

**PENASQUITOS CRESTMONT HOMEOWNERS ASSOCIATION
ASSESSMENT COLLECTION POLICY**

Penasquitos Crestmont Homeowners Association is responsible for managing and operating the common areas of the community, and for collecting homeowners' assessments. The timely collection of assessments from all homeowners is important to the management and operation of the community, and to the preservation of property values. Pursuant to California Civil Code Section 1365(d), the Association has adopted the following policy for collecting delinquent assessments.

1. Regular assessments shall be paid quarterly. Quarterly assessments are due on the first (1st) day of January, April, July, and October. Any regular assessment not paid by the fifteenth (15th) of the month in which it is due shall be delinquent. Any special assessment levied shall be delinquent if not paid fifteen (15) days after the date due. An assessment is considered paid the day the payment is received by the Association. Postmarks are not considered.
2. A late charge of ten dollars (\$10.00) or ten percent (10%) of the amount of the assessment, whichever is greater, shall be assessed when an assessment is delinquent. Any assessment not paid by the thirtieth (30th) day after it is due shall accrue interest at the rate of ten percent (10%) per annum. Interest shall also accrue on late charges and costs of collection. To simplify monthly accounting, the Association may choose not to compute interest on small delinquencies. However, if the Association takes action against an owner to collect delinquent assessments, the Association will compute, to the fullest extent permitted by law and the Association's governing documents, the interest due from the date of the first delinquency and will add that interest to the delinquent owner's balance. If a check is returned for insufficient funds, the owner will be charged a \$20.00 fee. Post-dated checks will not be accepted.
3. Upon any assessment becoming delinquent, the Association or its designated agent will mail a notice to the owner via certified mail to pay the account in full or a lien will be recorded against the owner's property. Should the owner fail to bring the account current pursuant to the Association's demand, the Association will cause a lien to be recorded against the owner's property.
4. Within ten (10) days after a lien is recorded for delinquent assessments, the Association or its designated agent will mail a copy of the lien to all record owners of the property as set forth in California Civil Code Section 2924b.
5. After thirty (30) days has passed since recordation of a lien for delinquent assessments, the Association or its designated agent will diligently proceed with foreclosure. In lieu of foreclosure, or concurrently, a lawsuit may be filed against the owner personally if the Association concludes such action will enhance the prospect of recovering the delinquent assessments, or will otherwise be in the best interests of the Association.

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6. All collection action will comply with the applicable provisions of the Davis-Stirling Common Interest Development Act, California Civil Code Section 1350, et seq.
7. An owner may choose to pay in full, under protest, to the Association all amounts due, including assessments, late charges, interest and the cost of the lien. Such protest must be made in writing and sent to the Association via certified mail along with payment in full as set forth above within thirty (30) days after the lien is recorded against the owner's property. If payment under protest is made in this manner, the Association shall advise the owner of the owner's right to resolve the dispute via alternative dispute resolution, civil action, or other procedures the Association may have in place. Payment under protest may not be made more than two times in one year or three times in five years.
8. All attorneys' fees, costs, late charges, interest, penalties, fines, charges and expenses billed to the Association for any of the above activities shall be added to the owner's account and shall become the liability of the owner.
9. The Association may, prior to recording a lien or filing a lawsuit, declare the entire annual assessment for the delinquent property immediately due and payable if the Association concludes such action will enhance the prospect of recovering the delinquent assessments, or will otherwise be in the best interests of the Association.
10. Monetary payments received from a homeowner will be credited to balances on the homeowner's account in the following order:
 - a. Enforcement project assessments
 - b. Special project assessments
 - c. Capital improvement project assessments
 - d. Reconstruction project assessments
 - e. Regular project assessments
 - f. Monetary penalties or fines
 - g. Legal fees and costs
 - h. Interest
 - i. Late charges
11. The Association has selected Epstein Grinnell & Howell, APC, or such other attorney as it may from time to time select, as its legal counsel for all matters

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concerning the collection of delinquent accounts, and has further selected Cal-Western Reconveyance Corporation, or such other trustee as it may from time to time select, as its trustee for the purposes of foreclosing and selling any property which is subject to a delinquent assessment lien.


12. A copy of this collection policy shall be annually sent to all owners within the sixty (60) day period immediately preceding the beginning of the Association's fiscal year pursuant to California Civil Code Section 1365(d).

13. In general, the Association's Board intends to take whatever actions are authorized by law and the Association's governing documents to collect assessments. If the Board elects to use practices, procedures or notices which exceed those required by law or under the governing documents, it does so without waiving the Association's right to exercise collection remedies to the fullest extent permissible. Any additional notices or time periods the Association might use are extended solely as a courtesy. No owner shall be entitled to expect longer time limits or notices other than those which are required by law or the governing documents. Monthly statements are a courtesy. Owners are responsible for making payments on time, whether or not a statement is received.

14. This collection policy is effective January 1st, 2003, and was adopted by the Board of Directors at a meeting held February 10th, 2003.

**PENASQUITOS CRESTMONT
HOMEOWNERS ASSOCIATION**

DATED: 10 Feb 2003



President