

TERRA MAR HOMEOWNERS ASSOCIATION

ASSESSMENT COLLECTION POLICY

Terra Mar Homeowners Association ("Association") is responsible for managing and operating the common areas of the community, and for collecting owners' assessments. The timely collection of assessments from all owners is vital to the management and operation of the community and to the preservation of property values. Pursuant to California Civil Code Section 5310(a)(7), the Association has adopted the following policy for collecting delinquent assessments.

1. Regular assessments shall be paid monthly. Each regular assessment is due on the first (1st) day of the month. Any regular assessment not paid by the fifteenth (15th) of the month shall be delinquent. Any special assessment levied shall be delinquent if not paid fifteen (15) days after the date due. An assessment is considered paid the day the payment is received by the Association or its designated agent. 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).

2. 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 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 reserves the right to contest the disputed charge or sum in court or otherwise.

3. A late charge of ten dollars (\$10.00) or ten percent (10%) of the amount of the assessment, whichever is greater, may be assessed when an assessment is delinquent. Any assessment not paid by the thirtieth (30th) day after it is due may accrue interest at a rate of up to twelve percent (12%) per annum. Interest may also accrue on late charges and costs of collection. To simplify monthly accounting, the Association may choose not to compute interest on small delinquencies. However, in such a case, if the Association takes action against an owner to collect delinquent assessments, the Association may compute, to the fullest extent permitted by law and the Association's governing documents, the interest due from the date of the first delinquency and will add that interest to the delinquent owner's balance.

4. If a check is returned for insufficient funds, the owner may be charged a \$25.00 fee for the first check and a \$35.00 fee for each subsequent check returned for insufficient funds. Post-dated checks will not be accepted. The mailing address for overnight payment of assessments is Terra Mar Homeowners Association c/o Avalon Management, 31608 Railroad Canyon Rd, Canyon Lake, CA 92587. Owners have the right to submit secondary addresses to the Association for purposes of collection notices. Upon receipt of a written request by an owner identifying a secondary address for purposes of collection notices, the Association shall send additional copies of any notices required by Civil Code Sections 5660(a)-(f), 5675 and 5710(b) to the secondary address provided. The owner's request shall be in writing and shall be mailed to the Association in a manner that shall indicate the Association has

received it. The 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.

5. Upon any assessment becoming delinquent, the Association or its designated agent may mail a notice pursuant to California Civil Code Sections 5660(a)-(f), 5675, and 5710(b) to the owner to pay the account in full or a lien will be recorded against the owner's property. Should the owner fail to bring the account current pursuant to the Association's demand, the Association may cause a lien to be recorded against the owner's property. 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)

6. An owner 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 exist. (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.

7. Within ten (10) days after a lien is recorded for a delinquent assessment account, the Association or its designated agent will mail a copy of the lien to all record owners of the property as set forth in California Civil Code Section 5675(c).

8. If an assessment account remains delinquent following the recordation of a lien, the Association or its designated agent may diligently proceed with foreclosure pursuant to California Civil Code Sections 5705, 5710, 5715, and 5720. Once foreclosure is commenced, no partial payments will be accepted on an assessment account. In lieu of foreclosure, or concurrently, a lawsuit may be filed against the owner personally if the Association concludes such action will enhance the prospect of recovering the delinquent assessments or will otherwise be in the best interests of the Association.

9. All attorney's fees, costs, late charges, interest, penalties, fines, charges, and expenses billed to the Association for any of the above activities may be added to the owner's account and will become the liability of the owner. 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).

10. As provided in Article III, Section 5 of the Bylaws, the Board may suspend the membership rights of an owner, including the right to use the clubhouse and recreational facilities, until the owner pays the entire delinquency. The Association may implement a suspension following notice to the owner and an opportunity for a hearing which satisfies the minimum requirements of California Corporations Code Section 7341.

11. Monetary payments received from an owner will be credited to balances on the owner's account in the following order: reimbursement assessments, special assessments, regular assessments, monetary penalties or fines, late charges, legal fees and costs, and interest.

12. The Association has selected Green, Bryant & French, LLP as its legal counsel for all matters concerning the collection of delinquent accounts and has further selected S.B.S. Lien Services as its trustee for the purposes of foreclosing and selling any property which is subject to a delinquent assessment lien.

13. A copy of this collection policy shall be sent annually to all owners within the thirty (30) to ninety (90) day period immediately preceding the beginning of the Association's fiscal year pursuant to California Civil Code Section 5310(a)(7).

14. In general, the Association's Board intends to take whatever actions are authorized by law and the Association's governing documents to collect assessments. If the Board elects to use practices, procedures, or notices which exceed those required by law or under the governing documents, it does so without waiving the Association's right to exercise collection remedies to the fullest extent permissible. Any additional notices or time periods the Association might use are extended solely as a courtesy. No owner shall be entitled to expect longer time limits or notices other than those which are required by law or the governing documents. Billing statements are a courtesy. Owners are responsible for making payments on time, whether or not a statement is received.

15. This collection policy is effective June 22, 2023. At its open meeting on June 22, 2023, the Board of Directors adopted this revised collection policy.

TERRA MAR HOMEOWNERS ASSOCIATION

Dated: 7/10/2023

Joshua Tucker
Secretary