

COTTON RANCH HOMEOWNERS' ASSOCIATION.

EXECUTIVE BOARD RESOLUTION

COLLECTIONS POLICY

The Executive Board of Cotton Ranch Homeowners' Association, a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

RESOLVED, that the following Policy of the Association is hereby adopted and ratified:

1. Due Date for Assessments. All unpaid Assessments shall due and payable on the 30th day of each month. Any sums not paid within 30 days after the due date will be considered past due and delinquent.

2. Late Charges; Interest. The Association shall be entitled, but is not required, to impose a late charge of fifty dollars (\$50.00) (a) on each past due and delinquent installment that is over 30 days delinquent, and (b) in the event any check or other instrument attributable to or payable for the benefit of an Owner is not honored by the bank or is returned by the bank for any reason whatsoever. All late charges shall be due and payable immediately, without notice, in the manner provided for payment of Assessments. Further, the Association shall be entitled, but is not required, to impose interest on Assessments not paid within thirty (30) days of the date due at the rate of twelve percent (12%) per annum. The Association may impose a fee of \$25 for any returned check as described above.

3. Attorney Fees on Delinquent Accounts. The Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of Assessments or other charges due the Association from a delinquent Owner.

4. Application of Payments. The Association reserves the right to apply all payments received on account of any Owner, including a delinquent Owner, first to payment of any and all legal fees and costs (including attorney fees), 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.

5. Collection Letters.

a. *Delinquency Notice.* If payment in full for the common Assessment or other charge owed to the Association is not received within thirty (30) days of when due, the Association may, but is not required, to send a notice of delinquency to the unit Owner who is delinquent in payment.

b. *Notice of Intent to File Lien.* If payment in full is not received within sixty (60) days of when due, the Association may, but is not required to, send a notice to the Owner that a Notice of Lien will be filed if the delinquency is not promptly cured. No such notice is a prerequisite either to the filing of a Notice of Lien or to the effectiveness of the lien itself and all Association rights are expressly reserved.

6. Liens. If payment in full, for any Assessment or other charge, is not received within sixty (60) days of when due, the Association shall be entitled to file a Notice of Lien against the Unit of the delinquent Owner. The Notice of Lien may include late charges, attorney

fees, late charges and interest owed by the delinquent Owner. The Notice of Lien shall be served upon the delinquent Owner by mail to the Owner's address as the Association may have in its records for the Owner. Any failure by the Association to file a Notice of Lien shall in no manner be deemed a waiver to file such a Notice at a later date. Further, the filing of a Notice of Lien is not a prerequisite to the effectiveness of a lien for delinquent assessments and all Association rights are expressly reserved.

7. Referral of Delinquent Accounts.

a. The Association may, but shall not be required to, refer delinquent accounts to its attorneys for collection. After consultation with the Executive Board and/or the Association's managing agent, the attorneys shall be entitled to exercise all available remedies under the Association's governing documents and Colorado law to collect the amounts due, including judicial foreclosure and appointment of a receiver of the delinquent Owner's property. In addition, the Association may, but shall not be required to, assign delinquent accounts to one or more collection agencies for collection.

b. The Association may not refer a delinquent account to its attorneys or assign a delinquent account to a collection agency for collection unless the Association delivers to the delinquent Owner the Delinquency Notice set forth in Paragraph 5(a) above, specifying:

i. The total amount due, with an accounting of how the total was determined;

ii. Whether the opportunity to enter into a payment plan exists pursuant to Paragraph 9, below, and instructions for contacting the Association to enter into such a payment plan;

iii. The name and contact information for the individual that the delinquent Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt;

iv. That action is required to cure the delinquency and that failure to do so within thirty days may result in the Owner's delinquent 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 Unit, or other remedies available under Colorado law.

8. Other Remedies. In addition to other remedies provided herein for delinquent payment of Assessments, the Association may:

a. accelerate and declare immediately due and payable all unpaid installments of the Assessment payable for the balance of the fiscal year during which such default occurred; and/or

b. suspend the delinquent Owner's rights to use the Project's amenities and/or voting rights for any period during which Assessments remain unpaid.

9. Payment Plan.

a. In collecting Assessments that are past due and delinquent, the Association shall make a good faith effort to coordinate with the delinquent Owner to set up a payment plan that permits the Owner to pay off the deficiency in equal installments over a period of at least six months.

b. Nothing in this Paragraph 9 shall prohibit the Association from pursuing legal action against an Owner if the Owner fails to comply with the terms of his or her payment plan. An Owner's failure to remit payment of an agreed-upon installment, or to remain current with regular Assessments as they come due during the six-month payment period, constitutes a failure to comply with the terms of his or her payment plan.

c. The provisions of Paragraph 9(a), above, shall not apply to, and the Association is not obligated to negotiate a payment plan with, any delinquent Owner that: (i) does not occupy the delinquent Unit and has acquired the delinquent Unit as the result of a (y) default of a security interest encumbering the Unit; or (z) foreclosure of the Association's lien; or (ii) has previously entered into a payment plan under this Paragraph 9.

10. Waiver and Modification of Procedure. The Association has the option and right to continue to evaluate each collection issue on a case by case basis. The Association may grant a waiver of any provision herein. Such relief granted to an Owner shall be appropriately documented. 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.

11. Definitions. Unless otherwise defined in this Policy, initially capitalized or terms defined in the Declaration and Bylaws shall have the same meaning herein.

12. Supplement to Law. The provisions of this Policy shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing the Project.

13. Deviations. The Executive Board may deviate from the procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances.

14. Defenses. Failure of the Association to comply with any provision in this Policy shall not be deemed a defense to payment of Assessments or other charges, late charges, return check charges, attorney fees and/or costs otherwise payable to the Association.

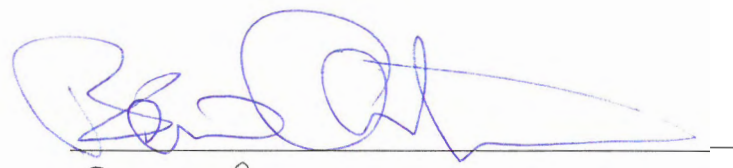
CERTIFICATION

I, the undersigned, do hereby certify:

That I am a duly elected and acting Secretary of Cotton Ranch Homeowners' Association, a Colorado nonprofit corporation; and

That the foregoing Resolution was duly adopted by action of the Executive Board of the Association at its meeting held on February 19, 2014, at which a quorum was present.

Dated: February 19, 2014.

A handwritten signature in blue ink, appearing to read "Beric Christensen", written over a horizontal line.

Beric Christensen, Secretary