



Harbor View Mutual Water Company
8475 Harbor View Drive
Kelseyville CA 95451
707-279-8544

Harbor View Mutual Water Company Delinquent Assessment Collection Policy

The Board is charged with the responsibility to collect assessments to ensure the operation, maintenance, replacement and rehabilitation of the water system. These expenses include normal operating costs, costs to replace worn out equipment, and costs to upgrade older facilities as they have reached or exceeded their design life. These expenses may include work performed on behalf of the Company, such as collection of amounts due, interest, and other costs related to enforcing the Company's Rules and Regulations and policies adopted from time to time by the Company. These expenses are incurred and charged for the safety and well-being of all property owners. Under California Law, the Company is entitled to collect these assessments and to recover reasonable collection costs, reasonable attorney's fees, late fees, and interest. There are a number of ways to collect delinquent amounts, including court action, liens, and foreclosure processes.

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

The Board will typically not use foreclosure to collect fines or penalties but be advised that other remedies are available to collect these sums due. The Company intends to comply with requirements of 1367 or 1367.31 of the Civil Code when collecting delinquent assessments.

1. Assessments on unimproved lots are due on July 1st annually and are considered delinquent at 5:00 p.m. on the 30th of July at which time a late charge of \$20.00 per month will be charged. Assessments on

improved lots are included on the bi-monthly water use bill and subject to the policies outlined in the Rules and Regulations.

2. On or about 15 days after an assessment payment is due, a 30-day late charge billing and Pre-Lien Notice may be sent by certified mail, to the delinquent record owner(s) at the owners' last mailing address provided to the Company. If the owner(s) have provided a written notice to the Company of a secondary mailing address, all notices shall be sent to that address also. The notice to owner will include an itemized statement of the total amounts delinquent, including assessments, late charges, interest and costs of collection. Owner will also be notified that he or she is entitled to ask to meet with the Board or Board representative(s) pursuant to the Company's internal dispute resolution "meet and confer" program.
3. On or after the 30th day after the Pre-Lien Notice is sent, the Company may record a lien on the property to secure the debt; however, there are limitations prohibiting foreclosure at that time (see paragraph 4). On or after any assessment or other amount due becomes delinquent; the Board also has the right to file an action in small claims court to collect the sums due. All Board discussions related to the owner's situation shall be held in executive session. The decision to file an action in court and/or record a lien shall be made by the Board of Directors in an open meeting, by majority approval. The action shall be recorded in the Minutes of the meeting referring to the property by the parcel number, and not by name of owner.
4. If all sums secured by the lien are not paid in full within thirty (30) days after recordation of the lien, and at the point the principal amount of delinquent regular or special assessments reaches \$1,800.00 (not including any accelerated assessments, late charges, fees and costs of collection, attorney's fees, or interest) or has been delinquent more than 12 months, the Board may vote on the decision to foreclose the lien (which involves recording a Notice of Default and following statutory procedures to foreclosure). The decision shall be noted in the minutes of an open meeting by parcel number (although the discussion on the action, which is disciplinary in nature, may be held in executive session to protect the owner's privacy in the Board's discretion). A Board vote to approve foreclosure of a lien may not take place less than 30 days prior to any public sale. (Note that the estimated time for foreclosure process from Notice of Default to date of sale is approximately 3-4 months and additional interest and other costs continue to accrue as the statutory procedures are followed). All resulting collection fees and costs will be added to the total delinquent amount. Prior to initiating a foreclosure, the Board shall offer the owner and, if so requested by the

owner, shall participate in dispute resolution pursuant to the Company's "meet and confer" program or alternative dispute resolution with a neutral third party. The decision to pursue dispute resolution shall be the choice of the owner, except that binding arbitration shall not be available if the Company intends to initiate a judicial foreclosure.

5. If the Board votes to foreclose, the Board shall provide notice of its decision by personal service to an owner who occupies the separate interest or to the owner's legal representative. If the owner does not occupy the separate interest, said notice will be sent by first-class mail, postage prepaid, to the most current address shown on the books of the Company. In the absence of written notification by the owner to the Company of an address off-site, the address of the owner's separate interest will be the owner's legal mailing address. In addition to notice by mail, statutory procedures including posted and recorded notices regarding foreclosure and sale will be accomplished.
6. If any owner's property is sold at a non-judicial foreclosure sale by the Company for failure to pay assessments and related costs, an owner has a right to redeem the property up to 90 days after the sale (essentially meaning the Owner can buy back by paying the total amount of delinquency, costs of collection, including foreclosure costs and fees, interest, penalties, etc.).
7. All charges assessed must be paid in full as a condition to curing and releasing a recorded Lien and other documents of foreclosure. The Company is not required to accept any partial or installment payments, unless a mutually agreeable payment plan is agreed to in writing.
8. When a payment is made, the owner may request a receipt and the Company will provide it. On the receipt, the Company shall indicate the date of payment and person who received it. Each payment from an owner shall be applied first to the principal sum owed, then, in descending order, to interest, late fees, and collection expenses. An owner may request the Board consider a payment plan to satisfy a delinquent assessment. The Board will inform owners of the standards for payment plans, to the extent standards have been adopted by the Board. Certain timelines apply as follows: The Board will meet with the owner in executive session within 45 days of the postmark of an owner's request if the request is mailed within 15 days of the date of the postmark of the notice of delinquency (lien), unless there is no regularly scheduled Board meeting during that period. In that case, the Board may designate certain Directors to meet with the owner. Payment plans may incorporate any assessments that accrue during the late payment plan period. Payment plans shall not impair the Company's ability to record a lien to secure payment of delinquent assessments, except as

to delinquent new assessments. Additional late fees shall not accrue during the payment plan period only if the owner is in compliance with the terms of the payment plan. In the event of a default in any payment plan, and after 10 days written notice to owner by first class mail, the Company may resume its efforts to collect the delinquent assessments including, late fees, costs, interest, etc., without regard to the prior payment plan.

9. Any check returned to the bank for insufficient funds, stop payment or any other reasons is subject to a charge back to the unit of the amount of the check, a Company administrative fee, and any bank fees charged to the Company. If the account has been turned over to the Company's agent for collection and a check is returned, the account will be assessed whatever reasonable administrative fees the Agent charges.

10) The mailing address for overnight payment of assessments is the same as that for routine assessment payments unless otherwise noticed to owner.

11) An owner of a separate interest has the right to inspect the Company's financial books and records to verify the delinquency, per laws related to inspection of HOA records.

12) At any time the Board may seek legal advice related to enforcement of assessment collections, and is entitled to follow the advice of legal counsel, even if it deviates from the above process and so long as it is not in derogation of the statutes relating to assessment collection on HOAs including but not limited to California Civil Code Section 1367.4 and related provisions.

13) In the event of conflict of these policies with current California Law and said policy is required by California State Law, the CC&Rs policies shall be deemed modified by law as necessary to conform with the then current law.

14) The Board reserves the right to modify and amend these provisions from time to time as many be deemed advisable, subject only to the requirements of then applicable California Law.