

POLICY AND PROCEDURE

COLLECTIONS POLICY AND PROCEDURES

Resolved and Adopted June 14, 2007

Amended November 14, 2013

Amended _____

The following policy and procedure has been adopted by the Board of Directors ("Board") of The Park East Homeowners Association ("Association") pursuant to Colorado statutes, for collection of unpaid assessments, default assessments, fees and fines.

1. Due Date.

The Association's Annual Common Expense Assessment shall be due and payable, in full, within 30 days of initial date of billing each year. Assessments and other charges not received by the Association by the 31st day following initial date of billing each year, or other date(s) as established by the current Assessment Payment Policy, shall be considered past due and delinquent.

2. Late Charge

Once assessments and other charges are past due and delinquent, a Finance Charge is assessed, equal to 18% APR computed on a daily basis (or other amount deemed appropriate by the Board) of the unpaid balance on the account.

3. Return Check Charges.

In addition to any and all charges imposed under the Declaration, the Bylaws, the Rules and Regulations or the Articles of Incorporation (collectively, the "Governing Documents") or pursuant to Colorado statutes, or this Policy, a fifty dollar (\$50.00) fee or other amount deemed appropriate by the Board 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. 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 Lot 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 Governing Documents or this Policy.

4. Attorney Fees on Delinquent Accounts.

As an additional expense permitted (collectible as a Common Expense Assessment) under the Declaration and Colorado statutes, 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. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand.

5. Application of Payments made to the Association.

Regardless of inscriptions or notations on the front of the check, all payments received on the account of any owner shall be applied in the following order:

- a) any and all attorney fees, legal fees and costs incurred for collection of assessments or for owner's failure to comply with provisions of the Association's Governing Documents, including lien fees;
- b) fines, late charges and interest;
- c) returned check charges, and other costs owing or incurred with respect to such owner pursuant to the Declaration, Colorado statutes, Rules and Regulations, or this Policy;
- d) Past-due Special Assessments (if any);
- e) Currently due Special Assessments (if any);
- f) Past-due Annual Assessments;
- g) Current Annual Assessments. Checks containing a restrictive endorsement on the back will be returned to the owner and the amount tendered shall be considered unpaid.

6. Collection Procedures.

- a) Finance charges will be assessed to delinquent owners' accounts. Delinquent owners will receive a statement indicating the assessed finance charges and all other assessments, fines, and fees, and notifying the owner that Notice of Default may be delivered if the full outstanding balance is not

paid. Payments must be received within 30 days of billing to avoid further actions and fees, fines, etc. by the Association.

- b) All accounts with outstanding balances as per the current Assessment Payments Policy and the Collections Policy may be subject to placement of a lien upon the property.
- c) The Board may in its sole and absolute discretion offer an owner delinquent in assessments an opportunity to enter into a payment plan over a period of at least six months. The total amount due at the time such a payment plan is established will be determined by the Association and will include any amounts owed including assessments, fees, late charges, attorney fees, fines and interest on common expense assessments. The Association may pursue legal action against an owner if the owner fails to comply with the terms of the payment plan. An owner's failure to remit payment of an agreed upon installment, or to remain current with regular assessments as they become due during the six month period, constitutes a failure to comply with the terms of the payment plan.
- d) Before the Association turns over a delinquent account to a collection agency or refers it to an attorney for legal action, the Association must send the owner a notice of delinquency specifying: i) the total amount due, with an accounting of the total was determined; ii) instructions for entering into a payment plan pursuant to Sec. 38-33.3-316.3 of the Colorado Common Interest Ownership Act and instructions for contacting the Association to enter into such a payment plan; iii) the name and contact information for the individual the owner may contact to request a copy of the owner's ledger in order to verify the amount of the debt; iv) that action is required to cure the delinquency and that failure to do so within 30 days may result in the owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the owner's property, or other remedies available under Colorado law; v) the method by which payments are applied on the delinquent account of the owner; vi) the legal remedies available to the association to collect on an owner's delinquent account pursuant to the governing documents of the Association and Colorado law.

7. Filing of Liens.

If, after written Notice of Default, and allowing a reasonable period for collection the account remains delinquent, a Notice of Assessment Lien against the owner's unit shall be recorded. Such lien shall not be removed until the account has been paid in full.

8. Judicial Foreclosure.

The Board may choose to foreclose on the Association's lien in lieu of or in addition to suing an owner in county court 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 in obtaining payment, or in which other circumstances favor such action.

10. Ongoing Evaluation.

Nothing in this policy shall require the Board to take specific actions at a specific time but the Board shall not take any action in less than the time stated herein for a particular action. The Board has the option and right to continue to evaluate each delinquency on a case by case basis.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of The Park East Home Owners Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board on June 14, 2007, and in witness thereof, the undersigned has subscribed his/her name.

THE PARK EAST HOME OWNERS ASSOCIATION, a Colorado non-profit corporation

By: Greg Knott, Owner lot 71

_____, Secretary