

The Riverwalk at Edwards Property Owners Association, Inc.

CIVIC ASSESSMENT COLLECTION POLICY

RECITALS:

WHEREAS each Civic Assessment Payee, Civic Assessment Payee’s Lessee, or Civic Assessment Payee’s Lessor (all of which are hereinafter referred to as “Civic Assessment Payee”) has an obligation to deliver to the Association without notice true and complete copies of all written reports, returns, statements, records and declarations, including any supplements and amendments thereto, made or provided to the State of Colorado by such Civic Assessment Payee in connection with any Local Sales under the provisions of the Colorado Emergency Retail Sales Tax Act of 1935 (the “Tax Act”) at such time as such reports are required to be made to the State of Colorado;

WHEREAS each Civic Assessment Payee has an obligation to pay Civic Assessments to the Association according to the terms of the Association’s Declaration at Section 5.7A, and all Civic Assessments are due and payable to the Association without notice to the Association each time and at such time the Civic Assessment Payee is required to remit or pay Colorado Sales Tax to the State of Colorado, regardless of whether said Civic Assessment Payee is an Owner, lessor, lessee, etc.;

WHEREAS the Board of Directors has a responsibility to pursue collection of Assessments and other charges from Owners pursuant to the Association’s Declaration (“Declaration”), Bylaws of the Association (“Bylaws”), and the Colorado Common Interest Ownership Act C.R.S. § 38-33.3-101, et seq. (“CCIOA”);

WHEREAS Section 209.5 of CCIOA requires that the Association have a policy regarding the collection of unpaid Assessments;

WHEREAS H.B. 13-1276 requires various items to be included within that policy; and

WHEREAS, the Board of Directors believes 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 Board of Directors has retained an attorney with experience in representing homeowner associations in collections and other matters;

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following resolution for the collection of Civic Assessments and other charges of the Association.

1. **Due Dates.** Each Civic Assessment Payee's Civic Assessment payment and a copy of all written reports, returns, statements, records and declarations, including any supplements or amendments thereto (hereinafter referred to as "Reports") made or provided to the State of Colorado by such Civic Assessment Payee in connection with any Local Sales under the provisions of the Tax Act—as required by the Declaration at Section 5.7A—shall be due and payable without notice each time and at such time as such Civic Assessment Payee is required to remit such documents and/or pay Colorado Sales Tax to the State of Colorado. Any outstanding Reports not delivered to the Association or Civic Assessment not paid in full to the Association at such time as the Reports are required to be made to the State of Colorado shall be considered past due and delinquent, and shall incur late charges and interest as provided below.

2. **Receipt Date.** The Association's accounting firm shall post payments in the Association's bank offices according to CCIOA requirements.

3. **Late Charges and Interest on Delinquent Civic Assessments.** The Association may impose on a daily basis a reasonable late charge of \$0.02 per square foot of the Owner's Lot for each Civic Assessment Payee who fails to timely pay his/her Civic Assessment or deliver written Reports to the Association at such time as the Reports are required to be made to the State of Colorado. All late charges shall be a "Common Expense" pursuant to CCIOA and the Declaration, shall be assessed against the Lot

Owner regardless of whether the Owner or the Owner's lessee was required to pay the Civic Assessment or deliver the written Reports, shall be assessed separately each and every day the Civic Assessment or delivery of Reports is past due and delinquent, and shall be completely separate from and in addition to any Civic Assessment amount due to the Association. In addition, the Association shall impose interest from the date due at the rate of 21% per annum on the amount owed for each Owner who fails to timely pay his/her Civic Assessment by the due date.

4. **Personal Obligation for Late Charges.** In addition to being a lien on the Lot, the late charges incurred for any and all delinquent Civic Assessments shall be the personal obligation of both the Owner(s) of the Lot and any Civic Assessment Payee for which such Civic Assessment is unpaid or required Reports are not delivered to the Association. All late charges shall be due and payable immediately, without notice, in the manner provided by the Declaration (and as set forth herein) for payment of Assessments.

5. **Returned Check Charges.** In addition to any and all charges imposed under the Declaration, Articles of Incorporation, Bylaws, and the Rules and Regulations of the Association (including this Civic Assessment Collection Policy), a reasonable fee, not to exceed twenty dollars (\$20.00), shall be assessed against an Owner in the event any check or other instrument attributable to or payable for the benefit of such Owner or Owner's lessee 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" pursuant to the Declaration and CCIOA for each Owner or Owner's lessee who tenders payment by check or other instrument which is not honored by the bank upon which it is drawn. Such returned 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 Civic Assessment Collection Policy after the date adopted as shown below.

If two or more of an Owner or Owner's Lessee's checks are returned unpaid by the bank within any (fiscal) year, the Association may require that all of the Owner or Owner's Lessee's future payments, for a period of one (1) year, be made by certified check or money order. This returned 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 Assessment is not timely made within thirty (30) days of the due date.

6. **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 Civic Assessments or other charges due to the Association from a delinquent Owner or Civic Assessment Payee. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand.

7. **Application of Payments.** All sums collected on a delinquent account that has been turned over to the Association's attorney shall be remitted to the Association, as instructed by the Association's attorney, until the account is brought current. All payments received on account of any Owner or the Owner's property (hereinafter collectively "Owner"), shall be applied to payment of any and all legal fees and costs (including attorney fees), expenses of enforcement and collection, late charges, returned check charges, lien fees, and other costs owing or incurred with respect to such Owner pursuant to the Declaration, Articles, Bylaws, Rules and Regulations, or this Collection Policy, prior to application of the payment to any Civic Assessments due or to become due with respect to such Owner.

8. **Payment plans.** Subject to the restrictions below, the Association shall offer a payment plan to any delinquent Owner and make a good faith effort to coordinate such a plan. Such payment plan may be determined at the discretion of the Board, but shall be

for a term of not less than six months and shall provide that the Owner must become and remain current with all Civic Assessment payments and obligations. No payment plan need be offered if the Owner does not occupy the Lot and has acquired the Lot as a result of either a default of a security interest encumbering the Lot or foreclosure of the Association's lien. The Association is not required to offer a payment plan, or negotiate a plan with, an Owner who has previously entered into a payment plan with the Association. An Owner's failure to comply with and remit payments according to the terms of the payment plan, or to remain current with Civic Assessment payments or obligations as they come due during the period of the payment plan, constitutes a failure to comply with the payment plan. The Association may pursue legal action against the Owner if the Owner fails to comply with the payment plan.

9. **Notice of Delinquency.** After any Civic Assessment owed to the Association becomes past due, and before the Association turns the delinquent account over to a collection agency or refers it to the Association's attorney for legal action, the Association shall cause a Notice of Delinquency to be sent to the delinquent Owner and any Civic Assessment Payee. The Notice of Delinquency will include:

- i) the amount past due with an accounting of how the total was determined, but if the Association is unable to determine the amount past due because the Civic Assessment Payee did not deliver required Reports, the Association shall include the amount of late charges currently incurred with an accounting of how the total was determined;
- ii) whether the opportunity to enter into a payment plan exists;
- iii) the name and contact information for the individual the Owner may contact to request a copy of the ledger to verify the amount of the debt; and
- iv) a notice 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 and the Civic Assessment Payee, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law.

The Notice of Delinquency shall be mailed to the Owner and any Civic Assessment Payee at the Lot address unless the Owner has given notice, in writing, of an alternate address. The Association may, but is not required to, send periodic follow-up notices to the Owner and any Civic Assessment Payee for as long as amounts remain past due on the Owner's account.

10. **Certificate of Status of Assessment.** The Association shall furnish to an Owner or such Owner's designee upon written request, first class postage prepaid, return receipt requested, to the Association's agent, a written statement setting forth the amount of unpaid Civic Assessments currently levied against such Owner's property, if known, for a reasonable fee, not to exceed fifty dollars (\$50.00). However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney and subject to the fees and costs billed by the Association's attorney.

11. **Bankruptcies and Foreclosures.** Upon receipt of any notice of a bankruptcy filing by an Owner or any Civic Assessment Payee, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any Lot within the Association, the manager shall notify the Association's attorney of the same and may turn the account over to the Association's attorney, if applicable.

12. **Use of Certified Mail/Regular Mail.** In the event the Association shall cause a collection or demand letter or notices to be sent to a delinquent Owner or any Civic Assessment Payee by regular mail, the Association may also cause, but **shall not be required to send**, an additional copy of the letter(s) or notice(s) by certified mail.

13. **Referral of Delinquent Accounts to Attorneys.** After the deadline stated in the Notice of Delinquency has expired, the Association may, but shall not be required to, refer delinquent accounts to its attorneys for legal action. Upon referral to the Association's attorneys, the attorneys shall take all appropriate action to collect the accounts referred and compel compliance with the Association's governing documents. 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, in consultation with the Association, is authorized to take whatever action is necessary and believed to be in the best interest of the Association, including but not limited to:

- (a) Filing a covenant violation lien and lawsuit against the delinquent Owner and any Civic Assessment Payee to compel the production of Reports necessary to calculate the amount of past due Civic Assessments;
- (b) Filing a lawsuit against the delinquent Owner and any Civic Assessment Payee for a money judgment;
- (c) Instituting a judicial foreclosure action of the Association's lien;
- (d) Filing necessary claims, documents, and motions in bankruptcy court in order to protect the Association's interests;
- (e) Filing a court action seeking appointment of a receiver;
- (f) Any other remedies available pursuant to Colorado law.

All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney or as otherwise agreed to by the parties, and the attorney shall direct an Owner and any Civic Assessment Payee where to send payments.

Upon referral of any matter to the Association's attorney, the Association shall pay the Association's attorneys their 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.

14. **Appointment of a Receiver.** The Association may seek the appointment of a receiver if an Owner or Civic Assessment Payee becomes delinquent in the payment of Civic Assessments or fails to deliver Reports necessary to calculate Civic 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

or related charges; correct any violations of the Declaration, Bylaws, or Rules and Regulations; and prevent the waste and deterioration of the property.

15. **Judicial Foreclosure.** The Association may choose to foreclose on its lien in lieu of or in addition to suing an Owner or any Civic Assessment Payee in county court for a money judgment. The purpose of foreclosing is to obtain payment of all Assessments and related charges 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 is unable to foreclose a lien against a delinquent Owner until the balance due equals or exceeds six months of Annual Assessments. The Association's Board of Directors shall vote and formally approve the filing of a foreclosure action on any given account. The Board cannot delegate this responsibility to an attorney, insurer, manager, or any other person. The Board shall provide a copy of meeting minutes, indicating such vote and approval, to the Association's attorney at the commencement of the foreclosure process.

16. **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 in the sole discretion of the Board of Directors.

17. **Notification to and Communication with Owners.** The Association shall, upon request, provide all Owners with a copy of this Collection Policy, which shall become effective upon its adoption. All communication with a delinquent Owner or Civic Assessment Payee shall be handled through the Association's attorney once a matter has been referred to the attorney. Neither the manager nor any 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.

18. **Ongoing Evaluation.** Nothing in this Civic Assessment Collection Policy shall require the Association to take specific actions other than to notify the Owners of the

adoption of these policies and procedures. Once an Owner's account is turned over to the Association's attorney, all communication regarding the account must be made through the attorney. However, the Association has the option and right to continue to evaluate each delinquency on a case-by-case basis.

19. **Sole Civic Assessment Collection Policy.** This policy shall be the sole existing policy of the Association regarding the collection of unpaid Civic Assessments, and shall replace and supersede any previous rules and regulations of the Association addressing the collection of past due Civic Assessments.

20. **Defenses.** Failure of the Association to comply with any provision in this Civic Assessment Collection Policy 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 Civic Assessment Collection Policy.

21. **Definitions.** Unless otherwise defined in this Civic Assessment Collection Policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

22. **Supplement to Law.** The provisions of this Civic Assessment Collection Policy shall be in addition to and in supplement of the terms and provisions of the Declaration and the laws of the State of Colorado governing the Association.

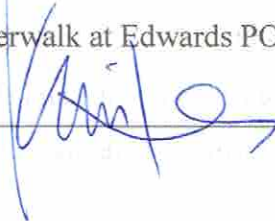
23. **Deviations.** The Board may deviate from the procedures set forth in this Civic Assessment Collection Policy if in its sole discretion such deviation is reasonable under the circumstances.

24. **Amendment.** This Civic Assessment Collection Policy may be amended from time to time by the Board of Directors.

25. **Survival.** In the event a court of competent jurisdiction finds a provision of this Civic Assessment Collection Policy void or otherwise unenforceable, the other provisions shall remain in full force and effect.

Procedure adopted this 20th day of July, 2016 by Resolution of the Board of Directors.

Riverwalk at Edwards POA

by  its VICE PRESIDENT