

**RESOLUTION
OF THE
WOODY CREEK TOWNHOMES ASSOCIATION FILING NO. 1
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 procedure to collect assessments and other charges of the Association.

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

**EFFECTIVE
DATE:**

8-8-13

RESOLUTION: The Association hereby adopts the following policy:

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. 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. 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 on or before the due date shall be considered past due and delinquent. Assessments or other charges not paid in full to the Association within 90 days of the due date shall incur interest as provided below.

2. Receipt Date. The Association shall post payments on the day that the payment is received in the Association's office.

3. Late Charges on Delinquent Installments. The Association shall impose interest from the date due at the rate of 12% per annum on the amount owed for each Owner who fails to timely pay their monthly installment of the annual assessment within 90 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 unit 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 returned check fee of \$20.00 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 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 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 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 90 days of the due date. If two or more of a unit Owner's checks are returned unpaid by the bank within any (fiscal) year, the Association may require that all of the unit Owner's future payments, for a period of one year, be made by certified check or money order.

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. Payment Plan. Any Owner who becomes delinquent in payment of assessments after January 1, 2014 and has not previously been referred to the Association's attorney or collection agency for collection action, may enter into a payment plan with the Association, which plan shall be for a term of up to 6 months or such other term as may be approved by the Board of Directors. Such payment plan shall be offered to each owner prior to the Association referring any account to an attorney or collection agency for collection action. In the event the Owner defaults or otherwise does not comply with the terms and conditions of the payment plan, including the payment of ongoing assessments of the association, the Association may, without additional notice, refer the delinquent account to an attorney or collection agency for collection action or may take such other action as it deems appropriate in relation to the delinquency.

8. 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.

9. 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 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 attorney fees), then to 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 Declaration, Articles, Bylaws, Rules and Regulations, or this Resolution, prior to application of the payment to any special or regular assessments due or to become due with respect to such Owner.

10. Collection Process.

(a) After an installment of an annual assessment or other charges due to the Association becomes more than 30 days delinquent, the manager shall send a written notice ("First Notice") of non-payment, amount past due, notice that interest may accrue and request for immediate payment. The Association's notice, at a minimum shall including the following:

(i) The total amount due to the Association along with an accounting of how the total amount was determined.

(ii) Whether the Owner may enter into a payment plan and instructions for contacting the Association to arrange for and enter into a plan.

(iii) 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.

(iv) 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 delinquency 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 owners 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 manager shall send a second written notice ("Second Notice") of non-payment, amount past due, notice that interest may accrue, 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 shall send a third written notice ("Third Notice") of non-payment, amount past due, notice of intent to file a lien, notice that interest has accrued, and request for immediate payment. This notice shall afford the Owner the opportunity to enter into a payment plan to pay the delinquent balance over a period of at least six months, and shall advise the Owner that failure to cure the delinquency or enter into such payment plan within 30 days may result in the Owner's account being turned over to the Association's attorney for further collection efforts as provided herein.

(d) After an installment of an annual assessment or other charges due to the Association becomes more than 120 days delinquent, the Association shall turn the account over to the Association's attorney for collection. Upon receiving the delinquent account, the Association's attorneys may file a lien and 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) In addition to the steps outlined above, the Association may elect to suspend the voting rights of any Owners whose account is past due at the time of such voting.

11. Acceleration and Deceleration of Assessments. To the extent permitted by the Association's governing documents, the Board reserves the right to accelerate and call due the entire unpaid annual assessment on any delinquent account including such assessments that may become due during the pendency of a payment plan as described above. Such acceleration shall result in the entire unpaid annual assessment being due to the Association immediately. The Board also reserves the right to decelerate any accelerated assessment.

12. Collection Procedures/Time Frames. The following time frames shall be followed for use in the collection of monthly installments of the annual assessment and other charges.

Due Date (date payment due)	1 st day of the month due
Past Due Date (date payment is late if not received on or before that date)	One day after Due Date
First Notice	Any time after 30 days after due date
Second Notice	Any time after 60 days after due date
Third Notice (Notice that interest has accrued, notice of intent to file lien, offer to enter into payment plan)	Any time after 90 days after due date
Delinquent account turned over to Association's attorney; Lien filed; Demand letter sent to Owner.	Any time after 120 days after due date

The attorney is to consult with the Association as necessary to determine if payment has been arranged or what collection procedures are appropriate.

13. 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 \$25.00 fee. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

14. 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 unit 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.

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 shall remain with the attorney until the account is settled, has a zero balance or is written off. The attorney, in consultation with the manager 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;
- d. File 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. 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 a resolution in form and substance as is attached hereto.

18. 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.

19. 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 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 attorney unless the attorney is present or has consented to the contact.

20. Communication by Owners. 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.

21. 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.

22. Credit Report. In the event an Owner becomes delinquent in the payment of assessments pursuant to the Declaration and Colorado law, the Owner acknowledges and agrees that the Association may cause a credit report to be

pulled via an agent, in order to facilitate the collection of unpaid assessments.

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

24. 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.

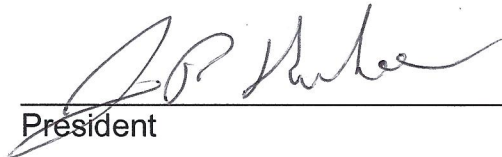
25. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

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

**PRESIDENT'S
CERTIFICATION:**

The undersigned, being the President of the Association certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board on 8-8-13 and in witness thereof, the undersigned has subscribed his/her name.

**WOODY CREEK TOWNHOMES
ASSOCIATION FILING NO. 1,
a Colorado nonprofit corporation**



President

**FORECLOSURE RESOLUTION
OF THE
WOODY CREEK TOWNHOMES ASSOCIATION FILING NO. 1**

WHEREAS, The Owner of Unit _____, (ASSOCIATION) is currently delinquent in payment of assessments in the amount of \$ _____, which amount includes, late fees, penalties, interest and attorney fees; and

WHEREAS, the Association, on _____ did notify such owner of the delinquent assessments and did offer the Owner a payment plan of at least 6 months for the repayment of the delinquent assessments; and

WHEREAS, The Owner did, on _____ default in the terms and conditions of the payment plan, or conversely, failed to enter into a payment plan with the Association; and

WHEREAS, The current delinquent amount is equal to or exceeds six months of common expenses assessments allocated to the Owner's Unit pursuant to the Association's annual budget; and

NOW, THEREFORE, BE IT RESOLVED, by a vote of _____ FOR and _____ (AGAINST) the Board of Directors, pursuant to the Association's collection policy and in accordance with the Colorado Common Interest Ownership Act, does hereby approve the commencement of a foreclosure action on unit _____, (Association) to be commenced as soon as practical.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Association certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board on _____ and in witness thereof, the undersigned has subscribed his/her name.

**WOODY CREEK TOWNHOMES
ASSOCIATION FILING NO. 1,
a Colorado nonprofit corporation**

President