

**FARMERS GROVE HOMEOWNERS ASSOCIATION
COLLECTION POLICY**

Effective Date: 1-13-11

In compliance with the Colorado Common Interest Ownership Act and the Condominium Declaration for Frostfire Condominium, the Board of Directors desires to adopt a uniform and systematic procedure regarding collection of assessments and other charges.

1. Due Dates, Late Charges, Interest, Suspension of Rights, and Acceleration of Assessments.

A. Due Dates: Monthly installments of the annual assessment are due and payable on the 1st day of each month. Payments shall be deemed received and shall be posted on the date the payment is received in the Association's office or the Association's payment processor's office. Any installment not paid in full within 15 days of the due date shall be considered past due and delinquent.

B. Late Charge. A late charge in the amount of \$25 per month shall be imposed for any assessment, fine or other charge not paid within 30 days of the due date without further notice to the Owner. Such late charge is a personal obligation of the Owner and a lien on the Unit.

C. Interest. Interest at the rate of 12% per annum shall accrue on any delinquent assessment, fine or other charge from the due date without further notice to the Owner. Interest will be added to the Owner's account 30 days following the due date. Such interest is a personal obligation of the Owner and a lien on the Unit.

D. Suspension of Rights. An Owner's right to vote shall be automatically suspended if an assessment installment is not paid within 30 days of the due date. The Board may suspend the Owner's right to use any recreational facilities if an assessment installment is not paid within 30 days of the due date.

E. Acceleration. If an installment is 30 days past due, the Board may accelerate and declare immediately due all of that Owner's unpaid installments of the annual assessment without further notice. Upon acceleration, that Owner loses the privilege of paying any and all assessments and charges in installments for the remainder of the fiscal year, unless such privilege is otherwise reinstated in the Board's sole discretion.

2. Return Check Charges.

A. 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, including, but not limited to insufficient funds, the Owner is liable to the Association for one of the following amounts, at the option of the Association:

(i) An amount equal to the face amount of the check, draft, or money order and a return check charge of \$20.00; or

(ii) If notice has been sent as provided in C.R.S. § 13-21-109 and the total amount due as set forth in the notice is not paid within 15 days after such notice is given, the person issuing the check, draft or money order shall be liable to the Association for collection for three times the face amount of the check, but not less than \$100.00.

B. Any returned check shall cause an account to be past due if full payment of the monthly installment of the annual assessment or of any other charge is delinquent.

C. If two or more of an Owner's checks are returned unpaid by the bank within any fiscal year, the Association may require that all of the Owner's future payments, for a period of one year, be made by certified check or money order.

3. Attorney Fees. 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 pursuant to the terms of the Declaration and Colorado law. Attorney fees incurred by the Association shall be considered part of the assessments and shall be due and payable immediately when incurred, upon demand.

4. Application of Payments. All payments received on account of any Owner or the Owner's property, may be applied first to post-judgment attorney's fees, costs and expense; then to costs and attorney's fees not reduced to a judgment; then to interest; then to late charges; then to return check charges; then to fines and other amounts levied pursuant to the Declaration; then to delinquent assessments; then to current assessments not reduced to judgment; and finally to amounts reduced to judgment.

5. Delegation of Authority to Sign Notice of Lien. The Board of Directors delegates authority to the Association's attorney or manager to sign and acknowledge the Notice of Assessment Lien and its release. This delegation may be withdrawn at any time. In the event the delegation is withdrawn, the Board will send written notice to the Association's attorney or manager of the withdrawal.

6. Time Frames. The following time frames shall be followed in the collection of monthly installments of the annual assessment and for collection of other charges.

Due date	1 st day of the month for monthly installment of annual assessment or upon notice for all other assessments, fines and charges.
Late Fee date	30 days after due date
Interest date	30 days after due date
First Notice from Association or manager	30 days after due date
Second Notice from Association or manager	60 days after due date
Third Notice from Association or manager	90 days after due date
Delinquent account turned over to Association's attorney; lien filed; demand letter sent to Owner.	105 days after due date

Notwithstanding the time frames set forth above, if a lien holder with priority over the Association's lien (i.e., first mortgagee) takes title to a Unit through foreclosure or deed in lieu of foreclosure, the Association may file a lien on the Unit for any delinquent payment.

Once accounts are turned over to the Association's attorney, Owners shall make payment to the Association at the address of the Association's attorney. The Association's attorney shall consult with the Association regarding collection procedures and payment arrangements.

7. Notices: Use of Certified Mail/Regular Mail. In the event the Association shall cause a collection or demand letter or notice to be sent to a delinquent Owner by regular mail, the Association may also cause, but shall not be required to send, an additional copy of that letter or notice by certified mail.

8. Referral of Delinquent Accounts to Attorneys. Upon referral of a delinquent account to the Association's attorneys, the attorneys shall take appropriate action to collect the accounts referred. After an account has been referred to the Association's attorney, the account shall remain with the attorney until the account is settled, has a zero balance or is written off. 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, believed to be in the best interest of the Association, including, but not limited to:

A. 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;

B. 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;

C. 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;

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

E. 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.

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

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.

9. Notification to and Communication with Owners. This Collection Policy shall be made available to all Owners by the Association as required by Colorado law. After a delinquent account has been referred to the Association's attorney, all communication with the delinquent Owner shall be handled through the Association's attorney. Neither the manager, if any, 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. However, the Association has the option and right to continue to evaluate each delinquency on a case by case basis.

10. Certificate of Status of Assessment/Estoppel Letter. The Association shall furnish to an Owner or such Owner's designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against the Owner's Unit. The statement shall be delivered within 14 calendar days after receipt of the request personally or by certified mail, first-class postage prepaid, return receipt requested for a fee in the amount of \$60.00, which shall become an assessment. If the Owner's account has been turned over to the Association's attorney, such statement shall be handled through the Association's attorney and shall include any attorney fees incurred in providing the statement.

11. 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 Unit within the Association, the Association shall advise the Association's attorney of the same and turn the account over to the Association's attorney.

12. Waivers. The Association may alter the time for the filing of lawsuits and liens, or 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 assessment fees or other charges, late charges, return check charges, attorney fees and/or costs as described and imposed by this Collection Policy.

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

IN WITNESS WHEREOF, the undersigned certify that this Collection Policy was adopted by Resolution of the Board of Directors of the Association this ____ day of _____, 2011.

FARMERS GROVE HOMEOWNERS ASSOCIATION, INC., a
Colorado nonprofit corporation,

By: 
Its: President

ATTEST:

By: 