

DELINQUENCY POLICY

WHEREAS, the Master Homeowner Association for Green Valley Ranch community and its financial existence depend upon proper and efficient collection of Assessments from all Owners of our community; and

WHEREAS, a community is defined and valued by compliance with requirements of the Declarations, Articles of Incorporation, Bylaws, Rules and Regulations of the community (the "Governing Documents").

THEREFORE, the following policy outlines the Association's procedures for the collection of unpaid Assessments.

ASSESSMENTS COLLECTION PROCEDURES

The Board of Directors considers assessments to be a very serious and important function of the Association. Absence of these assessments would constitute an imminent threat to the peace, health and safety of the community.

1. **Due Dates.** Assessments as determined by the Association and as allowed for in the Declaration shall be due and payable on the 1st day of each month. Assessments or other charges not paid in full to the Association within 30 days of the due date, or otherwise stated in documentation from the Association, will be considered past due and delinquent. The due date for Special Assessments and Reimbursement Assessments will be as set forth in the Declaration and, if no due date is specified in the Declaration, the due dates will be as set by the Association. .
2. **Notice of Default.** If an Assessment is not paid in full to the Association within 60 days of the due date, the Association shall send a Notice of Default to the delinquent Owner, which notice shall provide, at a minimum, the following:
 - (a) The total amount due to the Association along with an accounting of how the total amount was determined;
 - (b) Whether the Owner may enter into a payment plan and instructions for contacting the Association to arrange for and enter into the plan;
 - (c) 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;
 - (d) 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 Owner's right to vote if permitted in the Bylaws or Declaration.
3. **Notice of Lien.** If an Assessment is not paid in full to the Association within 30 days of the due date, the Association may record a Notice of Lien against the delinquent Owner's Site in the manner and in the form provided in the Declaration. A copy of the Notice of

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Lien and a letter will be sent to the Owner informing the Owner that the previous attempts to cure the account have failed and a lien has been or will be filed and that the account has been or will be referred to the Association attorney for action.

4. **Late Charges.** Once an Assessment is past due and delinquent, the Association shall impose a late charge of \$10 against the Owner. If an Assessment is not paid in full to the Association within 30 days of the date it was due, the Association shall impose an additional late charge of \$25 against the Owner. If an Assessment is not paid in full to the Association within 60 days of the date it was due, the Association shall impose on a monthly basis a late charge of \$25 against the Owner. Late charges shall be imposed by the Association without any further action by the Board being required and will be enforced as an Assessment against such delinquent Owner.
5. **Interest.** If an Assessment is not paid in full to the Association within 60 days of a Notice of Default, the Association may impose interest on the unpaid amount from the due date at the rate set forth in Section 8.32 of the Declaration. Interest shall be imposed by the Association without any further action by the Board being required and will be enforced as an Assessment against such delinquent Owner.
6. **Lien and Service Charges.** In the event the Association incurs any type of service fees or lien fees, regardless of what the fees are actually 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. **Personal Obligation.** The late charge, interest, lien and service charges shall be the personal obligation of the Owner of the Site for which such Assessment is unpaid. All late charges, interest, lien and service charges shall be due and payable immediately, without notice.
8. **Return Check Charges.** If any check or other instrument attributable to or payable for the benefit of a Owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds, then a \$20 returned check fee or other amount allowed by Colorado law and deemed appropriate by the Board shall be assessed against an Owner. The returned check fee shall be in addition to any and all charges imposed under the Governing Documents or this policy. This returned check fee shall be enforced as an Assessment against the Owner of the Site for which payment was tendered to the Association.
9. **Payment Plan.** Any Owner who becomes delinquent in payment of assessments after January 1, 2014, and has not previously been referred to the Association's attorney or collection agency for collection action, 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

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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.

10. **Collection Process.** After an Assessment or other charges due to the Association becomes more than 90 days delinquent, the Association may turn the account over to the Association's attorney for collection and recording of other legal notices. Upon receiving the delinquent account, the Association's attorney may 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 complaint with the court of jurisdiction and take such other actions on behalf of the Association as permitted under the Declaration, as the Board may direct. Pursuant to the Declaration, the delinquent Owner shall reimburse the Association for any costs of collection including reasonable attorneys' fees. 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 costs of the action and any applicable interest. If the Association is awarded a judgment against a delinquent Owner, the Association may take all steps necessary to collect on the judgment including, but not limited to filing a judgment lien against the Owner's assets and garnishment of wages and other assets.
11. **Sale of Lien.** If an offer to purchase the Association's lien is made and the Association is made whole, the Board may authorize the Association to either sell the lien or foreclose on the property at its discretion after careful consideration of the potential benefit to the Association.
12. **Acceleration and Declaration of Assessments.** The Board reserves the right to accelerate and call due the entire unpaid Assessment on any delinquent account in accordance with the Declaration. Such acceleration shall result in the entire unpaid Assessment being due to the Association immediately. The Board also reserves the right to revoke its acceleration of any accelerated Assessment.
13. **Referral of Delinquent Accounts to Attorneys.** Upon referral to the Association's attorney, the attorney will take all appropriate action to collect the accounts referred. After an account has been referred to the Association's attorney, all payments on a delinquent account shall be remitted to the Association's attorney until the account is brought current, and, generally, the account shall remain with the attorney until the account is settled, has a zero balance or is written off by the Board. The attorney is authorized to take whatever action is necessary, in consultation with the Board or an authorized representative of the Association, 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;

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- (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; or
- (d) File a court action seeking appointment of a receiver.

Upon referral of any matter to the Association's attorney, the Association will pay the Association's attorney his or her usual and customary charges as well as any out-of-pocket costs incurred by the attorney on the Association's behalf, promptly upon receipt of the monthly invoice from the attorney.

14. **Attorney Fees on Delinquent Account.** Pursuant to the Declaration and, as permitted by Colorado law, the Association shall be entitled to recover its reasonable attorney's and other professional fees and collection costs incurred in the collection of assessments or other charges due to the Association from a delinquent Owner. The reasonable attorney's fees and costs incurred by the Association shall be due and payable immediately when incurred, upon demand.
15. **Notification to and Communication with Owners.** Once a matter has been referred to the attorney, all communication with a delinquent Owner shall be handled through the Association's attorney. Neither the Association's manager nor any officers, members of the Board or other representatives of the Association will be authorized to discuss the collection of the account directly with an Owner after it has been turned over the Association's attorney unless the attorney is present or has consented to the contact.

APPLICATION OF DELINQUENT PAYMENTS RECEIVED

Often during the course of collecting delinquent funds, partial payments are made. Partial payments will be applied to the oldest costs and charges.

All payments received on account of an Owner or the Owner's Site, shall be first applied against costs, expenses, Assessments and other charges in the order provided in the Governing Documents, or this policy, prior to application of the payment to any Assessment due or to become due with respect to such Owner. If such application results in the entire Assessment not being paid in full and payment in full of such Assessment is not received by the Association within 30 days of due date, then the Owner's account will be considered past due and delinquent and subject to the imposition of late charges and interest and the other remedies and procedures as authorized by the Declaration and in this policy.

As of the date of adoption of this policy, the Association's priority schedule for applying partial payments is:

1. First to the payment of any and all legal fees and court costs (including attorney fees); then to

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2. Association approved fees, fines, penalties and charges for enforcement, repair or replacement due to failure to comply with the Association's Governing Documents; then to
3. Association late charges, interest, lien fees, service charges, returned check charges and other cost owing or incurred with respect to such Owner pursuant to the Association's Governing Documents; then to
4. The oldest and longest outstanding Association assessments working forward to the current assessments outstanding; and then to
5. Current Assessments.

GENERAL PROVISIONS

1. **Waivers.** The Association is authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify or waive the procedures contained in this policy, in its sole discretion on a case-by-case basis, as the Board determines appropriate under the circumstances.
2. **Extenuating Circumstances.** If extenuating circumstances arise with a delinquent account that affects payment of Assessments, the Association may request the delinquent Owner prepare and submit a written payment plan outlining how those delinquent fees will be paid. The Board will review the payment plan and will decide, in its sole discretion, whether to accept, reject or offer a compromise on the request.
3. **Ongoing Evaluation.** Nothing in this policy 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, unless otherwise directed by the attorney. However, the Association has the option and right to continue to evaluate each delinquency on a case-by-case basis.
4. **Deviation.** The Board may deviate from the procedures set forth in this policy if, in its sole discretion, such deviation is deemed necessary or appropriate under the circumstances. Failure of the Association to comply with any provision in this policy shall not be deemed as a defense to payment of Assessments, fees or other charges, late charges, return check charges, attorney's fees and/or costs as described and imposed by this policy.
5. **Definitions.** Unless otherwise defined in this policy, capitalized terms or terms defined in the Declaration shall have the same meaning herein as set forth in the Declaration.

Adopted by the Board of Directors on November 21, 2016

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