



PLA-VADA COMMUNITY ASSOCIATION (PVCA) COLLECTION AND DELINQUENCY POLICY

Timely payment of regular and special assessments is essential to the financial health of Pla-Vada Community Association (PVCA or Association). Members who fail to pay their assessments when due create a cash-flow problem for PVCA and causes those owners who make timely payments of their assessment to bear a disproportionate share of the community's financial obligations. Accordingly, the Board of Directors has enacted the following policies and procedures concerning the collection of delinquent assessment accounts:

1. All regular annual assessments are due and payable on April 1 of each fiscal year. All special and emergency assessments shall be due and payable on the date(s) specified by the Board upon their adoption. Regular annual assessments are considered delinquent if not received by PVCA by April 30, or for all special and emergency assessments, within 30 days of the due date ("Delinquency Date").
2. If an assessment is not received in full by the Delinquency Date, a late charge of ten percent (10%) of the assessment amount will be charged. A second invoice showing the total amount due, including the late charges, may be sent to the delinquent member. The late charge is a one-time charge imposed on each delinquent assessment automatically when a regular or special assessment is not paid by the Delinquency Date.
3. Interest will accrue at an annual rate of twelve percent (12%) per annum, beginning thirty (30) days after the assessment due date, on all sums due, including the unpaid assessments, late charges, and reasonable costs of collection costs (including certified mail fees, attorney's fees, and collection agent fees), as authorized by Civil Code §5650(b). Interest will accrue automatically whether immediately noted in an invoice or not.

In accordance with Civil Code § 5655(a) when a delinquent Owner makes any payments on account of delinquent Assessments and other amounts that are claimed as due and owing, the Association will first apply the payment in reduction of the amount of delinquent Assessments, and only after the Assessment delinquency is paid in full can payments be applied to the attorneys' fees, late fees, collection costs, interest, and other costs. With each payment, the Owner can request, and the Association will provide, a receipt indicating the date of the payment and the person to whom the payment was made. The Association must also provide its Members with a mailing address for overnight payment of Assessments, which will be provided annually as part of the Association's Annual Policy Statement as required by Civil Code § 5310.

4. In January of the following year, any PVCA member with an unpaid balance will be sent a final notice stating the total amount owned, including all late charges, interest, and collection costs. The letter shall inform the member that if payment is not received in full by April 1 (one year overdue), PVCA will take action to issue a Pre-Lien Notice.
5. If payment is not received in full by April 1 (one year overdue), PVCA will take action to issue a Pre-Lien Notice by certified mail to the owner's address of record and follow the provisions of the Governing Documents and the Davis-Stirling Common Interest Development Act to record a Notice of Delinquent Assessment (lien) against the delinquent member's real property. The Pre-Lien Notice from the Association must include the information required by Civil Code §5660. The Association may send the Pre-Lien Notice to the mailing address on file for the Owner, and is not responsible if the mailing address is not correct or if the Owner fails or refuses to accept delivery of the certified mail. The Pre-Lien Notice shall be considered given by the Association once mailed certified whether the Owner actually receives it or not.

The Board may exercise any and all remedies authorized by the Governing Documents and applicable law, including to foreclose on the lien. The Pre-Lien Notice and any subsequent collection actions may be handled by a collection agent or legal counsel.

On receipt of the Civil Code § 5660 Pre-Lien Notice, the noticed Owner has four (4) possible courses of action that he or she can elect to pursue at this point in the collection process, namely:

- a. Pay the Amounts Claimed as Due and Owing in Full. The Owner can pay the past-due Assessments and other amounts that are shown as being due and owing in the itemized statement that accompanies the Pre-Lien Notice, in which case the collection process shall be ended; or
- b. Negotiate a Payment Plan to Retire the Delinquency. The Owner can submit a written request to meet with the Board of Directors to discuss a payment plan for retiring the delinquent Assessments. If this option is pursued, the Association must provide the requesting Owner with a copy of the Association's payment plan standards (if any standards have been adopted). The Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the Owner's request, if the request is mailed within fifteen (15) days of the date of the postmark of the Association's Pre-Lien Notice, unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more directors to meet with the Owner. If a payment plan is negotiated, it may include Assessment payments that become due during the payment plan period, however the plan cannot call for additional late fees to accrue during the payment plan period so long as the Owner is in compliance with the terms of the payment plan. By agreeing to a payment plan agreement, the Association is not waiving its right to record a lien against the Owner's Lot to secure the delinquent payments and if the Owner subsequently defaults in his or her obligations under the negotiated payment plan, the Association may resume its efforts to collect the delinquent Assessments from the time prior to entering into the payment plan; or
- c. Dispute the Amount Claimed as Due and Request Internal Dispute Resolution. The Owner has the right to dispute the debt stated in the Pre-Lien Notice by submitting to the Board a written request for dispute resolution pursuant to the Association's meet and confer program that is required by Civil Code §§ 5900 through 5915; or
- d. Dispute the Amount Claimed as Due and Request Alternative Dispute Resolution. The Owner can choose to have the dispute resolved by alternative dispute resolution before a neutral third party pursuant to Civil Code §§ 5925 et seq. The choice of the type of dispute resolution process is up to the requesting Owner, except that binding arbitration cannot be used if the Association intends to pursue collection by use of judicial foreclosure.

6. Once a Pre-Lien Notice has been issued, one or more of the following may occur:

A. **Recordation of Lien** – If payment is not received within 30 days after the mailing of the Pre-Lien Notice, PVCA may record a Notice of Assessment Lien with the County Recorder's Office, covering all sums which are then due, including assessments, late charges, interest, collection costs, and attorney's fees. In accordance with Civil Code §5675, thirty (30) days following the mailing by the Association to the defaulting Owner of the certified Pre-Lien Notice required by Civil Code §5660, the Association is entitled to record, in the Official Records of Nevada County, a Notice of Delinquent Assessment.

Recording the Notice of Delinquent Assessment creates a lien against the Lot that is owned by a delinquent Owner.

In accordance with Civil Code §5673, the decision to record a lien for delinquent Assessments must be made by the Board of Directors of the Association and may not be delegated to some other agent of the Association. The decision to record a lien must be approved by a majority vote of the directors in an open meeting and the record of the Board vote must be recorded in the minutes of that meeting.

B. Foreclosure or Other Enforcement – If payment remains outstanding 30 days after the lien is recorded, the Association may initiate a nonjudicial or judicial foreclosure or pursue other enforcement remedies as deemed appropriate and in accordance with applicable law.

6. PVCA may terminate water service to a property if the account remains unpaid 30 days after the Pre-Lien Notice is issued. Reconnection costs (including termination and restoration) will be a minimum of \$250 and must be paid in full before service is restored.

7. The Association shall be authorized to waive all or some collection costs, late fees and/or interest in consideration of timely payment, especially for non-recurring late payments (e.g., as the result of inadvertence, mistake, or excusable neglect) where the Owner shows good faith in timely bringing the balance current once the delinquency is made known to the Owner. No Owner shall be entitled to such a waiver and the Association may refuse to waive any or all of such costs in its sole discretion. Neither the Association's failure to send any notice or make any phone call nor the Owner's non-receipt of any notice or phone call precludes the Association from pursuing its collection remedies or imposing late fees, interest, or collection costs against the delinquent Owner's account. Failure to follow any procedure, timeline or other shall not cause a waiver or forfeiture of the Association's right to collect Assessments against Owners, and to seek late fees, interest, and collection costs if Assessments are not timely paid.

Adopted 2/18/2026