

**POLICY AND PROCEDURES FOR  
COLLECTION OF UNPAID ASSESSMENTS AND OTHER CHARGES**

**PURPOSE:** To ensure uniform and systematic collections by establishing a policy and procedures for the collection of unpaid assessments and other charges of the Association.

**AUTHORITY:** The Declaration of Protective Covenants (hereinafter "Declaration"), Articles of Incorporation and Bylaws of the Association and Colorado law.

Failure to collect assessments impairs the Board's ability to provide basic services such as road maintenance and trash removal, and therefore constitutes an imminent threat to the peace, health and safety of the community. The Board will act with due diligence to collect assessments of the Association. It is in the best interest of the Association to refer delinquent accounts promptly to an attorney for collection so as to minimize the Association's loss of assessment revenue and its incumbent consequences. The Board of Directors may retain an attorney with experience in representing homeowner associations in collections and other matters. The Association will adhere to the following policies and procedures for the collection of assessments and other charges of the Association:

1. Due Dates. The annual assessment (dues) as determined by the Association and as allowed for in the Declaration shall be due and payable on the 1st day of January each year. Assessments or other charges not paid in full to the Association within one day of the due date shall be considered past due and delinquent.
2. Receipt Date. The Association shall post payments on the day that the payment is received by the Association.
3. Late Charges on Delinquent Installments. The Association shall impose a late charge equal to 5% of the assessment amount for each Owner who fails to pay his/her assessment by January 31st of each year. Payment is deemed timely if received by the Association, or postmarked, on or before January 31st. The late charge shall be a "common expense" for each delinquent Owner. In addition to the afore-mentioned late charge, the Association will impose interest from the due date at the rate of 1.25% per month on the amount of assessment, without daily proration, for each Owner who fails to pay his/her assessment when due. In no event will the accrued interest charges exceed 15% per annum. For charges other than assessments, a late charge may be added, equal to 5% of the amount owed, for each Owner who fails to pay his/her account, including fines, within 30 days of the due date.
4. Personal Obligation for Late Charges. The late charge shall be the personal obligation of the Owner(s) of the parcel for which such assessment or installment is unpaid. All late charges shall be due and

- payable immediately, without notice, in the manner provided by the Declaration (and as set forth herein) for payment of assessments.
5. Return Check Charges. In addition to any and all charges imposed under the Declaration, Articles of Incorporation and Bylaws, the Rules and Regulations of the Association or this Policy, a reasonable fee, not to exceed \$20.00, shall be assessed against an Owner in the event any check or other instrument attributable to or payable for the benefit of such Owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds. This returned check charge shall be a "common expense" for each Owner who tenders payment by check or other instrument which is not honored by the bank upon which it is drawn. Such return check charge shall be due and payable immediately, upon demand. Returned check charges shall be the obligation of the Owner(s) of the parcel for which payment was tendered to the Association. Returned check charges shall become effective on any instrument tendered to the Association for payment of sums due under the Declaration, Articles, Bylaws, Rules and Regulations or this Policy. This return check charge shall be in addition to any late fees or interest incurred by an Owner. Any returned check shall cause an account to be past due if full payment of the annual assessment and returned check charge is not made by January 31st of each year. If two or more of an Owner's checks are returned unpaid by the bank within any (fiscal) year, the Association may require that all of the Owner's future payments, for a period of one (1) year, be made by certified check or money order. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law.
6. Attorney Fees on Delinquent Accounts. As an additional expense permitted under the Declaration and by Colorado law, the Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent Owner. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand.
7. Application of Payments. All sums collected on a delinquent account that has been turned over to the Association's attorney shall be remitted to the Association's attorney until the account is brought current. All payments received on the account of any Owner or the Owner's property (hereinafter collectively "Owner"), shall be applied to payment of any and all legal fees and costs (including attorney fees), expenses of enforcement and collection, late charges, returned check charges, lien fees, and other costs owing or incurred with respect to such Owner pursuant to the Declaration, Articles, Bylaws, Rules and Regulations, or this Policy, prior to application

of the payment to any special or regular assessments due or to become due with respect to such Owner.

8. Communication with Owners. Once a matter has been referred to an attorney, all communication with a delinquent Owner shall be handled through the Association's attorney. No member of the Board of Directors shall discuss the collection of the account directly with an Owner after it has been turned over to the Association's attorney unless the attorney is present or has consented to the contact.
9. Collection Procedures Summary /Time Frames: Assessments. The following time frames shall be followed for the collection of assessments.

Due Date (date payment due)	1st day of January each year
First Notice (notice that payment is Past Due and subject to late charges and interest accrual)	1 <sup>st</sup> week of February
Second Notice (notice that late charges and interest have accrued)	90 days after due date
Lien filed; Delinquent account turned over to Association's attorney; Demand letter sent to Owner.	180 days after due date

The attorney is to consult with the Association as necessary to determine if payment has been arranged or what collection procedures are appropriate.

10. Collection Process Details: Assessments.
  - (a) After any assessment due to the Association becomes more than 30 days delinquent (February 1), the Association shall send a written notice of non-payment, amount past due, notice that late fees and interest (if any) have accrued, and request for immediate payment.
  - (b) After any assessment due to the Association becomes more than 90 days delinquent (April 1), the Association shall send a written notice of non-payment, amount past due, notice that late fees and interest (if any) have accrued, notice of intent to file a lien and request for immediate payment.

- (c) After any assessment due to the Association becomes more than 180 days delinquent (July 1), the Association shall file a lien and may turn the account over to the Association’s attorney for collection. Upon receiving the delinquent account, the Association’s attorneys shall send a letter to the delinquent Owner demanding immediate payment for past due assessments or other charges due. Upon further review, the Association’s attorney may file a lawsuit. If a judgment or decree is obtained, including without limitation a foreclosure action, such judgment or decree shall include reasonable attorney’s fees together with the cost of the action and any applicable interest and late fees.
- (d) In addition to the steps outlined above, the voting rights of any Owner whose account is past due at the time of such voting shall be suspended.

11. Collection Procedures Summary/Time Frames: Other Charges. The following time frames shall be followed for the collection of charges other than assessments, including fines and fees.

First Notice (notice that late charges and interest will accrue)	1 day after due date
Second Notice (notice that late charges and interest have accrued)	30 days after due date
Third Notice (notice that late charges and interest have accrued)	60 days after due date
Lien filed; Delinquent account turned over to Association’s attorney; Demand letter sent to Owner.	90 days after due date

12. Collection Process Details: Other Charges.

- (a) After a charge, including fines and fees, due to the Association becomes more than 1 day delinquent, the Association shall send a courtesy written notice (“First Notice”) of non-payment, amount past due, notice that late fees and interest will accrue, and request for immediate payment.
- (b) After a charge due to the Association becomes more than 30 days delinquent, the Association shall send a written notice (“Second Notice”) of non-payment, amount past due, notice that late fees and interest have accrued, and request for immediate payment.

- (c) After a charge due to the Association becomes more than 60 days delinquent, the Association shall send a written notice ("Third Notice") of non-payment, amount past due, notice that late fees and interest have accrued, notice of intent to file a lien and request for immediate payment.
  - (d) After a charge due to the Association becomes more than 90 days delinquent, the Association shall file a lien and may turn the account over to the Association's attorney for collection. Upon receiving the delinquent account, the Association's attorneys shall send a letter to the delinquent Owner demanding immediate payment for past due assessments or other charges due. Upon further review, the Association's attorney may file a lawsuit. If a judgment or decree is obtained, including without limitation a foreclosure action, such judgment or decree shall include reasonable attorney's fees together with the cost of the action and any applicable interest and late fees. The attorney is to consult with the Association as necessary to determine if payment has been arranged or what collection procedures are appropriate.
  - (e) In addition to the steps outlined above, the voting rights of any Owner whose account is past due at the time of such voting shall be suspended.
13. Certificate of Status of Assessment. Upon receipt of a request and a fee not to exceed \$75.00, the Association shall furnish to an Owner or such Owner's designee, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's property. Such statement shall be sent via prepaid first class mail, and a return receipt may be requested. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.
14. Bankruptcies and Foreclosures. Upon receipt of any notice of a bankruptcy filing by an Owner, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any parcel within the Association, the Association shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.
15. Use of Certified Mail/Regular Mail. In the event the Association shall cause a collection or demand letter or notices to be sent to a delinquent Owner by regular mail, the Association may also cause, but shall not be required to send, an additional copy of that letter or notice by certified mail.
16. Referral of Delinquent Accounts to Attorneys. Upon referral to the Association's attorney, the attorney shall take all appropriate action to collect the accounts referred. After an account has been referred to an attorney, the account shall remain with the attorney until the account is

settled, has a zero balance or is written off. The attorney, in consultation with the Association, is authorized to take whatever action is necessary and determined to be in the best interests of the Association, including, but not limited to.

- (a) Filing of a suit against the delinquent Owner for a monetary judgment;
- (b) Instituting a judicial foreclosure action of the Association's lien;
- (c) Filing necessary claims, documents, and motions in bankruptcy court in order to protect the Association's interests; and
- (d) Filing a court action seeking appointment of a receiver.

All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney.

Upon referral of any matter to the Association's attorney, the Association shall pay the attorney's usual and customary charges as well as any costs incurred by the attorney on the Association's behalf, promptly upon receipt of the monthly invoice from the attorney.

17. Waivers. The Association is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association shall determine appropriate under the circumstances.
18. Judicial Foreclosure. The Association may choose to foreclose on its lien in lieu of or in addition to suing an Owner for a monetary judgment. The purpose of foreclosing is to obtain payment of all assessments owed in situations where either a monetary judgment lawsuit has been or is likely to be unsuccessful or other circumstances favor such action.
19. Defenses. Failure of the Association to comply with any provision in this Policy shall not be deemed a defense to payment of assessment fees or other charges, late charges, return check charges, attorney fees and/or costs as described and imposed by this Policy.
20. Definitions. Unless otherwise defined in this Policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
21. Supplement to Law. The provisions of this Policy shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Association.
22. Deviations. The Board may deviate from the procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances.
23. Amendment. This Policy may be amended by the Board of Directors.