

Hiddenbrooke Property Owners Association Delinquent Assessment Collection Policy.

1. It is the fiduciary responsibility of the Board of Directors to collect all assessments for the costs of management and operation of Hiddenbrooke, of conducting the business and affairs of the Association, to promote the recreation, health, safety, welfare, benefit and interests of the Owners and Residents in Hiddenbrooke, and to the extent provided for in the Governing Documents or by law, of the Lots situated within Hiddenbrooke or which, in the opinion of the Board, shall be deemed to be necessary or proper for the management of Hiddenbrooke or of the affairs of the Association, or the benefit of the Lot Owners, or for the enforcement of the Governing documents. The Association is entitled to recover assessments, reasonable collection costs, reasonable attorney's fees, late fees, and interest. The Association shall comply with requirements of §5740 or §5700 of the Civil Code when collecting delinquent assessments. If an error is made that requires termination of any collection proceeding or beginning a collection process over, the Association shall bear the cost; otherwise, the owner is responsible for all costs as identified above. (Note: Civil Code Section 5740 applies to the collection of liens recorded before January 1, 2003, and §5700 applies to the collection of liens recorded on or after that date.)

2. Annual assessments are due on July 1st and are delinquent if not received within 90 days, at which time a late charge of \$5.00 will be applied to your account. All delinquent balances after 90 days will be subject to interest and late charges not to exceed the maximum rate permitted by law, not to exceed 1% per month, as well as all other additional charges. The Board, on behalf of the Association, may enforce the payment of any delinquent assessment plus additional charges by bringing an action at law against any Owner. Prior to recording a Notice of Delinquent Assessment, the Association shall provide notice to the Owner in accordance with Civil Code Section 5650 or successor statute. No procedures shall be initiated to foreclose the Lien securing any Assessment levied under Article 10 of the CC&Rs. Upon the recording of the Notice of Delinquent Assessment referred to above, the Association may, at its option, declare the entire balance of all sums then due or to become due from the Owner, immediately due and payable, which total sum may then be included in any suit, action, or other procedure initiated to collect said sums, including all additional charges. Notwithstanding any other provision of this Declaration, the Association must comply with the requirements of Civil Code 5650 or successor statute when collecting delinquent assessments. All such amounts must be paid in full and the Association shall not be required to accept partial payments absent a written agreement.

3. At least 30 days prior to recording a lien upon the separate Interest of the Owner of record to collect a debt that is past due under Section 5650, a Pre-Lien Notice may be prepared and sent, by certified mail, to the delinquent record Owner(s) at the Owner's last mailing address provided to the Association. If the delinquent record Owner(s) have provided a written notice of a secondary address, all notices shall be sent to that address also. Such notice will include an itemized statement of the total amounts delinquent, including but not limited to, assessments, late charges, interest, and costs of collection, if any, and a notice that the Owner is entitled to ask to meet with the Board or Board representative(s) pursuant to the Association's internal dispute resolution "meet and confer" program.

5. The decision to record a lien shall be made by the Board of Directors, approved by a majority vote in an open meeting. The Board shall record the vote in the Minutes of that meeting referring to the property by parcel number, and not name of the owner. Likewise, the decision to file in small claims shall be made by the Board and not the Association's agent.

6. On or about the 30th day after the Pre-Lien Notice is sent, the Association may record a lien on the property to secure the debt.

Hiddenbrooke Property owners Association
Delinquent Assessment Collection Policy
Page 2

7. All charges assessed to the assessment account must be paid in full as a condition to curing and releasing a recorded lien. The Association is not required to accept any partial installment payments, except with execution of a mutually agreeable payment agreement. Arrangements for such an agreement must be made with the Association's agent assigned to the collection of the account or the Board or Board representative, at a meeting arranged under the "meet and confer" process of the Association.

8. When a payment is made, the Owner may request a receipt and the Association will provide it. On the receipt, the Association shall indicate the date of payment and person who received it.

9. Each payment from an Owner shall be applied first to the principal sum owed, then, in descending order, to Interest, late and collection expenses¹ unless an alternate agreement is entered into between the Association and the Owner.

10. An Owner may request the Association to consider a payment plan to satisfy a delinquent assessment. The Board will inform the Owners of the standards for payment plans; to the extent, standards have been adopted by the Board. Certain timelines apply as follows: If an Owner's request is mailed within 15 days of the date of the postmark of the notice of delinquency (lien), the Board will meet with the Owner in Executive Session within 45 days of the postmark of that request. However, if there is no regularly scheduled Board meeting during that period, the Board may designate one or more Directors to meet with the Owner. Payment plans may incorporate any assessments that accrue during the payment plan period, however they shall not impede an Association's ability to record a lien to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Association may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan.

11. Any check returned by the bank for insufficient funds¹ stop payment or any other reasons will be charged back to the unit and a \$25.00 administrative fee plus any bank fees will be assessed to the account. If the account has been turned over to the Association's agent for collection and a check is returned, the account will be assessed whatever administrative fees as the Agent provides.

12. The mailing address for overnight payment of assessments is the same as that for routine assessment payments unless otherwise noted.

13. An Owner of a separate interest has the right to inspect the Association's financial books and records to verify the delinquency, per laws related to the inspection of HOA records.

14. Except where prohibited by law, the Board of Directors of the Association may revise this policy, either generally or on a case-by-case basis if it finds good cause to do so. To the extent there are any general discretionary changes (rather than compliance related to the law or governing documents); the Board shall circulate the policy to Owners at least 30 days before the meeting at which the revisions will be considered.

Pursuant to California Civil Code Section 5730, the following is a required statement regarding the collection procedure of the Association:

**Hiddenbrooke Property Owners Association
Delinquent Assessment Collection Policy
Page 3**

NOTICE ASSESSMENTS

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.