

CRESTED BUTTE SOUTH PROPERTY OWNERS ASSOCIATION, INC.

COLLECTION POLICY

Adopted October 11, 2006

The following procedures have been adopted by the Crested Butte South Property Owners Association, Inc. ("Association") pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To establish a uniform and systematic procedure for collecting assessments and other charges of the Association, thus ensuring the financial well being of the Association.

Collection Philosophy: All members are obligated by the Crested Butte South Property Owners Association, Inc. Covenants and Restrictions ("Covenants") to pay all dues and assessments in a timely manner. Failure to do so jeopardizes the Association's ability to pay its bills. Failure of members to pay assessments in a timely manner is also unfair to its other members who do. Accordingly, the Association, acting through the Board of Directors must take steps to ensure timely payment of assessments.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following procedures and policies for the collection of assessments and other charges of the Association:

1. Due Dates. The annual assessment as determined by the Association shall be due and payable annually due on the first day of January of each year, and assessments not paid to the Association by the first day of March in the year in which such assessments are due shall be considered past due and delinquent.

2. Late Charges and Interest Charges. The Association shall be entitled to impose a late charge of twenty-five dollars (\$25.00) on each past due and delinquent installment. If any assessment is not paid within thirty (30) days after its due date, the amount due shall bear interest at a rate of eight percent (8%) per annum from March 1 in the year in which such assessments are due, until paid. All late charges and interest charges shall be due and payable immediately, without notice, in the manner provided for payment of assessments.

3. Return Check Charges. A twenty-five dollar (\$25.00) fee shall be assessed against an owner in the event any check or other instrument attributable to or payable for the benefit of such owner is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to, insufficient funds. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. If two or more of an owner's checks are returned unpaid by the bank within any twelve month period, the Association may require that all of the owner's future payments, for a period of one year, be made by certified check or money order.

4. 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.

5. Application for Payments Made to the Association. Regardless of inscriptions or notations on the front of the check, the Association reserves the right to apply all payments received on account of any owner first to payment of any and all legal fees and costs (including attorney fees) incurred for collection of assessments or for owner's failure to comply with provisions of the Association's Governing Documents, 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.

6. Collection Letters.

(a) After an installment of the common assessment or other charge owed to the Association becomes 30 days past due, the Association shall cause a notice of delinquency to be sent via certified or registered mail, return receipt requested, to the owner who is delinquent in payment.

(b) If payment in full is not received within 60 days after the notice of delinquency, the Association may, but shall not be required to send via certified or registered mail, return receipt requested, a notice of default to the owner.

7. Liens. Within 90 days after an owner's failure to pay any assessment or other charge, the Association shall cause to be filed a notice of lien against the property of the delinquent owner. The lien shall include fees, charges, late charges, attorney fees, fines and interest owed by the delinquent owner.

8. Referral of Delinquent Accounts to Attorneys. The Association may, but shall not be required to refer delinquent accounts to its attorneys for collection. Upon referral to the attorneys, the attorneys shall take all appropriate action to collect the accounts referred. After an account has been referred to an attorney, the account shall remain with the attorney until the account is settled, has a zero balance or is written off. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney. After consultation with the Board of Directors or the Association's managing agent, the attorney shall be entitled to exercise all available remedies to collect the amounts due, including judicial foreclosure and appointment of a receiver of the delinquent owner's property.

9. Referral of Delinquent Accounts to Collection Agencies. The Association may, but shall not be required to assign delinquent accounts to one or more collection agencies for collection.

10. Waivers. Nothing in this Policy shall require the Association to take specific actions other than to notify homeowners of the adoption of these policies and procedures. The Association has the option and right to continue to evaluate each delinquency on a case by case basis. The Association may grant a waiver of any provision herein upon petition in writing by an owner showing a personal hardship. Such relief granted an owner shall be appropriately documented in the files with the name of the person or persons representing the Association granting the relief and the conditions of the relief. 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. Delinquencies Constitute Covenant Violations. Any delinquency in the payment of assessments shall constitute a violation of the covenants contained in the Covenants, and following notice and an opportunity to be heard, the Association shall be entitled to impose sanctions on the delinquent owner consistent with the Association's Notice and Hearing and Enforcement Policy and Procedures.

Crested Butte South Property Owners Association, Inc.

By:

Al Smith – Signature on file

President

Attest

Peter Carey – Signature on File

Secretary

This policy regarding inspection and copying of Association records was adopted by the Board of Directors at a regular meeting held on the 11th day of October, 2006, and is effective the 12th day of October, 2006, and is attested to by the Secretary of the Crested Butte South Property Owners Association, Inc.