

SAN JUAN RIVER RESORT PROPERTY OWNERS ASSOCIATION, INC.

POLICY: COLLECTION OF UNPAID ASSESSMENTS

Adopted April 8, 2014

The following Policy has been adopted by the Board of Directors of the San Juan River Resort Property Owners Association, Inc. ("Board") pursuant to C.R.S. §38-33.3-209.5, and in accordance with C.R.S. §38-33.3-123, §38-33.3-315, §38-33.3-316, the Governing Documents of the Association, and the Act, at a regular meeting of the Board.

Purpose: The purpose of this Policy is to establish a uniform and systematic procedure for collecting Assessments and other charges of the Association, thus ensuring the financial well being of the Association. All Property Owners ("Owners") are obligated by the covenants to pay all dues and assessments in a timely manner, and failure to do so jeopardizes the Association's ability to meet its financial obligations. Failure of Owners to pay assessments in a timely manner is also costly to the association and unfair to other Owners. Accordingly, the Association, acting through the Board must take steps to ensure timely payment of Assessments so that it may operate in a fiscally responsible manner.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following Policy governing the collection of Assessments and other charges of the Association:

1. Due Dates.

a. Annual Assessment. The annual Assessment as determined by the Association shall be due and payable March 1 of each year. Annual Assessments not paid to the Association by the first day of the month following the due date shall be considered past due and delinquent.

b. Other Amounts Due to the Association. Other Assessments, charges, and payments due to the Association shall be due and payable as determined by the Board, and shall be considered past due and delinquent on the thirty-first (31st) day after the due date.

c. Transfer of Ownership. In the event that the ownership of property is transferred on a day other than March 1, the annual installment and any other assessments, charges and payments due and payable to the Association for the month of closing shall be prorated to the date of closing. Unless otherwise allowed by the Association in writing, and if not sooner paid by the seller and/or buyer, all Assessments, charges, and payments due and payable to the Association shall be paid at closing.

2. Late Charges and Interest Charges. The Association shall be entitled to impose a late charge equal to five percent (5%) of the delinquent balance on each past due and delinquent installment. If any Assessment is not paid within thirty (30) days after its due date, the amount due shall bear interest at a rate of ten percent (10%) per annum from the due date until paid. All late charges and interest charges

shall be due and payable immediately, without notice, in the manner provided for payment of assessments.

3. Return Check Charges. A twenty dollar (\$20.00) fee 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. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. If two or more of an Owner's checks are returned unpaid by the bank within any twelve month period, 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.

4. Attorney Fees on Delinquent Accounts. The Association shall be entitled to recover its collection costs and reasonable attorney fees and costs incurred in the collection of Assessments or other charges due the Association from a delinquent Owner, without the necessity of commencing a legal proceeding.

5. Notification of Delinquent Account. Before the Association pursues collection of assessments through a collection agency or legal action, the Association shall provide written notice to the Owner of the delinquency specifying the total amount due with an accounting of how the total was determined; whether the opportunity to enter into a payment plan exists and the instructions for contacting the Board to enter into such a payment plan; the name and contact information of the Board the Owner may contact to request a copy of the Owner's assessment ledger to verify the amount of the debt; that action is required to cure the delinquency and that failure to do so within 30 days may result in the account being turned over to a collection agency, filing of a lien or lawsuit against the Owner or other remedies available under Colorado law. The written notice will also include the method by which payments may be made (i.e., check, money order, certified check), and legal remedies available to the Board and Association pursuant to the covenants and restrictions and Colorado law.

6. Payment Plan. See Attachment A, "Payment Plan Guidelines".

7. Application of Payments made to the Association. The Association reserves the right to apply all payments received on account of any Owner first to payment of any and all attorney fees and costs, then to costs and expenses of enforcement and collection, late charges, interest, returned check charges, lien fees, and other costs owing or incurred with respect to such Owner, and any remaining amounts shall be applied to the Assessments due with respect to such Owner.

8. Collection Procedure; Lien.

a. First Notice. The original written communication to the Owner regarding an annual Assessment or other Assessment, charge or payment owed to the Association, however accomplished by the Association, constitutes the first notice to the Owner of an amount due to the Association.

b. Statutory Lien. The Association has a statutory lien on a Owner for any Assessment levied against the Owner and other fines and charges allowable under the Act as Assessments imposed against the Owner. The recorded Declaration constitutes record notice and perfection of the lien, no further recordation of any claim of lien for Assessments is required for the statutory lien. The amount of the lien includes the amount of any Assessment and all allowed charges from the time they become due. If an Assessment is payable in installments, each installment is a lien from the time it becomes due, including the due date set by any valid acceleration of installment obligations. The Association's lien has priority over other liens as provided by the Act.

c. Notice of Delinquency. After an installment of the annual Assessment or other Assessment, charge or payment owed to the Association becomes thirty (30) days past due, the Association shall cause a notice of delinquency to be sent to the Owner who is delinquent in payment in accordance with Paragraph 5 of this Policy. The notice of delinquency is the second notice to the Owner of the amount due to the Association, and shall include any applicable fees, late charges and interest.

d. Foreclosure and Other Remedies. The Association's lien may be foreclosed in a like manner as a mortgage on real estate, or as provided by the Act, and the Association has the right to pursue other available remedies, including suits to recover sums. The Association has the right to accept a deed in lieu of foreclosure.

e. Attorney Fees. The Association shall be entitled to costs and reasonable attorney fees incurred by the Association to pursue collection of assessments and dues, including pre-litigation fees, in accordance with the Act.

9. Referral of Delinquent Accounts to Attorneys. The Association may, but shall not be required to refer delinquent accounts to its attorney for collection. After consultation with the Board or the Association's managing agent, the attorney shall be entitled to exercise all available remedies to collect the amounts due, including judicial foreclosure and appointment of a receiver of the delinquent Owner's property.

10. Referral of Delinquent Accounts to Collection Agencies. The Association may, but shall not be required to assign delinquent accounts to one or more collection agencies for collection.

11. Waivers. Nothing in this Resolution shall require the Association to take specific actions other than to notify Owners of the adoption of this Policy. The Association has the option and right to continue to evaluate each delinquency on a case by case basis. The Association may grant a waiver of any provision herein upon petition in writing by an Owner showing a personal hardship or other valid basis for a waiver. Such relief granted an Owner shall be appropriately documented in the records of the Association, including the name of the person or persons representing the Association granting the relief and the conditions of the relief. In addition, 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 may determine appropriate under the circumstances.

12. Delinquencies Constitute Covenant Violations. Any delinquency in the payment of Assessments shall constitute a violation of the covenants. Owner amenities will be suspended to any Owner who is 90 days or more in arrears in assessments, POA fees, and or maintenance fees. Suspended amenities include Owner privileges include voting privileges and the access to amenities (fishing ponds, picnic areas, etc.).

PRESIDENT'S CERTIFICATION: The undersigned, being the President of the San Juan River Resort Property Owners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Resolution was approved and adopted by the Board, at a duly called and held meeting of the Board on April 8, 2014 and in witness thereof, the undersigned has subscribed his/her name.

San Juan River Resort Property Owners
Association, Inc., a Colorado non-profit
corporation

By: James J. Wittwer
President