

**RESOLUTION
OF THE
BATTLEMENT MESA SERVICE 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 and Bylaws of the Association and Colorado law.

EFFECTIVE DATE: January 1, 2006

REVISED: February 17, 2009

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 or submit the account to Small Claims Court so as to minimize the Association's loss of assessment revenue. 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. The quarterly installments of the annual assessment as determined by the Association and as allowed for in the Declaration shall be due and payable on the first day of January, April, July, and October. Assessments or other charges not paid in full to the Association within 10 days of the due date shall be considered past due and delinquent, and the remaining balance of the annual assessment may be accelerated. Assessments or other charges not paid in full to the Association within 10 days of the due date shall incur late fees as provided below. In the event notice of acceleration is given to delinquent Owner(s), the Owner(s) of the unit shall also be charged any costs incurred by the Association in giving notice of such acceleration.

2. Receipt Date. The Association shall post payments on the day that the payment is received in the Association's office.

3. Late Charges on Delinquent Installments. The Association shall impose on a monthly basis a late fee equal to 10% of unpaid balance for each Owner who fails to timely pay his/her quarterly installment of the annual assessment within 10 days of the due date. This late charge shall be a "common expense" for each delinquent Owner.

4. Personal Obligation For Late Charges. The late charge shall be the personal obligation of the Owner(s) of the unit 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.

5. 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 \$20.00 fee or other 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. This returned check charge shall be a "common expense" for each Owner who tenders payment by check or other instrument which is not honored by the bank upon which it is drawn. 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. 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 two or more of an Owner's checks are returned unpaid by the bank within any 12 month period, the Association may require that all of the Owner's future payments, for a period of one 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 10 days of the due date.

6. Attorney & Collection 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/or collection costs incurred in the collection of assessments or other charges due the Association from a delinquent Owner. The reasonable attorney fees or other collection fees incurred by the Association shall be due and payable immediately when incurred, upon demand.

7. Application Of Payments. When an account has been turned over to the Association's attorney, all sums collected on such delinquent account 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, shall be applied to payment of any and all legal fees and costs (including attorney and Small Claims Court fees), expenses of enforcement and collection, late 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, prior to application of the payment to any special or regular assessments due or to become due with respect to such Owner.

8. Collection Process.

(a) After an installment of an annual assessment or other charges due to the Association becomes more than 10 days delinquent, the manager shall send a written notice ("First Notice") of non-payment, amount past due, notice late fees have accrued and that the remaining balance of the annual assessment may be accelerated, and request for immediate payment.

(b) After an installment of an annual assessment or other charges due to the Association becomes more than 30 days delinquent, the manager shall turn the account over to the Association's attorney for collection. Upon receiving the delinquent account, the Association's attorneys shall 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.

(c) As an alternative to the above action, after an installment of an annual assessment or other charges due to the Association becomes more than 30 days delinquent, the Association shall file a lien on the property and submit the account to Small Claims Court. Once the account is brought current, a release of lien shall be filed. All fees associated with the filing and release of lien and small claims court shall be the responsibility of the owner.

(d) In addition to the steps outlined above, the Association may elect to suspend the voting rights of any Owner whose account is past due at the time of such voting.

9. Acceleration and Deceleration of Assessments. The Board reserves the right to accelerate and call due the entire unpaid annual assessment on any delinquent account. Such acceleration shall result in the entire unpaid annual assessment being due to the Association immediately. The Board also reserves the right to decelerate any accelerated assessment.

10. 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 (date payment due)	January 1, April 1, July 1, October 1
Past Due Date (date payment is late if not received on or before that date)	Ten days after due date
First Notice (notice that late charges and assessments may be accelerated)	10 days after due date
Delinquent account turned over to Association's attorney; Lien filed; Demand letter sent to Owner. Or the Association shall file a lien on the property and submit the account to small claims court.	30 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.

11. Certificate of Status of Assessment. The Association shall furnish to an Owner or such Owner's designee upon 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 for a \$25.00 fee, or other reasonable fee as determined by the Board of Directors. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

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

13. 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.

14. 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 manager, 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; and
- d. Filing 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. 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.

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

21. 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.

22. 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.

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

IN WITNESS, the undersigned certifies that this Resolution was adopted by the Board of Directors of the Association on December 20, 2005 and revised on February 17, 2009.

**BATTLEMENT MESA SERVICE
ASSOCIATION**

By: 

President