

VI. COLLECTION OF UNPAID ASSESSMENTS

A. Purpose of North Star Owners Association Collection Policy. One of the many advantages of living in a community association is sharing with other Members the costs of certain maintenance, repairs, and amenities that are often too expensive for a single Owner. All North Star Owners Association Members are legally bound to share those costs. To properly maintain North Star Owners Association's Common Elements, it's imperative that all assessments, whether regular or special, be paid in full and on time. Delinquencies throw the association's entire budget off course and negatively affect all Members' property values and lifestyles. To adequately maintain our community, state statutes and our Governing Documents give North Star Owners Association's Board of Directors the authority to impose and collect assessments and other allowable charges from Members. In fact, the board owes a duty to all Members to make sure everyone pays. The Board has adopted the following policy to fulfill its duty in a fair, systematic, and impartial manner.

1. Common Expenses. The term "common expense" refers to any amount a Member must pay to North Star Owners Association. Among the charges it includes are regular annual assessments, special assessments, rules violation fines, late fees, common area repairs, and any other fees, interest, or charges imposed under this policy.
2. Where to Send Payment. All payments may be mailed to the Managing Agent's office:

North Star Owners Association
P.O. Box 1364
Breckenridge, CO, 80424

For a physical address or the ability to electronically send your payments to the Association please contact _____, _____.

3. When Common Expenses Are Due. Assessments are due in advance on the first day of each January. Unless otherwise stated, other common expenses are due ten (10) days after of notice of Members' obligation to pay. If a member does not pay in full any common expense by its due date, that payment is delinquent.
4. Collection Process.
 - i. After an installment of an annual assessment or other charges due to

the Association becomes more than 30 days delinquent, the Managing Agent shall send a written notice of non-payment (“First Notice”). The First Notice shall state the amount past due; that interest and late fees have accrued and the amount thereof, and shall request immediate payment.

- ii. After an installment of an annual assessment or other charge due to the Association becomes more than 60 days delinquent, the Managing Agent shall send a second written notice of non-payment (“Second Notice”). The Second Notice shall state the amount past due, that interest and late fees have accrued and the amount thereof; shall provide notice of the Association’s intent to file a lien; and shall request immediate payment.
- iii. After an installment of an annual assessment or other charge due to the Association becomes more than 90 days delinquent, the Managing Agent shall turn the account over to the Association’s attorney for collection. Upon receiving the delinquent account, the Association’s attorney shall file a lien and send a letter to the delinquent Owner demanding immediate payment for past due assessments or other charges due. Upon further review, the Association’s attorney may file a lawsuit or pursue other remedies authorized by this Resolution or the Governing Documents. A delinquent Owner must pay reasonable attorney’s fees incurred by the Association together with costs, applicable interest and late fees, whether or not suit is initiated.

5. Late Payments. Once a common expense is delinquent, the Board may take any or all of the following actions:

- i. Late fees and interest. If North Star Owners Association does not receive payment for any common expense in full on or before the thirty (30) days after it becomes due, the delinquent member shall pay liquidated damages for North Star Owners Association’s time, inconvenience, and overhead in collecting the late payment, as follows:

- (a) a \$10 per month late fee; and

- (b) interest at a 15% Annual Percentage Rate from the original due date until the date of payment.

These charges will be treated as common expenses.

- (iii) Returned check fees and bank charges. In addition to any late fee that may be applicable, for each check to North Star Owners Association that is returned by a bank for any reason, the member who wrote the check shall pay the following charges:
 - (a) liquidated damages in the amount of \$50.00; and
 - (b) any related bank charges that North Star Owners Association incurs because of the returned check.

These charges will be treated as common expenses.

- (iv) Suspend privileges and access to amenities. If an account contains delinquencies for more than sixty (60) days or has an outstanding balance of \$500 or more, the Association will give the member thirty (30) days' notice of intent to suspend any or all of the following privileges:
 - (a) Voting privileges;
 - (b) Use of common areas, including roads owned by the Association.

Unless North Star Owners Association receives full payment by the end of the notice period, the privileges or amenities listed in the notice will be suspended.

- 6. Crediting Late Payments. All delinquent accounts remain delinquent until paid in full. No partial payments will waive North Star Owners Association's right to pursue full payment and/or to enforce the provisions of this policy. The Association will apply partial payments to the outstanding balance in the following order:
 - i. Fines, late fees, and interest;
 - ii. Court costs, attorney's fees, and other costs of collection;
 - iii. Special assessments; and
 - iv. Regular assessments, with payment being applied to the oldest balance first.
- 7. Acceleration and Deceleration of Assessments. The Board reserves the right to accelerate and call due the entire unpaid ~~annual or~~ special assessment of any delinquent account. Such acceleration shall result in the entire unpaid assessment being due to the Association immediately. The Board also reserves the right to decelerate any accelerated assessment.
- 8. Certificate of Status of Assessment. The Association shall furnish to an

Owner or such Owner's designee within fourteen(14) days after written request to the Association's agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's Lot for a \$ 25.00 fee. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

9. Bankruptcies and 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 Lot within the Association, the Managing Agent shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.
10. Notices. The Association shall cause a collection or demand letter or notice to be hand delivered or sent to a delinquent Owner at the registered or last known address by regular mail. The Association may, but shall not be required to send, an additional copy of that letter or notice by e-mail or certified mail.
11. Appointment of a Receiver. The Association may seek the appointment of a receiver if an Owner becomes delinquent in the payment of assessments pursuant to the Declaration and Colorado law. A receiver is a disinterested person, appointed by the court who manages the rental of the property, collects the rent and disburses 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 the waste and deterioration of the property.
12. Judicial Foreclosure. 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 other circumstances favor such action.
13. Waivers. 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 shall determine appropriate under the circumstances.
14. Communication with Owners. All communications with a delinquent Owner shall be handled through the Association's attorney once a matter has been referred to the attorney. Neither the Manager 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.

15. Defenses. Failure of the Association to comply with any provisions in this Policy 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 Policy.