

HIGHLANDS AT VALLEJO HOMEOWNER'S ASSOCIATION, INC.

DELINQUENCY COLLECTIONS POLICY

Community association business and its financial existence depend exclusively upon proper and efficient collection of maintenance fees or assessments from all members of the community.

A substantial management cost is necessary to monitor, notify and administer maintenance fee collection and compliance with the governing documents. Administrative/Collection fees charged by Management are considered compensation by the Association under the Management Agreement and are payable to the Managing Agent that completed the actions under the policy. This policy will define how HOA Simple, LLC ("HOA Simple") will oversee these important responsibilities.

Assessments and special assessments that provide consistent operating income and special capital funding are defined in the governing documents. HOA Simple recognizes that only a small percentage of owners choose not to pay their assessments and special assessments within the timeframe and under the requirements set forth by the association's governing documents. It is the Association and HOA Simple's opinion that compliant owners should not be penalized for the non-payment of fees by delinquent owners. HOA Simple, therefore charges each delinquent owner directly for the added cost of collection on their account rather than incorporating it into the management fee paid by all owners and is therefore compensated indirectly by the Association for the additional administrative services defined under this policy.

HOA Simple will collect assessments and special assessments or other fees due to the Association based upon the following reasonable procedures:

Assessment Collection Procedures.

The Board of Directors considers collection of maintenance fees, assessments, special assessments or other fees due to the Association to be very serious and the primary means of support for the community. The absence of these maintenance fees or assessments and special assessments would constitute an imminent threat to the peace, health and safety of the community.

Maintenance fees, assessments, special assessments or other fees are due to the Association, through a Board-approved payment schedule, on the **first** of each month to the Association, unless otherwise specified.

1. In the event that a payment is not received by the 15th of the month a Past Due letter will be sent to the delinquent Owner and a \$25.00 late charge will be assessed to the delinquent account. The Past Due letter will include:

- a. The total amount due, with an accounting of how the total was determined;
 - b. Whether the opportunity to enter into a payment plan exists pursuant to section CRS 38-33.3-316.3 and instructions for contacting the management company to enter into such payment plan;
 - c. The name and contact information for the individual with the management company the unit owner may contact to request a copy of the unit owner's ledger in order to verify the amount of the debt; and
 - d. That action is required to cure the delinquency and that failure to do so within 30 days may result in the unit owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the unit owner, the filing and foreclosure of a lien against the unit owner's property, or other remedies available under Colorado law.
2. If no payment is received 45 days after the payment is due, a collection letter will be sent with promise of lien filing in 10 days if arrangements for payment are not made.
3. If no payment is received 55 days after the payment is due, Management will refer the account to the Association's attorney for legal action. Once an account is turned over to the Association's legal counsel, Management will refer any and all communications and correspondence from an owner directly to the attorney. The attorney 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. Deliver a demand letter to the owner promptly.
 - b. If the owner has not responded to the attorney's demand letter, a lien will be filed and a suit for a personal judgment will be initiated approximately 30 days after the date of the demand letter.
 - c. If the owner does not respond and does not attend the court hearing, a judgment will be awarded and garnishment of assets will commence. This includes garnishing wages, automobiles, rents, other property, etc.
 - d. If the account has become delinquent enough to seek legal action, the owner automatically consents to credit reports being obtained in the event that the account is directed to the Association's attorney or a collection agency.
4. Any and all fines or charges and/or costs associated with actions taken due to covenant enforcement may be assessed and collected according to the collection of delinquent assessments as stated herein; interest will not exceed 21% per annum; late fees and interest will not exceed 45% of the underlying assessment. Owners are obligated to pay Management any tracking fees assessed.

Special Collection Circumstances.

In situations where a Delinquent Owner's check is not honored by the bank or is

returned by the bank for any reason whatsoever, including insufficient funds, the Management may charge a \$25.00 NSF processing fee per check to the owner. Any returned check shall cause an account to be past due if full payment of the monthly installment of the assessment is not timely made within five (5) days of the due date.

Payment Plans.

If an owner with a delinquent account requests a payment plan, Management will request the delinquent owner prepare and submit a written payment plan outlining how those delinquent fees will be paid. Management will bring the proposed payment plan to the Board for review and a decision on the request. If the Board decides to waive the late charges or any costs of collection, the Board understands and agrees that HOA Simple will be fully compensated by the Association for their costs of collection.

A payment plan negotiated between the Association and the unit owner will permit the unit owner to pay off the deficiency in equal installments over a period of at least six months. A unit owner's failure to remit payment of an agreed-upon installment, or to remain current with regular assessments as they come due during the six-month period, constitutes a failure to comply with the terms of the unit owner's payment plan.

The management company will make a good faith effort to coordinate with the unit owner to set up a payment plan that meets the requirements of this section, except that:

1. This section does not apply if the unit downer does not occupy the unit and has acquired the property as a result of a default of a security interested encumbering the unit; and
2. The Association is not obligated to negotiate a payment plan with a unit owner who has previously entered into a payment plan.

Application of Delinquent Payments Received.

Often during the course of collecting delinquent funds, partial payments are made. The question of how these partial payments should be applied often arises. Partial payments should be applied to the most difficult to collect and oldest costs and charges.

The following is the Association's priority schedule for applying partial payments:

1. Management collection costs.
2. Legal fees and court costs.
3. Association approved fines, penalties and charges for repair or replacement due to failure to comply with Association's governing documents.
4. Association late charges and interest.
5. The oldest and longest outstanding Association maintenance fees or

assessments working forward to the current maintenance fees or assessments outstanding.

6. If an individual's check specifically designates a payment of a particular monthly maintenance fee or if specified otherwise, the check will be applied as requested. If no check designation is made, the funds will be applied as indicated in items 1 - 5.

**RESOLUTION OF THE BOARD OF DIRECTORS OF
HIGHLANDS AT VALLEJO HOMEOWNER'S ASSOCIATION, INC.**

Pursuant to the provisions of the Declaration of the Highlands at Vallejo Homeowner's Association, Inc., which allow for this action by the Board of Directors of the Association, the foregoing Resolution was adopted by the majority of the Board of Directors.

The provisions of this resolution shall be in addition to and in supplement of the terms and provisions of the Association's governing documents and the laws of the State of Colorado governing the Association.

BE IT RESOLVED, that the Association approves the "Delinquency Collections Policy", effective July 18, 2016.


President

HIGHLANDS AT VALLEJO HOMEOWNER'S ASSOCIATION, INC.