

**CRYSTAL LAKES WATER AND SEWER ASSOCIATION  
POLICY FOR COLLECTION OF UNPAID ASSESSMENTS AND FINES  
Effective: January 1, 2006**

**1. Introduction.**

The Board of Directors (the "Board") of Crystal Lakes Water and Sewer Association, a Colorado non-profit corporation (the "Association"), acting pursuant to the powers set forth in the Association's Bylaws, Articles of Incorporation, the Declaration of Covenants, Conditions and Restrictions (the "Declaration") (such documents being collectively referred to as the "Association Documents"), and the Colorado Common Interest Ownership Act ("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 and fines is an important part of governing the Association and such collection must 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 and fines in a timely and efficient manner.

**3. Collection of Unpaid Assessments and Fines.**

To assist with the collection of unpaid Assessments and fines in a timely and efficient manner, the Association shall do the following:

- a. Assessments are payable annually and must be paid by June 30th of each year. Assessments and fines are considered delinquent as of July 1st of each year. Any account with delinquent Assessments and fines as of July 31st of each year will be assessed a one time late fee of \$100 as well as \$20 per month until the account is paid in full.
- b. In the event payment is not received from any delinquent Owner the Association may pursue any one or all of the following collection remedies:
  - i. Mail a demand letter requesting payment of all past due Assessments and fines, late fees and attorney fees, if applicable;
  - ii. File an Assessment lien against the delinquent Owner's property;
  - iii. Commence and maintain legal proceedings (lawsuits seeking personal judgments and foreclosure actions) for the recovery of

delinquent Assessments and fines, late fees, interest, attorney fees and costs as may be allowed by the Association Documents or CCIOA;

iv. Pursue collection of judgments obtained against Owners;  
and

v. Take all other lawful action necessary to collect delinquent Assessments and fines in accordance with the Association Documents and Colorado law.

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 and fines or the Association's right to collect the Assessments and fines 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 and fines, 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 and fines, the Association may seek advice from its attorney regarding the appropriate action to be taken.

If the Association, through its attorney, has sent a demand letter, filed a lien or commenced legal proceedings against an Owner in order to collect unpaid Assessments and fines, the Association shall forward any bankruptcy or foreclosure notice received to the attorney.

**6. Variances.**

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 Crystal Lakes Water and Sewer Association (the "Association") certifies that the foregoing Policy for Collection of Unpaid Assessments and Fines was approved by the vote of at least a majority of the Association's Directors at a meeting of the Association's Board of Directors held on April 15, 2006.

Dated this April 30, 2006.

CRYSTAL LAKES WATER  
AND SEWER  
ASSOCIATION

By: Joseph J. Sarjeant  
Secretary