

**CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.**  
**ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES, AND RULES**  
**POLICY AND PROCEDURES**

*EFFECTIVE JANUARY 1, 2006*

In compliance with Colorado Statutes, the Board of Directors of the Castle Highlands Homeowners Association, Inc. (hereinafter "Association") adopts the following policy for adoption and amendment of policies, procedures and rules.

1. The Board of Directors, in its sole discretion, shall determine if a policy, procedure or rule is necessary for an issue, which has an effect on the community.
2. The Board of Directors may, but is not obligated to, provide notice to the Unit Owners of the meeting when the issue and the proposed policy, procedure or rule will be discussed.
3. Prior to adopting or amending a policy, procedure or rule, the Board of Directors shall consider the following criteria:
  - a. Necessity and reasonableness
  - b. Contribution to the protection, enhancement and preservation of property values.
  - c. Clarity of definition
  - d. Enforceability
  - e. Absence of conflict with Association's governing documents and applicable local, state or federal regulations or statutes.
4. Any adoption or amendment of a policy, procedure or rule shall be performed at a Board of Directors meeting open to all members or their representatives.
5. An affirmative vote from a majority of the Board of Directors in attendance when a quorum is present at the meeting shall be required to adopt or amend a policy, procedure or rule.
6. Any policy, procedure or rule shall become effective per the date determined by the Board of Directors but not less than 15 calendar days after the mailing of such policy, procedure or rule in writing to each member of the Association.
7. In the event of any conflict between this Policy and Procedure and the Association's Declarations and Covenants, or Colorado law, the Association's Declarations and Covenants and/or Colorado law shall prevail.

IN WITNESS THEREOF, the undersigned certify that this ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES, AND RULES POLICY AND PROCEDURES was adopted at a duly called meeting of the Castle Highlands Homeowners Association, Inc. held on the \_\_\_\_\_ day of \_\_\_\_\_, 2005.

CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.

BY: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_

# CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC. COLLECTION POLICY AND PROCEDURES

*EFFECTIVE JANUARY 1, 2006*

In compliance with Colorado Statutes, the Board of Directors of the Castle Highlands Homeowners Association, Inc. (hereinafter "Association") adopts the following policy and procedures for the collection of unpaid assessments.

1. DUE DATE FOR ANNUAL ASSESSMENTS: Each monthly installment of any annual assessment shall be due and payable on the 1<sup>st</sup> day of each month. Payments must be received in the Association's office or the Association's payment processor's office by the 30th of the month to avoid late fees and interest. Any monthly installment not paid in full within 30 days of the due date shall be subject to a late fee of \$10.00 and bear interest at the rate of 18 % per annum. Late fees may be increased by a majority vote of the Board of Directors. In the event the Board of Directors votes to increase the late fee, notice of the increase shall be sent to all Unit Owners not less than 15 calendar days before the increase goes into effect.
2. DUE DATE FOR OTHER ASSESSMENTS: Any additional assessment, special assessment, or reimbursable charges ("Additional Assessment") charged to a Unit Owner's account shall be due and payable within 30 calendar days of notice. Additional assessment must be received in the Association's office or the Association's payment processor's office within 30 calendar days of the notice to avoid late fees and interest. Any additional assessment not paid in full within 30 days of the notice shall be subject to a late fee of \$10.00 and bear interest at the rate of 18 % per annum. Late fees may be increased by a majority vote of the Board of Directors. In the event the Board of Directors votes to increase the late fee, notice of the increase shall be sent to all Unit Owners not less than 15 calendar days before the increase goes into effect.
3. VOTING RIGHTS SUSPENSION: A Unit Owner's voting rights and/or rights to use the recreational facilities shall automatically be suspended, without further notice, if any monthly installment is not paid within 30 calendar days of the due date. Upon payment in full of all amounts due and owing, Unit Owner's voting rights will be reinstated.
4. RETURNED CHECK CHARGES: In the event any instrument or check tendered to the Association is not honored or is returned by the bank for any reason including insufficient funds, the Association may impose a returned check fee of \$25.00 plus any additional bank charges. The amount of the returned check plus the additional fees will be due and payable to the Association. If good payment is not received by the dates set forth in Paragraph 1 or 2 above, late fees and interest charges may also be applied. Returned check charges may be increased by a majority vote of the Board of Directors. In the event the Board of Directors votes to increase the returned check charges, notice of the increase shall be sent to all Unit Owners not less than 15 calendar days before the increase goes into effect.
5. REFERRAL OF DELINQUENT ACCOUNT TO ATTORNEY: At any time, the Association may, but shall not be required to, refer delinquent accounts to its attorney for collection. The Association's attorney is authorized to take whatever action is necessary in consultation with the

President of the Board of Directors or other person designated by the Board, and believed to be in the best interest of the Association, including but not limited to:

- a. Filing a Notice of Assessment Lien against the Unit Owner's real property subject to the assessment obligation, if not already filed.
- b. Filing a lawsuit against a delinquent Unit Owner for a money judgment. Once a money judgment is awarded, the Association may pursue remedies such as wage and/or bank account garnishment.
- c. Instituting a judicial foreclosure action on the Association's assessment lien.
- d. Seeking the appointment of a receiver or implementing other legal and equitable methods to collect the delinquent assessment and other amounts.
- e. Monitoring any bankruptcy filing and filing necessary claims, documents, and motions in Bankruptcy Court to protect the Association's claims.

Once the delinquent account is referred to the attorney for collection, all communication with the delinquent owner shall be handled through the attorney. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney. The Association shall be entitled to recover reasonable attorney fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent Unit Owner. The attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand, and shall be charged as an assessment against the Unit Owner's account.

6. LIEN FILING: In the event the delinquent balance is not paid in full as required, the Association may cause a notice of assessment lien to be recorded against the real property subject to the assessment obligation. Any costs or expenses incurred for filing a lien against the Unit Owner's real property shall be charged as an assessment against the Unit Owner's account.
7. NOTICE TO DELINQUENT UNIT OWNERS: The following time frames for a Unit Owner's notification of delinquent account may be followed for collection of monthly installments of the annual assessment and other charges:
  - a. 30 - 35 calendar days after due date, the Association or managing agent will send a 1<sup>st</sup> notice of delinquent account to the Unit Owner.
  - b. 45 - 60 calendar days after due date, the Association or managing agent will send a 2<sup>nd</sup> notice of delinquent account to the Unit Owner. This 2<sup>nd</sup> notice will also inform the Unit Owner of Association's intent to file a lien and/or turn the account over to the Association's attorney for collection.
  - c. As set forth in Paragraph 4 above, Association may refer delinquent accounts to its attorney for collection at any time after a 2<sup>nd</sup> notice of delinquent account has been sent to the Unit Owner.

Failure of the Association or the managing agent to send notices as outlined above does not relieve any Unit Owner of his/her obligation for assessments, late fees, interest or other charges assessed.

8. PAYMENT APPLICATION: All payments in less than the full amount owed to the Association shall be applied in the following order:

- 1<sup>st</sup> – Attorneys fees, legal fees and costs
- 2<sup>nd</sup> – Association’s collection costs
- 3<sup>rd</sup> – Reimbursement for chargeable expenses
- 4<sup>th</sup> – Fines
- 5<sup>th</sup> – Late fees
- 6<sup>th</sup> – Interest
- 7<sup>th</sup> – Special assessments, if any
- 8<sup>th</sup> – Annual assessments

9. WAIVERS: 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, returned check charges, attorney fees and/or costs as described and imposed by this Collection Policy.
10. In the event of any conflict between this Policy and Procedure and the Association’s Declarations and Covenants, or Colorado law, the Association’s Declarations and Covenants and/or Colorado law shall prevail.

IN WITNESS THEREOF, the undersigned certify that this COLLECTION POLICY AND PROCEDURES was adopted at a duly called meeting of the Castle Highlands Homeowners Association, Inc. held on the \_\_\_\_\_ day of \_\_\_\_\_, 2005.

CASTLE HIGHLANDS HOMEOWNERS ASSOCIATION, INC.

BY: \_\_\_\_\_  
 President

ATTEST:

By: \_\_\_\_\_