

Master Homeowners Association for Green Valley Ranch
ASSOCIATION DELINQUENCY POLICY

RESPONSIBLE GOVERNING POLICY
In Compliance with Senate Bill 100
Revised and Effective April 1, 2008

The Master Homeowner Association for Green Valley Ranch community and its financial existence depend upon proper and efficient collection of Assessments from all members of our community.

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").

This Delinquency Policy, which has been adopted by the Board of Directors for the Association in accordance with Colorado Revised Statute 38-33.3-209.5 (Colorado Common Interest Ownership Act Responsible Governance Policies), outlines the policies, procedures, rules and regulations for the collection of Assessments by the Association.

The Association needs revenues to operate. The sole source for funding for the operation of the Association is through Assessments levied by the Association upon its Members. The various forms of Assessments are defined in the Governing Documents.

The Board recognizes that only a small percentage of homeowners fail to pay their Assessments within the timeframe and under the requirements set forth by the Association's Governing Documents. The Association incurs additional costs when homeowners fail to pay Assessments when due, which costs are absorbed by all of the other homeowners. The Board believes that all homeowners should not be penalized for the non-payment of fees by other delinquent homeowners. The Association, therefore, charges each delinquent homeowner directly for this added cost of collection instead of raising fees to all homeowners to cover this disproportionate cost.

With this background, the Board has adopted the following policies and 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.** For purposes of this Policy, “Common Assessment” means the total Common Assessments (as defined in the Declaration) that are due for a particular calendar year as determined by the Board and "Other Assessments" means all other Assessments and other charges owed to the Association by the homeowners. The Common Assessment are due and payable in advance on January 1 of each year. Common Assessments not paid in full by January 31 will be considered past due and delinquent. All Other Assessments owed to the Association not paid in full to the Association within 30 days of the due date will be considered past due and delinquent. The due date for Other 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. The Association will endeavor to send a reminder letter to a homeowner when any Assessment is past due.

2. **Notice of Default.** If an Assessment is not paid in full to the Association within 60 days of the due date, the Association may send a Notice of Default to the delinquent Owner in the manner and in the form provided in the Declaration.

3. **Notice of Lien.** If an Assessment is not paid in full to the Association within 90 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 Lien and a letter will be sent to the homeowner informing the homeowner 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 will impose a late charge of \$10.00 against the Owner. If a Common Assessment or other Assessment is not paid in full to the Association within 30 days of the date it was due, the Association will impose an additional late charge of \$25.00 against the Owner. Late charges will 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 will 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 Charge.** Once a Notice of Lien is recorded, the Association will impose a lien charge of \$100.00 against the Owner to help offset a portion of the administrative burden and costs the Association incurs resulting from the delinquency and collection activities. A lien charge will be deemed imposed by the Association without any further action by the Board being required and will be enforced as an Assessment against such delinquent Owner.

7. **Personal Obligation.** The late charge, interest and lien charge shall be the personal obligation of the Owner of the Site for which such Assessment is unpaid. All late charges, interest and lien charges shall be due and payable immediately, without notice.

8. **Check Charges.** If any check or other instrument attributable to or payable for the benefit of a homeowner 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 \$25.00 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 homeowner of the Site for which payment was tendered to the Association.

9. **Collection Process.** After an Assessment or other charges due to the Association becomes more than 90 days delinquent, the Association will 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 will 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.

10. **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.

11. **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.

12. **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;
- (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.

13. **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 homeowner. The reasonable attorney's fees and costs incurred by the Association shall be due and payable immediately when incurred, upon demand.

14. **Notification to and Communication with Owners.** Once a matter has been referred to the attorney, all communication with a delinquent homeowner 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.

COLLECTION PROCEDURES AFTER REFERRAL TO THE ATTORNEY

Attorney Process: Once an account is turned over to the Association's attorney:

1. The attorney will investigate the possibility of existing foreclosure proceeding. If none, the attorney may mail a demand for compliance and/or payment letter to the homeowner with a 15 day deadline for compliance in a covenant enforcement matter and allowing 30 days from date of receipt by the homeowner for the homeowner to respond to the payment letter for delinquent Assessment.
2. If the homeowner has not responded to the attorney's demand letter within such 15 or 30 day period whichever the case may be and there is still no evidence of foreclosure, the attorney will initiate a suit for a personal judgment for the Assessment, late interest, violation fines and/or injunctive relief approximately 30 days after the date of the demand letter.

3. If a judgment is awarded in favor of the Association, garnishment of assets will commence. This includes garnishment of wages, rents, automobiles, other property etc.
4. If the covenant violation still exists, the Attorney will file for such other relief as approved by the Board which may include, if the circumstances warrant, seeking an order for a contempt of court, and a bench warrant for arrest.
5. The attorney will not commence a foreclosure action without the approval of the Board.

APPLICATION OF DELINQUENT PAYMENTS RECEIVED

Often during the course of collecting delinquent funds, partial payments are made. The question of how these partial payments would be applied often arises. Partial payments will be applied to the oldest costs and charges.

All payments received on account of an homeowner or the homeowner'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. Legal fees and court costs. When these charges are paid in full, then
2. Association approved fees, fines, penalties and charges for enforcement, repair or replacement due to failure to comply with the Association's Governing Documents. When these charges are paid in full, then
3. Association late charges and interest. When these charges are paid in full, then
4. The oldest and longest outstanding Association assessments working forward to the current assessments outstanding. When these charges are paid in full, then
5. Current Assessments. When these charges are paid in full, then
6. If there are still unapplied funds from the payment, which may be considered an overpayment that may be attributable to Westwind Management Group, Inc. collection

costs for costs assessed prior to October 6, 2007, payment to Westwind Management Group, Inc. or refund to Owner at the sole discretion of the Board of Directors.

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 determines, in its sole discretion on a case by case basis, as the Board, Association 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 homeowner 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. 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.

6. **Replacement and Supplement.** This Policy supersedes and replaces in its entirety the "Policy Regarding Enforcement of Covenants and Rules, including Notice and Hearing Procedures and Schedule of Fines" previously adopted by the Board. The provisions of this Policy shall be in addition to and shall supplement the terms and provisions of the Declaration, the Bylaws, and the laws of the State of Colorado governing the Association. To the extent of any inconsistency in the terms of this Policy and the Declaration, the terms of the Declaration will control.



Master Homeowners Association for Green Valley Ranch
RESOLUTION

TO REVISE THE ASSOCIATION DELINQUENCY POLICY

Pursuant to the provisions of the Declarations of the Master Homeowners Association for Green Valley Ranch (the "Association"), which allow for this action of the Executive Board of Directors of the Association, the following Resolution was adopted by the majority of the Executive Board of Directors of the Association.

BE IT RESOLVED, that the "Association Delinquency Policy," is approved and adopted as Rule and Regulation of the Association to be effective April 1, 2008, and that this Policy will supersede and replace in its entirety the "Association Delinquency Policy" previously adopted by the Board; and

FURTHER RESOLVED, that the officers of the Association shall notify the Members of this Policy.

IN WITNESS WHEREOF, signed and adopted by the Board of Directors this 28th day of February, 2008.

**MASTER HOMEOWNERS ASSOCIATION
FOR GREEN VALLEY RANCH,**
a Colorado Nonprofit Corporation

Norm Avery

Olivia Chambers

Gary B. Haley

Marlene Martin

Trenton J. Stone

William H. Talbert

Joanne M. True