

**RESOLUTION OF THE
TRES VALLES WEST OWNERS ASSOCIATION
REGARDING POLICY AND PROCEDURES FOR
COLLECTION OF UNPAID ASSESSMENTS**

- 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 policy and procedure to collect assessments and other charges of the Association.
- AUTHORITY:** The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.
- EFFECTIVE DATE:** January 1, 2014
- RESOLUTION:** The Association hereby adopts the following policy and procedure:
- 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 Association hereby gives notice of its adoption of the following policies and procedures for the collection of assessments and other charges of the Association:
1. Due Dates. The payment of Assessments as determined by the Association and as allowed for in the Declaration shall be due and payable as shown in the following table. Assessments or other charges not paid in full to the Association by the delinquency date shown shall incur late fees and interest as provided below.

Assessment	Invoice / Billing Date	Due Date	Delinquency Date
Annual Dues	January 1st	January 15th	January 30th
Water Service Availability fees	The 15 th of the month prior	The 1st of the month	The 15 th of the month
Water Usage Fees	The 15 th of the month prior	The 1 st of the month	The 15 th of the month
Special Assessments	As defined in the special assessment	As defined in the special assessment	As defined in the special assessment
Other Charges / Reimbursements	As Required	30 days following the invoice / bill	Due Date

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 \$15.00 late charge for each Owner who fails to timely pay each Assessment by the delinquency date. This late charge shall be a “common expense” for each delinquent Owner. The Association shall impose interest from the due date at the rate of 18% per annum on the amount owed for each Owner who fails to timely pay each Assessment by the delinquency date.

4. Personal Obligation for Late Charges. The late charge shall be the personal obligation of the Owner(s) of the Lot 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 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. 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 Lot 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 of 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 one day of the due date.

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 payments received on an account of any Owner or the Owner's Lot shall be applied to payment of any and all legal fees and costs (including attorney fees), expenses of enforcement and collection, late fees, returned check fees, lien fees and other costs owing or incurred with respect to such Owner pursuant to the Governing Documents, 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 Assessment or other charges due to the Association becomes past due, the managing agent may notify the Owner by telephone or e-mail of the past due condition.

(b) After payment of an Assessment or other charges due to the Association becomes more than 30 days delinquent, the managing agent 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 First Notice may include the Association's intent to file a lien at 60 days delinquent. If payment of any water service charge is not received within thirty (30) days of the due date, the Association may discontinue water service to such Owner's Lot.

(c) After payment of an Assessment or other charges due to the Association becomes more than 60 days delinquent, the managing agent shall send a second written notice ("Second Notice") of non-payment, amount past due, notice that interest and late fees have accrued, and request for immediate payment. In addition, the Association may file a lien, if not, the Association will state in the Second Notice the intent to file a lien at 90 days delinquent.

(d) After payment of an Assessment or other charges due to the Association becomes more than 90 days delinquent, the managing agent shall file a lien, if a lien has not been filed already, and turn the account over to the Association's attorney for collection. Prior to turning the account over to a collection agency or attorney for collection, the Association shall provide written notice to the Owner that the Owner may enter into a payment plan of six (6) equal monthly installments for the delinquent Assessment or other charges; in addition, the Owner must stay current in Assessments and other regularly occurring payments. Failure to remit payment of an agreed-upon installment, or to remain current with Assessments as they come due during the six-month period, constitutes a failure to comply with the terms of the payment plan ("Assessments" for purposes of the payment plan include regular and special Assessments and any associated fees, charges, late charges, Attorney fees, fines, and interest). 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.

(e) During any period in which an Owner shall be in default in the payment of any Assessment, including interest, fines, late fees, attorney fees, and costs, levied by the Association, the voting rights of the Owner may be deemed suspended by the Board of Directors, without notice or hearing, until the Assessment has been paid. Voting rights of an Owner may also be suspended during any period of violation of any other provision of the Governing Documents.

9. Acceleration and Deceleration of Assessments. Failure to make payment within sixty (60) days of the due date thereof shall cause the total amount of such Owner's annual Assessment for the remainder of that fiscal year to become immediately due and payable at the option of the Board. The Board may, in its discretion, decelerate the Member's annual Assessment

10. Certificate of Status of Assessment. The Association shall furnish to an Owner or such Owner's designee within 14 days of a written request, first class postage prepaid, return receipt, to the Association's managing agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's property for a reasonable fee to be determined by the Board, but in no case less than \$25.00. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

11. 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 Lot within the Association, the manager shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.

12. Use of Certified Mail/Registered Mail. All collection or demand letters or notices shall be sent to a delinquent Owner by registered or certified mail, postage prepaid.

13. 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 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; 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.

14. 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, which 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.

15. 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.

16. 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.

17. Communication with Owners. All communication with a delinquent Owner shall be handled through the Association's attorney once a matter has been referred to the attorney. Neither the managing agent 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 attorney unless the attorney is present or has consented to the contact.

18. 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.

19. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

20. Supplement to Law. The provisions of this 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.

21. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

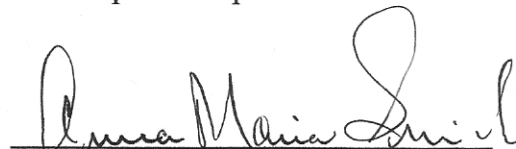
22. Amendment. This Policy may be amended from time to time by the Association.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Tres Valles West Owners Association, a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Tres Valles West Owners Association, through a duly conducted vote of the Association on December 12, 2013 and in witness thereof, the undersigned has subscribed his/her name.

**TRES VALLES WEST OWNERS
ASSOCIATION,**
a Colorado nonprofit corporation

By:



President