

THE COURTYARDS AT QUAIL LAKE HOMEOWNERS ASSOCIATION COLLECTION POLICY (House Bill 1276)

Effective Date: October 21, 2013

In compliance with the Colorado Common Interest Ownership Act and the Amended and Restated Declaration of Covenants, Conditions and Restrictions of The Courtyards at Quail Lake, the Board of Directors desires to adopt a uniform and systematic procedure regarding collection of assessments and other charges.

The Association hereby adopts the following policy and procedures for collection of assessments:

1. Due Dates, Late Charges, Interest and Suspension of Rights.

A. Due Dates: Monthly installments of the annual assessment are due and payable on the 1st day of each month. Payments shall be deemed received and shall be posted on the date the payment is received in the Association's office or the Association's payment processor's office. Any installment not paid in full when due shall be considered past due and delinquent.

B. Late Charge. A late charge in the amount of \$10.00 shall be imposed for any assessment; fine or other charge not paid within 10 days of the due date without further notice to the Owner. Such late charge is a personal obligation of the Owner and a lien on the Unit.

C. Interest. Interest at the rate of 18% per annum shall accrue on any delinquent assessment, fine or other charge from the due date without further notice to the Owner. Interest will be added to the Owner's account 30 days following the due date. Such interest is a personal obligation of the Owner and a lien on the Unit.

D. Suspension of Rights. An Owner's voting rights shall be automatically suspended without notice if an assessment or other charge is not paid within 10 days of the due date. An Owner's rights to use recreational facilities may also be suspended without notice if an assessment or other charge is not paid within 10 days of the due date.

2. 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 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 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.

3. Return Check Charges.

A. If any check or other instrument payable to or for the benefit of the Association is not honored by the bank or is returned by the bank for any reason, including, but not limited to insufficient funds, the Owner is liable to the Association for one of the following amounts, at the option of the Association:

(i) An amount equal to the face amount of the check, draft, or money order and a return check charge of \$20.00; or

(ii) If notice has been sent as provided in C.R.S. § 13-21-109 and the total amount due as set forth in the notice is not paid within 15 days after such notice is given, the person issuing the check, draft or money order shall be liable to the Association for collection for three times the face amount of the check, but not less than \$100.00.

B. Any returned check shall cause an account to be past due if full payment of the monthly installment of the annual assessment or of any other charge is delinquent.

C. 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 year, be made by certified check or money order.

4. Attorney Fees. 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 pursuant to the terms of the Declaration and Colorado law. Attorney fees incurred by the Association shall be considered part of the assessments and shall be due and payable immediately when incurred, upon demand.

5. Application of Payments. All payments received on account of any Owner or the Owner's property shall be applied first to interest, late charges, costs or fees (including attorney fees, court costs and other collection costs) and then to the assessment payments first due.

6. First Notice. After an installment of an annual assessment or other charges due to the Association becomes 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:

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 a 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 owners right to vote if permitted in the Bylaws or Declaration.

7. Time Frames. The following time frames shall be followed in the collection of monthly installments of the annual assessment and for collection of other charges.

Due date	1st day of the month for monthly installment of annual assessment or 10 days after notice of assessment or charge for all other assessments, fines and charges.
Late Fee date	10 days after due date
Interest date	30 days after due date
First Notice from Association or manager	11-30 days after due date
Second Notice from Association or manager	30-60 days after due date
Delinquent account turned over to Association's attorney; demand letter sent to Owner.	90 days after due date
Lien filed	120 days after due date

Notwithstanding the time frames set forth above, if a lien holder with priority over the Association's lien (i.e., first mortgagee) takes title to a Unit through foreclosure or deed in lieu of foreclosure, the Association may file a lien on the Unit for any delinquent payment.

Once accounts are turned over to the Association's attorney, Owners shall make payment to the Association at the address of the Association's attorney. The Association's attorney shall consult with the Association regarding collection procedures and payment arrangements.

8. Notices: Use of Certified Mail/Regular Mail. Late notices from the Association or manager may be considered routine and may be sent by regular mail. Collection or demand letters or notices from the attorney shall be sent by certified mail. Such letters may also be sent by regular mail.

9. Referral of Delinquent Accounts to Attorneys. Upon referral of a delinquent account to the Association's attorneys, the attorneys shall take appropriate action to collect the accounts referred. After an account has been referred to the Association's attorney, the account shall remain with the attorney until the account is settled, has a zero balance or is written off. The Association's attorney is authorized to take whatever action is necessary, in consultation with the President of the Board of Directors or other person designated by the Board, believed to be in the best interest of the Association, including, but not limited to:

- A. Filing a lien against the delinquent Owner's property to provide record notice of the Association's claim against the property if not already filed;
- B. Filing suit against the delinquent Owner for a money judgment. The purpose of obtaining a personal judgment against the Owner is to allow the Association to pursue remedies such as garnishment of the Owner's wages or bank account to collect judgment amounts;
- C. Instituting a judicial action of foreclosure on the Association's lien, upon approval by the Association's Board of Directors. 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 expense assessments based on a periodic budget adopted by the Association. 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. 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 in other circumstances that may favor such action;
- D. Filing necessary claims, documents, and motions in Bankruptcy Court to protect the Association's claim; and
- E. Filing a court action seeking appointment of a receiver. A receiver is a disinterested person, appointed by the court, who manages rental of the Owner's property and collects 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 waste and deterioration of the property. 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 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.
10. Notification to and Communication with Owners. This Collection Policy shall be made available to all Owners by the Association as required by Colorado law. After a delinquent account has been referred to the Association's attorney, all communication with the delinquent Owner shall be handled through the Association's attorney. Neither the manager, if any, 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. However, the Association has the option and right to continue to evaluate each delinquency on a case by case basis.
11. Certificate of Status of Assessment/Estoppel letter. The Association shall furnish to an Owner or such Owner's designee upon written request a written statement setting forth the amount of unpaid assessments currently levied against the Owner's Unit.

The statement shall be delivered within 10 calendar days after receipt of the request for a fee in the amount of \$50.00 which shall become an assessment. If the Owner's account has been turned over to the Association's attorney, such statement shall be handled through the Association's attorney and shall include any attorney fees incurred in providing the statement.

12. Bankruptcies and Public Trustee 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 Association shall advise the Association's attorney of the same and turn the account over to the Association's attorney.

13. Waivers. The Association may alter the time for the filing of lawsuits and liens or otherwise modify the procedures contained herein as the Association shall determine appropriate under the particular circumstances. Any such accommodation shall be documented in the Association's files with the conditions of relief. Failure of the Association to require strict compliance with this Collection Policy shall not be deemed a waiver of the Association's right to require strict compliance and 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.

14. 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.

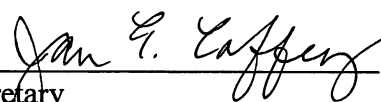
15. Amendment. This Collection Policy may be amended from time to time by the Board of Directors.

IN WITNESS WHEREOF, the undersigned certify that the foregoing was adopted by resolution of the Board of Directors of the Association on this 21st day of October, 2013.

**THE COURTYARDS AT QUAIL LAKE
HOMEOWNERS ASSOCIATION, INC.,**
a Colorado nonprofit corporation.

By: 
President

ATTEST:

By: 
Secretary