

Collection Policy and Procedures (§ 38-33.3-209.5)

Pursuant to the Declaration of Covenants, Conditions And Restrictions recorded September 6, 1979 in Book 2383, Page 663-683, B221143, as amended (the "Declaration" or "Covenants"), annual assessments or charges and special assessments for capital improvements shall be fixed, established and collected from time to time, including reasonable attorney's fees, and shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs, and reasonable attorney's fees, shall also be a personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

Annual assessments are due on January 1 of each year. Any assessment not paid, or received postmarked after January 31, shall be considered past due and shall incur a \$10 late fee per month until paid in full.

The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and reasonable costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment.

Return Check Charges. In addition to any and all charges imposed under the Declaration, Colorado Statute, or this policy, a twenty dollar (\$20.00) fee or an amount equal to the actual charges to the Association will 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. In the alternative, if notice has been sent as provided in C.R.S. § 13-21-109 and the total amount due as set forth in the notice is not paid within 15 days after such notice is given, the person issuing the check, draft or money order shall be liable to the Association for collection for three times the face amount of the check, but not less than \$100.00.

Such return check charge shall be due and payable immediately, upon demand. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. Returned check charges shall be the obligation of the Owner(s) of the property 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, Colorado statutes, Rules and Regulations or this policy.

Attorney Fees on Delinquent Accounts. As an additional expense permitted under the Declaration and Colorado statutes, 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, and shall be charged as an assessment against the Owner's account.

Application for Payments made to the Association. All payments received on the account of any Owner shall be applied in the following order: 1) any and all attorney fees, legal fees and costs incurred for collecting assessments or for Owner's failure to comply with provisions of the Association's Declaration, Bylaws, Articles of Incorporation, or Rules and Regulations, including lien fees; 2) fines, late charges and interest; 3) returned check charges, and other costs owing or incurred with respect to such Owner pursuant to the Declaration, Colorado statutes, Rules and Regulations, or this policy; and 4) assessments due or to become due with respect to each Owner.

Collection Letters. After an assessment, or other charge due the Association, becomes 15 days past due, the Board may cause, but shall not be required to send, a "late notice" to the Owner who is delinquent in payment.

Prior to the Association turning over a delinquent account of an Owner to a collection agency or referring it to an attorney for legal action, the Association will send the Owner a notice of delinquency specifying:

- the total amount due, with an accounting of how the total was determined;
- whether the opportunity to enter into a payment plan exists as provided in this collection policy, and instructions for contacting the Association to enter into a payment plan, if available;
- the name and contact information for the person the Owner may contact to request a copy of the Owner's ledger to verify the amount of the debt; and
- that action is required to cure the delinquency and that failure to do so within 30 days may result in the Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law.

If payment in full is not received within 60 days of the date due, the Board may, but shall not be required to send the account to the Association's attorney for collection.

Payment Plans. An Owner may enter into a payment plan to pay off a deficiency in equal installments over a period of six months or such longer period as authorized by the Association. If the Owner fails to comply with the terms of the payment plan (fails to remit payment of an agreed-upon installment, or to remain current with regular assessments as they come due during the payment plan term), the Association may

pursue legal action. The Association is not obligated to negotiate a payment plan with an Owner who has previously entered into a payment plan. Further, the Association is not obligated to enter a payment plan if the Owner does not occupy the Lot and has acquired the property as a result of a default of a security interest encumbering the Lot or foreclosure of the Association's lien. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney.

Referral of Delinquent Accounts to Attorneys. The Board may, but shall not be required to, refer delinquent accounts to its attorneys for collection. Upon referral to the attorneys, the attorneys shall take all appropriate action to collect the accounts referred, including recording of a Notice of Assessment Lien against the property. 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. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney.

Judicial Foreclosure. The Board may choose to foreclose on the Association's lien in lieu of or in addition to suing an Owner in county court for a money judgment. The purpose of foreclosing is to obtain payment of all assessments owing in situations where either a money judgment lawsuit has been or is likely to be unsuccessful in obtaining payment, or other circumstances that favor such action.

The Association will not commence a judicial foreclosure action unless the balance of the assessments and charges secured by its lien (which may include late fees, fines and other charges as well as other assessments) equals or exceeds six months of common expense assessments based on the Association's periodic budget. Prior to filing a foreclosure action, the Board of Directors will resolve by a recorded vote to authorize the filing of the foreclosure action against the particular Lot, on a specific basis.

Appointment of a Receiver. The Association may seek the appointment of a receiver if an owner becomes delinquent in the payment of assessments. A receiver is a disinterested person appointed by the court who manages the rental of the property, collects the rent and disburses the rents according to the court's order. The purpose of a receivership for the Association is to obtain payment of current assessments, reduce past due assessments, and prevent the waste and deterioration of the property.

Bankruptcies and Public Trustee 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 Lot within the Association, the Association shall advise the Association's attorney of the same and may turn the account over to the Association's attorney.

Waivers. The Board may grant a waiver or extension of any provision herein upon petition in writing by an Owner showing a personal hardship. Such relief granted an Owner shall be appropriately documented in the files with the name of the person or persons representing the Board granting the relief and the conditions of the relief.

Ongoing Evaluation. Nothing in this policy shall require the Board to take specific actions at a specific time but the Board shall not take any action in less than the time stated herein for a particular action. The Board has the option and right to continue to evaluate each delinquency on a case-by-case basis.