

Resolution of the Townhomes at Red Hawk Homeowner's Association Regarding Policies/Procedures

Subject: Dues Collection Policy

Purpose: To adopt a procedure and policy to be followed when accounts are not current

Authority: The Declaration, Bylaws and Articles of Incorporation of the Association and Colorado law.

Effective Date: May 01, 2006

Resolution: The Association hereby adopts the following procedures to be followed in dues collections and the handling of past due accounts.

1. Scope: The Board of Directors has retained an attorney to handle the collection of delinquent accounts. The following procedures shall apply to all accounts.

2. Specifics:

Dues are due on the first of each month and are considered late if not received on or before the 10th of the month in which they are due.

Any payment received on or after the 11th of the month and that are not for future month's dues are considered late. All payments received will be applied to oldest amounts due first, including past due assessments, late fees, fines, and other expenses assessed / paid on the owner's behalf. Late fees are \$25 per month and will be charged on the 11th of the month against outstanding moneys owed.

If a payment is returned due to non sufficient funds or any other reason, there will be an NSF fee of \$25 to cover bank charges, and an additional \$25 late fee if the returned payment causes the account to become past due more than 10 days.

Statements will be sent out monthly after the 15th of the month to owners (at the address on record) with a balance greater than or equal to \$5 so they are aware of any outstanding balances, late charges, NSF/ return fees, fines, etc.

Accounts that are showing balances of 2 months of dues (or the equivalent) will be mailed a letter, as well as the above statement, stating that they need to make satisfactory payment arrangements or that their account will be turned over to collections and that additional charges will be incurred. The owner of the account is given 15 calendar days from the date of mailing to contact the management company to make satisfactory arrangements. If no contact has been made by the owner or the proposed arrangements are not satisfactory to the Board of Directors, a final letter is sent to the owner stating that the account is going to the attorney for collections, and they have one last opportunity to avoid the additional costs if they pay in full or make satisfactory payment arrangements within 7 calendar days from the date of mailing. If no contact

has been made by the owner to satisfy their account, or the proposed arrangements are not satisfactory to the Board of Directors, the account will be forwarded to the collection attorney to begin collection processes including the filing of a lien.

Those owners that are under payment arrangements with the HOA will need to adhere to those arrangements made. If a payment is not received as arranged, a letter will be sent giving 7 days from the date of mailing to come into compliance with the arrangements made and agreed to or the account will be forwarded to collections without any further notice. The letter also states that all future payments must be made as agreed or the account will be forwarded to collections without additional notice.

All costs associated with collections by an outside collections company other than the management company will be charged to and will be paid for by the delinquent account.

Once an account has been turned over to the collection attorney, the Board of Directors and the management company will refer the past due owner to the collection organization for all discussions involving past due assessments, fines, late fees, charges, etc. Also, any payments received by the Association on these accounts will be forwarded to the attorney to be applied to the account. While an account is in collections, the owner will not receive payment coupons or statement of accounts from the Association or management company directly.

If an account is past due and is a vacant property, the Board of Directors may, under the advise of the collection attorney, choose to place the property into a receivership to collect past due amounts.

If an account is past due, the Board of Directors may, under the advice of the collection attorney and dependent on the outstanding amount and other pending legal action to foreclose, choose to foreclose on a property to collect outstanding dues if it is in the best interest of the Association.

The Board of Directors, may at their discretion, waive or modify these procedures based upon facts presented to them by the owner of the outstanding account.

Status letter charges are collected by the management company. The current fees charged are \$150 and is charged at closing. The buyer and seller within their contract to buy will determine who pays these costs.

3. Definitions: Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

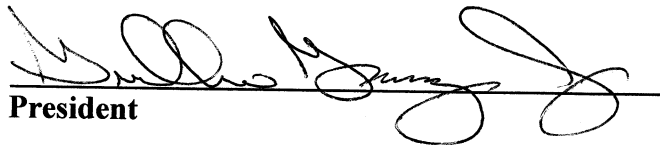
4. Supplement to Law: The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Project.

5. Deviations: The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

6. Amendment: This procedure may be amended from time to time by the Board of Directors.

President's Certification: The undersigned, being the President of the Association certifies that the foregoing resolution was adopted by the Board of Directors of the Association and in witness thereof, the undersigned has subscribed his/her name.

Townhomes at Red Hawk Homeowners Association

By: 
Its: President