

HIGHLAND PARK 3 ASSOCIATION, INC.
COLLECTION POLICY

Effective Date: June 5, 2018

In compliance with the Colorado Common Interest Ownership Act and the Declaration of Protective Covenants for Highland Park Filing 3/3A, the Board of Directors desires to adopt a uniform and systematic procedure regarding collection of assessments and other charges. The Association hereby adopts the following policy and procedures for collection of assessments:

1. Due Dates: Notice of the due date for any payment to be made to the Association shall be given a minimum of 15 days prior to the due date. Such payments not received by (30) days after the due date shall be considered delinquent on the 30th day after the specified due date. Payments shall be deemed received on the date the payment is received in the Association's Mailbox or office of the Association's Manager, if any, (or delivered personally to a current Board Director). Any installment not paid in full when due shall be considered delinquent. Annual dues and any special annual assessment are deemed due and payable on the 15th day of January of each year and are considered delinquent on the 15th day of February. This is a continuing obligation. A notice of dues payment will be issued in the month of December of each year.
2. Late Charge: A late charge in the amount of \$20.00 shall be imposed for any amount not paid within thirty (30) days after its due date without further notice to the Owner. The Association will typically send a reminder notice on or about the 15th day after the due date if payment is not received. This late charge will be assessed per month for each month that the obligation is unpaid. Such late charge is a personal obligation of the Owner and will result in a lien on any Lot for which payment is delinquent.
3. Interest: Interest at the rate of 18% per annum shall accrue on any delinquent amount from the delinquent date without further notice to the Owner, and shall continue until paid. Such interest is a personal obligation of the Owner and will result in a lien on any Lot for which payment is delinquent.
4. Liens: The Association may file a lien against any Lot for which payment is delinquent. Failure to pay any delinquent amount, including, but not limited to dues, assessments, late fees, fines, and interest, may result in foreclosure of the Lot in order to enforce payment.
5. Suspension of Rights: An Owner's voting rights in the Association shall be automatically suspended, without notice, if an assessment or other charge is not paid within 30 days of the due date.
6. Returned Checks: If any check or other instrument payable to or for the benefit of the Association is not honored by the bank, or is returned by the bank for any reason, the Owner is liable to the Association for a returned check charge of \$50.00. Any returned check may cause an account to be delinquent, as payment will not have been received.

7. Attorney Fees: The Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of amounts due the Association from a delinquent Owner pursuant to the terms of the Declaration and Colorado law. Attorney fees incurred by the Association shall be due and payable immediately when incurred, or upon demand.

8. Application of Payments: Payments received on account of any Owner or the Owner's property shall be applied in the following order: interest, late charges, costs or fees (including attorney fees, court costs and collection costs), and then to the dues/assessment payments originally due.

9. Opportunity for Payment Plan: The Association shall provide a delinquent Owner a one time opportunity to enter into a payment plan, lasting up to six months, to bring their delinquent account current.

9.1. This shall apply to a delinquency with a total amount (original amount, plus any fees, interest, etc.) that exceeds \$250.00.

9.2. The Owner must make the scheduled payment as required by the payment plan and remain current in the payment of current dues, assessments, or fines.

9.3. If the Owner fails to make either the installment payment or the current payment, the Association may immediately proceed with collections.

9.4. The one-time opportunity to enter into a payment plan does not extend to Owners who:

9.4.1. Do not occupy the property

9.4.2. Took title as a result of a default on a mortgage (i.e. public trustee foreclosure) or

9.4.3. Took title as a result of a foreclosure of the Association's lien.

10. Written Notice to Delinquent Owner: Written notice of the delinquent account shall be sent at least 31 days after the due date and shall contain:

10.1. The total amount of the arrearage, with an accounting of how the total arrearage was determined;

10.2. Whether the opportunity to enter into a payment plan exists and instructions for contacting the Association to enter in the payment plan;

10.3. The name and contact information for the individual the Owner may contact to request a copy of the Owner's ledger to verify the amount of the debt; and

10.4. That action is required to cure the delinquency and failure to do so within 30 days

may result in the account being turned over to a collection agency, a lawsuit filed against the Owner, the filing and foreclosure of a lien against the Owner's property and other remedies available under Colorado law.

11. Time Frames: The following time frames shall be followed in the collection of annual or special assessments and for collection of other charges (dates shown are for example purposes only).

Notice Date	January 1	
Due Date	January 15	A reminder Notice may be sent by the Association if not yet received.
Delinquent Account	February 15 (30 days after due date)	Notice to Delinquent Owner. \$20.00 per month late fee applies. Interest accrues from delinquent date until paid. Lien may be filed against property. Voting rights are suspended.
Collection/legal action	April 15 (on or about 90 days after due date)	Attorney/collection fees may accrue

12. Sale of Lien: The Association may sell its lien at any time in order to obtain any monies due, in which case it shall post a notice regarding the sale of the lien on the Association's web site, and publish a notice in a newspaper of general circulation prior to selling the lien. This action shall require a majority vote of the Board. Once the lien has been sold, the Delinquent Owner must deal with the holder of the lien, not the Association.

13. Notices: All notices from the Association or manager may be sent by U.S. mail to the address of record of the Owner, or may be sent electronically (by email, internet, or facsimile). Demand letters from the Association's attorney shall be sent by certified mail.

14. Referral of Delinquent Accounts to Attorneys: Any collection action involving the referral of the delinquent account to an attorney or collection agency shall require majority approval of the Board of Directors. Because time may be of the essence, this approval may be obtained electronically (by email, internet, or facsimile) and the vote shall be recorded in the minutes of the next Board meeting. Upon referral of a delinquent account to the collection entity, the entity shall take appropriate action to collect the account referred. The attorney or collection entity is authorized to take whatever action is necessary, in consultation with at least one member of the Board of Directors. Actions may include:

14.1. Filing a lien against the Delinquent Owner's property to provide record notice of the Association's claim against the property, if not already filed;

14.2. Filing suit against the delinquent Owner for a money judgment. The purpose of

obtaining a personal judgment against the Owner is to allow the Association to pursue remedies such as garnishment of the Owner's wages or bank account to collect judgment amounts;

14.3. Filing necessary claims, documents, and motions in Bankruptcy Court to protect the Association's claim;

14.4. Filing a court action seeking appointment of a receiver. A receiver is a disinterested person, appointed by the court, who manages rental of the Owner's property and collects 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 waste and deterioration of the property;

14.5. All payment plans involving accounts referred to an attorney for collection shall typically be set up and may be monitored through the attorney;

14.6. 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 an invoice from the attorney; and

14.7. Instituting a judicial action of foreclosure on the Association's lien. The Association may choose to foreclose on its lien in lieu of, or in addition to, suing an Owner 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 or in other circumstances that may favor such action.

15. Foreclosure of a lien:

15.1. The filing of a foreclosure action shall require a vote and formal approval of the Board of Directors as this action shall be the responsibility of the BOD and may not be delegated to an attorney, insurer, manager or any other person.

15.2. The Association will not foreclose its lien against an Owner until the balance equals or exceeds 6 months of assessment fees. (e.g. Annual dues and trash divided by 12 x 6)

15.3. In addition to the delinquent fee(s), the balance may include interest, late fees, fines, attorneys' fees, and other charges permitted to be charged by the governing documents.

16. Notification to and Communication with Owners: This Collection Policy shall be made available to all Owners by the Association as required by Colorado law. To preclude misunderstandings, after a delinquent account has been referred to the Association's attorney, all communication with the delinquent Owner will typically be handled through the Association's attorney. The Board of Directors has the option and right to continue to evaluate each delinquency on a case by case basis.

17. Certificate of Status of Assessment/Estoppel Letter: After the "Written Notice to Delinquent Owner" has been delivered as previously described in Paragraph 10, if another Status of Assessment is requested, the Association shall furnish to an Owner, or such Owner's designee upon written request, a written statement setting forth the amount of unpaid assessments currently levied against the Owner's property. The statement shall be delivered within ten (10) calendar days after receipt of the written request. The Association may charge a fee for such statement in an amount established by the Board from time to time, which fee shall become an additional assessment. If the Owner's account has been turned over to the Association's attorney and such statement is handled through the Association's attorney, there may be an assessment for attorney fees incurred in providing the statement.

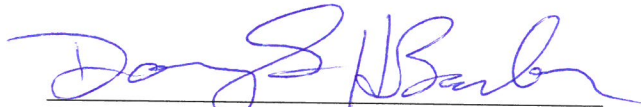
18. Bankruptcies and Public Trustee Foreclosures: Upon receipt of any notice of a bankruptcy filing by an Owner, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any property within the Association, the Association may advise the Association's attorney of the same and turn the account over to the Association's attorney.

19. Waivers: The Association may determine the time for the filing of lawsuits and liens on a case by case basis and may otherwise modify the procedures contained herein as the Association shall determine appropriate under the particular circumstances. Any such accommodation shall be documented in the Association's files with the conditions of relief. 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 any amount due as described and imposed by this Collection Policy.

20. Amendment: This Collection Policy may be amended from time to time by the Board of Directors.

IN WITNESS WHEREOF, the undersigned certifies that this Adoption and Amendment Procedure was established by the Declarant in its role as the initial Board of Directors of the Highland Park 3 Association, Inc.

HIGHLAND PARK 3 ASSOCIATION, INC.
By LITTLE LONDON, LLC, DECLARANT



By Douglas H. Barber-Member