

**MCCLELLAND'S CREEK HOMEOWNERS ASSOCIATION  
POLICY FOR COLLECTION OF UNPAID ASSESSMENTS**

Effective: ~~February~~ <sup>MARCH 9th</sup> 2016

1. **Introduction.** The Board of Directors ("Board") of McClelland's Creek Homeowners Association, a Colorado nonprofit corporation ("Association"), acting pursuant to the powers set forth in the Association's Bylaws, Articles of Incorporation, the Amended and Restated Declaration of Covenants, Conditions and Restrictions for McClelland's Creek ("Declaration") (such documents being collectively referred to as the "Association Documents"), and the Colorado Common Interest Ownership Act, as amended ("CCIOA"), has enacted the following Policy effective as of the date set forth above. Unless the context otherwise indicates, capitalized words and terms shall have the meanings set forth in the Association Documents and, if not defined in the Association Documents, then as set forth in CCIOA. This Policy supersedes any previously adopted Policy on the same subject matter.

2. **Policy Purpose.** The purpose of this Policy is to emphasize that collection of unpaid Assessments is an important part of governing the Association and such collection should be done in a uniform manner in accordance with the Association Documents and CCIOA. It is the intent of this Policy to provide a framework for the collection of past due Assessments in a timely and efficient manner.

3. **Collection of Unpaid Assessments.** To assist with the collection of unpaid Assessments in a timely and efficient manner, the Association shall do the following:

3.1 **Due Date/Delinquent Payments.** Assessments are due upon the date specified by the Board. Any Assessment not paid within 10 days after its due date is considered past due and delinquent. A monthly late charge in the amount of \$25.00 will be assessed against the delinquent Owner for each month that the Assessment remains past due. Furthermore, delinquent Assessments shall bear interest from the date of delinquency at the rate of 18% per annum.

3.2 **Returned Check Charge.** In addition to any other charges under the Association Documents and this Policy, if an Owner makes payment of Assessments to the Association by a check which is not honored by the bank on which it was written or is returned by such bank for any reason whatsoever, including but not limited to insufficient funds, the Owner shall immediately pay the Association, as part of the Owner's Assessment, a reasonable returned check charge not to exceed \$20.00.

3.3 **Notice to Owner/Payment Plan.** If any Assessments are 30 days past due, and before the Association turns over a past due account to a collection agency or an attorney for legal action, the Association must send the delinquent Owner a letter via First Class U.S. Mail notifying the Owner of the delinquency and specifying:

- The total amount due, with a copy of the Owner's ledger showing how the total was determined;

- That unless the Owner acquired the Owner's Unit or Lot through a foreclosure and does not occupy the Unit or Lot, the Owner will have a one-time opportunity to enter into a payment plan that allows the Owner to pay off the past due amount in equal payments over a period of at least six months. Under such a payment plan, the Owner will be required to make payment of the past due Assessments and also remain current with payment of the regular Assessments as they come due during the term of the payment plan. If the Owner does not comply with the payment plan, the Association can then pursue legal action against the Owner.
- The contact information for the Association's property manager in the event the delinquent Owner wishes to enter into a payment plan or has any other questions about the amount owing to the Association.
- That action is required to cure the Owner's delinquency and if the Owner fails to do so within 30 days following the date of the Association's letter, the Owner's past due account may be turned over to a collection agency or an attorney, a lawsuit may be filed against the Owner, a lien may be filed and foreclosed against the Owner's Unit or Lot, and the Association may pursue any other remedies available under Colorado law.

3.4 Application of Payments on Delinquent Accounts. All payments received with regard to a delinquent Owner's account shall be applied to the Association's attorneys' fees and costs, expenses of enforcement and collection, late charges, interest, returned check charges, and other costs owing under the Association Documents prior to being applied to payment of any Assessments then due.

3.5 Collection Remedies. In the event payment is not received from any delinquent Owner within 30 days after the date of the Association's letter referenced above, the Association may pursue any one or all of the following remedies:

- 3.5.1 File an Assessment lien against the delinquent Owner's Unit or Lot;
- 3.5.2 Commence and maintain legal proceedings (lawsuits seeking personal judgments and foreclosure actions) for the recovery of delinquent Assessments, late fees, interest, attorney fees and costs as may be allowed by the Association Documents or CCIOA;
- 3.5.3 Pursue collection of a judgment obtained against an Owner;
- 3.5.4 Take all other lawful action necessary to collect delinquent Assessments in accordance with the Association Documents and Colorado law; and
- 3.5.5 Suspend the voting rights of the delinquent Owner during the duration of the delinquency.

If the Association fails to follow the procedures set forth above it shall not be construed as any waiver or release of a delinquent Owner's obligation to pay Assessments or the Association's right to collect the Assessments in accordance with the Association Documents and CCIOA.

4. **Association's Attorney Fees and Costs.** Any delinquent Owner shall be responsible for attorney fees and costs incurred by the Association in the collection of past due Assessments, whether or not a lawsuit is commenced, in accordance with the Association Documents and CCIOA.
5. **Foreclosure and Bankruptcy Notices.** If the Association receives any bankruptcy or foreclosure notice regarding an Owner with unpaid Assessments, the Association may seek advice from its attorney regarding the appropriate action to be taken.
6. **Variations.** The Board may from time to time vary from the requirements set forth in this Policy if the Board determines in its sole discretion that such variance is reasonable under the circumstances.
7. **Amendment.** This Policy may be amended from time to time by the Board.

#### CERTIFICATION

The undersigned, being the duly elected and acting President or Secretary of the McClelland's Creek Homeowners Association, a Colorado nonprofit corporation ("Association") certifies that the foregoing Policy for Collection of Unpaid Assessments was approved by the vote of a majority of the Association's Directors at a meeting of the Association's Board of Directors held on MARCH 9th, 2010.

McClelland's Creek Homeowners Association, a  
Colorado nonprofit corporation

By: \_\_\_\_\_

*Chip Boate*  
*President*