

Columbine North Condominium Association

2771, 2773, 2821, 2831, 2843 Kinnickinnick Rd.

P.O. Box 3463

Vail, CO 81658

ASSESSMENT COLLECTION POLICY

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 of Incorporation and Bylaws of the Association and Colorado law.

EFFECTIVE DATE: 1/1/2014

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 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:** The quarterly 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 each quarter (1/1, 4/1, 7/1, 10/1). Assessments and other charges not postmarked by the last day of the first month of the quarter (1/31, 4/30, 7/31, 10/31) are considered delinquent. However, no finance charge is assessed unless payment is not received by the 10th day of the 3rd month of the quarter (3/10, 6/10, 9/10, 12/10). The association uses the postmark date to determine when a payment has been made.
2. **Method of Payment:** Assessments and other charges shall be paid by personal check, business check, money order or cashier's check and mailed to the Association's post office box by regular mail. The Association may provide other payment options in the future.
3. **Late Charges on Delinquent Installments:** The Association shall impose interest (finance charges) from the last day of the first month of the quarter (1/31, 4/30, 7/31, 10/31) at a rate of 18% per annum on the total amount owed from each owner who fails to timely pay their installment of the annual assessment by the last day of the second month of the quarter (2/28, 5/31, 8/31, 11/30). If still unpaid, delinquent balances are subject to additional finance charges, to be billed on the 10th of each month.
4. **Grace Period:** There is a grace period of approximately 10 days from the last day of the month before finance charges are billed. If a payment is actually received in hand by the 10th of the month, even if postmarked after the 31st, there will be no finance charge.

5. Postmark Date: The association uses the postmark date to determine when a payment has been made.
6. Example:
- | | | |
|---------|--|------------|
| 1/01/14 | 1 st Quarter Dues Charged, statement sent | \$1,400.00 |
| 1/31/14 | Due Date | |
| 2/10/14 | Reminder statement sent | |
| 2/28/14 | Last day to postmark dues to avoid a finance charge | |
| 3/10/14 | Last day to hand deliver payment | |
| 3/10/14 | Finance charge of \$21 assessed (18% / 12 x outstanding balance) | |
| 3/10/14 | Late statement sent | |
| 4/01/14 | Finance charge of \$21 assessed (18% / 12 x outstanding balance) | |
| 4/01/14 | Letter sent stating 1/1 dues are now 60 days past due, warning that lien will be filed in 30 days. | |
| 4/01/14 | 2 ND Quarter Dues Charged, statement sent | |
| 4/30/14 | Letter sent stating 1/1 dues are now 90 days past due, account sent to attorney/collections, lien filed. | |
7. Personal Obligation for Late Charges: The finance charge shall be the personal obligation of the Owner(s) of the unit for which such assessment of 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.
8. 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 reasonable fee, not to exceed \$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, 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 for payment of sums dues 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 late fees or finance charges incurred by an Owner. Any returned check shall cause an account to be past due if full payment of the installment of the annual assessment is not paid by the due date outlined above.
9. Service Fees: In the event the Association incurs any type of service fee, regardless of what it is called by its management company, 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.

10. 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.
11. Treatment of Payments. (a) 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. (b) All sums collected on a delinquent account that has been turned over to the Association's attorney shall be remitted to the Association.
12. Collection Process.
In addition to monthly account statements, the following letters will be sent:
- (a) After an installment of an annual assessment or other charges due to the Association becomes more than 60 days delinquent, the Association shall send a written notice ("First Letter") of non-payment, amount past due, notice that finance charges have accrued, notice of intent to file a lien and request for immediate payment.
- (b) 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 second written notice ("Second Letter") of non-payment, amount past due, notice that finance charges have accrued, account in collections, notice of lien filed, and request for immediate payment. At this time, the Association shall turn the account over to the Association's attorney for collection. Upon receiving the delinquent account, the Association's attorneys shall file a lien and send a letter ("Demand 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 finance charges. The attorney is to consult with the Association as necessary to determine if payment has been arranged or what collection procedures are appropriate.
- (c) 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. Additionally, at any time after delivery of the first notice of delinquency, the Association may discontinue to provide any services which are paid for as a common expense and delivered to the Unit.

13. 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 Association shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.

14. Use of Certified Mail/Regular Mail. In the event the Association shall cause a collection or demand letter or notices to be sent to a delinquent Owner by regular mail, the Association may also cause, but shall not be required to send, an additional copy of that letter or notice by certified mail.

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 Association, 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
 - d. Filing 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. Rental Interception. The Association may, without court order, notify the tenant of any unit where the Owner is delinquent in the payment of assessments, pursuant to the Declaration and Colorado law, that rents shall be paid to the Association effective immediately and continue until such time as the Owner's account is current. Such notice shall be in writing to the tenant and the Owner. All funds received by the Association from the tenant shall be credited to the Owner's account as set forth herein.

18. 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.

19. 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.

20. 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. No 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.

21. 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.

22. 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.

23. 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.

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

25. 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.

26. 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.

27. 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 Breakaway West Association a Colorado nonprofit corporation, 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 of Directors on _____ and in witness thereof, the undersigned has subscribed his/her name.

COLUMBINE NORTH CONDOMINIUM ASSOCIATION,

a Colorado nonprofit corporation,

By: _____

President