

**RESOLUTION  
OF  
REDHILL FOREST PROPERTY OWNERS,  
MUTUAL WATER AND CATTLE 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 Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.

**EFFECTIVE DATE:** January 1, 2015

**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 assessment revenue. The Board of Managers 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. The annual assessment as determined by the Association and as allowed for in the Declaration shall be due and payable in full on or before January 31 of the calendar year for the assessment. The annual assessment is billed on the first day of January of each calendar year. Assessments or other charges not paid in full to the Association on or before the due date shall be considered past due and delinquent. Assessments or other charges not paid in full to the Association by the due date shall incur late fees and interest as provided below.

2. Installment Plan. If a member desires to pay their annual assessment in installments, an ACH withdrawal form is required pursuant to the Bylaw change adopted by the membership at the annual meeting in July 2013. The installment plan must be established in January by sending the first installment payment and a signed ACH form to the Association's Management Company at the address on file. Members who remain current with their installment payment will not be charged interest, late fees or other penalties.

3. Receipt Date. The Association shall post payments on the day that the payment is received.

4. Late Charges and Interest on Delinquent Installments. The Association shall impose on a one-time \$50.00 late charge for each Owner who fails to timely pay his/her annual assessment or a monthly installment of the annual assessment within 30 days of the due date. The Association shall also impose interest from the due date at the rate of 8% per annum on the amount owed for each Owner who fails to timely pay their annual assessment or a monthly installment of the annual assessment by the due date. The Association shall also charge a \$20.00 fee for each delinquency notice sent to the Owner by the management company. However, in no event shall the Association be entitled to collect late charges and interest that exceeds the maximum rate permitted by law.

5. Personal Obligation for Late Charges. The late charge shall be the personal obligation of the Owner(s) of the lot for which such assessment 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.

6. Return Check Charges. In addition to any and all charges imposed under the Declaration, Articles of Incorporation and Bylaws, the Rules and Regulations of the Association or this Resolution, a return check fee, not to exceed \$30.00, 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 without further notice to the Owner. 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 Declaration, Articles, Bylaws, Rules and Regulations or this Resolution after the date adopted as shown above. If the bank within any fiscal year returns two or more of an Owner's checks unpaid, 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 or interest incurred by an Owner. Any returned check shall cause an account to be past due if full payment of the monthly installment of the annual assessment is not timely made within 30 days of the due date.

7. Service Fees. In the event the Association incurs any type of service fee, regardless of what it is called, for the handling and processing of delinquent accounts on a per account basis, such fees will be the responsibility of the Owner as such fee would not be incurred but for the delinquency of the Owner.

8. Payment Plan. Any Owner who becomes delinquent in payment of assessments after January 1, 2015 and whose account is not currently with the Association's attorney or a collection agency for collection action on January 1, 2015, may enter into a payment plan with the Association, which plan shall be for a minimum term of 6 months or such other term as may be approved by the Board of Managers. Such payment plan shall be offered to each owner prior to the Association referring any account to an attorney or collection agency for collection action. In the event the Owner defaults or otherwise does not comply with the terms and conditions of the payment plan, including the payment of ongoing assessments of the association, the Association may, without additional notice, refer the delinquent account to an attorney or collection agency for collection action or may take such other action as it deems appropriate in relation to the delinquency.

9. Attorney Fees on Delinquent Accounts. As an additional expense permitted under the Declaration and 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.

10. Application of Payments. All sums collected on a delinquent account shall be remitted to the proper party for the Association 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 the payment of any and all legal fees and costs (including attorney fees) incurred by the Association, then to expenses of enforcement and collection, late charges, processing charges, returned check charges, lien fees, and other costs owing or incurred with respect to such Owner pursuant to the Declaration, Articles, Bylaws, Rules and Regulations, or this Resolution, then to interest charges accruing with respect to the past due assessments, prior to application of the payment to any special or regular assessments due or to become due with respect to such Owner.

11. Collection Process.

(a) After payment of the annual assessment or other charges due to the Association is more than 30 days delinquent, the Management Company shall send a written notice ("First Notice") of non-payment, amount past due, notice that interest and late fees have accrued and request for immediate payment. The Association's notice, at a minimum shall including the following:

(i) The total amount due to the Association along with an accounting of how the total amount was determined.

(ii) Whether the Owner may enter into a payment plan and instructions for contacting the Association to arrange for and enter into a plan.

(iii) A name and contact information for an individual the owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt.

(iv) A statement indicating that action is required to cure the delinquency and that failure to do so within thirty days may result in the Owner's delinquency account being turned over to an attorney, a collection agency, the filing of a lawsuit against the Owner, the filing and foreclosure of a lien

against the Owner's property, or other remedies available under Colorado Law including revoking the owners right to vote as permitted in the Bylaws or Declaration.

(b) After payment of the annual assessment or other charges due to the Association is more than 75 days delinquent, the Management Company shall send a second written notice ("Second Notice") of non-payment, amount past due, notice that interest and late fees have accrued, notice of intent to file a lien and request for immediate payment.

(c) After payment of the annual assessment or other charges due to the Association is more than 105 days delinquent, the Management Company shall turn the account over to the Association's attorney for collection. Upon receiving the delinquent account, the Association's attorneys may file a lien and 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 interest and late fees.

(d) In addition to the steps outlined above, an Owner's voting rights will be automatically suspended without notice if an account is past due at the time of such voting. An Owner's use of recreational facilities, including access to the fishing easement may also be suspended without notice if assessments or other charges are not paid within 30 days of the due date.

12. Collection Procedures/Time Frames. The following time frames shall be followed for use in the collection of monthly installments of the annual assessment and other charges.

|  |                          |
|--|--------------------------|
| Due Date<br>(date payment due)   | January 31 <sup>st</sup> |
| Past Due Date<br>(date payment is late<br>if not received before<br>this date) | February 1st             |

|  |  |
|--|--|
| First Notice<br>(notice that late charges and interest have accrued, required disclosures of the Association and the availability of a payment plan if applicable) | Any time after 30 days after due date  |
| Second Notice<br>(notice that late charges and interest have accrued, notice of intent to file lien)   | Any time after 75 days after due date  |
| Delinquent account turned over to Association's attorney; Lien filed and other legal action may be taken against Owner.  | Any time after 105 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.

13. Certificate of Status of Assessment. The Association shall furnish to an Owner or such Owner's designee upon written request, first class postage prepaid, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's property for a reasonable fee. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

14. 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 lot within the Redhill Forest subdivision, the Management Company shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.

15. Use of Certified Mail/Regular Mail. In the event the Association shall cause a collection or demand letter or notices to be sent to a delinquent Owner by regular mail, the Association may also cause, but shall not be required to send, an additional copy of that letter or notice by certified mail.

16. 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, 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, upon approval by the Association's Board of Managers;

(c) Filing necessary claims, documents, and motions in bankruptcy court in order to protect the Association's interests; and

All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney.

17. 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. The Association shall consider individually each recommendation for a foreclosure and may only approve a foreclosure action after the delinquency equals or exceeds six months of common expenses assessments based on a periodic budget adopted by the Association. The Board of Managers via resolution shall approve such foreclosure or a vote of the Board recorded in the minutes of the meeting at which the vote was taken.

18. 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.

19. 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 Managers 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.

20. Communication by Owners. Owners may communicate with the Association in any manner they choose including email, text, fax, phone, or in writing, when available. However, in doing so, the Owner acknowledges that the Association and/or its agents may communicate via the same method unless otherwise advised.

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

22. Credit Report. In the event an Owner becomes delinquent in the payment of assessments pursuant to the Declaration and Colorado law, the Owner acknowledges and agrees that the Association may cause a credit report to be pulled via an agent, in order to facilitate the collection of unpaid assessments.

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

24. 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.

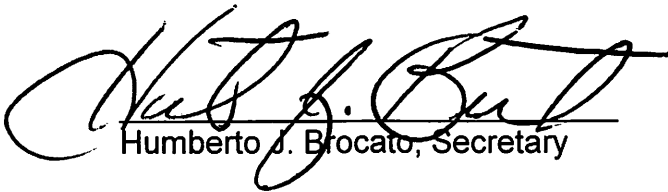
25. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.



26. Amendment. The Board of Managers may amend this Policy from time to time.

IN WITNESS, the undersigned certifies that this Resolution was adopted by the Board of Managers of the Association at an open Board meeting where a quorum of the Board was present on Saturday, January 10, 2014. ~~14~~ 15.

**REDHILL FOREST PROPERTY OWNER'S WATER AND  
MUTUAL CATTLE ASSOCIATION, INC.,**  
a Colorado nonprofit corporation,



Humberto J. Brocato, Secretary