

THE RESERVE AT UTE CREEK  
HOMEOWNER'S ASSOCIATION  
COLLECTION POLICY

The following resolution has been adopted by the Reserve at Ute Creek Homeowners Association (the "Association") pursuant to Colorado law, at a regular meeting of the Board of Directors.

RECITALS

A. The Association is charged with certain financial responsibilities regarding care, maintenance and service of the common areas.

B. The Association must have the financial means to discharge its responsibilities.

C. The Board of Directors has a responsibility to pursue collection of assessments and other charges from Owners pursuant to the Reserve at Ute Creek Homeowner's Association's Declaration ("Declaration") and the Bylaws of the Association.

D. The Board of Directors of the Association desires to adopt a uniform and systematic procedure to collect assessments and other charges of the Association.

E. The Board of Directors believes that 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. The Board of Directors has retained an attorney with experience in representing homeowner associations in collections and other matters.

NOW, THEREFORE, BE IT RESOLVED that the Association does hereby adopt the following procedures and policies for the collection of assessments and other charges of the Association:

1) Due Dates: The installments of the Common Expense Assessment as determined by the Association and as defined in the Declaration shall be due and payable on the **15<sup>th</sup> day of January** of each year. Notices of the Common Expense Assessment and the payment due will be sent to all the Owners by the 1<sup>st</sup> day of January for the year in which they are due. The Common Expense Assessment or other charges not paid in full to the Association by the **31st day of January** shall incur late fees and interest as provided below.

A. The Association will also allow for Dues to be paid on a Quarterly basis, with them due and payable on the **last day of January, April, July, and October**. If the Quarterly Assessments are not paid by the last day of January, April, July, and October shall incur late fees and interest as provided below.

2) Receipt Date: The Association shall post payments in the day that the payment is received in the Association's office (post office box).

3) Late Charges on Delinquent Installments: The Association shall impose a **\$150.00** late charge for each Owner who fails to timely pay his/her annual assessment by the last day of the **January**. If the Owner is late with their dues in **April, July, or October**, the Association will impose a late charge of **\$50.00** if they are not received but he last day of the month in which

they are due. This late charge shall be a “common expense” for each delinquent Owner. The Association shall also impose interest from the due date at the rate of **21%** per annum on the amount owed for each owner who fails to timely pay their annual assessments within **15** 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 property 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 Resolution, a **\$50.00** fee or other amount deemed appropriate by the Board of Directors 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. 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, Articles, Bylaws, Rules and Regulations or the Resolution after the date adopted as shown above. 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. The return check charge shall be in addition to any late fees and/or interest incurred by an owner. Any returned check shall cause an account to be past due if full payment of the annual installment is not timely made within **15 days** of the due date. If two or more of a property owner’s checks are returned unpaid by the bank within any (fiscal) year, the Association may require that all of the property owner’s future payments, for a period of one year, be made by certified check or money order.

6) Attorney Fees of 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 shall be remitted to the Association’s attorney until the account is brought current. All payments received on account of any Owner(s), shall be applied to payment if 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 Declarations, articles, Bylaws, Rules and Regulations, or the Resolution, prior to application of the payment to any special or regular assessments due or to become due with respect to such Owner.

8) Collection Process:

- (a) After an installment of an annual assessment or other charges due to the Association becomes more than **30 days** delinquent, the Board of Directors/Treasurer is directed to send a written notice (“First Notice”) of non-payment, amount past due, notice that interest and late fees have accrued and request for immediate payment.
- (b) After an installment of an annual assessment or other charges due to the Association becomes more than **60 days** delinquent, the Board of Directors/Treasurer is directed to send a second written notice (“Second Notice”) of non-payment, amount past due, notice that interest and late fees have accrued, notice of intent to file a lien and request for immediate payment.
- (c) After an installment of an annual assessment or other charges due to the Association become more than **90 days** delinquent, the Board of Directors/Treasurer is directed to send a final written notice (“Final Notice”) of non-payment, amount past due, notice the interest and late fees have accrued, and notice that if the amount due is not paid within 10 business days, the account will be turned over to the Association’s attorneys for collection.
- (d) After an installment of an annual assessment or other charges due to the Association become more than **100 days** delinquent, the Board of Directors/Treasurer is directed to turn the account over to the Association’s attorneys for collection and to file a lien. 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 attorneys may file a summons and complaint with the court if jurisdiction. 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.
- (e) In addition to the steps outlined above, the Association may also elect to suspend the voting rights of any Owner whose account is past due at the time of such voting.

1) Collection Procedures/Time Frames: The following time frames shall be followed for use in the collection of annual assessments and other charges.

Due Date (date payment due)	<b>15th day</b> of January *15th day of January, April, July and October if paid Quarterly
Past due date (date payment is late if not Received on or before that date)	<b>15 days after the due date</b> or last day of them month
First Notice (notice that late charges and interest have accrued)	<b>30 days after the Past due date</b>
Second Notice (notice that late charges and interest have accrued, notice of intent to file lien)	<b>60 days after the Past due date</b>
Final Notice (notice that late charges and interest have accrued, notice to turn account over to the attorney for collection)	<b>90 days after the Past due date</b>
Delinquent account turned over to	<b>100 says after the Past due date</b>

Association's attorney; Lien filed: Demand  
Letter sent to Owner

The attorney is to consult with the Association at all times, to determine if payment has been arranged or what collection procedures are appropriate.

2) Certificate of Status of Assessments: The Association shall furnish to an Owner or such Owner's designee upon written request, first class postage prepaid, return receipt, to the Association's agent, a written statement setting forth the amount if unpaid assessments currently levied against such Owner's property for a **\$50.00 fee**. However, if the amount has been turned over to the Association's attorney, such request shall be handled through the attorney.

3) Bankruptcies and Foreclosures: Upon receipt of any notice of a bankruptcy filing by an Owner, or upon receipt of a notice of foreclosure by any holder of an encumbrance against any property owner within the Association, the Board of Directors shall advise the Association's attorney of the same and turn the account over to the Association's attorney.

4) 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.

5) Referral of Delinquent Accounts to Attorneys: Upon referral to the Association's attorneys, the attorneys 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 is authorized to take whatever action is necessary, in consultation with the President of the Board of Directors, believed to be in the best interests of the Association, including, but not limited to:

- a. Filing a suit against the delinquent Owner for a money 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;
- d. File a court action seeking appointment of a receiver.

6) Appointment of a Receiver: The Association may seek the appointment of a receiver if an Owner becomes delinquent in the payment of assessments pursuant to the Declaration and Colorado law. A receiver is a disinterested person, appointed by the court who manages the rental 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.

7) Judicial Foreclosure: The Association may choose to foreclose on its lien in lieu of or in addition to suing the Owner on 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 or other circumstances favor such action.

8) 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.

9) Notification to and Communication with Owners: The Association shall upon request, provide all Owners with a copy of this Resolution which shall become effective upon its adoption. All communication with a delinquent Owner shall be handled through the Association's attorney once a matter has been referred to the 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.

10) Ongoing Evaluation: Nothing in the Resolution shall require the Association to take specific actions other than notify the Owners of the adoption of these policies and procedures. Once an Owner's account is turned over to the Association's attorney, all communication regarding the account must be made through the attorney. However, the Association has the option and right to continue to evaluate each delinquency on a case by case basis.

11) Defenses: Failure of the Association to comply with any provision in this Collection 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 Collection Policy.

12) Amendment: This Collection Policy may be amended from time to time by the Board of Directors.

IN WITNESS WHEREOF, the undersigned certify that this Resolution was adopted by the Board of Directors of the Association this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

**THE RESERVE AT UTE CREEK  
HOMEOWNER'S ASSOCIATION**

By: \_\_\_\_\_  
It's President

Attest: