Resolution
of
Vista Mesa Homeowners Association, Inc.

Assessment Collection Policy

The undersigned being all of the Directors of Vista Mesa Homeowners Association, Inc. a Colorado non-profit corporation (the "Association") hereby consent to, vote in favor of, and adopt the following resolution:

WHEREAS, the Board of directors is empowered to govern the affairs of the Association pursuant to Article VII, Section 1(a) of the Bylaws;

WHEREAS, Senate Bill 05-100, approved June 6, 2005, amending the Colorado Common Interest Ownership Act §§38-33.3-101 et seq, requires the Association to establish a procedure to be used by unit owners (members) for the assessment collection procedure; and

WHEREAS, the Board of Directors, in an effort to comply with this statute, desires to adopt and accept a policy for assessment collection procedures;

IT IS THEREFORE RESOLVED that the policy attached hereto as EXHIBIT A (hereafter referred to as "The Assessment Collection Policy ") shall be adopted to replace the previous policy and hereby established as the policy of this Association;

IT IS FURTHER RESOLVED that this policy shall remain in effect until amended or hereby terminated by a majority vote of the Board of Directors, and

IT IS FURTHER RESOLVED that this policy shall take effect January 1, 2014. EXECUTED this 1st day of December 2013.

President

Vice President

Treasurer

Member

EXHIBIT A

ASSESSMENT COLLECTION POLICY

I. Assessments

1. Any assessment, which is not received by the tenth (10th) day of January, shall be subject to a fifty dollar ($50.00) per year late fee. Any assessment not paid within thirty (30) days after the due date thereof may bear interest from the due date at the rate of eighteen percent (18%) per annum. Any fees associated with the collection of a delinquent account shall be paid by the unit owner. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot as provided in the declaration.

2. Assessments are due and payable on the first (1st) day of January and have a ten (10) day grace period. There is no grace period whatsoever after the tenth (10th) day of the month. Checks must arrive in the management's office by the tenth (10th) of the month regardless of the postmarked date.

3. Checks having a "final payment", "paid in full", etc in the memo area or on the back of the check may be returned to homeowners.

4. All checks will be applied to the following items regardless of any notations on the checks in the following order of priority:

    a. late fees;
    b. interest;
    c. attorney fees and cost;
    d. return check charges;
    e. past due special assessments
    f. any unpaid assessments beginning with the oldest first.

5. Any dishonored checks will be treated as if no check was received, and late fees, interest, and attorney fees will be added to the account.

6. Any check returned to the association by the bank may have an administrated charge applied to the homeowner's account, currently $35.00. Any late fees or additional charges that would have been applied during the time of the returned check will be applied at the time the check is returned to the association.

7. If the association has more than three (3) checks returned from the bank in a twelve (12) month period the owners may be required to pay their assessment with certified funds.

8. Any owners who are delinquent on their assessment dues may be denied member rights including but not limited to: the right to vote, the right to run for a Board position, the right to speak at a meeting, and inspection of the association records. In accordance with governing documents of the association.

9. If an owner is repeatedly late with their assessment the Board reserves the right to call for the entire year assessments to be due and payable immediately.

II. Notification of Delinquent Accounts

Homeowners who fail to pay by the due date will be charge for the cost incurred by the association for any correspondence that needs to be sent as a result of said default including but not limited to the following:

1. ***First Notification.*** A statement of account may be sent on the eleventh (11th) day of the month following the non-payment of the account. Late fee will be added to the account.

2. ***Second Notification.*** A statement of account may be sent on the eleventh (11th) day of the second (2nd) month following the non-payment of the account. Late fee and interest will be added to the account.

3. ***Third Notification.*** A statement of account may be sent on the eleventh (11th) day of the third (3rd) month following the non-payment of the account. Late fee and interest will be added to the account.

4. ***Mandatory Notification.*** At least 30 days before referral to collection, the Association will send the Member notice of delinquency, which will specify the following:

   (i) the total amount due, with an accounting of how the total was determined;

   (ii) whether the opportunity to enter into a payment plan exists and instructions for contacting the HOA to enter into such a payment plan in accordance with Section V below;

   (iii) the name and contact information for the individual the unit owner may contact to request a copy of the unit owner's ledger in order to verify the amount of the debt;

   (iv) that action is required to cure the delinquency and that failure to do so within thirty days may result in the unit 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 unit owner's property, or other remedies available under Colorado law; and

   (v) it may refer the owner to this policy and give the directions to the website for same.

5. ***Cost of the above notifications:*** The fee for the statement shall be the management company's fee for such statements.

6. ***Attorney's First Notification.*** After the mandatory notification, the property manager may engage legal services to send owner of unit a demand for payment. The legal cost will be added to the unit owners' statement at that time.

7. ***Lien.*** Approximately thirty (30) days after the first attorney's letter a lien may be placed on the property. All costs of investigation, legal fees, demand letters and costs of other remedial measures shall be added to the amount of the lien.

III. Proof of Payment

1. Since the records of the HOA are kept in the ordinary course of business and the HOA relies upon same for the behalf of all owners, there is a presumption that those records are correct and that the assessment is valid if there is no written dispute received by the HOA within thirty (30) days after the mailing of a billing statement.

2. Members who wish to dispute the amount or the validity of any assessments charged to their property must submit a statement within thirty (30) days after the mailing of a billing statement that describes all disputed yearly payments, and can request information from (or request a hearing before) the Board, but must put that request in writing in accordance with this section III.

3. If a dispute statement is delivered to the Board within 30 days of the date that said payment was due, the parties will work in good faith to resolve the dispute. By way of example, if a Member produces satisfactory proof that a check was sent, but has no proof that the HOA received the check, the Board may accept that explanation and remove all late charges, in its sole discretion, provided that the Member actually delivers a replacement payment within 15 days of demand by the Board.

4. If the statement does not resolve the dispute, the Board may require the Member to furnish additional proof of those disputed payments that is satisfactory to the Board in its sole discretion. By way of example, if a Member insists that the HOA actually received a disputed payment, the Board may require the Member to furnish proof such as cancelled checks, receipts, or certified copies of the front and back of money orders. If that material shows that the Member paid by that method, the Member will be credited for any out-of-pocket expense that the Member incurs for same, such as a fee charged for the certified copies or cancelled checks.

5. The proof required in such cases may include both the month before and the month after the disputed payment. Less convincing evidence (such as carbon copies of checks) will not be acceptable, as that will not prove that the HOA deposited that payment. Members are encouraged to describe any alternative method of proof that is not described above, in order to allow the Board to determine (in advance of the meeting) whether that proof would meet the convincing evidence standard described in this Section.

6. All payments made to settle a dispute and **ALL** correspondence regarding payment disputes must be delivered/mailed to the management company and must be supported by a dated receipt, signed by an officer or property manager of the Association. If payment or correspondence is delivered by any other method, the Member using that non-authorized method assumes the risk that said payment will be treated as if no payment was made.

IV.Member Responsibility

1. Members are responsible for contacting the Association or reviewing the website to determine the amount of the assessments for properties they own in the Association, and for making arrangements for the timely delivery of all payments to the Association, whether by mail or direct deposits.

2. Members must notify the Association of any change in their mailing address or status (such as sale or transfer of the property they own in the Association) within 30 days of such a change.

3. Checks containing a restrictive endorsement on the back may be returned to the Member and the amount tendered shall be considered unpaid.

V. Payment Plan

1. The Association is not a lender, and failure to pay Assessments imposes financial burdens on the other Owners. A payment plan may only be considered for circumstances required by law or statute, or hardship conditions that justify some sort of temporary accommodation.

2. Any request for a payment plan must be made by an Owner in writing and delivered to the Association's Registered Agent (currently Balanced Bookkeeping & CAM) at the Registered Address (currently PO Box 25353, Colorado Springs, CO 80936).

3. Any payment plan must be a legally binding contract, and the plan must require the Owner to pay all delinquent sums, including late fees, interest, attorney fees and other costs. The payment plan must require that the Owner must keep all monthly payments current and must pay off the entire delinquent amount in six equal monthly installments, unless a longer time period is agreed to by the Board, in writing, for extraordinary circumstances.

4. Nothing in this Rule prohibits the Association, or a holder or assignee of the Association's debt from pursuing legal action against an Owner if the Owner fails to comply with the terms of his or her 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 repayment period, constitutes a failure to comply with the terms of his or her payment plan.

5. The Association is not obligated to negotiate a payment plan with an Owner who has previously entered into a payment plan. The Board shall have complete discretion as to payment plans, except as otherwise required by Colorado statute.

6. No payment plan is available if the Owner does not occupy the Unit, and has acquired the Unit as a result of: (1) a default of a security interest encumbering the Unit, or (2) foreclosure of the Association's lien.

VI. Additional Settlement Procedures

1. C.R.S. § 38-33.3-113 requires the HOA and its Members to deal with each other in good faith. As a result, any settlement of a delinquent or disputed account will require a document, signed by a Board officer or property manager.

2. **Statements made on checks to be the effect that the check is tendered as full satisfaction of a claim will not be proof of settlement, even if such a check is deposited, unless the deposit is personally endorsed by an officer or the property manager.**

3. The Board believes that written responses will explain the reasons for disputes or transmit proposals more clearly and accurately than verbal communication, because there is always a risk that recollection of conversations (and even Minutes of meetings) might not accurately quote the participants or might not include everything that the participants wanted or needed to say. Therefore:

    a. no verbal settlement or payment arrangements will be binding upon the Association until it is appropriately documented as described herein;
    b. the Member's position (or proposal) must be described by the Member or someone writing on behalf of the Member; and
    c. any agreement with or any relief granted to a Member or any waiver of any provision herein must be in writing, signed by the appropriate member of the Board, with a signed copy to the person or persons granted such relief.

4. Members who wish to be on a payment plan for unpaid assessments that is longer than six months must acknowledge that the Association is not able and is not required to act as a lender, and that any payment plan must be completed in a very short time, with sufficient monthly amounts to pay both the current assessments and any past arrearage. Further, if a Member proposes such a schedule, it is crucial that the Member honor that schedule. As a result, Members must submit their proposed payment plan in writing, so there is no mistake about their proposal, and should make their first proposed payment with their written proposal.

5. In all such cases, the Board has final discretion to decide the parameters of an acceptable payment plan, such as waiving or reducing late fees but still requiring interest payments and a time limit for payments to be completed. Since the purpose of late fees is to reimburse the Association for intangible damages suffered by the Association and for administrative costs incurred by the Association, such as the time spent by board members dealing with arrearages, the waiver or reduction of late fees is a logical accommodation in cases where a Member promptly proposes a payment plan that saves the Association from the cost of pursuing the remedial measures described below.

6. Nothing in this policy shall require the Board to take specific actions at a specific time, and the Board has the option and right to continue to evaluate each delinquency on a case-by-case basis. The Association may modify the procedures contained herein as the Association shall determine appropriate under the particular circumstances.

7. Failure of the Association to require strict compliance with this Collection Policy shall not be deemed a waiver of the Association's right to require strict compliance and 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 Collection Policy.

VII. Collection Procedures

1. After a delinquent account has been referred to the Association's attorney, all communication with the delinquent Member shall be handled through the Association's attorney. Neither the manager, if any, nor any member of the Board of Directors shall discuss the collection of the account directly with a Member after it has been turned over to the Association's attorney unless the attorney is present or has consented to the contact. However, the Association has the option and right to continue to evaluate each delinquency on a case by case basis.

2. Once accounts are turned over to the Association's attorney, Members shall make payment to the Association at the address of the Association's attorney, and the Association shall be entitled to collect interest at the rate stated in the CC&Rs, per annum, retroactive to the due date of such payments, as well as reasonable attorney fees, court costs, and all other expenses of collection on said delinquent payment. The reasonable attorney fees incurred by the Association shall be due and payable from the delinquent Member on the date(s) such expense(s) are incurred by the Association.

3. The assessment lien may be foreclosed in the same manner as a mortgage or real property, and/or any sums expended by the Association for repairs or other actions needed to preserve or protect any abandoned Lot within the Association during a foreclosure against said Lot shall be additional indebtedness secured by the priority lien claim described in the relevant statute in the manner as provided for assessment liens in the governing documents of the Association, if:

   (i) The balance of the assessments and charges secured by its lien equals or exceeds six 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 unit on an individual basis.

4. Assignments of assessment liens against the delinquent property will not include the priority lien claim described in C.R.S. § 38-33.3-316(2) (b) (I) or any comparable provision of the governing documents (commonly known as the "six month super lien amount"), in the event of a foreclosure against any Lot within the Association, because that amount will be paid by the individual(s) or entity who takes title to the Property at the conclusion of that foreclosure action.

5. Any sums expended by the Association for repairs or other actions needed to preserve or protect any abandoned Lot within the Association during a foreclosure against said Lot shall be additional indebtedness secured by the priority lien claim described in C.R.S. § 38-33.3-316(2)(b)(I). This lien may be foreclosed upon in the manner as provided for assessment liens in the governing documents of the Association.

VIII. Bankruptcy Procedure

1. In any case where the HOA learns that a bankruptcy action has been filed, the billing for that Property shall thereafter be based upon the filing date of that bankruptcy action (the "Petition Date"), and the management company should create two separate ledgers for the Property:

   a. the first ledger (the "Pre-Petition Ledger") should show all assessments owed prior to the Petition Date; those assessments should **not be written off** because those assessments

continue to be a lien against the property. In other words, even though the HOA may never be able to bring an action against the Member individually for this amount (if the Member obtains a discharge in the bankruptcy action), the HOA will be able to foreclose its lien against the Property for the full amount owed; and

b. the second ledger (the "Post-Petition Ledger") should be entirely new, the type of ledger that would be used if a new Member purchased the property, which will:

   i. show a zero ("0.00") balance on the Petition Date;

   ii. include the monthly assessment for the month in which the bankruptcy was filed (prorated through the end of that month);

   iii. all future assessments, late charges, interest and attorney fees; and

   iv. it should refer to the Pre-Petition Ledger, in order to make certain that both ledgers are paid

2. The amount owed prior to bankruptcy will not be sent to the homeowner every month but will be added any amount due at the time of sale or re financing.

IX. Certificate of Status of Assessments.

1. The Association shall furnish to a Member or such Member's designee a written statement setting forth the amount of unpaid assessments currently levied against the Member's Lot upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent. The statement shall be delivered within 14 calendar days after actual receipt of the request. The fee for the statement shall the management company's fee for such statements, unless the Owner's account has been turned over to the Association's attorney for collection purposes, in which case any statement for such delinquent assessments shall be prepared by said attorney and shall include any attorney fees incurred in providing the statement. In either case, such fee shall become an assessment against that property.

X. Substantial Compliance/ Questions of Construction

1. Technical irregularities or procedural defects comply with this Policy shall not invalidate such action or be any defense to an consequence imposed by this Policy, which shall be liberally construed to accomplish prompt, effective enforcement of the Association's governing documents. If any doubt or questions shall arise concerning the true intent or meaning of any of the Policy, the Board shall determine the proper construction of the provision in question, and shall set forth in a written statement the meaning, effect and application of the provision. These determinations will thereafter be binding on all parties so long as such determinations are not arbitrary or capricious.