

**RESOLUTION
OF LINCOLN CREEK VILLAGE
HOMEOWNERS' ASSOCIATION, INC. ("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 Supplemental Declaration of Covenants, Conditions and Restrictions for The Bluffs, The Colony and The Courtyard Homes at Lincoln Creek Village ("Declaration"), Bylaws and Articles of the Association and Colorado law.

EFFECTIVE DATE: September 19, 2007

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 so as to minimize the Association's loss of assessment revenue. 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. Generally. Assessments, calculated on an annual basis, shall commence as provided for in the Declaration, and shall be collected by the Association on the first day of each month or as otherwise provided in the Declaration.

2. Obligation. The Association shall have the power to levy Assessments against the Lots and the Owners thereof, and each Owner, and if more than one (1) Person, all such Persons, jointly and severally, by acceptance of the deed to a Lot, whether or not it shall be expressed in any such deed, shall be deemed to covenant and agree expressly in any such deed to pay all such Assessments in the manner and for the purposes provided in the Declaration. Subject to the provisions hereof, the Board of Directors shall have the power and authority to determine all matters in connection with Assessments, including the power and authority to determine where, when, and how Assessments shall be paid to the Association, and each Owner shall comply with such determination.

3. Delinquency. Any assessment not paid within ten (10) days after the due date shall be delinquent and shall bear interest at a rate of twenty-one percent (21%) per annum from the due date, or such lesser rate as the Board of Directors shall determine, and may be

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subject to a late charge as may be set and uniformly applied by the Board of Directors until paid in full. Any balance outstanding shall bear interest as noted.

4. 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 \$25.00 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 Lot 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 twelve (12) month period, the Association may require that all of the Owner's future payments, for a period of one (1) 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 thirty (30) days of the due date.

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

6. Acceleration. If an Owner shall be in default on the payment of an installment of an Assessment, the Association may accelerate the remaining installments on the Assessment upon notice thereof to the Owner, and thereupon the unpaid balance of the Assessment shall become due on the date it is stated in the notice.

7. Late Charge. In addition to the interest noted above, a late charge may be set and uniformly applied for any installment of Assessment not paid within ten (10) days after its due date.

8. Reimbursement Assessments. The Board of Directors of the Association may levy an Assessment against any Owner if (a) the willful or negligent failure of the Owner or Related User of the Owner to comply with this Declaration, the Articles, the Bylaws, Rules and Regulations adopted by the Association, or guidelines or rules adopted by the

Association, have resulted in the expenditure of funds to cause compliance, or (b) if a Owner or a Related User of the Owner shall fail to pay any fines or penalties established in the Rules and Regulations for breach of or failure to comply with this Declaration or such Rules and Regulations. Such Assessments shall be known as Reimbursement Assessments. The amount of the Reimbursement Assessments shall be due and payable to the Association thirty (30) days after notice to the Owner of the decision of the Board of Directors of the Association that the Assessment is owing.

9. Collection. If the Association is unable to collect the delinquent Assessments within a reasonable time after providing an Owner with a notice of delinquent Assessment as provided in the Declaration, the Association may, at its sole and absolute discretion, refer the collection of the delinquent Assessment and claim of lien to legal counsel or other collection agency for collection.

10. Referral of Delinquent Accounts to Attorneys. Upon referral to the Association's attorney, the attorney, upon direction from the Board of Directors or its authorized agent, 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, upon direction from the President of the Board of Directors, 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.

11. 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.

12. Application of Payment. Upon receipt of any payment for any delinquent Assessment, the Association shall first apply such payment to off-set its cost of collection,

including attorneys' fees and costs, second to any and all applicable late fees, third to payment of interest incurred, and finally to payment of the principle of the delinquent assessment.

13. 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.

14. 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. No 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.

15. 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.

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

17. 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.

18. Deviations. The Board of Directors may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

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

IN WITNESS WHEREOF, the undersigned governing Association, has executed and adopted this instrument effective the date and year first stated above.

LINCOLN CREEK VILLAGE
HOMEOWNERS' ASSOCIATION, INC.
a Colorado nonprofit corporation

Attest:

Janelle Taylor
Janelle Taylor, Secretary

By 
Craig Pottenger, President