

**RESOLUTION
OF THE
FOX MEADOW HOMEOWNERS 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.

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. Dates. 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 month. Assessments or other charges not paid in full to the Association on or before the due date shall be considered past due. Assessments or other charges not paid in full to the Association within 30 days of the due date shall be considered delinquent (herein "Delinquent"). Delinquent installments may incur late fees and may incur interest as provided in section 3 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 a payment is received in the Manager's office, if such day is a business day of the Manager, and if not, then on the first business day following the day of receipt.

3. Late Charges and Interest on Delinquent Installments.
(a) Late Charge. The Association may assess a late charge upon an installment of the annual assessment that is Delinquent. Such late charge shall be in the amount of \$20.00 and will be assessed upon the Delinquent Owner's account. This late charge shall be a "common expense" for each Delinquent Owner.

(b) Interest. The Association may assess interest upon an installment of the annual assessment that is Delinquent. Such interest shall run from the due date of such installment. The rate of interest shall be that rate established in the Declaration for the community, or if none is so stated, at the rate determined in advance by the Executive Board of the Association pursuant to authority to set such rate. The rate of interest which currently may be assessed is 18% per year. The Association will also seek to obtain such interest in the event a collection lawsuit is initiated against a Delinquent Owner.

4. Personal Obligation for Late Charges. Any late charge or interest imposed 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 Return Check Fee not to exceed \$20 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 unit 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 calendar year, 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. This return check charge shall be in addition to any late charges or interest incurred by an Owner. Any returned check shall cause an account to be past due if full payment of the monthly installment of the annual assessment is not timely made within 30 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, 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 at least 6 months. 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. Such attorney fees and collection costs shall, when paid by the Association, be assessed upon the Delinquent Owner(s) account. 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 shall be remitted to either the office of the Manager or the Association's attorney, as determined by the Manager and or the Attorney, until the account is brought current. All payments received on account of any Owner or the Owners property (hereinafter collectively "Owner"), shall be applied to pay the oldest owed unpaid assessments existing upon the Owner(s) account.

10. Collection Process.

(a) After an installment of an annual assessment or other charges due to the Association is Delinquent, the Manager shall send a written notice ("Notice of Delinquency") pursuant to §38-33.3-209-5(e) C.R.S., or as otherwise required by Colorado law. The Notice of Delinquency shall comply with all requirements of said statute section and Colorado law. The Notice of Delinquency shall include with it a copy of the Owner's ledger, a statement that a payment plan of at least six months may be entered in to by the Owner, a statement of the actions required to cure the delinquency, and a statement of the remedies available to the Association in the event the delinquency is not cured within 30 days of the date of the Notice of Delinquency.

(b) After an installment of an annual assessment or other charges due to the Association is unpaid more than 60 days after the due date thereof, the Manager may turn the account over to the Association's attorney or a collection agency for collection.

(c) Upon receiving a Delinquent account, the Association's attorney(s) may send collection letter(s) 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 notice of assessment lien upon the Owner's property. Thereafter, the attorney may file lawsuit(s) for collection of the Owner's debt or to foreclose the assessment lien

upon the Owner's property. 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 charges.

11. Acceleration and Deceleration of Assessments. To the extent permitted by the Association's Declaration, the Board reserves the right to accelerate and call due the entire unpaid annual assessment on any Delinquent account including such assessments that may become due during the pendency of a payment plan as described above. 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.

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

(a) *30 Days After Due Date.* After 30 days after the Due Date of any unpaid assessment, installment of the annual assessment, or other charge on an Owner's account, the Manager shall send the Notice of Delinquency to the Owner(s).

(b) *60 Days After Due Date.* After 60 days after the Due Date of any unpaid assessment, installment of the annual assessment, or other charge on an Owner's account, the Manager may turn the Owner's account over to the Association Attorney(s) for collection actions.

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

13. Certificate of Status of Assessment. The Association 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 for a reasonable fee. 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 Manager 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 Manager, 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;
- (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.

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 courts 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. 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 resolution of the Board.

18. 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.

19. 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.

20. Communication by Owners. Owners may communicate with the Association in any manner they choose including email, fax, phone or in writing, when available. However, in doing so, the Owner acknowledges that the Association and/or its agents may communicate to the Owner via the same method or any other available method.

21. 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.

22. 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.

23. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein. All references herein to "Owner" shall be to all owners of a unit of the Association. All references herein to "Manager" shall be to the then current management company hired by the Association.

24. 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 Association community.

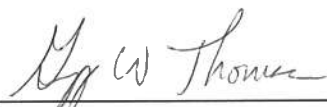
25. Deviations. The Board, Manager, or Association's attorney may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances and complies with the Association governing documents and Colorado law.

26. 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 Association 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 on

December 18 2013 and in witness thereof, the undersigned has subscribed his/her name.

FOX MEADOW HOMEOWNERS ASSOCIATION, INC.,
a Colorado nonprofit corporation



President