

**POLICY OF WEST LOCHWOOD CIVIC ASSOCIATION
REGARDING POLICY AND PROCEDURES
FOR COLLECTION OF
UNPAID SUPPLEMENTAL ASSESSMENTS**

SUBJECT: Adoption of a policy and procedure regarding the collection of unpaid Supplemental Assessments, including fines, as defined in Article 5, Section 5.2 of the Declaration.

PURPOSE: To provide notice of the Association's adoption of a uniform and systematic procedure to collect Supplemental Assessments of the Association.

AUTHORITY: The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.

EFFECTIVE DATE: September 09, 2019

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 losses. 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 Supplemental Assessments of the Association:

1. Due Dates.

A. Voluntary Assessments. Payment of the annual Voluntary Assessment as determined by the Association and as allowed for in the Declaration shall be at any time during the fiscal year and is not subject to the collection procedures or late charges stated in this policy.

B. Supplemental Assessments. Supplemental Assessments, including fines, as defined in Article 5, Section 5.2 of the Declaration not paid in full to the Association within one day of the due date shall be considered past due and delinquent. Supplemental Assessments not paid in full to the Association within 30 days of the due date shall incur late fees as provided below.

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

3. Late Charges on Delinquent Supplemental Assessments. The Association shall impose on a monthly basis a late charge in the amount of 10% of the past due balance for each Owner who fails to timely pay any Supplemental 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 Lot for which such Supplemental Assessments are 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 Supplemental 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 \$20.00, 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. 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 incurred by an Owner. Any returned check shall cause an account to be past due if full payment of the Supplemental Assessment is not timely made within 30 days of the due date.

6. Collection of Fines. Fines are levied pursuant to the fine schedule and the notice and hearing procedures set forth in the Association's Resolution of West Lochwood Civic Center Association Regarding Policies and Procedures for Covenant and Rule Enforcement. However, fines are considered Supplemental Assessments pursuant to Article 5, Section 5.2 of the Declaration and unpaid fines are collected pursuant to this policy on the collection of unpaid Supplemental Assessments.

7. Payment Plan. Any Owner who becomes delinquent in payment of Supplemental Assessments may enter into a payment plan with the Association, which plan shall be for a minimum term of 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 any additional Supplemental Assessments of the Association that come due, 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 Supplemental Assessments 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. Once an account is referred to the Association's attorney, all sums collected on a delinquent account 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 the payment of any and all legal fees and costs (including attorney fees), then to 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 Supplemental Assessments due or to become due with respect to such Owner.

10. Collection Process.

(a) After a Supplemental Assessment due to the Association becomes more than 30 days delinquent, the Board of Directors shall send a written notice ("First Notice") of non-payment, amount past due, notice that late fees have accrued and request for immediate payment. The Association's notice, at a minimum shall 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.

(b) After a Supplemental Assessment due to the Association becomes more than 60 days delinquent, the Board of Directors shall send a second written notice ("Second Notice") of non-payment, amount past due, notice that late fees have accrued, notice of intent to file a lien and request for immediate payment.

(c) After a Supplemental Assessment due to the Association becomes more than 90 days delinquent, the Board of Directors may turn the account over to the Association's attorney for collection. Upon receiving the delinquent account, the Association's attorneys may file a lien and send a letter to the delinquent Owner demanding immediate payment for past due Supplemental Assessments 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.

(d) 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. The following time frames shall be followed for use in the collection of the Supplemental Assessment.

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| Due Date (date payment due) | 1st day of the month due |
| Past Due Date (date payment is late if not received on or before that date) | One day after due date |
| First Notice (notice that late charges have accrued, required disclosures of the Association and the availability of a payment plan if applicable) | Any time after 30 days after due date |
| Second Notice (notice that late charges have accrued, notice of intent to file lien) | Any time after 60 days after due date |
| Delinquent account turned over to Association's attorney; Lien filed; Demand letter sent to Owner. | Any time after 90 days after due date |

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

12. Certificate of Status of Assessment. The Association shall furnish to an Owner or such Owner's designee upon the Owner or designee's written request to the Association, made via first class postage prepaid, return receipt requested mail, a written statement from the Association, setting forth the amount of unpaid Supplemental Assessments currently levied against such Owner's property for a reasonable fee and delivered personally or by certified mail, first class-postage prepaid, return receipt requested. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

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

14. 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 Board of Directors, 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.

15. Appointment of a Receiver. The Association may seek the appointment of a receiver if an Owner becomes delinquent in the payment of Supplemental 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 for Supplemental Assessments and prevent the waste and deterioration of the property.

16. 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 Supplemental 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. 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.

17. 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.

18. 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.

19. 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.

20. Defenses. Failure of the Association to comply with any provision in this Policy shall not be deemed a defense to payment of Supplement Assessment fees, late charges, return check charges, attorney fees and/or costs as described and imposed by this Policy.

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

22. 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.

23. 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.

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

**PRESIDENT'S
CERTIFICATION:**

The undersigned, being the President of West Lochwood Civic 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 September 09, 2019 and in witness thereof, the undersigned has subscribed his/her name.

**West Lochwood Civic Association, a
Colorado nonprofit corporation**

By: Earl M. Wilson
Its: President