

**HIGHLAND PARK NEIGHBORHOOD ASSOCIATION, INC.
COLLECTION POLICY**

Effective Date: September 22, 2006

In compliance with the Colorado Common Interest Ownership Act and the Declaration of Protective Covenants for Highland Park, the Board of Directors desires to adopt a uniform and systematic procedure regarding collection of assessments and other charges.

The Association hereby adopts the following policy and procedures for collection of assessments:

1. Due Dates, Late Charges, Interest, and Suspension of Rights.

A. Due Dates: Annual dues and any special assessments are deemed due and payable on or before thirty-one (31) days following mailing of the bills therefor. Payments shall be deemed received and shall be posted on the date the payment is received in the Association's office or the Association's payment processor's office, if any. Any installment not paid in full when due shall be considered past due and delinquent.

B. Late Charge: A late charge in the amount of \$20.00 shall be imposed for any assessment, fine or other charge not paid within fifteen (15) days after the due date without further notice to the Owner. Such late charge is a personal obligation of the Owner and a lien on any lot for which the payment is delinquent.

C. Interest: Interest at the rate of 18% per annum shall accrue on any delinquent assessment, fine or other charge from the due date without further notice to the Owner, and shall become payable thirty (30) days after the due date (interest payment can be avoided by paying prior to this date). Such interest is a personal obligation of the Owner and a lien on any lot for which the payment is delinquent.

D. Suspension of Rights: An Owner's voting rights shall be automatically suspended without notice if an assessment or other charge is not paid within 30 days of the due date.

2. Returned Checks: If any check or other instrument payable to or for the benefit of the Association is not honored by the bank or is returned by the bank for any reason, including, but not limited to insufficient funds, the Owner is liable to the Association for a returned check charge of \$20.00. Any returned check may cause an account to be late or delinquent, as payment will not have been received.

3. Attorney Fees: 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 pursuant to the terms of the Declaration and Colorado law. Attorney fees incurred by the Association shall be considered part of the assessments and shall be due and

payable immediately when incurred, upon demand.

4. Application of Payments: All payments received on account of any Owner or the Owner's property shall be applied first to interest, late charges, costs or fees (including attorneys fees, court costs and collection costs) and then to the assessment payments first due.

5. Time Frames: The following time frames shall be followed in the collection of annual assessments and for collection of other charges (dates shown are for example purposes only).

Mailing Date	1/15	---
Due Date	2/15 (31 days after mailing)	No penalty if paid by this date
Late Account	3/2 (15 days after due date)	\$20 late fee due
Delinquent Account	3/17 (30 days after due date)	Interest accrues from due date, and is now payable. Voting rights are suspended.
1st Notice From HPA	3/2	Notice of non-payment and late fee now due
2nd Notice from HPA	3/17	Notice of delinquency and interest accrual
Collection/legal action	4/16 (60 days after due date)	Lien filed against property. Attorney/collection fees may accrue

Notwithstanding the time frames set forth above, if a lien holder with priority over the Association's lien (i.e., first mortgagee) takes title (or may take title) to a property through foreclosure or deed in lieu of foreclosure, or if a property is placed for sale, the Association may file a lien on the property for any delinquent payment at any time.

Once accounts are turned over to the Association's attorney, Owners shall make payment to the Association at the address of the Association's attorney. The Association's attorney shall consult with the Association regarding collection procedures and payment arrangements.

6. Sale of Lien: The Association may sell its lien at any time in order to obtain any monies due, in which case it shall post a notice regarding the sale of the lien on the Association's bulletin board, and publish a notice in a newspaper of general circulation prior to selling the lien. Once the lien has been sold, the lienee must deal with the holder of the lien, not the Association.

7. Notices: Late notices from the Association or manager may be sent by regular mail. Collection or demand letters or notices from the attorney shall be sent by certified mail.

8. Referral of Delinquent Accounts to Attorneys: Any collection action involving use of an attorney shall require majority approval of the Board. Because time may be of the essence, this approval may be obtained electronically (by email or fax), and subsequently recorded in the minutes of the next Board meeting. Upon referral of a delinquent account to the Association's

attorneys, the attorneys shall take appropriate action to collect the accounts referred. The Association's attorney is authorized to take whatever action is necessary, in consultation with the President of the Board of Directors or other person designated by the Board, believed to be in the best interest of the Association, including, but not limited to:

A. Filing a lien against the delinquent Owner's property to provide record notice of the Association's claim against the property, if not already filed;

B. Filing suit against the delinquent Owner for a money judgment. The purpose of obtaining a personal judgment against the Owner is to allow the Association to pursue remedies such as garnishment of the Owner's wages or bank account to collect judgment amounts;

C. Instituting a judicial action of foreclosure on the Association's lien. 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 in other circumstances that may favor such action;

D. Filing necessary claims, documents, and motions in Bankruptcy Court to protect the Association's claim; and

E. Filing a court action seeking appointment of a receiver. A receiver is a disinterested person, appointed by the court, who manages rental of the Owner's property, and collects 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 waste and deterioration of the property.

All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney.

Upon referral of any matter to the Association's attorney, the Association shall pay the Association's attorneys their usual and customary charges as well as any costs incurred by the attorney on the Association's behalf, promptly upon receipt of an invoice from the attorney.

9. Notification to and Communication with Owners: This Collection Policy shall be made available to all Owners by the Association as required by Colorado law. After a delinquent account has been referred to the Association's attorney, all communication with the delinquent Owner shall be handled through the Association's attorney. Neither the manager, if any, 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. However, the Association has the option and right to continue to evaluate each delinquency on a case by case basis.

10. Certificate of Status of Assessment / Estoppel Letter: The Association shall furnish to an

Owner or such Owner's designee upon written request, a written statement setting forth the amount of unpaid assessments currently levied against the Owner's property. The statement shall be delivered within fourteen (14) calendar days after receipt of the written request. The Association may charge a fee for such statement in an amount as established by the Board from time to time, which fee shall become an assessment. If the Owner's account has been turned over to the Association's attorney, such statement shall be handled through the Association's attorney and shall include any attorney fees incurred in providing the statement.

11. Bankruptcies and Public Trustee 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 property within the Association, the Association may advise the Association's attorney of the same and turn the account over to the Association's attorney.

12. Waivers: The Association may determine the time for the filing of lawsuits and liens on a case by case basis, and may otherwise modify the procedures contained herein, as the Association shall determine appropriate under the particular circumstances. Any such accommodation shall be documented in the Association's files with the conditions of relief. Failure of the Association to require strict compliance with this Collection Policy shall not be deemed a waiver of the Association's right to require strict compliance and 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 Collection Policy.

13. Amendment: This Collection Policy may be amended from time to time by the Board of Directors.

IN WITNESS WHEREOF, the undersigned certify that the Collection Procedure was adopted by resolution of the Board of Directors of the Association this 22nd day of September, 2006.

HIGHLAND PARK NEIGHBORHOOD ASSOCIATION, INC.


Douglas H. Barber-President


Marge Shuger-Secretary