

**COLORADO'S TIMBER RIDGE HOMEOWNERS ASSOCIATION  
REVISED COLLECTION POLICY**

Effective Date: January 1, 2014

The Association adopts the following revised policy and procedures for collection of assessments, which supersedes the Collection Policy adopted on November 17, 2005 and effective on January 1, 2006.

1. Due Dates, Late Charges, Interest, and Suspension of Rights.

A. Due Dates: The annual assessment and any special or default assessments are due and payable 30 days after notice of the amount is sent. Payments will be deemed received and will be posted on the date the payment is received by the Association or in the Association's payment processor's office. Any installment not paid in full within 30 days of the due date will be considered past due and delinquent.

B. Late Charge. A late charge in the amount of 10% of the amount due will be imposed for any assessment, fine or other charge not paid within 30 days of the due date without further notice to the Owner. Such late charge is a personal obligation of the Owner and a lien on the Lot.

C. Interest. Interest at the rate of 18% per annum will accrue on any delinquent assessment, fine or other charge from the due date without further notice to the Owner. Interest will be added to the Owner's account 30 days following the due date. Such interest is a personal obligation of the Owner and a lien on the Lot.

D. Suspension of Rights. An Owner's right to vote will be automatically suspended if an assessment or other charge is not paid within 30 days of the due date.

2. Return Check Charges.

A. If any check or other instrument payable to or for the benefit of the Association is not honored by the bank or is returned by the bank for any reason, including, but not limited to insufficient funds, the Owner is liable to the Association for one of the following amounts, at the option of the Association:

(i) An amount equal to the face amount of the check, draft, or money order and a return check charge of \$20.00; or

(ii) 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 will be liable to the Association for collection for three times the face amount of the check, but not less than \$100.00.

B. Any returned check will cause an account to be past due if full payment of the monthly installment of the annual assessment or of any other charge is delinquent.

C. 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 year, be made by certified check or money order.

3. Attorney Fees and Collection Costs. The Association will 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 pursuant to the terms of the Declaration and Colorado law. Attorney fees incurred by the Association will be considered part of the assessments and will be due and payable immediately when incurred, upon demand.
  
4. Application of Payments. All payments received on account of any Owner or the Owner's property, may be applied first to post-judgment attorney's fees, costs and expense; then to costs and attorney's fees not reduced to a judgment; then to interest; then to late charges; then to return check charges; then to fines and other amounts levied pursuant to the Declaration; then to delinquent assessments; then to current assessments not reduced to judgment; and finally to amounts reduced to judgment.
  
5. Delegation of Authority to Sign Notice of Lien. The Board of Directors delegates authority to the Association's attorney to sign and acknowledge the Notice of Assessment Lien. This delegation may be withdrawn at any time. In the event the delegation is withdrawn, the Board will send written notice to the Association's attorney of the withdrawal.
  
6. Time Frames. The following time frames may be followed in the collection of assessments and other charges.

Due date	30 days after notice of assessment or fine
Late Fee date	30 days after due date
Interest date	30 days after due date

7. Notice. Before the Association turns over a delinquent account of an Owner to a collection agency or refers 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 individual 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 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.

First Notice from Association	30 days after due date
Second Notice from Association	60 days after due date
Delinquent account turned over to Association's attorney; lien filed; demand letter sent to Owner.	90 days after due date

Notwithstanding the time frames set forth above, if a lien holder with priority over the Association's lien (i.e., first mortgagee) takes title to a Lot through foreclosure or deed in lieu of foreclosure, the Association may file a lien on the Lot for any delinquent payment.

8. Payment Plans. The Association will make a good faith effort to coordinate with the Owner to set up a payment plan. An Owner may enter into a payment plan to pay off a deficiency in equal installments over a minimum period of six months or such other period as authorized by the Board of Directors. If the Owner fails to comply with the terms of the payment plan (fails to

remit payment of an agreed-upon installment or fails 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 pursuant to this policy. Furthermore, the Association is not obligated to offer or negotiate a payment plan with an Owner who does not occupy the Lot and acquired the Lot because of a default of a security interest encumbering the Lot or a foreclosure of the Association's lien.

9. Foreclosure. 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 in other circumstances that may favor such action. ***If the Association forecloses on its lien, the Owner will lose the Owner's Lot, having the same effect as if a first mortgagee institutes a foreclosure action against the property (though the procedure is different).*** The Association will not commence a foreclosure action unless the balance of the assessments and charges secured by its lien (which may include late fees, fines and other charges) equals or exceeds six months of common expense assessments based on the Association's periodic budget (or half of the annual assessment if the annual assessment is not paid in installments). Prior to filing a foreclosure action, the Board will resolve by a recorded vote to authorize the filing of the foreclosure action against the particular Lot, on a specific basis.

10. Notices: Use of Certified Mail/Regular Mail. In the event the Association sends a collection or demand letter or notice to a delinquent Owner by regular mail, the Association may also send, but will not be required to send, an additional copy of that letter or notice by certified mail.

11. Referral of Delinquent Accounts to Attorneys. Upon referral of a delinquent account to the Association's attorneys, the attorneys will take appropriate action to collect the accounts referred. After an account has been referred to the Association's attorney, the account will remain with the attorney until the account is settled, has a zero balance or is written off. The Association's attorney is authorized to take whatever action is necessary, in consultation with the President of the Board of Directors or other person designated by the Board, believed to be in the best interest of the Association, including, but not limited to:

A. Filing a lien against the delinquent Owner's property to provide record notice of the Association's claim against the property, if not already filed;

B. Filing suit against the delinquent Owner for a money judgment. The purpose of obtaining a personal judgment against the Owner is to allow the Association to pursue remedies such as garnishment of the Owner's wages or bank account to collect judgment amounts;

C. Instituting a judicial action of foreclosure on the Association's lien. 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 in other circumstances that may favor such action;

D. Filing necessary claims, documents, and motions in Bankruptcy Court to protect the Association's claim; and

E. Filing a court action seeking appointment of a receiver. A receiver is a disinterested person, appointed by the court, who manages rental of the Owner's property, and collects 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 waste and deterioration of the property.

Once accounts are turned over to the Association's attorney, Owners will make payment to the Association at the address of the Association's attorney. The Association's attorney will consult with the Association regarding collection procedures and payment arrangements

10. Notification to and Communication with Owners. This Collection Policy will be made available to all Owners by the Association as required by Colorado law. After a delinquent account has been referred to the Association's attorney, all communication with the delinquent Owner will be handled through the Association's attorney. Neither the manager, if any, nor any member of the Board of Directors will 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. However, the Association has the option and right to continue to evaluate each delinquency on a case by case basis.

11. Certificate of Status of Assessment/Estoppel Letter. The Association will furnish to an Owner or such Owner's designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against the Owner's Lot. The statement will be delivered within 14 calendar days after receipt of the request personally or by certified mail, first-class postage prepaid, return receipt requested for a fee in the amount of \$75.00, which will become an assessment. If the Owner's account has been turned over to the Association's attorney, such statement will be handled through the Association's attorney and will include any attorney fees incurred in providing the statement.

12. 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 will advise the Association's attorney of the same and turn the account over to the Association's attorney.

13. Waivers. The Association may alter the time for the filing of lawsuits and liens, or otherwise modify the procedures contained herein, as the Association determines appropriate under the particular circumstances. Any such accommodation will be documented in the Association's files with the conditions of relief. Failure of the Association to require strict compliance with this Collection Policy will not be deemed a waiver of the Association's right to require strict compliance and will 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.

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

IN WITNESS WHEREOF, the undersigned certify that this Revised Collection Policy was adopted by Resolution of the Board of Directors of the Association this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

COLORADO'S TIMBER RIDGE HOMEOWNERS ASSOCIATION, a Colorado nonprofit corporation,

By: \_\_\_\_\_  
Its: President

ATTEST:

By: \_\_\_\_\_