

**RESOLUTION
OF THE
CHERRYWOOD II HOME OWNERS ASSOCIATION**

COLLECTING UNPAID ASSESSMENTS

SUBJECT Adoption of a policy and procedures to comply with the Senate Bills referenced above regarding the collection of unpaid HOA assessments.

PURPOSE To describe expectations and procedures regarding unpaid Association assessments.

AUTHORITY The Declaration, Bylaws, Articles of Incorporation and Colorado Law.

EFFECTIVE DATE January 1, 2008

RESOLUTION The Association hereby adopts the following procedures regarding the operation of the HOA with respect to collecting unpaid assessments:

1. METHOD OF ASSESSMENT

All assessments shall be levied by the Association against lots and collected and disbursed by the Association. The Board of Directors shall fix the amount and due date of the assessments as provided within the Association's Declaration.

2. TIME OF PAYMENT / EFFECT OF NONPAYMENT

The general assessment for each lot shall be payable annually, due on the date set by the Board. Special and Supplementary Assessments shall be payable as provided in the resolutions authorizing the same. All General, Supplemental, and Special Assessments shall be due and payable without notice or demand, and all assessments shall be paid without any setoff or diminution of any kind. Any assessment or installment thereof or other amount payable pursuant to the Declaration or under the Articles of Incorporation or its Bylaws which is not paid when due shall bear interest from the date due until paid at the maximum rate of ten percent (10%) per annum as the Board shall determine and/or will be subject to a late charge of five (5) Dollars per month. The Board shall have the power to determine on what date after the first day of each month an assessment shall be determined to be delinquent. All payments on account shall be first applied to interest and late charges and then to the assessment payment due.

Any assessment not paid within seven (7) days after the due date shall be delinquent. Thereupon, the Association shall provide Notice of such delinquency and may (a) declare the entire balance of such General, Special, Supplementary, or Reimbursement Assessment due and payable in full; (b) charge interest from the due date at a percentage rate not greater than the statutory maximum, such rate to be set

by the Board for each assessment; (c) give notice, to the Owner that in the event payment with accrued interest is not paid within ten (10) days from the date of such notice, then the express contractual lien provided for with the Association's Declaration shall be foreclosed; or (d) commence action for all sums due and payable in the appropriate court in Boulder County. The Association shall have the same described remedies in the event that any Reimbursement Assessment is not paid in within seven (7) days after service upon the Owner of the Assessment.

**3. LIEN FOR ASSESSMENTS AND OTHER AMOUNTS /
SUBORDINATION OF THE LIEN TO MORTGAGE**

The Association shall have a lien against each lot to secure payment of any assessment and other amounts due and owing to the Association with respect to that lot plus interest and/or late charges plus all costs and expenses of collecting the unpaid amount, including reasonable attorney's fees. The lien may be foreclosed in any manner for foreclosure of mortgages in the State of Colorado. The obligations being part of the purchase price of each lot, such lien shall be superior and paramount to any homestead or other exemption provided by law, and each owner hereby specifically waives his homestead exemption, but only with respect to such lien for Association assessments.

The lien of the assessments provided within the Association's Declaration shall be subordinate to the lien of any first mortgage, including any executory land sales contract wherein the Administrator of Veterans Affairs (Veterans Administration) is the seller, whether such contract is owned by the Veterans Administration or its assigns, and whether such contract is recorded or not. The lien of such assessments shall be superior to any homestead exemption or other exemption as is now or may hereafter be provided by Colorado or Federal law. The acceptance of a deed to land subject to the Association's Declaration shall constitute a waiver of the homestead and any other exemption as against said assessment lien. Sale or transfer of any lot shall not affect the liens for said charges except that sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, including a deed in lieu of foreclosure or cancellation or forfeiture of an executory land sales contract shall extinguish the lien of such charges as to payments which became due prior to such sale, transfer, cancellation, or forfeiture of executory land sales contract. No sale, transfer, cancellation, or forfeiture of executory land sales contract shall relieve such lot from liability for any such charges thereafter becoming due or from lien thereof; provided, however, that in the event of foreclosure of a first mortgage or taking of a deed in lieu thereof, such first mortgagee shall not be liable for unpaid assessments or charges which accrue prior to the acquisition of title to the lot by such first mortgagee.

4. LOSS OF VOTE ENTITLEMENT

The Association may suspend any member's voting rights in the Association during any period or periods that such member fails to comply with the Rules and Regulations of the Association adopted by the Board of Directors or with any other obligation of the member under the Bylaws or the Declaration. Unpaid assessment constitutes compliance failure and therefore may result in suspension of vote entitlement.

5. SUPPLEMENT TO LAW

The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the Laws of the State of Colorado.

6. DEVIATIONS

The Board may deviate from the procedures set forth in this Resolution in its sole discretion such deviation is reasonable under the circumstances.


7. AMENDMENT

This policy may be amended at any time by the Board of Directors.

PRESIDENT'S CERTIFICATION:

The undersigned, being the President of the Cherrywood II HOA, Inc. a Colorado Non-profit Corporation, certifies that the following Resolution was adopted by the Board of Directors of the HOA, at a duly called and held meeting of the Owners and Board on this 1st Day of January 2008 and witness thereof, the undersigned has subscribed his/her name.

CHERRYWOOD II HOA, INC.
A Colorado nonprofit Corporation

By: 
President