

DELINQUENT WATER BILL AND ASSESSMENT COLLECTION POLICY

Timely payment of water bills and special assessments is critically important to the Company's financial well being. Any member's failure to pay water bills and assessments when due can create a cash-flow problem for the Company and cause Owners who make timely payment to bear a disproportionate share of the community's financial obligations. Therefore, the Board of Directors has enacted the following policies and procedures concerning collection of delinquent accounts and enforcement of assessment liens in accordance with the California Corporations Code and the Company's governing documents:

- 1. WATER BILLS AND ASSESSMENTS.** Water bills will be mailed on or about February 1, May 1, August 1, and November 1, and will be due and payable on the date they are mailed. Special assessments shall be due and payable on the due date specified by the Board in the notice imposing the assessment. In no event shall a special assessment be due and payable earlier than thirty (30) days after the special assessment is duly imposed and notice given to the members.
- 2. DELINQUENCY.** Water bills and special assessments shall be delinquent if not paid within thirty (30) days after they become due. A courtesy reminder notice may, but is not required to, be sent to the delinquent Owner.
- 3. COLLECTION COSTS.** If an assessment is delinquent, the Company is entitled, by law and by the Company's governing documents, to recover:
 - a. All reasonable costs incurred in collecting the delinquent water bills and/or assessment including, but not limited to, reasonable attorney's fees, title company charges, asset investigation fees, administrative fees, returned check fees.
 - b. A late fee equal to the greater of 10% of the past due water bill or assessment or \$10.
 - c. Interest on all sums imposed in accordance with this policy, including the delinquent assessments, reasonable fees and costs of collection and reasonable attorney's fees, at an annual rate of twelve percent (10%). Interest shall commence 30 days after the water bill or assessment becomes due or the cost is incurred.
- 4. DISCONTINUATION OF SERVICE.** If a water bill or assessment remains unpaid for thirty (30) days after it becomes delinquent, the Company shall send notice to the delinquent Owner, via certified mail, of the Company's intention to discontinue water service. This notice will include:
 - a. An itemized statement of the charges owed by the Owner, including the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest, if any.
 - b. A statement of the date on which service will be discontinued.
 - c. A statement that the Owner has the right to request an investigation or review of the charges.
 - d. A statement that the Company has no provision for amortizing delinquent accounts.
 - f. Information regarding Social Service organizations which may provide assistance.
- 5. RESUMPTION OF SERVICE.** If service is discontinued because of delinquency it shall not be restored until all outstanding amounts, including penalties, late charges, interest and any other reasonable cost of collection is paid. A fee of \$100 shall be imposed for the reconnection or re-enabling of the water meter and must be paid before service is resumed.
- 6. LIENS.** Water service constitutes a lien on the Owner's property and the Company, at its sole discretion, may record such lien on delinquent properties. The costs of preparing and recording the lien shall be billed to the Owner.
- 7. FORFEITURE OF WATER RIGHT.** If water service has been discontinued and delinquent charges remain unpaid, the Company may, at its sole discretion, issue notice of intent to initiate the process of forfeiture and sale of the delinquent share.
- 8. COLLECTION AGENCIES.** The Company may retain or employ a collection agency to prosecute collection of past due assessments and may tender any delinquent account to such collection agency.
- 9. PAYMENTS.** Payments received on delinquent assessments will be applied to the Owner's account first against the principal balance of water bills and assessments, then against costs of collection, interest or late charges.
- 10. SUSPENSION OF RIGHTS.** Subject to the foregoing, the Association may suspend the delinquent Owner's right to vote or hold office.