

SADDLEBACK MOUNTAIN HOMEOWNERS ASSOCIATION
COLLECTION POLICY

Adopted 8-25, 2013

The following procedures have been adopted by Saddleback Mountain Homeowners Association ("Association") pursuant to C.R.S. 38-33.3-209.5 by the Board of Directors.

Purpose: To establish a uniform and systematic procedure for collecting assessments and other charges of the Association, thus ensuring the financial well being of the Association.

Collection Philosophy: All members are obligated by the Amended Declaration of Covenants, Conditions, and Restrictions for Saddleback Ridge Estates Subdivision, Clear Creek County, CO ("Declaration") to pay all dues and assessments in a timely manner. Failure to do so jeopardizes the Association's ability to pay its bills. Failure of members to pay assessments in a timely manner is also unfair to its other members who do. Accordingly, the Association, acting through the Board of Directors must take steps to ensure timely payment of assessments.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following procedures and policies for the collection of assessments and other charges of the Association:

1. Due Dates. The annual assessment, as determined by the Association, shall be due and payable annually, in advance, on December 31 of each year. Special assessments or other charges may be assessed or made from time to time by the Association in accordance with the Declaration and are due and payable as specified by the resolution authorizing such Assessment or charge. All assessments or other charges not paid to the Association when due shall be considered past due and delinquent.
2. Late Fees and Interest. The Association shall be entitled to impose a late fee of thirty-five dollars (\$35.00) on any assessment or other charge not paid when due. Additionally, any assessment or other charge not paid when due shall bear interest from the due date at the rate of eighteen percent (18%) percent per annum. All such fees and interest shall be due and payable immediately, without notice, in the manner provided for payment of assessments.
3. Acceleration. The Association shall be entitled to accelerate the balance of the assessments or the installments of the assessments for the then current calendar year.
4. Return Check Charges. A twenty dollar (\$20.00) 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 amount shall be in addition to any charges made by the bank due to the dishonored check. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. If two or more of an owner's checks are returned unpaid by the bank within any two year period, the association may require that all of the owner's future payments be made by certified check or money order.

5. Attorney Fees on Delinquent Accounts. 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, together with post-judgment and appellate attorneys' fees and costs incurred.

6. Application of Payments Made to the Association. The Association reserves the right to apply all payments received on account of any Owner first to payment of any and all legal fees and costs (including attorney fees), then to costs and expenses of enforcement and collection, late charges, interest, returned check charges, lien fees, and other costs owing or incurred with respect to such Owner, and any remaining amounts shall be applied to the assessments or other charges due with respect to such Owner. For purposes of collecting an outstanding judgment, the Association may, but shall not be required, to first apply payments received following entry of a judgment towards post-judgment attorneys' fees and costs and/or assessments and other charges coming due following the entry of the judgment.

7. Offer of Payment Plan. Subject to the following requirements and conditions, the Association shall offer a payment plan to any delinquent Owner and make a good faith effort to coordinate a payment plan with the Owner:

- a. The payment plan must allow the delinquent Owner the right to pay off the delinquency in equal installments over a period of a minimum of six months;
- b. No payment plan need be offered if the Owner does not occupy the Unit and has acquired the Unit as a result of:
 1. a default of a security interest encumbering the Unit; or
 2. foreclosure of the Association's lien;
- c. The Association is not required to offer or negotiate a payment plan to an Owner who has previously entered into a payment plan with the Association;
- d. The Association is not precluded from pursuing legal action against the Owner if the Owner fails to comply with the terms of the payment plan;
- e. The Owner's failure to remit payment of an agreed-upon installment, or to remain current with regular assessments as they come due during the period of the payment plan constitutes a failure to comply with the terms of the payment plan.

8. Notice of Delinquency. After any assessment or installment thereof owed to the Association becomes thirty (30) days past due, and before the Association turns the delinquent account over to a collection agency or refers it to the Association's legal counsel for legal action, the Association shall cause a notice of delinquency to be sent to the Owner who is delinquent in payment. The notice of delinquency shall specify (1) the total amount due, with an accounting of how the amount was determined, (2) whether an opportunity to enter into a payment plan exists under the requirements and conditions set forth in paragraph 7 above, and the instructions for contacting the Association or its manager to enter into such a payment plan, (3) the name and contact information for the individual the Owner may contact to request a copy of the Owner's ledger in order to verify the amount owed, and (4) that action is required to cure the delinquency and that failure to do so within thirty (30) days may result in the delinquent account being turned over to a collection agency or the Association's attorney, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's Unit, or other remedies available under

Colorado law.

9. Liens. If payment in full of any assessment or other charge is not received within thirty (30) days after mailing of the notice of delinquency, the Association may cause a notice of lien to be filed against the property of the delinquent Owner. The lien shall include assessments, fees, charges, late charges, attorney fees, fines and interest owed by the delinquent Owner.

10. Referral of Delinquent Accounts to Attorneys. If payment in full is not received within thirty (30) days after mailing of the notice of delinquency, the Association may, but shall not be required to refer delinquent accounts to its attorneys for collection. Upon referral to the attorneys, the attorneys 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. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney. After consultation with the Board of Directors or the Association's managing agent, the attorneys shall be entitled to exercise all available remedies to collect the amounts due, including judicial foreclosure and appointment of a receiver of the delinquent Owner's property.

11. Foreclosure of Lien. Notwithstanding any contrary provision of this policy, the Association may only foreclose the lien if:

- a. The balance of the assessments and charges secured by the lien equals or exceeds six months of common expense assessments based on the periodic budget adopted by the Association; and
- b. The Board of Directors has formally resolved, by a recorded vote, to authorize the filing of a legal action against the specific Owner's Unit on an individual basis.

12. Referral of Delinquent Accounts to Collection Agencies. The Association may, but shall not be required to assign delinquent accounts to one or more collection agencies for collection, subject, however, to the same terms and conditions as specified herein.

13. Waivers. Nothing in this policy shall require the Association to take specific actions other than to notify Owners of the adoption of this policy. The Association has the option and right to continue to evaluate each delinquency on a case by case basis. The Association 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 and the conditions of the relief. In addition, 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 may determine appropriate under the circumstances except as may be prohibited by Colorado law.

14. Order of Remedies. Subject to the restrictions contained in paragraph 11 above concerning foreclosure, the Association may pursue any actions or remedies, including, but not limited to, actions for personal judgment, foreclosure or receivership, to collect amounts owed in

any order or contemporaneously, and cumulatively, and in the case of a foreclosure by the holder of another security interest in the Owner's property, may immediately proceed to file actions for personal judgment, foreclosure or receivership (on an ex-parte basis or otherwise) without the necessity of following the procedures set forth above.

15. Delinquencies Constitute Covenant Violations. Any delinquency in the payment of assessments or other charges shall constitute a violation of the covenants contained in the Charter, and following notice and an opportunity to be heard, the Association shall be entitled to impose sanctions on the delinquent Owner consistent with the Association's Enforcement Policy.

16. Superseding Previous Policies. This Policy shall replace and supercede any previous rules and regulations of the Association addressing the collection of past due assessments.



Saddleback Mountain Homeowners
Association

By: Jinda Seaver
President

This Collection Policy was adopted by the Board of Directors on the 25 day of aug, 2013, effective the 25 day of aug, 2013, and is attested to by the Secretary of Saddleback Mountain Homeowners Association.

Jenny Reyes
Secretary