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## RESOLUTION OF THE HERITAGE RANCH OWNERS ASSOCIATION

### PAYMENT ARRANGEMENT POLICY

**WHEREAS**, the Heritage Ranch Owners Association is a California Corporation organized and existing under the laws of the State of California; and

**WHEREAS**, Article VII, Section 1, of the Restated Bylaws of Heritage Ranch Owners Association establishes the authority of the Board of Directors to perform the business and affairs of the Association subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, and the Davis-Stirling Common Interest Development Act; and

**WHEREAS**, Civil Code § 5665 provides guidelines for the requesting and approval of Payment Plans.

**NOW THEREFORE**, the Board of Directors hereby adopts the following Payment Arrangement Policy.

#### Purpose

A member of the Association who is delinquent in the payment of any regular or special assessments, or any other amounts owed to the Association (collectively, "**Delinquent Payments**"), shall be permitted to enter into a payment plan with the Association providing for an alternative payment schedule by which the member may make partial payments to the Association for Delinquent Payments (each, a "**Payment Plan**"). Each such Payment Plan shall be in accordance with terms of this Payment Arrangement Policy and the requirements of Civil Code § 5665 (the "**Code**"). Notwithstanding the foregoing, or any provision herein to the contrary, the Board of Directors of the Association, in its discretion, may elect not to allow a Payment Plan for any member of the Association who has failed to honor the terms of a previous payment plan with the Association during the two (2) years following the member's default under the previous Payment Plan.

#### Options

Options for Payment Plans are available as follows:

- (a) Members owing Delinquent Payments to the Association totaling \$600.00 or less may be permitted to pay all Delinquent Payments, assessments accrued during the payment plan period, and any "Payment Plan Administrative Charges" (as defined below) owed with a five percent (5%) down payment and remaining balance in equal monthly installments over a period of up to six (6) months.
- (b) Members owing Delinquent Payments to the Association totaling \$600.01 - \$1,200.00 may be permitted to pay all Delinquent Payments assessments accrued during the payment plan period, and any "Payment Plan Administrative Charges" (as defined below) owed with a five percent (5%) down payment and remaining balance in equal monthly installments over a period of up to twelve (12) months.

- (c) Members owing Delinquent Payments to the Association totaling over \$1,200.00 may be permitted to pay all Delinquent Payments assessments accrued during the payment plan period, and any "Payment Plan Administrative Charges" (as defined below) owed with a five percent (5%) down payment and remaining balance in equal monthly installments over a period of up to eighteen (18) months.
- (d) Any request for Payment Plans not within the guidelines provided above must include an Affidavit of Hardship for consideration by the Board of Directors.

#### Payment Plan Administrative Charges

Under any Payment Plan, in addition to the Delinquent Payments due and payable thereunder, the Association shall also be entitled to recover all interest due and payable on the member's Delinquent Payments (which interest shall continue to accrue on all Delinquent Payments in accordance with applicable provisions of the Association's governing documents and/or the Davis Stirling Act), as well as the Association's reasonable costs associated with administering the Payment Plan as may be determined by the Board of Directors (collectively, the "**Payment Plan Administrative Charges**").

#### Payment Arrangement Agreement

Each Payment Plan shall be evidenced in writing by an agreement executed by both the member and an authorized representative of the Association. Such agreement shall specify the total amount of Delinquent Payments owed, the total amount of Payment Plan Administrative Charges, and the period of repayment under the Payment Plan.

Upon receipt of request for payment arrangements, the General Manager and/or Finance Manager shall prepare a Payment Arrangement Agreement and Payment Schedule. The calculation of payments shall include future assessments that will accrue during the Payment Arrangement Agreement period. Future assessments will be at the rate for the fiscal year in which it is being considered, and with an increase of twenty percent (20%) for any payments within the next fiscal year to ensure the account is current upon completion of the payment arrangement.

#### Payment Schedule

Each Payment due under any Payment Plan shall be due on or before the first (1<sup>st</sup>) day of each month, and shall be considered in default if not received by the fifteenth (15<sup>th</sup>) day of each month during the pendency of the Payment Plan.

Any payment made pursuant to a Payment Plan which is returned for insufficient funds, and any payment which is received after the due date thereof, shall constitute a material breach of the Payment Plan, in which event the Payment Plan shall terminate, and all unpaid amounts subject to the Payment Plan shall immediately become due and payable in full.

#### Payment Plan Requests & Consideration

Payment plans must be requested in writing. The General Manager and/or Finance Manager may approve Payment Plans as long as they are compliant with the Options listed above. Payment Plans will then be presented for ratification at the next regularly scheduled Executive Session meeting of the Board of Directors.

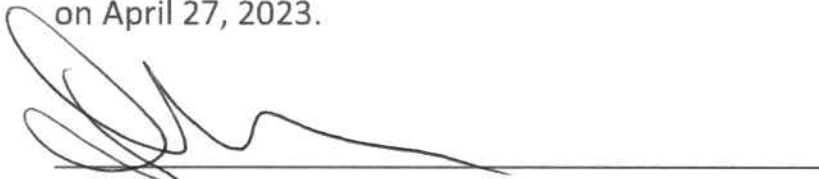
Should a Payment Plan request include a hardship, or request to meet with the Board of Directors, the request will be considered at the next regularly scheduled Executive Session meeting of the Board of Directors unless it falls more than 45 days after the date request is postmarked or received by the Association. If the next meeting is outside of the 45 days, the Board may designate a committee of one or more directors to meet with the owner.

Application of Payments

In accordance with the terms of Civil Code § 5655, a payment received by the Association from a member shall be applied to the member's debt in the following order of priority:

1. Any delinquent assessment;
2. Any current assessment;
3. Any attorney's fees or third-party collection costs incurred by the Association for any purpose relating to the property;
4. Any fines assessed by the Association; and
5. Any other amount owed to the Association, including late fees and Payment Plan Administrative Charges.

**THIS RESOLUTION** is adopted and made a part of the minutes of the Board Meeting held on April 27, 2023.



Dan Burgess, Board President