

**CRYSTAL LAKES ROAD AND RECREATION ASSOCIATION
COLLECTION POLICY
February 25, 2017**

Community association business and its financial existence depend exclusively upon proper and efficient collection of maintenance fees or assessments from all members of the community.

A community is defined and valued by compliance with requirements of the Declarations, Bylaws, and the Community Standards of the Association.

A substantial cost is incurred to monitor, notify and administer maintenance fee collection and compliance with the governing documents. Administrative / Collection fees charged by the Service Provider are considered compensation by the Association under the Financial Services Agreement and are payable to the Service Provider that completed the actions under the policy. This policy will define how Westwind Management Group, Inc. (Service Provider) will oversee these important responsibilities.

Maintenance fees or assessments and special assessments that provide consistent operating income and special capital funding are defined in the governing documents. Westwind Management Group, Inc. recognizes that only a small percentage of owners choose not to pay their maintenance fees or assessments and special assessments within the timeframe and under the requirements set forth by the association's governing documents. It is the Association's and Westwind's opinion that compliant owners should not be penalized for the non-payment of fees by delinquent owners. Westwind Management Group, Inc., therefore charges each delinquent owner directly for the added cost of collection on their account rather than incorporating it into the fee paid by all owners and is therefore compensated indirectly by the Association for the additional administrative services defined under this policy.

Westwind Management Group, Inc. will collect maintenance fees or assessments and special assessments or other fees due to the Association based upon the following reasonable procedures:

MAINTENANCE FEE AND SPECIAL ASSESSMENT COLLECTION PROCEDURES

The Board of Directors considers collection of maintenance fees, assessments, special assessments or other fees due to the Association to be very serious and the primary means of support for the community. The absence of these maintenance fees or assessments and special assessments would constitute an imminent threat to the peace, health and safety of the community.

The Association's Declaration states that any Assessment, charge, fee, fine or penalty which is not fully paid before the delinquency date as established from time to time by the Board of Directors shall bear interest at a rate determined by the Board from time to time (reference paragraph 6.6 of the Declaration of Unified Covenants, Conditions and Restrictions for Crystal Lakes Subdivision).

1. **DUE DATE:** Maintenance fees, assessments, special assessments or other fees are due to the Association annually, through a Board-approved payment schedule, on **June 1st** each year. Other amounts owed to the Association shall be due upon receipt of an invoice.
2. **PAST DUE DATE:** Maintenance fees, assessments, special assessments or other fees shall be deemed past due and delinquent if not received by **June 30th** of each year. Any Assessments which remain unpaid as of June 30th of each year shall bear **INTEREST** from and after this date at the rate of eighteen percent (18%) per annum (1.5% per month). **LATE CHARGES ARE ASSOCIATION INCOME AND SHALL BE THE PERSONAL OBLIGATION OF THE OWNER(S) OF THE PROPERTY FOR WHICH SUCH AMOUNT IS UNPAID.**
3. **COLLECTION PROCESS:**
 - 3.1. In the event that a payment is not received by **June 30th**, a **FRIENDLY REMINDER LETTER** will be sent to the delinquent Owner.
 - 3.2. If payment in full is not received by **July 31st**, a **SECOND NOTICE** will be sent. A **\$30.00 COST OF COLLECTION CHARGE IS ASSESSED TO THE OWNER BY WESTWIND MANAGEMENT GROUP, INC.**
 - 3.3. If payment in full is not received by **August 31st**, a **FINAL COLLECTION LETTER** will be sent, with promise of lien filing in 30 days if arrangements for a payment plan are not made. This **FINAL** collection letter shall state:
 - 3.3.1. The total amount due, with an accounting of how the total was determined;
 - 3.3.2. Whether the opportunity to enter into a payment plan exists and instructions for contacting the Association to enter into such a payment plan;
 - 3.3.3. The name and contact information of the individual that the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt; and
 - 3.3.4. Action that is required to cure the delinquency. Failure to do so within 30 days may result in the Owner's account being turned over to a collection agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law.

A **\$30.00 COST OF COLLECTION CHARGE IS ASSESSED TO THE OWNER BY WESTWIND MANAGEMENT GROUP, INC.** If a payment plan is entered into, then an additional **\$100.00 ADMINISTRATIVE FEE** will be added to the account and collected with the delinquent balance owed.

 - 3.4. If payment in full is not received by **September 30th**, and a repayment plan has not been agreed to by delinquent owner and Association, a **LIEN IS FILED** on the property. A **\$125.00 COST OF COLLECTION CHARGE IS ASSESSED TO THE OWNER BY WESTWIND MANAGEMENT GROUP, INC., IN ADDITION TO THE DELINQUENT ASSESSMENTS, ACCUMULATED LATE AND/OR COLLECTION CHARGES, AND ADMINISTRATIVE FEES BY THE ASSOCIATION.** The delinquent owner is then turned over to the collection agency and/or attorney.
 - 3.5. Due to evidentiary and hearsay issues, the Service Provider will not attempt to contact the owner by phone. If the delinquent owner has questions about the delinquency, that

owner is encouraged by our notices to contact us either by phone or in writing and we will respond appropriately in writing. If an owner communicates with us via email, text, fax, phone or any other method of communication, by those actions, the owner authorizes the Association and the Service Provider to communicate via that same method in the future.

- 3.6. If no response is received by the owner at this juncture or at the request of the Association, the Service Provider will refer the account to the Association's attorney for legal action. Once an account is turned over to the Association's legal counsel, The Service Provider will refer any and all communications and correspondence from an owner directly to the attorney. The attorney is authorized to take whatever action is necessary and determined to be in the best interests of the Association, including but not limited to:
 - 3.6.1. Deliver a demand letter to the owner promptly.
 - 3.6.2. If the owner has not responded to the attorney's demand letter, a suit for a personal judgment will be initiated approximately 30 days after the date of the demand letter.
 - 3.6.3. If a judgment is awarded collection of the judgment will commence immediately. This includes garnishing wages, bank accounts, rents, automobiles, other property, etc.
 - 3.6.4. The account will remain with the attorney until the account has been paid in full, resulting in a zero (\$0.00) balance. This includes payment of all collection fees and costs, including but not limited to, all attorney fees and costs. In such event, the association shall not have to again mail out the notices set forth in this policy until the account has reached a zero balance.
 - 3.6.5. The Association, or assignee of the Association's lien, may proceed to foreclosure if the total amount secured by the lien is equal to at least 6 months of assessments. In addition, the Board of Directors must vote (recorded vote), to proceed with foreclosure on any delinquent account. Authority to proceed with foreclosure may not be delegated to the Association's Staff, Service Provider, the Association's Attorney, or any other third party. Any legal action filed without evidence of the recorded vote authorizing the action must be dismissed. No attorney fees, court costs, or other charges incurred by the Association or a holder or assignee of the Association's lien in connection with an action that is dismissed for this reason may be assessed against the Owner.
- 3.7. Any and all fines or charges and/or costs associated with actions taken due to covenant enforcement may be assessed and collected according to the collection of delinquent assessments as stated herein.
- 3.8. Sales of Liens. Westwind Management Group, Inc., is fully approved, without further authorization necessary from the Association, to sell any and all liens against homes in the community as long as the sale amount covers all delinquent maintenance fees or assessments, special assessments, costs of collection, legal fees and any other costs or fees associated with charges due from the delinquent owner to the Association. No processing fee is charged by Westwind Management Group, Inc., but there may be

supplementary administrative cost charges due to additional documentation requirements by the Public Trustee's office. If a surplus bid is obtained in this process, that surplus is fully retained by the Association. In the event that a lien purchase offer is made that does not cover all delinquent owner costs and other offers have not been made, Westwind Management Group, Inc., will contact the Board of Directors and attempt to solicit an approval for a less than full payment offer.

4. LEGAL REMEDIES

The legal remedies available to the Association to collect on an owner's delinquent account include:

- 4.1. Recording a notice of assessment lien against a delinquent owner's property, in addition to the Association's statutory lien;
- 4.2. Bringing an action at law for entry of a money judgment in favor of the Association and against a delinquent owner;
- 4.3. Bringing an action for appointment of receiver;
- 4.4. Bringing an action for foreclosure of the Association's lien against the property of the delinquent owner; and
- 4.5. Filing necessary claims, documents, and motions in bankruptcy court in order to protect the Association's interest.

5. SPECIAL COLLECTION CIRCUMSTANCES

Westwind Management Group, Inc. diligently and aggressively works to collect the Association's maintenance, special assessments and other charges authorized by the Board of Directors. In situations where a Delinquent Owner's check is not honored by the bank or is returned by the bank for any reason whatsoever, including insufficient funds, the Service Provider may charge a \$20 NSF processing fee per check to the owner. If an owner submits a payment by credit card and that payment is returned for any reason, the owner will be charged a \$20 returned payment administrative fee. In addition to the \$20 administrative fee, the owner may be charged an additional fee to cover costs to the Association by the 3rd Party Service Provider or a financial institution for a returned credit card payment. If two (2) or more of a Delinquent Owner's payments are returned unpaid by the bank or credit card company within any (fiscal) year, the Service Provider may require that all of said Delinquent Owner's future payments, for a period of one (1) year, be made by certified check or money order. Any returned payment shall cause an account to be considered past due.

6. PAYMENT PLANS

- 6.1. This section sets forth the circumstances under which an owner is entitled to enter into a payment plan with the Association, pursuant to C.R.S. §38-33.3-316.3. The Association shall make a good-faith effort to coordinate with an owner to set up a payment plan that meets the requirements of C.R.S. §38-33.3-316.3, unless the Association is not obligated to negotiate or enter into a payment plan with an owner.

- 6.2. The Association is obligated to negotiate, coordinate, and enter into a payment plan with an owner unless:
 - 6.2.1. The owner has previously entered into a payment plan with the Association under this Policy; or
 - 6.2.2. The owner does not occupy the property and has acquired the property as a result of:
 - 6.2.2.1. A default of a security interest encumbering the property; or
 - 6.2.2.2. Foreclosure of the Association's lien.
- 6.3. If an owner is entitled to a payment plan, an owner may pay off the deficiency in equal installments over a period of at least six months. Said period shall begin at the Association's sole discretion.
- 6.4. An owner fails to comply with the terms of his or her payment plan if:
 - 6.4.1. An owner fails to timely remit payment of an agreed-upon installment; or
 - 6.4.2. An owner fails to remain current with regular assessments as they come due during the agreed-upon payment period.
 - 6.4.3. A payment plan payment is returned due to a NSF.
- 6.5. If an owner fails to comply with the terms of his or her payment plan, the Association may pursue legal action against an owner without further notice to the owner.
- 6.6. For purposes of this section, "assessments" includes regular and special assessments and any associated fees, charges, late charges, attorney fees, fines, and interest charged pursuant to C.R.S. §38-33.3-315(2).

If the Board decides to waive the late charges or any costs of collection, the Board understands and agrees that Westwind Management Group, Inc. will be fully compensated by the Association for their service fees and costs.

7. APPLICATION OF DELINQUENT PAYMENTS RECEIVED

Often during the course of collecting delinquent funds, partial payments are made. The question of how these partial payments should be applied sometimes arises. Partial payments should be applied to the most difficult to collect and oldest costs and charges.

The following is the Association's priority schedule for applying partial payments:

- 7.1. Westwind Management collection costs. When these charges are paid in full, then –
- 7.2. Legal fees and court costs. When these charges are paid in full, then –
- 7.3. Association approved fines, penalties and charges for repair or replacement due to failure to comply with Association's governing documents. When these charges are paid in full, then –
- 7.4. Association late charges and interest. When these charges are paid in full, then –
- 7.5. The oldest and longest outstanding Association maintenance fees or assessments working forward to the current maintenance fees or assessments outstanding.

8. TERMINATION SETTLEMENT

The Association recognizes that Westwind Management Group, Inc. invests a significant amount of time and money administering the collection of delinquent Association funds from delinquent clients. The Association also recognizes that other service providers in the Denver Metro Area consistently charge their clients (their Associations) as delinquency processes are completed instead of as the delinquent funds are collected back from delinquent clients. Westwind’s delinquency policy saves the Association a very substantial amount of costs in the collection of delinquent fees.

In the event that the financial services agreement between the Association and Westwind Management Group, Inc. is terminated by either party with or without cause, the Association agrees to reimburse Westwind Management Group, Inc., 75% of any and all outstanding and uncollected collection fees and costs accrued as of the date of termination. Both the Association and Westwind Management Group, Inc., recognize that without reimbursing these accrued service fees and costs, the Association would be unjustly enriched. Both the Association and Westwind Management Group, Inc. understand and agree that a 75% reimbursement of these fees and costs is a generous discount of those fees and costs and a reasonable settlement for the uncollected fees and costs due and payable to Westwind Management Group, Inc.

9. CERTIFICATION

The undersigned, the Secretary of the Association, hereby signs to confirm that the above policy was adopted by the Board of Directors on February 25, 2017.

//Signed// _____
Signature

Casey Meadows
Printed Name

**RESOLUTION OF THE BOARD OF DIRECTORS OF
CRYSTAL LAKES ROAD AND RECREATION ASSOCIATION**

Pursuant to the provisions of the Association’s Declaration, Articles of Incorporation, Bylaws and Colorado Law, which allow for this action by the Board of Directors of the Association, the following Resolution was adopted by the Board of Directors.

BE IT RESOLVED, Crystal Lakes Road and Recreation Association (the “Association”), approves the CLRRA Collection Policy, effective February 25, 2017, as an amendment to the Financial Services Agreement between Westwind Management Group, Inc. and the Association.

DATE APPROVED: February 25, 2017

CRYSTAL LAKES ROAD AND RECREATION
ASSOCIATION BOARD OF DIRECTORS by its
President

//Signed// _____
Jim Narva, President