

**THE SUMMIT**  
**RESIDENTIAL OWNERS ASSOCIATION, INC.,**  
**a Colorado nonprofit corporation**

**COLLECTION POLICY**

The following Collection Policy was adopted on the 29<sup>th</sup> day of January, 2013, by the Board of Director's of The Summit Residential Owners Association Inc., a Colorado nonprofit corporation ("Association") pursuant to §§ 38-33.3-209.5, 38-33.3-316 & 38-33.3-316.3, C.R.S., at a regular meeting of the Executive Board.

NOW, THEREFORE, IT RESOLVED that the Association does hereby adopt its Collection Policy, which shall be effective on the 1<sup>st</sup> day of January, 2014, as follows:

1. Assessments. For purposes of this Policy, "assessments" or "regular assessments" include regular and special assessments and any associated fees, charges, late charges, attorney's fees, fines and interest. Assessments shall be paid in equal monthly, quarterly, bi-annual or annual installments, as determined by the Board of Directors. Assessments are due on or before 30 days from the date of invoice. If an assessment is not paid by the due date, the assessment is delinquent.

2. Late fees & Interest. If the full amount of any assessment is not received by the Association's managing agent by the stated due date, the assessment shall be considered delinquent. At such time, a late charge of \$25.00 shall be assessed to the delinquent account. Delinquent assessments shall also bear interest at the rate of eighteen percent (18%) per annum from the date of delinquency until paid in full. The Association may also charge a \$25.00 fee for any bounced or returned check.

3. Prior to Referral to Legal Counsel. Prior to referring a delinquent account to the Association's legal counsel or to a collection agency, the Association shall mail the delinquent owner, via certified mail return-receipt requested, at the mailing address on file with the Association's managing agent, a notice of the delinquency that specifies:

- a. The total amount due with an accounting of how the total was determined;
- b. Whether the opportunity to enter into a payment plan exists pursuant to Section 4 below, and instructions for contacting the Association to enter into a payment plan;
- c. The name and contact information for the individual the unit owner may contact to request a copy of the unit owner's ledger in order to verify the amount of the debt; and
- d. That action is required to cure the delinquency and that failure to do so within thirty (30) days may result in the following:
  - i. The unit owner's delinquent account being turned over to the Association's attorney or a collection agency;
  - ii. A lawsuit being filed against the owner;
  - iii. The filing and foreclosure of a lien against the unit owner's property;
  - iv. The Association applying for a court-ordered receivership over the property; and/or
  - v. Any other remedies available under Colorado law.

A sample Association delinquency notification letter is attached to this Collection Policy as Exhibit "A" for reference.

4. Payment Plans.

a. *Eligibility.* A unit owner is entitled to enter into a payment plan with the Association so long as the unit owner has not previously entered into a payment plan pursuant to this Collection Policy. If a unit owner has previously entered into a payment plan with the Association pursuant to this Collection Policy, it is at the discretion of the Association whether to permit such unit owner to enter into another payment plan, or whether to pursue the legal remedies permitted under Colorado law for collection of delinquent Association accounts.

b. *Terms.* Any payment plan shall be offered in writing by the Association to the unit owner and shall permit the unit owner to pay off the delinquency in equal installments over a period of not more than six (6) months. The six (6) month timeframe shall commence as of the date when the notice letter contemplated by Section 3 above is mailed to the unit owner. The six (6) month offer by the Association to the unit owner is deemed to be the agreement among and between the unit owner and the Association, unless otherwise agreed in writing by the both parties. The unit owner must also remain current with regular assessments as they come due during the payment plan time period. A unit owner's failure to remit payment of an agreed-upon payment plan installment, or to remain current with regular assessments as they come due during the payment plan period, constitutes a failure to comply with the terms of the payment plan. If a unit owner fails to comply with terms of a payment plan, the Association may pursue the legal remedies permitted under Colorado law for collection of delinquent Association accounts.

5. Application of Payments. Payments received by the Association shall be applied in the following order, as may be applicable:

- a. Attorney's fees and legal costs and expenses;
- b. Fines, late charges and interest;
- c. Returned check charges and other costs owing or incurred with respect to such owner; and
- d. Assessments due or to become due with application to the most long-standing delinquent assessment first.

6. Legal Remedies. In the event a unit owner does not comply with a payment plan or is not eligible for a payment plan, the legal remedies available to the Association to collect a unit owner's delinquent account pursuant to the Association's governing documents and Colorado law are as follows:

- a. A lawsuit by the Association against the delinquent owner;
  - b. The filing and foreclosure of a lien against the unit owner's property, but only if:
    - i. The balance of the assessments and charges secured by the lien equals or exceeds six (6) months of common expense assessments based on a periodic budget adopted by the Association related to the subject property; and
    - ii. The Board of Director's has formally resolved, by a recorded vote, to authorize the filing of a legal action against the specific unit on an individual basis. The Board of Director's may not delegate its duty to act under this subsection to any attorney, insurer, manager, or other person, and any legal action filed without evidence of the recorded vote authorizing the action must be dismissed.
  - c. Referral of the delinquent account to the Association's attorney or a collection agency; and/or
  - d. The Association may apply to be the court-appointed receiver of the subject unit.
7. Exceptions. This Collection Policy does not apply if the unit owner does not occupy the unit and has acquired the unit as a result of:
- a. A default of a security interest encumbering the unit; or
  - b. Foreclosure of an Association lien.
8. Conflict of Laws. In the event of a conflict between this Collection Policy and the Association's Declaration, Bylaws, or any other policy, rule or regulation of the Association, this Collection Policy shall control.

**CERTIFICATION**

The undersigned, as President of The Summit at Mt Crested Butte Residential Owners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Collection Policy was adopted by the Board of Director's of the Association at a duly called and held meeting on the 29th day of January , 2014, and in witness thereof, the undersigned has subscribed his name.

THE SUMMIT AT MT CRESTED BUTTE RESIDENTIAL OWNERS ASSOCIATION, INC.  
a Colorado nonprofit corporation

By: \_\_\_\_\_  
\_\_\_\_\_, President