

**REVISED COLLECTION POLICY, PROCEDURE AND FEES
FOR THIRD CHERRY CREEK TOWNHOUSE CORP.**

SUBJECT: Adoption of a policy and procedure regarding the collection of unpaid assessments.

PURPOSE: To provide notice of the Association's adoption of a uniform and systematic procedure to collect assessments and other charges of the Association. Fees discussed in this document are a reflection of a separate-but-related policy, established and periodically updated.

AUTHORITY: The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado Law.

EFFECTIVE DATE: June 28, 2016

RESOLUTION: The Association hereby adopts the following policy:

1. **Due Dates.** Installments of the annual assessment as determined by the Association and as allowed for in the Declaration shall be due and payable on the 1st day of each month. Assessments or other charges not paid in full to the Association within 15 days of the due date shall be considered past due and delinquent. Special assessments or other charges may be assessed or made from time to time by the Association in accordance with the Declaration, and are due and payable as specified by the resolution authorizing such assessment or charge. In the event assessments are not paid within 60 days of the due date, the Association shall be entitled to accelerate the balance of the assessments or the installments of the assessments for the current calendar year. If notice of acceleration is given to delinquent Owner(s), the Owner(s) of the unit shall also be charged any costs incurred by the Association in giving notice of such acceleration.
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 may impose late charges per the then current *Schedule of Fees Policy*. Additionally, any assessment or other charge not paid may bear interest from the due date at the rate established in the then current *Schedule of Fees Policy*.
4. **Personal Obligation for Late Charges and Interest.** The late charges and interest shall be the personal obligation of the Owner(s) of the unit for which such assessment or installment is unpaid. All late charges and interest 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 of this Resolution, a return check fee, at the rate established in the then current *Schedule of Fees Policy*, shall be assessed against an Owner in the event any check or other instrument attributable to or payable for the benefit 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 unit 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 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 the Owner's future payments, for a period of one (1) year, be made by certified check or money order. 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 monthly installment of the annual assessment is not timely made within 15 days of the due date.

6. **Service Fees.** In the event the Association incurs any type of service fee, regardless of what it is called, for the handling and processing of delinquent accounts on a per account basis, such (fees will be the responsibility of the Owner as such fee would not be incurred but for the delinquency of the Owner.
7. **Water Shut-Off.** The Association may, as per Article 6, Section 6 of the Declaration, terminate water service to a Unit until such time all arrearages have been paid.
8. **Payment Plan.** Subject to the following requirements and conditions, the Association shall offer a payment plan to any delinquent owner and make a good faith effort to coordinate a payment plan with the owner:
 - a. The payment plan must allow the delinquent owner the right to pay off the delinquency in equal installments over a period of at least six (6) months;
 - b. No payment plan need be offered if the owner does not occupy the unit and has acquired the unit as a result of:
 - i. a default of a security interest encumbering the unit; or
 - ii. foreclosure of the Association's lien;
 - c. The Association is not required to offer a payment plan or negotiate such a plan with an owner who has previously entered into a payment plan with the Association;
 - d. The owner's failure to remit payment of an agreed-upon installment, or to remain current with regular assessments as they come due during the period of the payment plan, constitutes a failure to comply with the terms of the payment plan.
 - e. The Association may pursue legal action against the owner if the owner fails to comply with the terms of the payment plan
9. **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 attorneys' fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent Owner, together with post-judgment and appellate attorneys' fees and costs incurred. The reasonable attorneys' fees incurred by the Association shall be due and payable immediately when incurred, upon demand.
10. **Application of Payments.** Once an account is referred to the Association's attorney, 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 or the Owner's property (hereinafter collectively "Owner"), shall be applied in the following manner: first to the payment of any and all legal fees and costs (including attorneys' fees), then to expenses of enforcement and collection, late charges, interest, 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 Resolution, prior to application of the payment to any special or regular assessment due or to become due with respect to such Owner.

11. Collection Process

- a) After an installment of an annual assessment or other charges due to the Association becomes more than 30 days delinquent, the Association shall 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. The Association's notice, at a minimum shall include the following:
 1. The total amount due to the Association along with an accounting of how the total amount was determined.
 2. Whether the Owner may enter into a payment plan and instructions for contacting the Association to arrange for and enter into a plan.
 3. A name and contact information for an individual the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt.
 4. A statement indicating that action is required to cure the delinquency and that failure to do so within thirty days may result in the Owner's delinquent account being turned over to an attorney, a collection agency, the filing of a lawsuit against the Owner, appointment of a receiver, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado Law including revoking the owner's right to vote if permitted in the Bylaws or Declaration.
- b) After an installment of an annual assessment or other charges due to the Association becomes more than 60 days delinquent, the Association shall 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 becomes more than 90 days delinquent, the Association may cause a lien to be filed against the property of the delinquent owner and may turn the account over to the Association's attorney for collection. 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 association may also exercise all of their remedies in section 6.6 of their declarations.
- d) In addition to the steps outlined above, the Association may elect to suspend the voting right and privileges of any Owner whose account is past due at the time of such voting.

12. Certificate of Status of Assessment. 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 of unpaid assessments currently levied against such Owner's property for a \$20.00 fee. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

13. Bankruptcies and Foreclosures. Upon receipt of any notice of a bankruptcy filing by Owner, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any unit within the Association, the Management Company shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.

14. 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.

15. 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 may remain with 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. The attorney, in consultation with the Management Company, 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 money judgment;
- b) Instituting a judicial foreclosure action of the Association's lien, upon approval by the Association's Board of Directors;
- 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.

16. 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 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.

17. Rental Interception. To the extent permitted by the Declaration, the Association may, without court order notify the tenant of any unit where the Owner is delinquent in the payment of assessments, pursuant to the Declaration and Colorado Law, that rents shall be paid to the Association effective immediately and continue until such time as the Owner's account is current. Such notice shall be in writing to the tenant and the Owner. All funds received by the Association from the tenant shall be credited to the Owner's account as set forth herein.

18. Judicial Foreclosure. The Association may choose to foreclose on its lien in lieu of or in addition to suing an Owner 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. The Association shall consider individually each recommendation for a foreclosure and may only approve a foreclosure action after the delinquency equals or exceeds six months of Common expenses assessments based on a periodic budget adopted by the Association. Such foreclosure shall be approved by the Board of Directors via resolution (a vote of the Board recorded in the minutes of the meeting at which the vote was taken).

19. 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.

20. Communication with Owners. All communication with a delinquent Owner shall be handled through the Association prior to the account being turned over to an attorney. Neither the Manager nor any 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 collection agent or

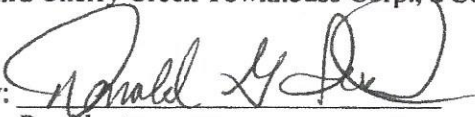
attorney.

21. **Communication with Association.** Owners may communicate with the Association in any manner they choose including email, text, fax, phone, or in writing, when available. However, in doing so, the Owner acknowledges that the Association and/or its agents may communicate via the same method unless otherwise advised.
22. **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.
23. **Supplement to Law.** The provisions of the Resolution 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 Project.
24. **Deviations.** The Association may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.
25. **Amendment.** This Policy may be amended from time to time by the Board of Directors.

IN WITNESS, the undersigned certifies that this Resolution was adopted by the Board of Directors of the Association on:

June 28, 2016

Third Cherry Creek Townhouse Corp., a Colorado nonprofit corporation,

By: 
President