

THE VILLAS AT ELK RUN HOMEOWNERS ASSOCIATION, INC.  
COLLECTION POLICY

Adopted February 13, 2012

The following procedures have been adopted by The Villas at Elk Run Homeowners Association, Inc. ("Association") pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of 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 Condominium Declaration for The Villas at Elk Run ("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 monthly in equal installments due on the first day of the month. 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 ten dollars (\$10.00) on any assessment or other charge not paid within thirty (30) days of the due date. Additionally, any assessment or other charge not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ~~eight~~ <sup>eighteen</sup> percent (18%) <sup>per</sup> annum. All such fees and interest shall be due and payable immediately, without notice, in the manner provided for payment of assessments.
3. 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 twelve month period, the association may require that all of the owner's future payments, for a period of one year, be made by certified check or money order.

4. 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.

5. Application for 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.

6. Collection Letters. After any assessment or installment thereof owed to the Association becomes thirty (30) days past due, the Association shall cause a notice of delinquency to be sent to the Owner who is delinquent in payment. The notice shall specify (1) the fact that the assessment is delinquent, (2) the action required to cure the delinquency, (3) a date, not less than thirty (30) days from the date the notice is mailed, by which such delinquency must be cured, (4) that a failure to cure the delinquency on or before such date may result in a lawsuit being filed against the Owner and/or the filing and foreclosure of the lien for the assessment against the Owner's property.

7. 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 to be filed a notice of lien 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.

8. 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.

9. 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.

10. 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.

11. Order of Remedies. The Association may pursue any actions or remedies 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 without the necessity of following the procedures set forth in paragraphs 6, 7 and 8 above.

12. Delinquencies. This Policy shall replace and supercede any previous rules and regulations of the Association addressing the collection of past due assessments.

The Villas at Elk Run Homeowners Association, Inc.

By: Tee C. Wilson  
President

This Collection Policy was adopted by the Board of Directors on the 13 day of February, 2012, effective the 1st day of March, 2012, and is attested to by the Secretary of The Villas at Elk Run Homeowners Association, Inc.

Kelly Ish  
Secretary