

**RESOLUTION OF THE
SUNRIDGE AT AVON II CONDOMINIUM ASSOCIATION, INC.
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, Bylaws of the Association, and Colorado law.

EFFECTIVE DATE: January 1, 2014.

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 revenue. The Board of Directors has retained an attorney with experience in representing homeowner's 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. The monthly installments of the annual assessment, as determined by the Association and as allowed for in the Declaration, shall be due and payable on the first day of the month of each year (see chart below, "due date"). Assessments not received by the due date shall be deemed past due. The Association may offer a discount for paying the entire annual assessment by the due date of the first month of the year. All past due amounts must be paid in order to receive the discount.

2. Receipt Date. The Association shall post payments within one business day from the date that the payment is received by the Association.

3. Late Fees and Interest. If an Owner is found to have assessments that are deemed past due, a monthly late fee of \$50.00 shall be applied to the Owner's ledger and all past due amounts shall accrue interest at the rate of Eighteen percent (18%) per annum. The late fee shall be the personal obligation of the Owner, and all late fees and interest shall be due and payable immediately without notice.

4. Return Check Charges. In addition to any and all charges imposed under the Declaration, Articles of Incorporation, Bylaws, the Rules and Regulations of the Association, or this Resolution, the greater of either the actual fee charged to the Association by the bank, or \$25.00, 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. 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 individual 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 other good funds. 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 delinquent if full payment of the monthly installment of the annual assessment is not timely made within 15 days of the due date.

5. 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.

6. Application of Payments. All sums collected on a delinquent account that has been turned over to the Association's attorney 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 to payment of any and all legal fees and costs (including attorney fees), 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.

7. Collection Process.

- (a) After an installment of an annual assessment or other charges due to the Association becomes past due, the Manager or Accountant shall send a written notice of non-payment, amount past due, and request for immediate payment.
- (b) If an installment of annual assessments due to the Association becomes more than the equivalent of 6 months' dues past due, and before the Association begins collection efforts, the Association shall proceed as follows:
 - a. The Association, through its Manager or Accountant, shall cause to be delivered to the delinquent Owner a Notice of Delinquency containing the following:

- i. The total amount of past due amounts, including assessments, late fees, interest, and returned check charges;
 - ii. Whether a payment plan opportunity exists to cure the Owner's delinquency;
 1. A payment plan opportunity shall exist for the Owner to cure if the assessments past due is equal or greater than six months. If such case exists, the Owner shall be given an opportunity to pay all amounts owed to the Association in six equal payments before collection actions are taken by the Association.
 2. A payment plan opportunity shall not exist if the Owner acquired the unit through a default of a security interest on the unit, by foreclosure of an assessment lien, or if the Owner of the unit had previously entered into a payment plan with the Association in the past.
 - iii. The contact information for a person or firm that can provide the Owner with a ledger for the Owner's account with the Association;
 - iv. The method by which any payments on the Owner's account will be applied in accordance with this Resolution;
 - v. The legal remedies available to the Association, including, but not limited to placing a lien on the Unit, foreclosing on such lien, referring the Owner to a collection's company or attorney, or any other remedy allowable by Colorado law; and
 - vi. A statement containing the following language: "That action is required to cure the delinquency and that failure to do so within thirty days may result in the Unit 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 Unit Owner's property, or other remedies available under Colorado law."
- (c) If after 30 days from the mailing of the Notice of Delinquency, and if the Owner fails to enter into a payment plan as described, if applicable, or remains delinquent, the Association may refer the Owner's account with the Association for collections, placement and foreclosure of lien, and for any other remedy allowable under Colorado law, provided that the Board of Directors passes a formal resolution authorizing such action.
- (d) Upon receiving the delinquent account, the Association's attorneys shall send a letter to the delinquent Owner demanding immediate payment for past due assessments and 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 Owner whose account is past due at the time of such voting.

8. *Acceleration and Deceleration of Assessments.* The Association, through its Board of Directors, reserves the right to accelerate and call due the entire unpaid annual assessment on any delinquent account. 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.

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

Due Date (date payment due)	First day of the month
Past Due Date	15 days after Due Date (May postmark by this date)
Grace Period	10 days after the Past Due Date (Needs to be received by this date)
Delinquent Notice (notice that account must be brought current or will be turned over to attorney in 30 days)	Any date after which an Owner's account is past due the equivalent of 6 or more months of Assessments
Delinquent account turned over to Association's attorney for collection.	30 days after Notice of Delinquency

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

10. *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 a written statement setting forth the amount of unpaid assessments currently levied against such Owner's property for a reasonable fee. 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 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.

12. *Referral of Delinquent Accounts to Attorney.* 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's

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;
- (c) Filing necessary claims, documents and motions in bankruptcy court in order to protect the Association's interests; and/or
- (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. Any payment plans involving statutory rights to cure prior to referral to an attorney shall be set up and monitored through the Association. 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 an invoice from the attorney.

13. 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, Bylaws, Rules and Regulations, this Resolution, 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 court 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.

14. 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 for which other circumstances favor such action.

15. 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.

16. 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.

17. Defenses. Failure of the Association to comply with any provision in this Resolution shall not be deemed a defense to payment of assessment fees or other charges, late charges, interest, return check charges, attorney fees and/or costs as described and imposed by this Resolution.

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

19. *Supplement to Law.* The provision of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the laws of the State of Colorado governing the Association.

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

21. *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 Sunridge at Avon II Condominium Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was approved and adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors of the Association on this ___ day of _____, 201_.

SUNRIDGE AT AVON II CONDOMINIUM ASSOCIATION, INC.

By: _____
President