

**SHORES 3 CONDOMINIUM ASSOCIATION
POLICY FOR COLLECTION OF UNPAID ASSESSMENTS**

Effective: November 1, 2013

1. **Introduction.** The Board of Directors ("Board") of Shores 3 Condominium Association, a Colorado nonprofit corporation ("Association"), acting pursuant to the powers set forth in the Association's Bylaws, Articles of Incorporation, the Condominium Declaration for Shores 3 Condominiums (a Common Interest Community) ("Declaration") (such documents being collectively referred to as the "Association Documents"), and the Colorado Common Interest Ownership Act, as amended ("CCIOA"), has enacted the following Policy effective as of the date set forth above. Unless the context otherwise indicates, capitalized words and terms shall have the meanings set forth in the Association Documents and, if not defined in the Association Documents, then as set forth in CCIOA. This Policy supersedes any previously adopted Policy on the same subject matter.

2. **Policy Purpose.** The purpose of this Policy is to emphasize that collection of unpaid Assessments is an important part of governing the Association and such collection should be done in a uniform manner in accordance with the Association Documents and CCIOA. It is the intent of this Policy to provide a framework for the collection of past due Assessments in a timely and efficient manner.

3. **Collection of Unpaid Assessments.** To assist with the collection of unpaid Assessments in a timely and efficient manner, the Association shall do the following:

3.1 **Due Date/Delinquent Payments.** Assessments are due upon the date specified by the Board. Any Assessment not paid within 10 days after its due date is considered past due and delinquent. A monthly late charge in the amount of \$25.00 will be assessed against the delinquent Owner. Furthermore, the Association may impose interest at any rate up to 18% per annum on past due Assessments from the date of delinquency.

3.2 **Returned Check Charge.** In addition to any other charges under the Association Documents and this Policy, if an Owner makes payment of Assessments to the Association by a check which is not honored by the bank on which it was written or is returned by such bank for any reason whatsoever, including but not limited to insufficient funds, the Owner shall immediately pay the Association, as part of the Owner's Assessment, a reasonable returned check charge not to exceed \$20.00.

3.3 **Notice to Owner/Payment Plan.** If any Assessments are 60 days past due, and before the Association turns over a past due account to a collection agency or an attorney for legal action, the Association must send the delinquent Owner a letter via First Class U.S. Mail notifying the Owner of the delinquency and specifying:

- The total amount due, with a copy of the Owner's ledger showing how the total was determined;
- That unless the Owner acquired the Owner's Unit through a foreclosure and does not occupy the Unit, the Owner will have a one-time opportunity to enter into a

payment plan that allows the Owner to pay off the past due amount in equal payments over a period of at least six months. Under such a payment plan, the Owner will be required to make payment of the past due Assessments and also remain current with payment of the regular Assessments as they come due during the term of the payment plan. If the Owner does not comply with the payment plan, the Association can then pursue legal action against the Owner.

- The contact information for the Association's property manager in the event the delinquent Owner wishes to enter into a payment plan or has any other questions about the amount owing to the Association.
- That action is required to cure the Owner's delinquency and if the Owner fails to do so within 30 days following the date of the Association's letter, the Owner's past due account may be turned over to a collection agency or an attorney, a lawsuit may be filed against the Owner, a lien may be filed and foreclosed against the Owner's Unit, and the Association may pursue any other remedies available under Colorado law.

3.4 Application of Payments on Delinquent Accounts. All payments received with regard to a delinquent Owner's account shall be applied to the Association's attorneys' fees and costs, expenses of enforcement and collection, late charges, interest (if any), returned check charges, and other costs owing under the Association Documents prior to being applied to payment of any Assessments then due.

3.5 Collection Remedies. In the event payment is not received from any delinquent Owner within 30 days after the date of the Association's letter referenced above, the Association may pursue any one or all of the following remedies:

3.5.1 File an Assessment lien against the delinquent Owner's property;

3.5.2 Commence and maintain legal proceedings (lawsuits seeking personal judgments and foreclosure actions) for the recovery of delinquent Assessments, late fees, interest, attorney fees and costs as may be allowed by the Association Documents or CCIOA;

3.5.3 Pursue collection of judgments obtained against Owners;

3.5.4 Take all other lawful action necessary to collect delinquent Assessments in accordance with the Association Documents and Colorado law; and

3.5.5 Suspend the voting rights of the delinquent Owner during the duration of the delinquency.

If the Association fails to follow the procedures set forth above it shall not be construed as any waiver or release of a delinquent Owner's obligation to pay Assessments or the Association's right to collect the Assessments in accordance with the Association Documents and CCIOA.

4. **Association's Attorney Fees and Costs.** Any delinquent Owner shall be responsible for attorney fees and costs incurred by the Association in the collection of past due Assessments, whether or not a lawsuit is commenced, in accordance with the Association Documents and CCIOA.
5. **Foreclosure and Bankruptcy Notices.** If the Association receives any bankruptcy or foreclosure notice regarding an Owner with unpaid Assessments, the Association may seek advice from its attorney regarding the appropriate action to be taken.
6. **Variations.** The Board may from time to time vary from the requirements set forth in this Policy if the Board determines in its sole discretion that such variance is reasonable under the circumstances.
7. **Amendment.** This Policy may be amended from time to time by the Board.

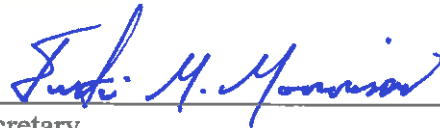
CERTIFICATION

The undersigned, being the duly elected and acting Secretary of the Shores 3 Condominium Association, a Colorado nonprofit corporation ("Association") certifies that the foregoing Policy for Collection of Unpaid Assessments was approved by the vote of a majority of the Association's Directors at a meeting of the Association's Board of Directors held on October 22, 2013.

Shores 3 Condominium Association, a Colorado
nonprofit corporation

By: _____

Secretary



**SHORES 3 CONDOMINIUM ASSOCIATION
CCIOA COMPLIANCE CHECKLIST**

Effective: *January 1, 2012*

1. Introduction.

This Checklist is intended to provide a simple reference tool for complying with the various disclosure requirements and recurring deadlines the Association must meet under the Colorado Common Interest Ownership Act (“CCIOA”).

2. Initial Disclosure to Owners Following the Period of Developer Control
(CCIOA Reference: §38-33.3-209.4(1))

What Information Must Be Disclosed	How Disclosures are Given	How Often	Comments
<p>The following information must be made available to the owners:</p> <ul style="list-style-type: none"> • The Association’s name; • The name of any designated agent or management company for the Association; • The physical address and telephone number for the Association and any designated agent or management company; • The name of the common interest community; • The initial date of the recording of the declaration; and • The declaration’s reception number or book and page where the declaration is located. 	<p>The information must be disclosed to the owners by:</p> <ul style="list-style-type: none"> • Posting the information on an internet web page with notice of the web address sent either by first-class mail or e-mail to all owners; • Maintaining a literature table or binder at the Association’s principal place of business; • Mailing the information to all owners; or • Personally delivering the information to all owners. (C.R.S. § 38-33.3-209.4(3)) 	<ul style="list-style-type: none"> • The information must be made available to the owners starting not more than 90 days after the period of developer control ends. 	<ul style="list-style-type: none"> • If the Association’s address, designated agent or management company changes, the Association must make the updated information available to the owners within 90 days after that change.

3. **Annual Disclosure to Owners (Required Only After Developer Control Ends)**
(CCIOA Reference: §38-33.3-209.4(2))

What Information Must Be Disclosed	How Disclosures Are Given	How Often	Comments
<p>The following information must be made available to the owners:</p> <ul style="list-style-type: none"> • The date on which the Association's fiscal year commences; • The Association's operating budget for the current fiscal year; • A list, by unit type, of the Association's current assessments, including both regular and special assessments; • The Association's annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure; • The results of the Association's most recent available financial audit or review; • A list of all Association insurance policies, including, but not limited to, property, general liability, Association director and officer professional liability, and fidelity policies, which list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed; • All of the Association's bylaws, articles, and rules and regulations; • The minutes of the executive board and member meetings for the fiscal year immediately preceding the current annual disclosure; and • The Association's responsible governance policies adopted under CRS §38-33.3-209.5 regarding: <ul style="list-style-type: none"> • collection of unpaid assessments; • handling of conflicts of interest involving board members; • conduct of meetings; • enforcement of covenants and rules, including notice and hearing procedures and the schedule of fines; • inspection and copying of Association records by owners; • investment of reserve funds; and • procedures for the adoption and amendment of policies, procedures and rules. • procedures for addressing disputes arising between the Association and owners. 	<p>The information must be disclosed to the owners by:</p> <ul style="list-style-type: none"> • Posting the information on an internet web page with notice of the web address sent either by first-class mail or e-mail to all owners; • Maintaining a literature table or binder at the Association's principal place of business; • Mailing the information to all owners; or • Personally delivering the information to all owners. (CRS §38-33.3-209.4(3)) 	<ul style="list-style-type: none"> • The first disclosure must be made within 90 days after the developer control period ends. • Once the developer control period has ended, the information must be disclosed every year within 90 days after the end of the Association's fiscal year. 	<ul style="list-style-type: none"> • The Association cannot charge the owners to provide the information, with the exception that owners may be charged for copies of documents if disclosure is made through the Association maintaining a binder or literature table.

4. **Formal Audit or Accounting Review**
 (CCIOA Reference: §38-33.3-303(4)(b)(I)-(IV))

What's Required	How Often	Comments
<ul style="list-style-type: none"> A formal audit of the Association's books and records may be done in the discretion of the Board, and <u>must</u> be done if (a) the Association has either annual revenues or annual expenditures in excess of \$250,000, and (b) at least one-third of the owners request an audit. An accounting review of the Association's books and records <u>may</u> be done at the discretion of the Board, and <u>must</u> be done when requested by at least one third of the owners. The results of the audit or review must be made available to the owners within 30 days after completion. 	<ul style="list-style-type: none"> Whenever determined appropriate by the Board, or when requested by the owners. Whenever determined appropriate by the Board, or when requested by the owners. 	<ul style="list-style-type: none"> Any audit must be done using generally accepted auditing standards by an independent and qualified certified public accountant. Any review must be done using statements on standards for accounting and review services by an independent and qualified person selected by the Board. That person need not be a certified public accountant, but must have at least a basic understanding of the principles of accounting as a result of prior business experience, education above the high school level, or bona fide home study. The Association's financial statements being audited or reviewed must be prepared using generally accepted accounting principles or the cash or tax basis of accounting.

5. **Owner Education**
 (CCIOA Reference: §38-33.3-209.7)

What's Required	How Often	Comments
<ul style="list-style-type: none"> Association must provide, or cause to be provided, education to the owners regarding the general operations of the Association and the rights and responsibilities of owners, the Association and its Executive Board under Colorado law. 	<ul style="list-style-type: none"> At least once a year. 	<ul style="list-style-type: none"> The Executive Board determines the criteria for compliance with this requirement.