

THE CHERRY CREEK VILLAGE NORTH CIVIC ASSOCIATION, INC.
COLLECTION POLICY
Adopted January 1, 2010

The following resolution has been adopted by The Cherry Creek Village North Civic Association, Inc. (the "Association") pursuant to Colorado law, at a regular meeting of the Board of Directors.

RECITALS

- A. The Association is charged with certain responsibilities regarding the operation and management of the property and common area within the community.
- B. The Association must have the financial means to discharge its responsibilities.
- C. The Board of Directors has a responsibility to pursue collection of assessments and other charges from Owners pursuant to The Association's Declaration ("Declaration") and the Bylaws of the Association.
- D. The Board of Directors of the Association desires to adopt a uniform and systematic procedure to collect assessments and other charges of the Association.
- E. The Board of Directors has retained an attorney with experience in representing homeowner associations in collections and other matters.

The Board of Directors believes that it is in the best interest of the Association to be able to refer delinquent accounts to an attorney for collection so as to minimize the Association's loss of revenue.

NOW, THEREFORE, BE IT 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 ("dues") as determined by the Association and as allowed for in the Declaration shall be due and payable on the first day of each year. Assessments or other charges not paid in full to the Association within 60 days of the due date shall be considered past due and delinquent. Assessments or other charges not paid in full to the Association within 60 days of the due date shall incur late fees and interest as provided below.

If this policy is approved prior to the December 2009 annual meeting then all bills sent out at the first of the year will include all amounts then owing and will be considered delinquent 60 days later as provided below.

Any owner may request special consideration to delay the payment of any dues and assessments imposed by the Association. The Association is permitted to make special arrangements for the delayed payment of any dues and assessments on a case by case basis, provided however the owner must make such request within 30 days of the initial imposition of such dues and assessments in order to receive special consideration.

2. Receipt Date. The Association shall post payments on the day that the payment is received in the Association's offices.

3. Late Charges on Delinquent Payments. The Association shall impose on a quarterly basis an amount equal to 10 percent of (the balance due rounded up to the nearest 100 dollars) as a late charge for each Owner who fails to timely pay his/her annual dues or other assessment within 60 days of the due date. This late charge shall be a "common expense" for each delinquent Owner. In addition the Association shall impose a fee of \$25 for each notice sent to an owner asking for payment of a delinquent account and a \$50 fee for filing a lien.

4. Personal Obligation for Late Charges. The late charge shall be the personal obligation of the Owner(s) of the lot for which such assessment 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 fifty dollar (\$50) 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. 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 lot 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 Owner's checks are returned unpaid by the bank within any 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 annual assessment is not timely made within 60 days of the due date.

6. 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.

7. Application of Payments. 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.

8. Collection Process.

(a) First Notice. After a payment of the annual dues or other charges due to the Association becomes more than 60 days delinquent, the Secretary is directed to send a written notice of non-payment, amount past due, notice that late and processing fees have accrued and request immediate payment.

(b) Second Notice. After a payment of an annual assessment or other charges due to the Association becomes more than 120 days delinquent, the Secretary is directed to send a second written notice of non-payment, amount past due, notice that late and processing fees have accrued, notice of intent to file a lien and request immediate payment.

(c) Account to Attorney for Collection. After a payment of an annual assessment or other charges due to the Association becomes more than 180 days delinquent, the Secretary is directed to file a lien against the property and send a letter to the delinquent Owner demanding immediate payment for past due assessments or other charges due and notifying the owner that interest will

continue to accrue at 1½% per month (19.56% annual percentage rate) until paid. Upon further review, the Association and/or their attorneys may file a summons and complaint with the court of jurisdiction. 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.

(d) The Association may also elect to suspend the voting rights of any Owner whose account is past due at the time of such voting.

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

- Due date (date payment due) first day of the month after the board declares the assessment payable.
- Past due date and date of First Notice (payment is late 60 days after due date if not received on or before that date)
- Second Notice (120 days after due date, notice that additional interest and fees have accrued and notice of intent to file lien)
- A lien will be filed for all accounts more than 180 days delinquent.

10. Certificate of Status of Assessment. The Association shall furnish, within ten (10) days, to an Owner or such Owner's designee upon written request to the Association's agent, a written statement, first class postage prepaid, return receipt, setting forth the amount of unpaid assessments currently levied against such Owner's property. A \$50 processing fee will be added to the unpaid assessment. However, if the account has been turned over to the Association's attorney, such request shall 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 lot within the Association, the Secretary shall advise the Association's attorney of the same and turn the account over to the Association's attorney.

12. 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.

13. Referral of Delinquent Accounts to Attorneys. Upon referral to the Association's 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. The attorney is authorized to take whatever action is necessary, in consultation with the President of the Board of Directors, believed 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;
- 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. Upon referral of any matter to the Association's attorney, the Secretary, acting on behalf of the Association, shall pay the Association's attorneys their 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.

14. 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 that 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.

15. Judicial Foreclosure. The Association may choose to foreclose on its lien in lieu of or in addition to suing an Owner in county court 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.

16. 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.

17. Notification to and Communication with Owners. The Association shall, upon request, provide all Owners with a copy of this Resolution which shall become effective upon its adoption. 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 Secretary 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. The Association shall not post or otherwise publish any list of delinquent Owners.

18. Ongoing Evaluation. Nothing in this Resolution shall require the Association to take specific actions other than to notify the Owners of the adoption of these policies and procedures. Once an Owner's account is turned over to the Association's attorney, all communication regarding the account must be made through the attorney. However, the Association has the option and right to continue to evaluate each delinquency on a case by case basis.

19. Defenses. Failure of the Association to comply with any provision in this Collection 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 Collection Policy.

20. Amendment. This Collection Policy may be amended from time to time by the Board of Directors.

IN WITNESS WHEREOF, the undersigned certify that this Resolution was adopted by the Board of Directors of the Association this 1st day of January, 2010.