

**SORREL RANCH HOMEOWNERS ASSOCIATION INC.
COLLECTION POLICY AND PROCEDURE**

Adopted September 20, 2011

The following policy and procedure has been adopted by the Sorrel Ranch Homeowners Association Inc. ("Association") pursuant to Colorado statutes, for collection of unpaid assessments.

1. Due Date. The annual assessment as determined by the Board and as allowed for in the Declaration and Colorado statutes shall be due and payable in monthly installments due on the first day of each month. Assessments or other charges not paid to the Association by the 15th day of each month shall be considered past due and delinquent.
2. Late Charge and Interest Imposed. If a monthly assessment is not paid by the 15th day of each month, the Board shall assess a Late Charge of twenty-five dollars (\$25.00) for that month's assessment and interest at 18% per annum on the outstanding or past due balance then due the Association.
3. Returned Check Charges. In addition to any and all charges imposed under the Declaration, Colorado statutes, or this policy, a fifty dollar (\$50.00) fee or other amount deemed appropriate by the Board 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. 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 property 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, Colorado statutes, Rules and Regulations or this policy.
4. Attorney Fees on Delinquent Accounts. As an additional expense permitted under the Declaration and Colorado statutes, 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, and shall be charged as an assessment against the owner's account.
5. Application for Payments made to the Association. All payments received on the account of any owner shall be applied in the following order: 1) any and all attorney fees, legal fees and costs incurred for collection of assessments or for owner's failure to comply with

provisions of the Association's Declaration, Bylaws, Articles of Incorporation, or Rules and Regulations, including lien fees; 2) fines, late charges and interest; 3) returned check charges, and other costs owing or incurred with respect to such owner pursuant to the Declaration, Colorado statutes, Rules and Regulations, or this policy; and 4) assessments due or to become due with respect to each owner.

6. Collection Letters.

- (a) After an assessment, or other charge due the Association, becomes 15 days past due, the Board may cause, but shall not be required to send, a "late notice" to the owner who is delinquent in payment.
- (b) If payment in full is not received within 60 days of the date due, the Board may, but shall not be required to send the account to the Association's attorney for collection.

7. Referral of Delinquent Accounts to Attorneys. The Board may, but shall not be required to refer delinquent accounts to its attorneys for collection. Upon referral to the attorneys, the attorneys shall take all appropriate action to collect the accounts referred, including recording of a Notice of Assessment Lien against the property. 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. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney.

8. Appointment of a Receiver. The Board may seek the appointment of a receiver if an owner becomes delinquent in the payment of assessments. 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.

9. Judicial Foreclosure. The Board may choose to foreclose on the Association's lien in lieu of or in addition to suing an owner in county court for a money judgment. The purpose of foreclosing is to obtain payment of all assessments owing in situations where either a money judgment lawsuit has been or is likely to be unsuccessful in obtaining payment, or other circumstances favor such action.

10. Waivers. The Board may grant a waiver of any provision herein upon petition in writing by an owner showing a personal hardship. Such relief granted an owner shall be appropriately documented in the files with the name of the person or persons representing the Board granting the relief and the conditions of the relief.

11. Ongoing Evaluation. Nothing in this policy shall require the Board to take specific

actions at a specific time but the Board shall not take any action in less than the time stated herein for a particular action. The Board has the option and right to continue to evaluate each delinquency on a case by case basis.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Sorrel Ranch Homeowners Association Inc., a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on September 20, 2011, and in witness thereof, the undersigned has subscribed his/her name.

SORREL RANCH HOMEOWNERS ASSOCIATION INC.,
a Colorado non-profit corporation

By:  _____
President