

ASSESSMENT COLLECTION POLICY ADOPTED JANUARY 13, 2026

The Elkhorn Ridge Owners Association (the “**Association**”) has adopted the following Assessment Collection Policy (“**Policy**”) to guide the Board and its managing agent in collecting Assessments from Members. This Policy is intended to comply with applicable law and the Declaration of Covenants, Conditions and Restrictions of Cambridge Estates Phase V (Final Map No. 90-07) aka Elkhorn Ridge Owners Association, as amended from time to time (the “**Declaration**”), and, in the event of any inconsistency between this Policy, the Declaration and applicable law, the Policy shall be interpreted to comply with applicable law and the Declaration. In the event of any inconsistency between the Declaration and applicable law, applicable law shall control. Capitalized terms shall have the definition set forth in the Declaration unless otherwise defined herein.

1. Assessment Due Date and Delinquency. Regular Assessments, Special Assessments and Emergency Assessments (collectively, “**Assessments**”) may become due and payable as set forth in the Declaration unless the Board adopts another basis for collection in which case such other basis shall apply. Regular Assessments are delinquent if not paid within fifteen (15) days of the due date. The due dates for other Assessments that may be levied by the Association pursuant to the Declaration (such as Special Assessments) shall be stated in the notice of the Assessment sent to all Owners. Special or Emergency Assessments are delinquent if not paid within the time stated in the notice to the Member of the imposition of the Assessment.

2. Late Fees, Interest and Collection Costs. Once an Assessment becomes delinquent, the Association is entitled, by both the Davis-Stirling Common Interest Development Act (the “**Act**” set forth in Civil Code §§ 4000 *et seq.*) and the governing documents, to recover the following sums on the delinquent account (Civil Code §§ 5650(b) and 5675(a)):

- a. The amount of the delinquent Assessments;
- b. Reasonable costs incurred to collect the Assessments (including reasonable attorneys’ fees);
- c. A late charge not exceeding ten percent (10%) of the amount of the delinquent Assessments or \$10.00, whichever is greater; and
- d. Interest on all sums (Assessments, costs, late charges, and legal fees) at a rate not to exceed twelve percent (12%) per annum. Interest begins to accrue from and after the time the delinquent Assessment is thirty (30) days past due.

The Association’s policy is to impose late charges and interest on all delinquent Assessments and the Association reserves the right to retroactively impose late charges and interest, even if not shown on every statement. Late charges may be imposed on each Assessment one time (not each month or each quarter); interest is charged on a continuous basis at the rate of twelve percent (12%) per annum. Reasonable collection costs and attorneys’ fees may be added to the delinquency if the Association incurs costs or attorneys’ fees.

3. Association’s Collection Remedies: Lien Against Lot, Personal Obligation of Owner and/or Suspension of Common Area Usage. In accordance with Civil Code §5650(a), Assessments, together with late charges, reasonable fees and costs of collection, reasonable attorneys’ fees, if any, and interest, if any, determined in accordance with Civil Code §5600, are a debt of the Owner of each Lot at the time that the Assessment or other sums are levied (Civil Code §5650(a)). Once delinquent, the Assessment and other amounts only become a lien on the Owner’s Lot when a Notice of Delinquent Assessment is recorded in the Office of the Nevada County Recorder against the Owner’s Lot. Because these Assessments and related charges constitute a personal obligation

of each Owner, the Association also has a right to pursue the Owner, personally, to pay the debt and may pursue collection of that debt in a court action (typically a small claims court proceeding but in any appropriate legal forum, including Superior Court if the amount sought exceeds the jurisdictional limits of small claims court). If an Owner becomes delinquent in the payment of his or her Assessment obligations and a lien is recorded against the Owner's Lot, the Association is not limited to seeking recovery from the sale of the Owner's Lot in foreclosure. Instead, the Association also has the option to pursue other remedies available at law, including the filing of an action against the Owner in small claims court or Superior Court, as applicable. Furthermore, an Owner loses his or her Lot in a foreclosure proceeding initiated by another lien holder, the Association continues to have the right to maintain an action against the Owner personally after such foreclosure. Certain penalty or fines even if framed as Assessments may not be collected by the use of lien and foreclosure remedies (see Civil Code § 5725(b).)

4. Prerequisites for Recording a Notice of Delinquent Assessment; 30-Day Pre-Lien Notice to the Delinquent Owner. In accordance with Civil Code §5660, before a Notice of Delinquent Assessment can be recorded against the Lot of a delinquent Owner, the Association must send the Owner a notice (the “**Pre-Lien Notice**”) by certified mail providing information regarding the sums claimed as being delinquent. No lien can be recorded until thirty (30) days after this Pre-Lien Notice has been given. 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.

5. Application of Payments Made on Account of Delinquent Assessments. 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 must 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 must 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. The overnight mailing address is as follows:

Elkhorn Ridge Owners Association
c/o CAMCO
40156 Truckee Airport Road, Suite 304
Truckee, California 96161

6. Owner’s Right to Dispute Delinquency Amount or to Request a Meeting with the Board. 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' 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.

7. Association's Right to Record a Notice of Delinquent Assessment (Lien). 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 Placer 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.

8. Obligation to Record Releases of Assessment Liens. Within twenty-one (21) days following payment of the sums specified in the Association's Notice of Delinquent Assessment, the Association is obligated by Civil Code § 5685(a) to record or cause to be recorded in the Office of the County Recorder a lien release or notice of rescission of the Association's lien and to provide the Owner with a copy of that lien release or notice of rescission of the lien

9. General Procedures. The Association generally follows the following procedures for delinquencies, which may be altered by the Board in its discretion on a case-by-case basis in a manner it determines to be in the best interests of the Association:

a. Interest and late fees will be assessed on all delinquent Assessments whether notice of the interest or late fees are provided to the delinquent Owner or not. As set forth below, the Association's management company shall have the authority to waive some or all interest, late

fees and/or collection costs to induce or resolve collection of Assessments as approved by the President, Vice President, or Treasurer.

b. The Association, including as may be delegated to the management company, may make one or more courtesy calls to remind Owners who have not yet submitted payment by the delinquency date. The person making the call may take notes of the call (e.g., left voicemail or contents of discussion).

c. When an Owner is sixty (60) days or more behind in Assessments, the Association or management company may make another courtesy call and may send a written courtesy notice (email or letter) concerning the delinquency.

d. If the Assessment becomes ninety (90) days' or more delinquent, the delinquency may be scheduled for the next Association Board meeting for Board review and direction as to recording a Notice of Delinquent Assessment. In advance of the Board meeting, the managing agent or any officer may also send a Pre-Lien Notice to the delinquent Owner by certified mail and may make a courtesy phone call to the owner.

e. If approved by the Board at the subsequent Board meeting with the Board vote noted in the meeting minutes, the Association shall record a Notice of Delinquent Assessment lien against the delinquent Owner's Lot. Prior to recording a lien, the Association must send the Owner a Pre-Lien Notice by certified mail if not sent prior to the Board meeting. In addition to late fees and interest, all costs and attorneys' fees incurred by the Association in this process shall be added to the delinquency and lien.

f. If the Assessment becomes more than one hundred and eighty (180) days delinquent, the Association, at the discretion of the Board, may consider additional collection options, including foreclosure (subject to limitations set forth by applicable law and this Policy), civil action (including small claims or Superior Court action) against the Owner, or may pursue any other legally-available recourse against the delinquent Owner.

g. 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.

h. 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.