

DILLEY RANCH PROPERTY OWNERS ASSOCIATION, INC.
AMENDED COLLECTION POLICY AND PROCEDURE

Adopted: August 21, 2010

The following policy and procedure has been adopted by the Executive Board ("Board") of Dilley Ranch Property Owners Association, Inc. ("Association") for the collection of unpaid assessments. The purpose of the Annual Assessment is to provide funding for the maintenance and repair of our roads, storm drainage system, ranch and street signage, insurance policies and other necessary requirements that benefit and protect all members of the Association.

1. Due Date. The Association's Annual Common Expense Assessment shall be due and payable, in full, in advance by the first day of October for each year. Assessments or other charges not received by the Association by the last day of October shall be considered past due and delinquent.
2. Late Charge and Interest Imposed. Once a payment is past due and delinquent, a late fee of five percent (5%) will be charged and interest shall accrue at twelve percent (12%) per annum on all outstanding or past due balances.
3. Notification Process of Annual Assessments. On or about, but not later than, September 15th the first Invoice will be mailed to each Owner at the latest address that the Association has on file for that property owner. On or about November 15th, a second notice will be sent to those Owners who have not submitted their payment. At the time of the second notice, an attempt will be made to contact the delinquent Property Owner(s) by a Board member to determine the status of the delinquency. On or about December 1st a third notice (certified letter) will be sent to all delinquent Owners indicating that the Association has charged a late fee, interest will begin to accrue on December 1st, and the Association will begin proceedings to place a lien against the property.
4. Return Check Charges. In addition to any and all charges imposed under the Declaration, the Bylaws, the Rules and Regulations or the Articles of Incorporation (collectively, the "Governing Documents") or pursuant to Colorado statutes or this Policy, a fifty dollar (\$50.00) fee 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. 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



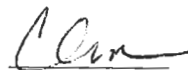
the obligation of the owner(s) of the Property for which payment was tendered to the Association. Returned check charges shall become effective on any instrument tendered to the Association for payment of sums due under the Governing Documents or this Policy.

5. Attorney Fees and Collection Costs on Delinquent Accounts. As an additional expense permitted (collectible as a Common Expense Assessment) under the Declaration and Colorado statutes, 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 and collection costs incurred by the Association shall be due and payable immediately when incurred, upon demand.
6. Application for Payments made to the Association. Regardless of inscriptions or notations received with any payment on the front of any check, all payments received on the account of any owner shall be applied in the following order: 1) any and all attorney fees, legal fees and costs incurred for collection of assessments or for owner's failure to comply with provisions of the Association's Governing Documents, including lien fees; 2) fines, late charges and interest; 3) returned check charges, and other costs owing or incurred with respect to such owner pursuant to the Declaration, Colorado statutes, Rules and Regulations, or this Policy; 4) Past-due Special Assessments (if any); 5) Current due Special Assessments (if any); 6) Past-due Annual Assessments; 7) Current Annual Assessments. Checks containing a restrictive endorsement on the back will be returned to the owner and the amount tendered shall be considered unpaid.
7. Collection Procedures.
 - A. As indicated in #3 above, on or about December 1st, the Board will send a "third notice" to the owner who is delinquent in payment.
 - B. If there is no response (verbally, e-mail or received payment) from the Owner within 15 days after the "third notice" is sent, the Association will file a statement of lien with the Custer County Clerk and Recorder reflecting the delinquent assessment then owing, including the late fee, any interest to date, lien filing costs and any other costs incurred to date.
 - C. Such a claim of lien shall also secure all assessments, charges, fees and sums which come due thereafter (including the cost to release the lien) until the lien, together with all costs, attorney fees, charges, and interest have been fully paid or otherwise satisfied.
8. Referral of Delinquent Accounts to an Attorney(s) or Other Agency. The Board may, but shall not be required to, refer delinquent accounts to its attorney(s) or other agencies for collection. Upon referral to the attorney(s) or other agency, that entity shall take all appropriate action to collect the accounts referred,



including recording of a Notice of Assessment Lien against the Owner's property. After an account has been referred to an attorney(s) or other agency, the account shall remain with the attorney(s) or other agency until the account is settled, has a zero balance or is written off. All payment plans involving accounts referred to an attorney(s) or other agency for collection shall be set up and monitored through the attorney(s) or other agency..

9. Appointment of a Receiver. The Board may seek the appointment of a receiver if an owner becomes delinquent in the payment of Annual Assessments or other amounts due the Association. 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.
10. Judicial Foreclosure. The Board may choose to foreclose on the Association's lien in lieu of or in addition to suing an owner in county court for a money judgment. The purpose of foreclosing is to obtain payment of all assessments and other amounts owing in situations where either a money judgment lawsuit has been or is likely to be unsuccessful in obtaining payment, or in other circumstances which favor such action.
11. Owner Requests. If an Owner requests a written statement of their unpaid assessments, the Association shall deliver personally or by certified mail, first-class postage prepaid, return receipt within 14 calendar days of the request. If the written statement is not delivered in this time frame, the Association will have no right to assert a lien upon the property for unpaid assessments which were due as of the date of the request.
12. Waivers. The Board may grant a waiver of any provision herein upon petition in writing by an owner showing a personal hardship. Such relief granted an owner shall be appropriately documented in the files with the name of the person or persons representing the Board granting the relief and the conditions of the relief. Upon conditions of relief not being carried out by the owner, the Board shall reconsider the relief granted.
13. Ongoing Evaluation. Nothing in this Policy shall require the Board to take specific actions at a specific time. The Board shall not take any action in less than the time stated herein for a particular action. The Board has the option and right to continue to evaluate each delinquency on a case by case basis.



SECRETARY'S CERTIFICATION:

The undersigned, being the Secretary of Dilley Ranch Property Owners Association, Inc., a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Executive Board of the Association, at a duly called and held meeting of the Board on August 21, 2010, and in witness thereof, the undersigned has subscribed his/her name.

DILLEY RANCH PROPERTY OWNERS ASSOCIATION, INC.
A Colorado non-profit corporation

By: Claire McCutcheon
Secretary

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