

COLOROW AT SQUAW CREEK HOMEOWNERS ASSOCIATION

Policies and Procedures Regarding Collection of Unpaid Assessments

The following Policies and Procedures have been adopted by the Executive Board of Colorow at Squaw Creek Homeowners Association ("Association") as required by the Colorado Common Interest Ownership Act ("CCIOA"), as amended, and shall be effective **January 1, 2014**.

These Policies and Procedures are meant to replace and supersede any policies regarding collection of assessments previously adopted by the Association. Any capitalized terms not defined herein shall have the meanings ascribed to such terms in the Amended and Restated Declaration of Protective Covenants for Colorow at Squaw Creek, as amended from time to time (the "Declaration").

Purpose: To establish a uniform and systematic procedure for collecting assessments and other charges of the Association, thus ensuring the financial well-being of the Association. All Owners are obligated to pay all dues and assessments in a timely manner. Failure to do so jeopardizes the Association's ability to pay its bills and is unfair to its other Owners who do pay. Accordingly, the Association, acting through the Executive Board must take steps to ensure timely payment of assessments.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policy governing the collection of unpaid assessments and other charges of the Association.

1. **Due Dates.** Common Assessments, as defined in the Declaration and determined by the Association, shall be due and payable on the **1st day of each quarter**. Special Assessments, Road Usage Assessments, Default Assessments and any other fees or charges due to the Association shall be considered due on the date set by the Declaration or the Executive Board. Any Assessment or other amount not paid to the Association **within 30 days after the due date** shall be considered past due and delinquent.

2. **Invoices.** The Executive Board may, but shall not be required to, invoice an Owner to pay assessments or other charges of the Association.

3. **Interest, Late Fees and Returned Check Fees.**

A. **Interest.** Interest at the rate of 18% per annum may be assessed from the date an Assessment or other charge is considered past due and delinquent until paid in full. Interest charges shall be due and payable immediately, without notice, in the manner provided for payment of assessments.

B. **Late Fees.** In addition to interest, a late fee in an amount equal to **5%** of the delinquent amount may be charged after an Assessment or other charge is delinquent. Any late fee shall be due and payable immediately, without notice, in the manner provided for payment of assessments.

C. Returned Check Charges. In addition to any and all charges imposed under the Association Documents, a fee of **\$30.00** 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. Such return check charge shall be considered an assessment due and payable immediately, upon demand. 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 considered delinquent if full payment is not timely made by the due date. 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 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.

4. Payment Plan.

A. Availability. An Owner who becomes delinquent in payment of Assessments or other charges and who has not previously entered into a payment plan may enter into a payment plan with the Association by written agreement (the "Payment Plan Agreement"). The Association shall make a good faith effort to coordinate with the Owner to set up a payment plan that meets the requirements set forth in the following section 4B. Notwithstanding the foregoing, if an Owner does not occupy the Owner's Lot and has acquired the Lot as a result of a default of a security interest encumbering the Lot or a foreclosure of the Association's Assessment lien, the Association is not obligated to negotiate a payment plan with such Owner.

B. Minimum Terms. The Payment Plan Agreement must include the following:

- i. The delinquent assessments, including associated fees, charges, late charges, attorneys' fees and costs, fines and interest charges, must be payable over a period of not less than 6 months and not more than 12 months from the date the Owner enters into the plan.
- ii. The delinquency, including associated fees, charges, late charges, attorneys' fees and costs, fines and interest charges, must be payable in equal installments due on the same date each month, unless the Owner proposes otherwise.
- iii. During the period of the Payment Plan Agreement, the Owner is required to remain current in payment of regular Assessments and special assessments, including associated fees, charges, late charges, attorneys' fees and costs, fines and interest charges pursuant to this policy, as and when they become due.

C. Default. If an Owner fails to pay any installment pursuant to the Payment Plan Agreement, or fails to remain current with regular and special assessments as they become due during the period of the payment plan, the Association may proceed with legal action and other appropriate remedies against the Owner for collection, without further notice.

5. Remedies Available to Association Pursuant to Association Documents and Colorado law. The following remedies are available to the Association pursuant to the

Association Documents and Colorado law to enforce the collection of an Owner's delinquent account:

- (1) The delinquent account may be turned over to a collection agency or an attorney for collection,
- (2) A lawsuit may be filed against the Owner personally and/or for judicial foreclosure of the Association's assessment lien against an Owner's Lot,
- (3) A lien may be filed against the property and said lien foreclosed upon,
- (4) A receiver may be appointed to collect rents from any tenant and pay same to the Association to apply toward a delinquent account,
- (5) Owner may be denied the use of any common elements,
- (6) Owner's mortgage company may be notified of the delinquency,
- (7) Owner's voting rights may be suspended, and/or
- (8) Any other remedies available pursuant to Colorado law.

6. **Liens and Foreclosure.** The Executive Board or the attorney may record a notice of claim of lien against the Lot of any delinquent Owner in accordance with the terms and provisions of the Declaration and Colorado law. **Foreclosure of the Association's lien may only be initiated if the balance due equals or exceeds 6 months of Common Assessments and the Executive Board has voted and formally approved the filing of a foreclosure action against the specific Owner on an individual basis. No legal action may be filed without evidence of the vote of the Executive Board recorded in the minutes of a meeting of the Executive Board or in a Written Consent to Action meeting the requirements of C.R. S. Section 7-128-202, as amended.**

7. **Process for Collection Letters and Attorney Referral.** After any Assessment or other charge due the Association becomes 30 days past due, the following process shall be followed:

A. **Notice of Delinquency.** Before the Association turns over a delinquent account to an attorney or collection agency, the Association **must send the delinquent Owner a written notice specifying the following:**

- (1) The total amount due, with an accounting of how the total was determined;
- (2) Whether the opportunity to enter into a payment plan exists and instructions for contacting the Association to enter into such a payment plan;
- (3) The name and contact information for the individual the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt; and
- (4) 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 referred to a collection agency or attorney for collection, 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.

B. Referral to Attorney or Collection Agency. If payment in full is not received within 30 days after the Notice of Delinquency, the Association may, but shall not be required to, refer the account to the Association's attorney or to a collection agency for collection. Upon referral to the attorney or a collection agency, the attorney or collection agency shall take all appropriate action to collect the accounts referred, including recording a lien if not done so by the Executive Board.

8. Attorneys' Fees and Costs. The Association shall be entitled to recover its reasonable attorneys' fees and any costs incurred in the collection of Assessments or other charges due the Association from a delinquent Owner and these fees shall be due and payable immediately when incurred, upon demand, and treated as and collectible as an Assessment.


9. Application of Payments. All payments received on an account of any Owner or the Owner's Unit shall be applied in the following order: (1) to payment of any and all legal fees, including attorneys' fees and costs, (2) costs of enforcement and collection, (3) interest, (4) late fees, (5) returned check fees, (6) lien fees, fines, and other amounts owing or incurred with respect to such Owner pursuant to the Association Documents and Colorado law, (7) delinquent Special, Road Usage, Default, or other type of assessment other than Common Assessments, (8) delinquent Common Assessments, and finally to (9) current Assessments owed.

10. Appointment of a Receiver. The Association may seek the appointment of a receiver by the Court if an Owner becomes delinquent in the payment of assessments. The receiver shall be a disinterested person who shall manage the delinquent Owner's property pursuant to the court's order. The purpose of a receivership is to obtain payment of assessments, prevent waste and deterioration of the Owner's property, and prevent negative impact on the common elements and other Owners' properties.

11. Notices. Any letters or notices to be sent to a delinquent Owner shall be sent in accordance with the notice provisions in the Amended and Restated Bylaws of the Association, as same may be amended from time to time.


12. Ongoing Evaluation. Nothing in this policy and procedure shall require the Executive Board to take specific actions other than those required by Colorado law. The Executive Board has the option and right to continue to evaluate and determine the best course of action for each delinquency on a case by case basis. The Association may grant a waiver 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 of the Association. In addition, the Executive Board is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Executive Board may determine appropriate under the circumstances.

COLOROW AT SQUAW CREEK HOMEOWNERS ASSOCIATION

By: 
JOSEPH L. GOLDSMAN
Resident

Attestation by Secretary Treasurer

These policies and procedures regarding Collection of Unpaid Assessments were adopted by the Executive Board on the ___ day of _____, 201_, effective the 1st day of January, 2014, and such vote is attested to by the Secretary of the Colorow at Squaw Creek Homeowners Association.



Jack E. Snow, Secretary
Treasurer