

HOMESTEAD OWNERS ASSOCIATION
POLICY AND PROCEDURE FOR COLLECTION OF
OVERDUE ASSESSMENTS

WHEREAS, Homestead Owners Association, (hereinafter referred to as "Homestead") has been granted pursuant to Article VIII of the Declaration for Homestead and Article VII Section 2 of the Bylaws for Homestead, to establish, make and enforce rules and regulations, and to collect overdue assessments; and

WHEREAS, the Executive Board of Homestead has determined in order to uniformly and effectively enforce payment of assessments and collection of past due assessments, it is appropriate and proper for a policy and procedure to be adopted regarding collection of past due assessments;

NOW, THEREFORE, IT IS RESOLVED that the following Policy and Procedures are hereby adopted by the Executive Board of Homestead:

1. The policies and procedures are hereby adopted for the purpose of compliance with C.R.S. §38-33.3-123, and to promote the recreation, health, safety, and welfare of the owners and residents of the properties, for the improvement and maintenance of the Common Area, and to maintain an adequate reserve fund for those Common Elements that must be replaced on a periodic basis.

2. The rate of assessment shall be fixed, and from time to time amended, in a manner sufficient to meet the expected needs of the Association, as determined by the Executive Board in order to act in a fiscally sound manner. Periodic statements of dues, assessments of all kinds, and other charges and fines are mailed to all Owners on the first day of each month, and payment is due by the 15th day of each month, or as otherwise indicated.

3. Interest Rate. Pursuant to Section 8.7 of the Declaration, interest accrues at the Interest Rate on all assessments not paid within thirty (30) days of the assessment due date at the rate of 18% per annum.

4. Late Charges. Pursuant to Section 8.7 of the Declaration for Homestead, any assessment installment, whether pertaining to annual, special, or default assessments, is delinquent if not paid within thirty (30) days of the date due shall bear a late charge of _____ in addition to interest.

5. Suspension of Voting Rights. No Owner who has an assessment delinquency shall be entitled to vote on any Association matter.

6. Statement of Lien. Homestead, by and through its duly authorized Managing Agent, or attorney, shall record with the Eagle County Clerk and Recorder a Statement of Lien in regard to delinquent assessments if not paid in full ninety (90) days after said assessment(s) became delinquent with foreclosure to commence within one hundred twenty (120) days after the delinquency arose.

6. Procedure for Collection of Assessments.

(a) All of the actions prescribed above shall occur as set forth herein.

(b) *Initial Demand Letter.* Any assessment installment, whether pertaining to monthly, special, or default assessments, is delinquent if not paid within thirty (30) days of the date due. Once a delinquency arises, the Association hereby authorizes and instructs the Managing Agent for Homestead to send a letter requesting payment of the overdue assessment on the letter form attached hereto as Exhibit "A", which shall advise the delinquent Owner of the following:

(i) if payment is not received within thirty (30) days of the date the assessment became delinquent, a late fee of \$100.00 shall be levied;

(ii) that interest at the rate of Eighteen Percent (18%) per annum began to accrue on the delinquent amount as of the date of the delinquency;

(iii) that the Owner's voting rights are suspended until the delinquency is satisfied in full;

(iv) that a Statement of Lien will be recorded if payment is not made within ninety (90) days of the date the assessment became delinquent;

(v) that the Owner shall be liable for all attorney fees and costs incurred by Homestead to collect the overdue assessment.

(c) *Second Demand Letter.* Once an assessment delinquency has existed for sixty (60) days, Homestead shall, itself or through its designated Managing Agent, accountant, or attorney, send a second letter to the delinquent Owner on the form attached hereto as Exhibit "B". This letter shall include a statement of the following:

(i) that a late fee has been imposed in the amount of \$100.00 and additional late fees will be imposed at the rate of one point five (1.5%) every thirty (30) days from the date of the imposition of the initial late fee on the amount overdue until paid in full;

(ii) interest is accruing on the delinquency at the rate of Eighteen Percent (18%) per annum;

(iii) owner's voting rights are suspended;

(vi) a Statement of Lien will be recorded against the Property if payment is not received within ninety days of the date the delinquency arose;

(v) all overdue assessments for the fiscal year are due and payable immediately. Interest and late fees will accrue on the assessments until paid.

(vi) that Owner continues to be liable for all attorney fees and costs; and

(vii) that legal foreclosure and collection proceedings may be instituted to collect the delinquency.

(d) *Final Demand Letter.* Homestead authorizes its legal counsel to send a final demand letter ninety (90) days after a delinquency arises advising the delinquent Owner not only of the matters addressed in the previous demand letters which are attached hereto as Exhibits "A" and "B", but also advising Owner that a foreclosure action and/or a personal collection action may be commenced if payment is not timely received.

(e) *Personal Collection Action/Foreclosure.* Once a delinquency is one hundred twenty (120) days old, the Board shall authorize either a personal collection action or foreclosure action, or both.

7. Non-binding on Association. The provisions of this collection Policy and Procedure are to establish a framework for prompt and uniform collection of overdue assessments. Homestead shall not be required to take each or any of the steps set forth herein, and its failure to take any of these steps, and/or to follow each step as prescribed herein, shall not be deemed a violation that would alleviate a homeowner's obligations under the Association documents or CCIOA or be a waiver by Homestead of any of its rights pursuant to the Association documents or CCIOA. Furthermore, a homeowner cannot assert as a defense in any collection action for assessments the lack of compliance with these Policy and Procedures.

8. Non-exclusive Remedies. All remedies set forth herein are cumulative and non-exclusive.

9. No Waiver. Failure of the Executive Board, the Manager, or designated agent to enforce the Homestead documents and/or these policies and procedures, shall not be deemed a waiver of the right to do so with regard to said violation, any subsequent violations, or the right to enforce any other part of the Homestead documents at any future time.

10. No Liability. No member of the Executive Board, the Manager, or any Owner shall be liable to any other Owner for the failure to enforce any of the Homestead documents, including these Policy and Procedures, at any time.

11. Recovery of Costs. If an attorney is hired to enforce any provisions of the Homestead documents, including these Policy and Procedures, or for the restraint of violation of the Homestead documents, the prevailing party in such proceeding shall be entitled to recover its reasonable attorney fees and all costs incurred by it in such action.

These Policy and Procedures are hereby adopted this _____ day of _____,
200____.

HOMESTEAD OWNERS ASSOCIATION
EXECUTIVE BOARD OF DIRECTORS:

By:_____

EXHIBIT "A"

FIRST DEMAND LETTER

Dear Homeowner:

Please be advised that your last assessment installment in the amount of \$_____ became overdue as of _____, 200____, pursuant to the Declaration for Homestead Owners Association. The purpose of this letter is to request immediate payment of the delinquency and to advise you of the ramifications for non-payment. The ramifications for non-payment include, but are not necessarily limited to, the following:

- (a) If payment is not received within thirty (30) days of the date that the assessment became delinquent, a \$100.00 late fee will be levied against your account;
- (b) Interest is accruing at the rate of Eighteen Percent (18%) per annum upon the delinquent amount as of the date it became delinquent;
- (c) Your voting rights are suspended until the delinquency is satisfied in full;
- (d) A Statement of Lien will be recorded against your unit if payment is not made within ninety (90) days of the date the assessment became delinquent;
- (e) You shall be liable for all attorney fees and costs incurred by Homestead to address and/or collect the overdue assessment.

Overdue assessments have a negative impact on the Association, and as such, Homestead Owners Association looks forward to your immediate cooperation in this regard. If you have any questions, please do not hesitate to contact Attorney John D. Goodman, who represents Homestead Owners Association, at 970/926-4447, or Tracy Erickson at 970/926-1067.

THIS IS AN ATTEMPT TO COLECT A DEBT. ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

UNLESS YOU NOTIFY THE HOMESTEAD OWNERS ASSOCIATION IN WRITING WITHIN THIRTY (30) DAYS AFTER RECEIVING THIS LETTER THAT YOU DISPUTE THE VALIDITY OF THE DEBT, OR ANY PORTION THEREOF, THE DEBT WILL BE ASSUMED TO BE VALID BY THE ASSOCIATION. IF YOU NOTIFY THE HOMESTEAD OWNERS ASSOCIATION WITHIN SUCH 30-DAY PERIOD THAT THE DEBT, OR ANY PORTION THEREOF, IS DISPUTED, THE ASSOCIATION WILL OBTAIN VERIFICATION OR A COPY OF A JUDGMENT TO YOU. ALSO, IF YOU MAKE YOUR WRITTEN REQUEST WITHIN THE 30-DAY PERIOD, WE WILL PROVIDE YOU WITH THE NAME AND ADDRESS OF THE ORIGINAL CREDITOR, IF DIFFERENT FROM THE CURRENT CREDITOR.

IF AT ANY TIME YOU NOTIFY THE ASSOCIATION IN WRITING THAT YOU WISH THEM TO CEASE CONTACT BY TELEPHONE OR AT YOUR PLACE OF EMPLOYMENT, THEN NO SUCH FURTHER CONTACT SHALL BE MADE. IN ADDITION, IF AT ANY TIME YOU NOTIFY US IN WRITING THAT YOU REFUSE TO PAY THE DEBT OR THAT YOU WISH THE ASSOCIATION TO CEASE ANY FURTHER COMMUNICATION WITH YOU WITH RESPECT TO SUCH, DEBT, THE ASSOCIATION WILL NOT COMMUNICATE WITH YOU FURTHER EXCEPT (1) TO ADVISE YOU THAT THE EFFORTS ARE BEING TERMINATED; (2) TO NOTIFY YOU THAT WE MAY INVOKE OR INTEND TO INVOKE SPECIFIC LEGAL REMEDIES.

Very truly yours,

HOMESTEAD OWNERS ASSOCIATION

By: _____
Its: _____

EXHIBIT "B"

SECOND DEMAND LETTER

Dear Homeowner:

Please be advised that you have overdue assessments that have now been delinquent no less than sixty (60) days pursuant to the Declaration for Homestead Owners Association. The purpose of this correspondence is to advise you that the following may occur, in addition to other remedies and rights of Homestead Owners Association if payment is not immediately received:

(a) A late fee of \$100.00 has already been assessed. Additional late fees shall continue to accrue at the rate of one point five (1.5%) every thirty (30) days from the date of the imposition of the initial late fee. In calculating the amount due, previous late fees and interest are included;

(b) Interest continues to accrue on the delinquency at the rate of Eighteen Percent (18%) per annum;

(c) Your voting rights are suspended until the delinquency is paid in full;

(d) A Statement of Lien will be recorded against your Property with the Eagle County Clerk and Recorder ninety days after your delinquency arose;

(e) You continue to be liable for all attorney fees and costs that are being incurred by the Association to address your delinquency;

(f) A legal foreclosure and/or personal collection proceeding may be instituted to collect the delinquency.

THIS IS AN ATTEMPT TO COLECT A DEBT. ANY INFORMATION OBTAINED WILL BE FOR THAT PURPOSE.

IF AT ANY TIME YOU NOTIFY THE ASSOCIATION IN WRITING THAT YOU WISH THEM TO CEASE CONTACT BY TELEPHONE OR AT YOUR PLACE OF EMPLOYMENT, THEN NO SUCH FURTHER CONTACT SHALL BE MADE. IN ADDITION, IF AT ANY TIME YOU NOTIFY US IN WRITING THAT YOU REFUSE TO PAY THE DEBT OR THAT YOU WISH THE ASSOCIATION TO CEASE ANY FURTHER COMMUNICATION WITH YOU WITH RESPECT TO SUCH, DEBT, THE ASSOCIATION WILL NOT COMMUNICATE WITH YOU FURTHER EXCEPT (1) TO ADVISE YOU THAT THE EFFORTS ARE BEING TERMINATED; (2) TO NOTIFY YOU THAT WE MAY INVOKE OR INTEND TO INVOKE SPECIFIC LEGAL REMEDIES.

Very truly yours,

HOMESTEAD OWNERS ASSOCIATION

By: _____
Its: _____