

WILDWOOD TOWNHOMES ASSOCIATION

COLLECTIONS AND DELINQUENCIES POLICY

Adopted March 2016

In order to facilitate the timely collection of assessments to meet operating expense requirements and maintain necessary cash flow pursuant to the Declaration for the Wildwood Townhomes Association and CCIOA requirements, the Board of Directors has adopted a uniform and systematic procedure for dealing with collections and delinquent accounts.

The authority for this policy is granted by the Declaration for Wildwood Townhomes Association, Articles 23, 24, 25, and 26, as well as by the Bylaws, Article 10, Section 10.2

HOMEOWNER ACCOUNTS

□ **Due Date and Late Fee.** Any assessment account (including installments of the annual assessment, fines, and any other charges, fees and costs) which is not paid in full as of the tenth (10th) day of the month will be levied a late fee in the amount of twenty dollars (\$20.00), which the Management Company based on instruction from the Board of Directors, is authorized and directed to charge and collect from any delinquent homeowner.

□ **Lien.** Under the terms of Colorado law and the Declaration, there is a statutory lien for any unpaid assessment. The Association reserves the right to file a Notice of Lien in the county records at any time after an assessment becomes delinquent. After recording of the lien, the Association will send the delinquent owner a copy of the recorded lien.

□ **Return Check Charges.** If any check or other instrument payable to or for the benefit of the Association is not honored by the bank or is returned by the bank for any reason, including, but not limited to insufficient funds, the Owner is liable to the Association for one of the following options, at the discretion of the Association:

An amount equal to the face amount of the check, draft, or money order and a return check charge of \$20.00 or an amount equal to the actual charges incurred by the Association levied by the party returning the check whichever is greater; or if notice has been sent as provided in C.R.S. § 13-21-109 and the total amount due as set forth in the notice is not paid within 15 days after such notice is given, the person issuing the check, draft or money order shall be liable to the Association for collection for three times the face amount of the check, but not less than \$100.00.

Any returned check shall cause an account to be past due if full payment of the monthly installment of the annual assessment or of any other charge is delinquent.

WILDWOOD TOWNHOMES ASSOCIATION

If two or more of an Owner's checks are returned unpaid by the bank within any fiscal year, the Association may require that all of the Owner's future payments, for a period of one year, be made by certified check, money order, or the automatic withdrawal through the ACH program.

□ **Application of Payments.** All payments received on account of any Owner or the Owner's property, may be applied first to post-judgment attorney's fees, costs and expense; then to costs and attorney's fees not reduced to a judgment; then to interest; then to late charges; then to return check charges; then to fines and other amounts levied pursuant to the Declaration; then to delinquent assessments; then to current assessments not reduced to judgment; and finally to amounts reduced to judgment.

□ **NOTICES.**

>The Board of Directors shall direct the Management Company to send to any homeowner who is more than ten (10) days delinquent in the payment of regular or special assessments, or other charges authorized by the Association's governing documents, a written notice (hereinafter referred to as the "First Notice"), of the late fee and a request for immediate payment.

>The Board of Directors shall direct the Management Company to send to any homeowner who is more than two (2) months delinquent in the payment of Assessments written notice (hereinafter referred to as the "Second Notice"). The letter shall also state that the balance of the delinquent assessment will accrue interest at a rate of up to one and one half percent (1.5%) per month beginning 30 days after the first payment is deemed late.

>If payment on account is delinquent for seventy days (70), the Board of Directors shall direct the Management Company to turn the account over to an attorney for collection. The homeowner will be liable for payment of all charges imposed by the attorney to cover fees and costs charged to the Association including attorney's fees, whether such attorney's fees were incurred with or without the filing of a civil action for the collection thereof. In the event that the Association pursues a civil action to collect the debt, fees and costs will be collected to the extent allowed by state statute.

>Before the Association turns over a delinquent account of an Owner to a collection agency or refers it to an attorney for legal action, the Owner must be sent a notice of delinquency specifying:

>the total amount due, with an accounting of how the total was determined;

>whether the opportunity to enter into a payment plan exists as provided in this collection policy, and instructions for contacting the Association to enter into a payment plan, if available;

WILDWOOD TOWNHOMES ASSOCIATION

>the name and contact information for the individual the Owner may contact to request a copy of the Owner's ledger to verify the amount of the debt; and that action is required to cure the delinquency; and a statement that action is required to cure the delinquency and that failure to do so within thirty (30) days may result in the Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law.

□ **Payment Plans.** An Owner may enter into a payment plan to pay off a deficiency in equal installments over a period of six months or such longer period as authorized by the Association. If the Owner fails to comply with the terms of the payment plan (fails to remit payment of an agreed-upon installment, or to remain current with regular assessments as they come due during the payment plan term), the Association may pursue legal action, subject to the notice requirements in this policy. The Association is not obligated to negotiate a payment plan with an Owner who has previously entered into a payment plan. Further, the Association is not obligated to enter a payment plan if the Owner does not occupy the Unit and has acquired the property as a result of a default of a security interest encumbering the Unit or foreclosure of the Association's lien. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney.

□ **Hardship.** Any request for special consideration of hardship circumstances, including all reasons why the Board should consider the request, must be submitted in writing to the Board before the Assessment becomes sixty (60) days delinquent. The owner may request a hearing, or in the alternative, a request that the determination be made by the Board based on the written request, and if not so submitted, then such request shall have been deemed waived.

□ **Remedies for Non-Payment of Assessments.** Actions by the Association's attorney may include the following:

>Notice of Lien. If not already filed, a notice of lien may be filed against the delinquent Owner's property to provide record notice of the Association's claim against the property.

>Filing lawsuit. The Association may file a lawsuit against the delinquent Owner seeking a money judgment. If a personal judgment is entered against the delinquent Owner, the Association may pursue remedies such as garnishment of the Owner's wages or bank account to collect judgment amounts.

>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.

WILDWOOD TOWNHOMES ASSOCIATION

>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.

>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 will not commence a foreclosure action unless the balance of the assessments and charges secured by its lien (which may include late fees, fines and other charges) equals or exceeds six months of common expense assessments based on the Association's periodic budget. Prior to filing a foreclosure action, the Board of Directors will resolve by a recorded vote to authorize the filing of the foreclosure action against the particular Unit, on a specific basis.

Consultation with Legal Counsel. The Board of Directors is directed to consult with the attorney and turn over for collection immediately any account where the Owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of its lien against the unit.

Suspension of Rights. The membership rights of any owner whose account is thirty (30) days past due may be suspended at any time at the discretion of the Board of Directors during the period that any installment, charge or assessment remains unpaid.

The undersigned, being President of the Wildwood HOA, certifies that the foregoing Collection of Assessments and Delinquencies Policy, was adopted by the Board of Directors at a duly called teleconference meeting of the Board on March 2, 2016 and in witness thereof the undersigned has subscribed his/her name. This Policy shall now be part of the ByLaws package, which includes the Association's Curb Appeal Policy and Fence Policy.

Signature:

Date

Witnessed by:

Date