

**RESOLUTION
OF THE
MASTER COMMUNITY 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 procedure to collect assessments and other charges of the Association.

AUTHORITY: The Declaration, Articles and Bylaws of the Association and Colorado law including but not limited to C.R.S. 38-33.3-209.5.

EFFECTIVE DATE: NOVEMBER 21, 2013

RESOLUTION: The Association hereby adopts the following policy:

**SUMMARY OF KEY PROVISIONS OF POLICIES AND PROCEDURES FOR
COLLECTION OF ASSESSMENTS**

Amounts: Late Fee: \$15.00
 Interest 18%

Process for Residential Owners:

Due Date (date payment due)	First day of month due
Past Due Date Reminder Letter Sent	10 days after due date (date payment is late if not received on or before that date)
First Notice – Delinquent Account	40+ days after due date (notice that late charges and interest have accrued)
Second Notice - Intent to File Lien	70+ days after due date (Additional late charges and interest have accrued. Notice that lien will be

	filed, and offer of payment plan)
Third Notice - Lien Filed, Intent to Send to Collections, Required Disclosures, Offer of Payment Plan	100+ days after due date (Notice that lien was filed, and notice that account will be turned over for collections)
Final Notice - Delinquent account turned over to Association's attorney; Demand letter sent to Owner.	130+ days after due date (Notice account was turned over for collections)

Process for Commercial Owners and Builders:

Due Date (date payment due)	First day of quarter due
Past Due Account Reminder Letter Sent	10 days after due date (date payment is late if not received on or before that date)
First Notice Delinquent Account	30+ days after due date (notice that late charges and interest have accrued)
Second Notice – Intent to File Lien	60+ days after due date (Additional late charges and interest have accrued. Notice that lien will be filed, and offer of payment plan)
Third Notice – Lien Filed, Intent to Send to Collections, Required Disclosures, Offer of Payment Plan	90+ days after due date (Notice that lien was filed, and notice that account will be turned over for collections)
Final Notice – Delinquent account turned over to Association's attorney. Demand letter sent to owner	120+ days after due date (Notice account was turned over for collections)

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:

POLICIES AND PROCEDURES FOR COLLECTION OF ASSESSMENTS

1. Due Dates. Installments of the Assessments as determined by the Association and as allowed for in the Declaration shall be due and payable on the first day of the month or quarter due, as established by the Board. Assessments or other charges not paid in full to the Association within 10 days of the due date shall be considered past due and delinquent. Assessments or other charges not paid in full to the Association within 30 or 40 days of the due date shall incur late fees and interest as provided below. In the event notice of acceleration is given to delinquent Owner(s), the Owner(s) of the unit shall also be charged any costs incurred by the Association in giving notice of such acceleration.
2. Receipt Date. The Association shall post payments on the day that the payment is received by the Association.
3. Late Charges on Delinquent Installments. The Association shall impose on a monthly basis a \$15.00 late charge for each residential Owner who fails to timely pay any assessment within 40 days of the due date. The Association shall impose on a monthly basis a \$15.00 late charge for each commercial Owner who fails to timely pay any assessment within 30 days of the due date. These late charges shall be "common expenses" for each delinquent Owner. The Association shall impose interest from the date due at the rate of 18% per annum on the amount owed for each residential Owner who fails to timely pay any assessment within 40 days of the due date. The Association shall impose interest from the due date at the rate of 18% per annum on the amount owed for each commercial Owner who fails to timely pay any assessment within 30 days of the due date.
4. Personal Obligation for Late Charges. The late charge shall be the personal obligation of the Owner(s) of the unit for

which such assessment or 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.

5. 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 \$20.00 fee or other amount deemed appropriate by the Board of Directors 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 unit for which payment was tendered to the Association and treated as a common expense assessment allocated to that Owner's account. 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 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 interest incurred by an Owner. Any returned check shall cause an account to be past due if full payment of the each Assessment is not timely made within 10 days of the due date.

6. 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.

7. Payment Plan. Any Owner who becomes delinquent in payment of assessments after January 1, 2014 and whose account is not currently with the Association's attorney or a collection agency for collection action on January 1, 2014, may enter into a

payment plan with the Association, which plan shall be for a term of up to 6 months or such other term as may be approved by the Board of Directors. Such payment plan shall be offered to each owner prior to the Association referring any account to an attorney or collection agency for collection action. In the event the Owner defaults or otherwise does not comply with the terms and conditions of the payment plan, including the payment of ongoing assessments of the association, the Association may, without additional notice, refer the delinquent account to an attorney or collection agency for collection action or may take such other action as it deems appropriate in relation to the delinquency.

8. 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.

9. Application of Payments. All sums collected on a delinquent account which 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 in the following manner: first to payment of any and all legal fees and costs (including attorney fees), then to expenses of enforcement and collection, late charges, interest, 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 Assessments due or to become due with respect to such Owner. If, however, an Owner makes a payment with specific instructions to apply to the current Assessment, such payment will be accepted and applied as requested.

10. Collection Process for Residential Owners.

(a) After an installment of an annual Assessment or other charges due to the Association becomes more than 40 days delinquent the management company, on behalf of the Association, shall send a written notice ("First Notice") of

non-payment, amount past due, notice that interest and late fees have accrued and request for immediate payment.

(b) After an installment of an annual Assessment or other charges due to the Association becomes more than 70 days delinquent the management company, on behalf of the Association, shall send a second written notice (“Intent to Lien Notice”) of non-payment, amount past due, notice that additional interest and late fees have accrued and notice of intent to file a lien, and request for immediate payment. This notice shall also include the following:

(i) The total amount due to the Association along with an accounting of how the total amount was determined.

(ii) Whether the Owner may enter into a payment plan and instructions for contacting the Association to arrange for and enter into a plan.

(iii) A name and contact information for an individual the owner may contact to request a copy of the Owner’s ledger in order to verify the amount of the debt.

(iv) A statement indicating that action is required to cure the delinquency and that failure to do so within thirty days may result in the Owner’s delinquency account being turned over to an attorney, a collection agency, the filing of a lawsuit against the Owner, appointment of a receiver, the filing and foreclosure of a lien against the Owner’s property, or other remedies available under Colorado Law including revoking the owners right to vote if permitted in the Bylaws or Declaration.

(c) After an installment of an annual Assessment or other charges due to the Association becomes more than 100 days delinquent the management company on behalf of the Association shall file a lien and advise the Owner of the same and demand immediate payment (“File Lien Notice”).

(d) After an installment of an annual Assessment or other charges due to the Association becomes more than

130 days delinquent the management company on behalf of the Association shall turn the account over to the Association's attorney for collection. Upon receiving the delinquent account, the Association's attorneys shall send a 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 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.

(f) Notwithstanding the foregoing, if an Owner within the affordable housing program becomes more than 130 days delinquent an additional notice ("Final Notice") shall be sent to that Owner allowing that Owner 30 days from the date of the Final Notice to bring his account current before the account is turned over to the Association's attorney. If the Owner within the affordable housing program does not bring his account current within that 30 day period, the account will then be turned over to the Association's attorney.

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

Due Date (date payment due)	First day of month due
Past Due Date Reminder Letter Sent	10 days after due date (date payment is late if not received on or before that date)
First Notice – Delinquent Account	40+ days after due date (notice that late charges and interest have accrued)
Second Notice – Intent	70+ days after due date

to File Lien	(Additional late charges and interest have accrued. Notice that lien will be filed, and offer of payment plan)
Third Notice – Lien Filed, Intent to Send to Collections, Required Disclosures, Offer of Payment Plan	100+ days after due date (Notice that lien was filed, and notice that account will be turned over for collections)
Final Notice – Delinquent account turned over to Association’s attorney. Demand letter sent to Owner	130+ days after due date (Notice account was turned over for collections)

10. Collection Process for Commercial Owners and Builders.

(a) After an installment of an annual Assessment or other charges due to the Association becomes 30 days delinquent the management company, on behalf of the Association, shall send a written notice (“First Notice”) of non-payment, amount past due, notice that interest and late fees have accrued and request for immediate payment.

(b) After an installment of an annual Assessment or other charges due to the Association becomes 60 days delinquent the management company, on behalf of the Association, call the builder and shall send a second written notice (“Intent to Lien Notice”) of non-payment, amount past due, notice that additional interest and late fees have accrued and notice of intent to file a lien, and request for immediate payment. This notice shall also include the following:

(i) The total amount due to the Association along with an accounting of how the total amount was determined.

(ii) Whether the Owner may enter into a payment plan and instructions for contacting the Association to arrange for and enter into a plan.

(iii) A name and contact information for an individual the owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt.

(iv) A statement indicating that action is required to cure the delinquency and that failure to do so within thirty days may result in the Owner's delinquency account being turned over to an attorney, a collection agency, the filing of a lawsuit against the Owner, appointment of a receiver, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado Law including revoking the owners right to vote if permitted in the Bylaws or Declaration.

(d) After an installment of an annual Assessment or other charges due to the Association becomes more than 90 days delinquent, the management company on behalf of the Association shall file a lien and advise the Owner of the same and demand immediate payment ("File Lien Notice").

(e) After an installment of an annual Assessment or other charges due to the Association becomes more than 120 days delinquent, the management company may, with the approval of the Board of Directors, turn the account over to the Association's attorney for collection. Upon receiving the delinquent account, the Association's attorney shall send a 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 interest and late fees.

(f) 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.

11. Collection Procedures/Time Frames for Commercial Owners and Builders. The following time frames shall be

followed for use in the collection of quarterly installments of the annual assessment and other charges from commercial Owners and builders.

Due Date (date payment due)	First day of quarter due
Past Due Account Reminder Letter Sent	10 days after due date (date payment is late if not received on or before that date)
First Notice – Delinquent Account	30+ days after due date (Notice that late charges and interest have accrued)
Second Notice – Intent to File Lien	60+ days after due date (Additional late charges and interest have accrued. Notice that lien will be filed, and offer of payment plan)
Third Notice – Lien Filed, Intent to Send to Collections, Required Disclosures, Offer of Payment Plan	90+ days after due date (Notice that lien was filed, and notice that account will be turned over for collections)
Final Notice – Delinquent account turned over to Association’s attorney. Demand letter sent to Owner.	120+ days after due date. (Notice account was turned over for collections)

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

12. Acceleration and Deceleration of Assessments. The Board reserves the right to accelerate and call due an 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.

13. Certificate of Status of Assessment. The Association, through its management company, shall furnish to an Owner or

such Owner's designee upon written request, first class postage prepaid, return receipt, to the Association's agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's property. Such statement of unpaid assessments shall be provided as a part of the Transfer package provided by the management company for which a fee may be charged. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

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

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's management company's designated representative, 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, upon approval by the Association's Board of Directors;
- 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.

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 the monthly invoice from 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. The Association shall consider individually each recommendation for a foreclosure and may only approve a foreclosure action after the delinquency equals or exceeds six months of common expenses assessments based on a periodic budget adopted by the Association. Such foreclosure shall be approved by the Board of Directors via resolution or a vote of the Board recorded in the minutes of the meeting at which the vote was taken.

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. 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.

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 Master Community 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 NOVEMBER 21,
2013 and in witness thereof, the undersigned has subscribed
his/her name.

MASTER COMMUNITY ASSOCIATION, INC.
a Colorado non-profit corporation,

By: _____
HEIDI MAJERIK President