

Telluride Lodge Homeowners' Association
Debt Collection Policy
May 2015

This Telluride Lodge Homeowners' Association ("Association") Debt Collection Policy ("Policy") describes the Assessment payment requirements and methods and the legal actions that may be taken by the Association to collect any unpaid Assessments. This written Policy is hereby incorporated by reference into the *Amended and Restated Condominium Declaration for the Telluride Lodge* ("Declaration"). If in disagreement with the Declaration, this Policy takes precedence. This policy may be revised periodically by the Association Board ("Board") to update any section(s) as required by state or federal law or desired by the Board or Association, including but not limited to Assessment due dates, delinquency dates, interest rates, and late fees. For additional information regarding liens and the Association's right to collect Assessments, please refer to the Declaration.

Definitions

"Assessment" is defined throughout as the regular, annual, special, and default Assessments or dues duly assessed pursuant to this Declaration.

"Regular Assessment" means a charge against an Owner and the Owner's Unit for purposes of covering the annual costs of operating and administering the Association and all other Common Expenses. Regular Assessments are based on a Budget adopted by the Board in accordance with the Declarations and are allocated to the Units in accordance with the Allocated Interests, except that Common Expenses that, in the judgment of the Board, benefit fewer than all of the Units may be allocated exclusively to the Units benefited.

Assessment Due Dates

Any Assessment or portion or installment thereof is due on the first day of the month for which the Assessment is levied (e.g., the monthly Regular Assessment for the month of January is due on January 1).

Methods of Payment

Payment to the Association for any Assessment may be made by:

- Cash or personal check delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the Association Manager; or
- Owners may contact the Association Manager directly to establish a means for ACH electronic debit.

Credit card payments are not accepted at this time. Owners shall ensure that payments are received by the Association Manager prior to the due date; the Association takes no responsibility for lost or stolen checks or cash sent by mail and reserves the right to assess late fees or interest for payments not received.

Delinquency and Incurrence of Late Fees

Any Assessment or portion or installment thereof which is not paid when due, or for which a bad check is issued, shall be deemed delinquent and shall bear interest from and after the first day of the month following the due date (e.g., an Assessment for the month of January shall be deemed delinquent on February 1) at the rate of interest set by the Board from time to time, which shall not be less than 12% nor more than 21% per year. The Board may also assess a late charge thereon and/or may assess a bad check charge in the amount of 10% of the bad check or \$50.00, whichever is greater. If the delinquency

is due to just cause, the Board has the discretion to waive late charges and interest. The Board may also elect to accelerate the installment obligations of any Regular Assessment for which an installment is delinquent. The delinquent Owner shall also be liable for all costs, including attorneys' fees, which may be incurred by the Association in collecting a delinquent Assessment, which collection costs shall be added to the delinquent Assessment. The Board may but shall not be required to record a Notice of Delinquent Assessment or charge against any Unit as to which an Assessment or charge is delinquent. The Notice shall be executed by an officer of the Board, and shall set forth the amount of the unpaid Assessment or charge, the name of the delinquent Owner and a description of the Unit.

The current interest rate levied by the Board is: 12%.

The current late charge assessed by the Board is: \$50.00.

Statements

The Board will file a written notice to any Owner where Assessment has changed and the date on which such installment is due, pursuant to this Policy and the Declaration. Failure of the Board to send timely notice to any Owner of changed Assessment due shall not relieve or release any Owner from liability for payment of that installment as soon as the Board in fact provides such notice.

Notification of Delinquency

If an Owner becomes delinquent, the Association shall send or email a notification letter to the Owner by the 15th of the month in which the Owner is charged a late fee or interest to (i) inform the Owner that a late fee has been assessed, (ii) provide the total amount due to the Association, and (iii) provide an accounting of how the total amount was determined. If an Owner becomes 90 days delinquent (e.g., an Assessment for the month of January shall be deemed delinquent on February 1 and 90 days delinquent on May 2), the Association shall send or email a notification letter to the delinquent Owner to provide an updated accounting of items (i) through (iii) above; (iv) provide instructions for contacting the Association to arrange for and enter into a payment plan, if the Owner is eligible, per these Declarations and Colorado Law; (v) provide the name and contact information for the person whom the owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt; and (vi) inform the Owner that action is required to bring the account current or enter into a payment plan and that failure to do so may result in the Association pursuing legal measures, as described in these Declarations and permitted by Colorado Law. If the balance of an Owner's delinquent Assessments exceeds six months of Regular Assessments based on the periodic budget adopted by the Association, the Association shall send or email a notification letter to the delinquent Owner to provide an updated accounting of items (i) through (v) above inform the Owner that action is required within 30 days of the date of the notification letter to bring the account current or enter into a payment plan and that failure to do so may result in the Association foreclosing upon the Owner's Unit or pursuing legal measures, as allowed by the Declarations and Colorado State Law.

Payment Plan

Any Owner who becomes delinquent in payment of Assessments may enter into a payment plan with the Association, except that (i) if the Owner has acquired the Unit as a result of a default, this Section does not apply; and (ii) the Association is not obligated to negotiate a payment plan with an Owner who previously has entered into a payment plan with the Association. A payment plan negotiated between the Association and the Owner must permit the Owner to pay off the deficiency in equal installments

over a period of at least six months from the date of delinquency. A payment plan also must include the amount of current Assessments such that the owner may remain current on Assessments not already past due. The Association may pursue legal action against an Owner if the Owner fails to comply with the terms of their payment plan. An Owner's failure to remit payment of an agreed-upon installment, or to remain current with Regular Assessments as they come due during the payment plan period, constitutes a failure to comply with the terms of their payment plan. The Association will apply the Owner's payments first to the currently due Regular Assessment, then to the currently due Special Assessment and/or Reimbursement Assessment (if any), then to collection costs for outstanding balances, then to interest and late fees, then to oldest past-due Regular Assessments, and then to oldest past-due Special Assessments.

Statutory Assessment Lien

The Board may file a lien on any Unit with Assessments delinquent for more than 90 days. The Association has a statutory lien pursuant to §38-33.3-316 of the Colorado Revised Statutes Colorado Common Interest Ownership Act ("Act") on the Unit of an Owner for all Assessments levied against such Unit or fines imposed against such Unit's Owner from the time the Assessment or fine becomes due (the "Assessment Lien"). Fees, charges, late charges, attorneys' fees, fines, and interest charged by the Association pursuant to the Act or this Declaration are enforceable as Assessments. The amount of the Assessment Lien shall include all such items from the time such items become due. If an Assessment is payable in installments, the Association has an Assessment Lien for each installment from the time it becomes due, including the due date set by the Board's acceleration of installment obligations. An Assessment Lien is extinguished unless proceedings to enforce it are instituted within six years after the full amount of Assessments becomes due.

The recording of the Declaration constitutes record notice and perfection of a statutory lien. No further recordation of any claim of lien for Assessments is required; however, a claim may be recorded at the Association's option, in which event costs and attorneys' fees incurred in connection with the preparation and filing of such claim shall be assessed against the Unit as a Reimbursement Assessment.

The Association shall furnish to an Owner or such Owner's designee or to a holder of a security interest or its designee upon written request, delivered personally or by facsimile or email transmittal or certified mail, first class postage prepaid, return receipt requested, to the Association, a written statement setting forth the amount of unpaid Assessments currently levied against such Owner's Unit, whether delinquent or not. The statement shall be furnished within 14 days after receipt of the request and is binding on the Association, the Board, and every Owner. If no statement is furnished to the inquiring party, as described above, then the Association shall have no right to assert a lien upon the Unit for unpaid Assessments which were due as of the date of the request.

Foreclosure of an Assessment Lien

The Assessment Lien may be foreclosed by the Association in the same manner as a mortgage on real estate, except that the Association may only foreclose on the Assessment Lien if (i) the balance of the assessments and charges secured by the Assessment Lien equals or exceeds six months of Regular Assessments based on the periodic budget adopted by the Association; and (ii) the Board has formally resolved, by a recorded vote, to authorize the filing of a legal action against the specific Unit on an individual basis. The Board may not delegate its duty to act under this paragraph to any attorney, insurer, manager, or other person. The Association shall be entitled to purchase the Unit at foreclosure.

The Association may also bring an action at law against the Owner personally obligated to pay the delinquent Assessment, at the discretion of the Board, including but not limited to any, some, or all of the following:

- (a) Filing of a suit against the delinquent Owner for a money judgment;
- (b) Filing necessary claims, documents, and motions in bankruptcy court in order to protect the Association's interests;
- (c) Filing a court action seeking appointment of a receiver;
- (d) Notifying the tenant of any unit where the Owner is delinquent in the payment of Assessments, pursuant to the Declaration and Colorado law, that rents shall be paid to the Association effective immediately and continue until such time as the Owner's account is current. Such notice shall be in writing to the tenant and the Owner. All funds received by the Association from the tenant shall be credited to the Owner's account.

The Board may also extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Board shall determine appropriate under the circumstances. No Owner may exempt themselves or otherwise avoid liability for the Assessments provided for herein by waiver of the use or enjoyment of any Common Elements or by abandonment of the Unit against which the Assessments are made.