

HIDDEN MINE RANCH OWNERS' ASSOCIATION, INC.,
a Colorado nonprofit corporation

COLLECTION POLICY

The following Collection Policy was adopted on the 27th day of March, 2014, by Hidden Mine Ranch Owners' Association, Inc., a Colorado nonprofit corporation ("Association"), pursuant to §§ 38-33.3-209.5, 38-33.3-316 & 38-33.3-316.3, Colorado Revised Statutes, at a meeting of the Association's Board of Directors ("Board").

NOW, THEREFORE, BE IT RESOLVED that the Association does hereby adopt its Collection Policy, which shall be effective on the 1st day of January, 2014, as follows:

1. Assessments. For purposes of this Policy, "assessments" or "regular assessments" include regular and special assessments and any associated fees, charges, late charges, attorney's fees, fines and interest. Assessments shall be paid in monthly, quarterly, bi-annual or annual installments, as determined by the Board, within thirty (30) days of the due date.

2. Late fees & Interest. If the full amount of any assessment is not received by the Association's managing agent within thirty (30) days of the due date, the assessment is delinquent. At such time, a late charge of ten percent (10%) of the assessment amount shall be added to the delinquent account. Delinquent assessments shall bear interest at the rate of eighteen percent (18%) per annum from the date of delinquency until paid in full. The Association may charge a fee not to exceed \$50.00 for any bounced or returned check.

3. Delinquency Notice. Prior to referring a delinquent account to the Association's legal counsel or a collection agency, the Association shall mail the delinquent owner, via certified mail return-receipt requested, at the mailing address on file with the Association's managing agent¹, a notice of the delinquency that specifies:

- a. The total amount due with an accounting of how the total was determined;
- b. Whether there is an opportunity to enter into a payment plan pursuant to Section 4 below, and instructions for contacting the Association to enter into a payment plan;
- c. The name and contact information for the individual the owner may contact to request a copy of the owner's ledger in order to verify the amount of the debt; and
- d. That action is required to cure the delinquency and that failure to do so within thirty (30) days may result in the following:
 - i. The owner's delinquent account being turned over to the Association's attorney or a collection agency;
 - ii. A lawsuit being filed against the owner;
 - iii. The filing and foreclosure of a lien against the owner's property; and/or
 - iv. Any other remedies available under Colorado law.

¹ If no such address is on file with the Association's managing agent, the delinquency notice shall be mailed to the owner at the address on file with the Gunnison County, Colorado Treasurer for the mailing of tax notices.

4. Payment Plans.

a. *Eligibility.* An owner is entitled to enter into a payment plan with the Association so long as the owner has not previously entered into a payment plan pursuant to this Collection Policy. If an owner has previously entered into a payment plan with the Association pursuant to this Collection Policy, it is at the discretion of the Board whether to permit such owner to enter into another payment plan, or whether to pursue the legal remedies permitted under Colorado law.

b. *Terms.* Any payment plan shall be offered in writing by the Association to the owner and shall permit the owner to pay-off the delinquency in equal installments over a period of at least six (6) months. The owner must remain current with regular assessments as they come due during the payment plan time period. An owner's failure to remit payment of an agreed-upon payment plan installment, or to remain current with regular assessments as they come due during the payment plan time period, constitutes a failure to comply with the terms of the payment plan. If an owner fails to comply with the terms of a payment plan, the Association may pursue the legal remedies permitted under Colorado law for collection of delinquent homeowners' association accounts.

5. Application of Payments. Payments received by the Association shall be applied in the following order, as may be applicable:

- a. Attorney's fees and legal costs and expenses;
- b. Fines, late charges and interest;
- c. Returned check charges and other costs owing or incurred with respect to such owner;
- d. Assessments due or to become due with application to the most long-standing delinquent assessment first.

6. Legal Remedies. In the event an owner does not comply with a payment plan or is not eligible for a payment plan, the legal remedies available to the Association to collect an owner's delinquent account pursuant to the Association's governing documents and Colorado law are as follows:

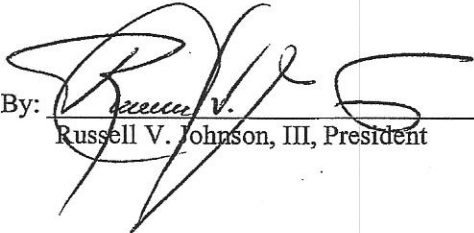
- a. A lawsuit by the Association against the delinquent owner;
- b. The filing and foreclosure of a lien against the owner's property, but only if:
 - i. The balance of the assessments and charges secured by the lien equals or exceeds six (6) months of common expense assessments based on a periodic 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 property and owner on an individual basis. The Board may not delegate its duty to act under this subsection to any attorney, insurer, manager, or other person, and any legal action filed without evidence of the recorded vote authorizing the action must be dismissed.
- c. Referral of the delinquent account to the Association's attorney or a collection agency;
- d. Any other remedies available under Colorado law.

7. Exceptions. This Collection Policy does not apply if the owner does not occupy the property and has acquired the property as a result of:

- a. A default of a security interest encumbering the property; or
- b. Foreclosure of an Association lien.

8. Conflict of Laws. In the event of a conflict between this Collection Policy and the Association's Declaration of Protective Covenants, Bylaws, or any other policy, rule or regulation of the Association, this Collection Policy shall control.

**HIDDEN MINE RANCH OWNERS' ASSOCIATION, INC.,
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By: 
Russell V. Johnson, III, President

SECRETARY'S CERTIFICATION

The undersigned, as Secretary of Hidden Mine Ranch Owners' Association, Inc., a Colorado nonprofit corporation, certifies and attests that the foregoing Collection Policy was adopted by the Board of Directors of Hidden Mine Ranch Owners' Association, Inc., at a duly called and held meeting on the 27th day of March, 2014, and in witness thereof, the undersigned has subscribed his or her name hereto.

**HIDDEN MINE RANCH OWNERS' ASSOCIATION, INC.,
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By: 
Chuck Beck, Secretary