oldest assessment balances first, until such time as all assessment balances are paid, and then to late charges, interest and costs of collection, and attorney fees unless otherwise specified by written agreement, as required by California Civil Code Section 5655, or comparable superseding statutes.

18. Prior to the release of any lien, or dismissal of any legal action, all assessments, late charges, interest, and costs of collection, including attorneys' fees, must be paid in full to the Association.

19. There is no right of offset. An owner may not withhold assessments owed to the Association on the alleged grounds that the owner is entitled to recover money or damages from the Association for some other obligation.

20. Owners will be charged a fee for any fee charged to the Association for all checks that are returned as non-negotiable by the owner's bank.

21. Owners have the right to provide a secondary address for mailing purposes of collection to the Association. The owner's request shall be in writing and shall be mailed to the Association by certified mail, or in a way that shall indicate that the Association has received it. An owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the point the Association receives the request.

22. All charges listed herein will be included in the Association's Annual Policy Statement and are subject to change upon thirty (30) days written notice.

23. Until the owner has paid all amounts due, including delinquent assessments, late charges, interest and costs of collection, including attorneys' fees, the Board of Directors may suspend the owner's right to: (a) use the Association's recreational or common facilities; and/or (b) serve on the Board or any committee of the Association, after providing the owner with a duly noticed hearing pursuant to Civil Code Section 5855. However, any suspension imposed shall not prevent the delinquent owner from the use, benefit, and pleasure of the owner's separate interest or from voting on any matter put to the member's for a vote by the association.

24. It is the owner of records' responsibility to pay each assessment in full when levied regardless of whether a statement is received.

25. The mailing address for overnight payment of assessments will be as specified in the Association's Annual Policy Statement.

26. 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.

27. 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.