

THE MABURY RANCH HOMEOWNER'S ASSOCIATION

COLLECTION, LIEN & FORECLOSURE POLICY

THE MABURY RANCH HOMEOWNER'S ASSOCIATION (the "Association") has the right and duty under the Association's Governing Documents and California law to impose and collect assessments so that the Association can, among other things, manage, maintain and operate the Mabury Ranch development. Timely payment of assessments is of critical importance to the Association. Although most Owners consistently pay their assessments on time, the failure of any Owner to pay assessments when due creates a cash-flow problem for the Association and causes those Owners who make timely payments of their assessments to bear a disproportionate share of the Association's financial obligations. Therefore, to encourage the prompt payment of assessments and as required by law and/or the Association's Governing Documents, the Board of Directors has enacted the following policies and procedures (this "Collection Policy") concerning collection of delinquent assessment accounts pursuant to California Civil Code section 4340, et seq.

1. **DUE DATES.** All Regular Assessments shall be due and payable, in advance, on the first day of each month. Special Assessments shall be due and payable on the due date specified by the Board in the notice imposing the assessment or in the ballot presenting the special assessment to the members for approval. In no event shall a Special Assessment be due and payable earlier than thirty (30) days after it is imposed.
2. **PAYMENT / RECEIPTS / OVERNIGHT PAYMENT LOCATION.** The Association will be the collector of the assessments (current and delinquent), late charges, interest, and collection costs (which may include attorney fees). Assessments may be paid by personal check, bank drafts, cashier's checks and/or money orders, as well as by electronic payment, if available. A charge of \$35.00, in addition to late fees, if applicable, will be assessed against any account whose check has been returned for Non-Sufficient Funds (NSF). When an Owner makes a payment, the Owner may request a receipt and the Association will provide such receipt, which will indicate the date of payment and person who received such payment. Any Owner is entitled to inspect the Association's accounting books and records upon proper written request. Any request for a receipt of payment must be submitted directly to the Association's business address (separately from any actual payment).
3. **OVERNIGHT PAYMENTS.** All assessment payments (including overnight payments) need to be made payable to the Association. Any checks made payable to management will be returned, as they are not able to be deposited into the Association's bank account. Please mail all payments to the payment processing center at the address below.

THE MABURY RANCH HOMEOWNER'S ASSOCIATION
c/o Morgan Bomboy, CCAM
Senior Certified Community Association Manager

1525 East 17th Street, Suite A
Santa Ana, CA 92705

4. **APPLICATION OF PAYMENTS.** Payments received on delinquent assessments shall be applied to the Owner's account in the following order of priority: First, the principal on the assessments owed; then to accrued interest, late charges, attorney fees, or the title company and foreclosure service company charges and other reasonable costs of collection. Payments on account of principal shall be applied in reverse order so that the oldest arrearages are retired first.

5. **LATE CHARGE. LATE CHARGE.** All assessments shall be delinquent if not paid within thirty (30) days after they become due and will result in the imposition of a late charge of dollars (\$10.00) and the Assessment shall be levied and the Assessment shall bear interest from the delinquency date at the rate ten percent (10%) per annum. Furthermore, the Association shall be entitled to recover any reasonable collection costs, including attorney fees, that the Association then incurs in its efforts to collect the delinquent sums.

6. **LATE LETTER.** If a delinquent assessment payment is not paid within thirty (30) days after it becomes due, a late letter or current ledger may be sent to the Owner reminding the Owner of his or her delinquent account status. The Association, however, is in no way required to send a late letter or ledger before sending a pre-lien letter referenced below.

7. **INTEREST.** If an assessment payment is not paid within thirty (30) days of its original due date, interest may be imposed on all sums due, including the delinquent assessment, attorney fees, collection costs, and late charges, at an annual percentage rate of 10% or the maximum rate permitted by law, whichever is greater.

8. **SECONDARY ADDRESS.** Upon receipt of a written request by an Owner identifying a secondary address for the purposes of assessment collection notices, the Association shall send collection notices required by this Collection Policy to the secondary address provided. The Owner's notice of a secondary address must be in writing and mailed to the Association in a manner that shall indicate that the Association has received it. The Association shall only send notices to the indicated secondary address at the point in time the Association receives the written request.

9. **PRE-LIEN LETTER.** If the Owner fails to cure the delinquency, the Association may send the delinquent Owner a Pre-Lien Letter by regular first-class mail and certified mail, return receipt requested. The Pre-Lien Letter shall provide at least thirty (30) days' written notice to a delinquent Owner prior to recording an Assessment Lien and further provide an itemized statement of the charges owed, including a breakdown of the following items: (a) The principal amount owed; (b) any late charges with the method of calculation used to determine such charges; (c) any attorneys' fees incurred; and (d) a description of collection practices, including the right of the association to the reasonable costs of collection. A copy of the Association's collection policy shall be attached to the Pre-Lien Letter.

10. ALTERNATIVE DISPUTE RESOLUTION PROCESS.

a. Assessment Lien. Prior to recording an assessment lien, the Association shall offer the Owner and, if so, requested by the Owner, the option of participating in dispute resolution, consistent with Civil Code sections 5910 and 5915, et seq. The Association's offer shall either be placed within the Association's Pay or Lien Letter or in a separate written communication to the Owner. An Owner who desires to accept the offer to "meet and confer" under this section shall elect such option by submitting a written request to the Association or the Association's legal counsel, which written request must be received by the Association within twenty (20) days from the date of the offer to "meet and confer." If the offer to "meet and confer" under Civil Code sections 5910 and 5915, is accepted by the Owner, the Association shall designate a prompt date and time for the meet and confer, at a location that shall either be the Association's principal office, another convenient location as designated by the Association, or virtually (e.g., Zoom).

b. Foreclosure. Prior to initiating foreclosure proceedings against an Owner's separate interest, the Association shall offer the delinquent Owner, and if so requested by the Owner, an opportunity to meet and confer (Civil Code sections 5910 and 5915) OR enter into an alternative dispute resolution (Civil Code section 5925, et seq.) to resolve any dispute related to the total amount of delinquencies owed by the delinquent Owner to the Association and/or the Association's Collection Policy ("ADR Offer"). The Association's ADR Offer shall either be placed within the Association's Pay or Lien Letter or in a separate written communication to the delinquent Owner. An Owner who wishes to accept the ADR Offer must do so by submitting his/her/its written request to facilitate the ADR that is elected with the Association, which written request must be received by the Association within thirty (30) days from the day the ADR Offer is submitted to the delinquent Owner. The Association shall designate a prompt date and time for the elected ADR. If a "meet and confer" is elected by the delinquent Owner, the Association shall designate a Board member, along with its Property Manager (if one exists) to participate in the meet and confer with the delinquent Owner. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

11. SHOW CAUSE HEARING. Additionally, the Association may elect to provide a delinquent Owner a written notice (either in the Pay or Lien Letter or in a separate written document, as determined by the Board of Directors) of a hearing before the Board of Directors, wherein the Owner shall be invited to show good cause why the Owner's privileges for use of the common area/recreational facilities (hereinafter collectively "Membership Privileges") should not be suspended for non-payment of the delinquent assessment(s) ("Show Cause Hearing"). The notice and hearing procedures shall be in accordance with the governing documents for the Association.

12. ASSESSMENT LIEN.

a. If the delinquent Owner does not bring his or her account current within the deadline set forth in the Pay or Lien Letter, the Board of Directors may proceed with recording an assessment lien against that Owner's separate interest.

b. The decision to record a lien for delinquent assessments shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. Prior to causing an assessment lien to be recorded, the Board of Directors must approve the recordation of an assessment lien against the delinquent Owner's separate interest. The Board of Directors for the Association shall approve the decision to record an assessment lien by a majority vote in an open meeting; the Board shall record the vote in the minutes of that meeting.

c. The Assessment Lien shall be recorded in the County Recorder's Office itemizing all sums that are then delinquent, including the delinquent assessment(s), the then current yearly assessment amount which will also accrue and be a part of the lien, interest, late charges, collection costs and reasonable attorney fees. Recording this notice creates a lien, which may be foreclosed upon by the Association.

13. FORECLOSURE.

a. Board Approval. Prior to initiating foreclosure proceedings, the Board of Directors must, in executive session, approve the decision to proceed with foreclosure by a majority vote. The decision to initiate foreclosure of a lien for delinquent assessments that has been validly recorded shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall record the Board's executive session decision in the minutes of the next meeting of the Board open to the members by referencing the Unit or account number of the property that is delinquent, not the name of the delinquent Owner. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale.

b. Threshold. The Board of Directors shall not proceed with any form of foreclosure unless and until the amount of delinquent assessments (exclusive of any accelerated assessments, late charges, fees, costs of collection, attorneys' fees or interest) equals or exceeds one thousand eight hundred dollars (\$1,800.00) or the assessments have been delinquent for more than twelve (12) months ("Threshold"). Once the Threshold has been met and all other requirements identified above have been completed, the Board may proceed with foreclosure of the assessment lien pursuant to the Association's governing documents and Civil Code sections 5700, 5705, 5710, 5715 and 5720. The foreclosure may be nonjudicial or judicial, or both.

14. MONEY JUDGMENT OPTION. If the Association determines that the property is over-encumbered, or otherwise makes a determination that a lawsuit is appropriate, the Association may file a personal lawsuit against the delinquent Owner to recover all delinquent assessments

owing to the Association. If a lawsuit is necessary to collect the delinquent assessments from the Owner, all expenses, costs and attorney fees in connection with said lawsuit, including but not limited to pre- and post- judgment costs for filing fees, personal service, witness fees, interest, execution of judgment and/or writ fees shall be recovered from the Owner defendant. The Association may also refer certain accounts to collection agencies.

15. **PAYMENT PLANS.** An Owner of a separate interest may, if mailed to the Association within fifteen (15) days of the postmark date of the pay or lien notice, submit a written request to meet with the Board to discuss a payment plan for the payment of any delinquency. The Association shall provide the Owner with the Association's standards for payment plans, if any exist. The Board shall meet with the Owner in executive session within forty- five (45) days of the postmark of the request, unless there is no regularly scheduled Board meeting within that period, in which case the Board shall designate a committee of one or more members to meet with the Owner. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans shall not impede an Association's ability to record a lien on the Owner's separate interest 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 delinquent assessments from the time prior to entering into the payment plan. The Association shall have the power and authority to include (without limitation) the following elements/terms in any payment plan agreement that is reached with the Owner:

a. That Owner comply with the governing documents during the course of the payment plan agreement;

b. That Owner waive any defenses or claims related to the Association's collection efforts;

c. That the Association may place a lien against other real or personal property owned by Owner;

d. That Owner agrees to waive any homestead rights he/she may have relative to the delinquent assessments;

e. That Owner assign the Association all amounts owed under any rental/lease agreement;

f. That Owner be required to provide identifying information, including social security number, driver's license number, off-site address(es), phone numbers, etc.

16. **PARTIAL PAYMENTS.** Once a delinquent account has been turned over to the Association's legal counsel, owners shall not send any assessment payments to the Association; such payments shall only be accepted by the Association's legal counsel. Any payments delivered to the collection

agent shall be forwarded to the attorney's office. Owner is permitted to submit partial payment on the delinquent amount owed. The notice of assessment lien is not required to be amended by the Association, its attorney or trustee to reflect any partial payments made on the account of the delinquent Owner after its recordation, and any such partial payments received shall not be construed to invalidate the notice of assessment lien. The notice of assessment lien may be foreclosed upon as set forth herein even though the delinquent Owner has made one or more partial payments. The attorney shall then release the lien if and when payment in full has been made by the delinquent Owner.

17. **PERSONAL OBLIGATION TO PAY ASSESSMENTS AND CHARGES.** Assessments, together with late charges, reasonable fees and costs of collection, reasonable attorney fees, and interest determined in accordance with California Civil Code sections 5600 and 5605 and the Association's Governing Documents are a debt of the Owner of a separate interest (the Owner's unit) at the time that the assessment or other charges are levied. Whether or not the Association records a notice of delinquent assessment (lien) on your property, the Association has a right to look to the Owner, personally, to pay the debt and pursue collection of that debt in a court action. The Association is also entitled, upon compliance with the requirements of California law and provided certain criteria and procedures as specified by law are satisfied, to record a lien against the property and to take enforcement action to sell the property without court action by non-judicial foreclosure. The recording of a lien against your property does not limit the right of the Association to pursue any Owner personally for payment of all monies due.

18. **COURTESY STATEMENTS AND TIMELY PAYMENTS.** It is the Owner's responsibility to allow ample time to drop off or mail all monies due before the delinquency date. As a courtesy only, invoices or statements for regular assessments may be regularly sent to an Owner by first-class mail addressed to the Owner at his or her address as shown on the books and records of the Association. However, it is the Owner's responsibility to be aware of the assessment payment due dates and to pay any and all assessments when due, whether or not an invoice or statement has been sent. Owners should promptly advise the Association of any changes in the Owner's mailing address. The Association also reserves the right to send out coupon booklets in lieu of sending invoices or statements.

19. **COMPLIANCE WITH CIVIL CODE SECTIONS 5730 AND 5310.** The following notice is set forth to comply with the Civil Code of the State of California.

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 30 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 with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code).

20. **INDIVIDUAL ASSESSMENTS.** In addition to regular and special assessments, the Board may levy individual assessments against Owners and the Owner's Unit whenever the Association (a) performs any service or accomplishes any item of repair or maintenance which is the duty of any Owner to accomplish, but which has not been accomplished by such Owner; (b) incurs costs associated with the repair, maintenance or replacement of any portion of the Development for which the Association is responsible but costs arose from the act or omission of an Owner; (c) incurs costs for bringing an Owner or its respective Unit into compliance with the Governing Documents; (d) enforces the Governing Documents against the Owner, or pursues litigation against the Owner; or (e) incurs any other costs which by law or as required by the Governing

Documents must be reimbursed by an Owner. Duly levied individual assessments shall be subject to the provisions in the Governing Documents and may become a lien on the Unit, in the same manner as regular and special assessments. Such individual assessments shall include the cost thereof, together with any late charges, interest, financing costs, attorneys' fees, enforcement costs and expenses, and administrative costs incurred by the Association.

21. **ESCROW DEMAND.** It is the Owner's responsibility to ensure that the Association is provided sufficient notice and allow sufficient time for all violations identified to be cured prior to the transfer or escrow closing on the pending sale of a Unit. Likewise, it is the Owner's responsibility to ensure that the Association is provided sufficient notice and allow sufficient time for and that all amounts owed on the Owner's account (including all assessments, special assessments, individual assessments, fines, damages, or other amounts owed to the Association by the Owner) be paid, prior to escrow closing or title transferring to a new owner. The Association shall be permitted to submit a demand (including an escrow demand) prior to the title transfer that includes all such amounts owed. The Association, its Board, and its agents, shall not be liable for any acts or claims arising in connection with the demand or escrow demand. If the Owner is delinquent with his or her account, the Association shall be entitled to a lien against the sale proceeds or other amounts held in escrow until the Owner's account is paid in full.

22. **NO OFFSETS.** All assessments shall be payable in the amounts specified by the Association, and no offsets against such amount shall be permitted for any reasons, including, without limitation, a claim that the Association is not properly exercising its duties of maintenance, operation or enforcement.

23. **TENDER REQUIREMENT.** Prior to and as a condition of challenging a collection proceeding, assessment lien, or foreclosure proceeding, the challenging Owner must comply with the common law tender requirement. Unless such full and unconditional tender is actually made by the Owner, the Owner's defense of tender shall be disallowed.

24. **EFFECTIVE DATE OF THIS POLICY.** This policy shall be deemed effective once it is approved by the Board of Directors after compliance with Civil Code section 4340, et seq.

**CERTIFICATE OF SECRETARY
OF
THE MABURY RANCH HOMEOWNER'S ASSOCIATION**

I, the undersigned, do hereby certify that:

1. I am a duly appointed and acting director of the Association; and
2. The foregoing Collection Policy of THE MABURY RANCH HOMEOWNER'S ASSOCIATION was approved by a majority of a quorum of the Board members during a duly noticed Board meeting held 12/10/, 2024.

IN WITNESS WHEREOF, I have hereunto subscribed my hand this 20 day of Dec, 2024.

THE MABURY RANCH HOMEOWNER'S ASSOCIATION

Dated: 12/20/2024

Signature: Nancy Edwards

Print Name: Nancy Edwards

Position: Secretary