

**RESOLUTION
OF THE
RIDGEWOOD HILLS MASTER ASSOCIATION
REGARDING POLICY AND PROCEDURES FOR COLLECTION OF
UNPAID ASSESSMENTS**

SUBJECT: Adoption of a policy and procedure regarding the collection of unpaid assessments.

PURPOSE: To provide notice of the Association's adoption of a uniform and systematic procedure to collect assessments and other charges of the Association.

AUTHORITY: The Master Declaration of Covenants, Articles of Incorporation and Bylaws of the Association, and Colorado law, including but not limited to C.R.S. §38-33.3-209.5.

**EFFECTIVE
DATE:**

May 1, 2011

RESOLUTION: The Association hereby adopts the following policy:

It is in the best interest of the Association to refer delinquent accounts promptly to an attorney for collection so as to minimize the Association's loss of revenue from delinquent assessments. The Board of Directors has retained an attorney with experience in representing homeowner associations in collections and other matters. The Association hereby gives notice of its adoption of the following policies and procedures for the collection of assessments and other charges of the Association:

1. Due Dates. Except as provided below, the annual assessments as determined by the Association and as allowed for in the Master Declaration of Covenants (the "Declaration") shall be due and payable in two equal installments, the first of which shall be due on January 1st and the second of which shall be due on July 1st of each year. Assessments or other charges not paid in full to the Association within 30 days of the due date shall be considered past due and delinquent. Assessments or other charges not paid in full to the Association within 30 days of the due date may incur late fees and interest as provided below.

2. Late Charges and Interest on Delinquent Installments.

The Association shall impose on a monthly basis a \$25.00 late charge for each Owner who fails to timely pay his/her annual assessments within 30 days of the due date and whose delinquent account balance exceeds \$50.00. This late charge shall be a "common expense" for each delinquent Owner. The Association shall likewise impose on a monthly basis an interest charge at the rate of twenty-one percent (21%) per annum for each Owner who fails to timely pay his/her annual assessments within 30 days of the due date and whose delinquent account balance exceeds \$50.00.

3. Personal Obligation for Late Charges. The late charge shall be the personal obligation of the Owner(s) of the unit for which such assessments or installment is unpaid. All late charges shall be due and payable immediately, without notice, in the manner provided by the Declaration (and as set forth herein) for payment of assessments.

4. Return Check Charges. In addition to any and all charges imposed under the Declaration, Articles of Incorporation, Bylaws, and the Rules and Regulations of the Association or this Resolution, a maximum \$20.00 fee or other lesser amount deemed appropriate by the Board of Directors 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 unit for which payment was tendered to the Association and treated as a common expense assessment allocated to that Owner's account. Returned check charges shall become effective on any instrument tendered to the Association for payment of sums due under the Articles, Declaration, Bylaws and Rules and Regulations or this Resolution after the date adopted as shown above. 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 (1) year, be made by certified check or money order. This return check charge shall be in addition to any late fees incurred by an Owner. Any returned

check shall cause an account to be past due if full payment of the annual assessments is not made when due.

5. Attorney Fees on Delinquent Accounts. As an additional expense permitted by Colorado law, 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.

6. Application of Payments. All sums collected on a delinquent account that has been turned over to the Association's attorney shall be remitted to the Association's attorney until the account is brought current. All payments received on account of any Owner or the Owner's property (hereinafter collectively "Owner"), shall be applied in the following manner: first to payment of any and all legal fees and costs (including attorney fees), then to expenses of enforcement and collection, late charges, interest, returned check charges, lien fees, and other costs owing or incurred with respect to such Owner pursuant to the Articles, Declaration, Bylaws, Rules and Regulations, or this Resolution, prior to application of the payment to any assessments due or to become due with respect to such Owner.

7. Collection Process.

(a) After the annual assessments or other charges due to the Association becomes more than 30 days delinquent, the management company, on behalf of the Association, shall send a written notice ("First Notice") of non-payment, amount past due, notice that late fees and interest will accrue and request for immediate payment.

(b) After the annual assessments or other charges due to the Association becomes more than 60 days delinquent, the management company, on behalf of the Association, shall send a second written notice ("Intent to Lien Notice") of non-payment, amount past due, notice that late fees and interest have accrued (in the event delinquent balance exceeds \$50.00), notice of intent to file a lien, and request for immediate payment.

(c) After the annual assessments or other charges due to the Association becomes more than 90 days delinquent, the management company, on behalf of the Association, shall file a lien and advise the Owner of the same ("Lien Filed Notice"). Furthermore, the management company shall turn the account over to the Association's attorney for collection. Upon receiving the delinquent account, the Association's attorneys shall 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 lawsuit. 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 cost of the action and any applicable late fees.

8. Collection Procedures/Time Frames. The following time frames shall be followed for use in the collection of the annual assessments and other charges.

Due Dates (dates payment due)	January 1 and July 1 of each year
Past Due Date (date payment is late if not received on or before that date)	30 days past due date
First Notice (notice that late charges and interest will accrue, demand for payment)	30 days after due date
Intent to Lien Notice (notice that lien will be filed and notice that late charges and interest will accrue – if delinquent balance exceeds \$50.00)	60 days after due date
Lien Filed Notice (notice that lien filed and account turned over to attorney)	90 days after due date

The attorney is to consult with the Association as necessary to determine if payment has been arranged or what collection procedures are appropriate.

9. Payment Plan Option. Notwithstanding any of the foregoing collection process, the Board may, in its sole discretion, deviate from all or any portion of such process by entering into a written payment plan agreement with the delinquent Owner. Such payment plan may allow for the monthly payment of the total of any current and delinquent assessments, assessments for the current calendar year yet to be assessed, late fees, interest and other charges, provided that the full balance is paid and the owner is current on or before December 1st of the given year. Monthly payments under any such plan shall be due and payable by the 10th of each month, and shall be made in the same manner as all payments are made under this Policy. While any such payment plan is pending, late fees and interest may be waived at the sole discretion of the Board. In the event of the breach of any such payment plan, the Board shall authorize the managing agent to reinstate the above collection process at any step in such process that is deemed appropriate by the Board. A copy of this section of this Policy shall be provided along with any delinquency letter sent to any owner. Attached as Exhibit A hereto is a sample payment plan letter which may be used to memorialize the terms of any such plan.

10. Certificate of Status of Assessments. The Association, through its management company, shall furnish to an Owner or such Owner's designee upon a written request, first class postage prepaid, return receipt, to the Association's agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's property. Such statement of unpaid assessments shall be provided as a part of the Transfer package provided by the management company for which a fee may be charged. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

11. Bankruptcies and 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's management company shall notify the Association's attorney

of the same and turn the account over to the Association's attorney, if appropriate.

12. Referral of Delinquent Accounts to Attorneys. Upon referral to the Association's attorney, the attorney shall take all appropriate action to collect the accounts referred. After an account has been referred to an attorney, the account shall remain with the attorney until the account is settled, has a zero balance or is written off. The attorney, in consultation with the Association's management company's designated representative, is authorized to take whatever action is necessary and determined 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;
- d. File a court action seeking appointment of a receiver.

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 attorney's 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.

13. Appointment of a Receiver. The Association may seek the appointment of a receiver if an Owner becomes delinquent in the payment of assessments pursuant to the Declaration and Colorado law. A receiver is a disinterested person, appointed by the court, who manages the rental of the property, collects the rent and disburses 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 the waste and deterioration of the property.

14. Judicial Foreclosure. 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 other circumstances favor such action.

15. Waivers. The Association is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association shall determine appropriate under the circumstances.

16. Communication with Owners. All communication with a delinquent Owner shall be handled through the Association's attorney once a matter has been referred to the attorney. Neither the Manager 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.

17. Defenses. Failure of the Association to comply with any provision in this Policy shall not be deemed a defense to payment of assessments or other charges, late charges, return check charges, attorney fees and/or costs as described and imposed by this Policy.

18. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

19. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Project.

20. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

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

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Ridgewood Hills Master Association, a Colorado nonprofit corporation, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on March 22, 2011 and in witness thereof, the undersigned has subscribed his/her name.

**RIDGEWOOD HILLS MASTER
ASSOCIATION**

a Colorado nonprofit corporation

By: _____



President

**SUMMARY OF KEY PROVISIONS OF POLICIES AND PROCEDURES FOR
COLLECTION OF ASSESSMENTS**

Amounts: Late Fee: \$25.00

Interest: 21% APR

Process:

Due Dates (dates payment due)	January 1 and July 1 of each year
Past Due Date (date payment is late if not received on or before that date)	30 days past due date
First Notice (notice that late charges and interest will accrue, demand for payment)	30 days after due date
Intent to Lien Notice (notice that lien will be filed and notice that late charges and interest will accrue – if delinquent balance exceeds \$50.00)	60 days after due date
Lien Filed Notice (notice that lien filed and account turned over to attorney)	90 days after due date

EXHIBIT A

PAYMENT PLAN AGREEMENT

Letterhead

Date:
Name:
Address:

Re: Delinquent Association Assessments/Ridgewood Hills Master Association
Address:

Dear Owner:

This letter confirms the terms you have agreed to for repayment of delinquent assessments, late fees, interest and any other related expenses due to Ridgewood Hills Master Association (“Association”) for the above-referenced Lot. The balance due is \$ _____ which includes all assessments, late fees, interest, and any other related expenses due as of _____, 20__.

You have agreed to repay this amount over the next ____ months (“Payment Plan Period”). Each monthly arrears payment will be \$ _____. In addition to the arrears payment, if a semi-annual assessment is levied during the Payment Plan Period you must make the full semi-annual assessment payment as it comes due. ****No separate billing reminders will be sent to you of this Payment Plan or regular monthly installments due.** This will be your only copy.

Your payments should be made payable to Ridgewood Hills Master Association, but sent to MSI, LLC, 390 Interlocken Crescent, Suite 500, Broomfield CO 80021. Your payment must be received before the ____ of each month beginning on _____, 20__.

During the Payment Plan Period interest and late fees will be suspended. If your payments are not made on time or are otherwise unacceptable (i.e., bounced checks, etc.) the Association may cancel this Payment Plan immediately, at its discretion, and turn the account over to the attorney for collections. In that case, all late fees and interest will be retroactively applied as of the date of the initial delinquency.

Please contact MSI at least two weeks before your final payment is due so that they can confirm the exact amount for your final payment. Upon satisfactory completion of the payment plan and verification from MSI that your account is at a zero balance, you may resume payment of your regular semi-annual assessments on January 1st and July 1st through the regular procedure.

Agreed to on the ____ day of _____, 20__, by:

BOARD MEMBER:

OWNER:

Sign: _____
Print Name: _____

Sign: _____
Print Name: _____

BOARD MEMBER:

Sign: _____
Print Name: _____