

**CHERRY CREEK MEADOWS TOWNHOUSE ASSOCIATION  
ASSOCIATION DELINQUENCY POLICY  
BOARD APPROVED AUGUST 16, 2007**

Collection of Unpaid Assessments

Finance 2.1: Purpose.

It is the duty of the Association to administer the fee assessment policies set forth in the covenants, the bylaws and the Association rules and regulations. These policies are set forth to provide clear guidance to the owners of the steps that must be taken by the Association in order to perform its duty.

Finance 2.2: Fees due first of month.

Maintenance fees and assessments made by the Association are due the first day of each month. In the event that the Association levies any special assessments, the resolution which imposes such special assessments shall include the day or date upon which the special assessment is due.

Finance 2.3: Late charge – insufficient funds check.

In any month in which payment is not received by the 10<sup>th</sup> of the month of the month in which it is due, the Association will assess a late fee of \$10.00. In the event that the Association receives a check which is rejected by a financial institution because of insufficient funds, the late charge specified in this policy shall be assessed in addition to any other fees for insufficient or returned checks authorized by Colorado law.

Finance 2.4: Late payment – reminder letter – one month late.

For the first month in which no payment has been received by the last day of the month, the Association shall send a reminder letter by first class mail to the owner noting that payment was not received and that a late fee has been assessed and that the account is in jeopardy of becoming delinquent if full payment has not been received within fifteen days of the date of the letter.

Finance 2.5: Failure to correct late payment.

In the event that the owner has failed to correct a notice of late payment by the due date specified in the letter issued under Finance Policy 2.4, the Association shall send a second notice to the owner that full payment had not been received by the date specified and that a second late fee of \$10.00 has been assessed and that a collection fee of \$30.00 has been assessed payable to the Association or to the Association's managing agent. The letter shall inform the owner that if the amount due is not paid in full within thirty days of the date of the letter, the account will be declared delinquent and that the Association will pursue other collection remedies, including but not limited assessing a lien against the property for all amounts due.

Finance 2.6: Failure to correct following second notice.

In the event that the owner fails to correct the amount due by full payment by the date specified in the letter issued under Finance Policy 2.5, the Association shall issue a third and final collection letter noting that the Association will declare the account delinquent

if full payment of all amounts due, including a second collection fee of \$30.00 payable to the Association or its managing agent, has not been received within thirty days of the date of the final collection letter.

Finance 2.7: Failure to correct following final notice.

In the event that the owner fails to pay all amounts due by the date specified in the final collection letter issued under Finance Policy 2.6, the Association shall cause a lien for any amount remaining unpaid to be filed upon the unit and that a \$100.00 collection fee has been imposed that is in addition to any preceding collection fees that is payable to the Association or its managing agent.

Finance 2.8: Contact with owner through First Class mail.

It is the policy of the Association that all contact with owners concerning late payments and delinquencies will be by First Class mail and not through telephonic contact. If the owner has questions concerning the notices or the accounting of fees, the owner may contact the Association's managing agent by either telephone or First Class mail. The Association's managing agent will attempt to reconcile differences during any phone conversation initiated by the owner, but will follow up with a letter to the owner in order to confirm all discussions made telephonically.

Finance 2.9: Referral of delinquencies to Association legal counsel.

If an owner fails to respond to any of the letters or attempts to collect any amounts due, the matter will be referred to the Association legal counsel for appropriate action. In the event that a delinquent account is referred to the Association legal counsel, all contacts made to the Association or the managing agent shall be referred to the Association legal counsel. It is the policy of the Association that once a delinquent account is referred to the Association legal counsel that the legal counsel will:

- a. Deliver a demand letter to the owner promptly.
- b. If the owner fails to respond to the attorney's demand letter, the attorney shall proceed to file suit for a personal judgment against the owner not later than forty-five days following the date of the demand letter.
- c. If the owner fails to respond and does not attend scheduled judicial hearings, the attorney shall ask for a judgment to be entered by the court and if appropriate ask the court to garnishee the assets of the owner as authorized by Colorado law. The attorney shall also ask the court to award the Association damages to recover all costs incurred in pursuing payment of the delinquent amounts due, including, but not limited to, all attorney fees, court costs, interest and other costs incidental to pursuing remedy.

Finance 2.10: Each delinquency a separate delinquency.

It is the policy of the Association that each unpaid monthly assessment and each unpaid delinquency shall constitute a separate failure and each shall be pursued in accordance with these policies. The Association may, at its discretion, combine multiple unpaid monthly assessments and delinquencies into a single action if it would be in the best interests of the Association to do so.

Finance 2.11: Application of collected fees to delinquent amounts.

In the event that an owner makes a partial payment of any amounts due the Association which are late or delinquent, the received funds shall be applied to the account in the following order of priority:

- a. To defray collections costs of the Association or the managing agent.
- b. Legal fees and court costs incurred by the Association or managing agent.
- c. Association approved fines, penalties and charges for repairs or replacement.
- d. Association late charges and interest.
- e. The oldest and longest outstanding Association maintenance fees or assessments working forward to the most current outstanding maintenance fee or assessment due to the Association.
- e. The order of priority set forth under this policy shall remain in effect until such time as the amount due in the category noted is completely paid.
- f. In the event that the owner specifies on his or her payment check a specific category that the amount or amounts should be applied to, that owner distribution will be honored. If the payment includes a monthly coupon, the payment will be applied to month noted on the coupon and any amount in excess of that amount will be applied to the priorities as set forth in this policy. If there is no designation of application of funds made by the owner, the priorities of satisfaction of amounts due set forth in this policy shall be followed.

Finance 2.12: Sale of liens.

In the event that it becomes necessary to sell any liens placed on property by the Association, the managing agent shall secure the approval and consent from the Board of Directors prior to selling the lien.

Finance 2.13: Special circumstances.

The Board of Directors recognizes that occasionally an owner may find himself or herself in circumstances that impair their ability to meet their financial obligations. If an owner has extenuating circumstances that should be taken into consideration, the Board of Directors encourages the owner to contact the managing agent to develop an appropriate financial plan to meet the obligation. The managing agent will submit the plan to the Board of Directors for review and approval, provided, however, that such review will be conducted in an executive session of the Board in order to protect the private financial information of the owner. The Board reserves the right to revoke a special circumstances financial plan if the owner fails to meet his or her agreed upon conditions as set forth in the plan.