

**RULES, REGULATIONS AND POLICIES
OF
FRENCH CREEK AT BRECKENRIDGE ASSOCIATION, INC.**

(CCIOA COMPLIANCE)

July 1, 2014

The French Creek at Breckenridge Association, Inc. ("Association") has adopted these Rules, Regulations and Policies ("Rules") pursuant to the Declaration of Covenants, Conditions and Restrictions for Valdora Village at Breckenridge recorded with the Summit County, Colorado Clerk and Recorder on December 13, 1973, at Reception No. 138762, as that document may be amended from time to time ("Declaration"), in order to maintain compliance with the requirements of the Colorado Common Interest Ownership Act (CCIOA). All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Declaration and/or the Bylaws of the Association.

1. Purpose and Scope. The primary functions of the Association are to manage the Common Elements and to enforce the Declaration, including adopting these and other Rules in connection with such management and enforcement responsibility.

2. Noise. No Owner, guest, invitee or tenant shall make or permit any noise within a Lot that will disturb or annoy the occupants of any other Lot.

3. Signs and Flags. No sign, notice, or other advertisement shall be placed on any Lot, except as set forth in this Paragraph and in the Declaration.

(a) An Owner or occupant of any Lot is allowed to display one political sign per political office or ballot issue with the maximum dimensions of such sign limited to the lesser of: (a) 36" by 48" inches, or (b) the maximum size allowable by any applicable local ordinance that regulates the size of political signs on residential property. Any political sign shall be displayed only upon the Owner's Lot and shall not be displayed earlier than forty-five (45) days before an election day, or later than seven (7) days after an election day.

(b) An Owner or occupant of a Lot may display an American flag upon the Owner's Lot, but only if the American flag is in good condition and is displayed in a manner consistent with the applicable sections of the federal flag code and does not exceed 36" by 48" in size.

(c) An Owner or occupant of a Lot may display, upon the Lot, a service flag bearing a star denoting the service of the Owner or occupant, or a member of the Owner's or occupant's immediate family in the active or reserve military service of the United States during a time of war or armed conflict. The maximum size of a service flag shall be 9" by 16".

4. Emergency Vehicle Parking. The Association shall not prohibit the parking of a motor vehicle on a Lot if the Owner or occupant of the Lot is required by its employer to have the vehicle at his residence during designated times, and:

- (a) The vehicle weighs less than 10,000 pounds;
- (b) The Owner or occupant is a bona fide member of a volunteer fire department, or is employed by an emergency service provider;
- (c) The vehicle bears an official emblem or other visible designation of the emergency service provider; and
- (d) Parking of the vehicle will not obstruct emergency access or interfere with the reasonable needs of the other Owners or occupants of Lots to use parking areas and driveways within the Project.

5. The Managing Agent. The Managing Agent of the Association is delegated by the Board of Directors with the authority and responsibility to enforce all Rules, Regulations and Policies and, at his discretion, when warranted and necessary, inflict and impose penalties as prescribed in the rules, regulations and Bylaws of the Association, such as:

- (a) Add to and make part of the Owners' assessment any charge for maintenance and repair to the Common Area or for the repair cost and/or the replacement of equipment therein, when damage was inflicted by or caused through the willful or negligent act of an Owner, his family, guests, tenants or invitees.
- (b) Suspend the right to use of the Recreational Facilities of an Owner, his family, guests, tenants and invitees, during any period in which the Owner shall be in default in the payment of any assessment against his Lot. Such suspension shall remain in effect until such time as the Owner's delinquency is brought current.
- (c) Suspend the right to use the Recreational Facilities of an Owner, his family, guests, tenants and invitees or misuse of the Recreation Facilities or violations of these Rules, Regulations and Policies.
- (d) The Managing Agent will, as is appropriate or required by the these Rules, Regulations and Policies, recommend to the Board of Directors that a hearing be held as prescribed by the Association's Documents for infractions of these Rules, Regulations and Policies by the Owner, his family, guests, licensees, tenants or invitees.
- (e) The Architectural Control Committee will recommend to the Board of Directors that action be taken under the provisions of Article Eight of the Declaration of Covenants, Conditions and Restrictions for French Creek at Breckenridge as pertains to Exterior and Lot Maintenance. The Managing agent will then fully enforce and execute the Board's findings and decisions.

6. Common Elements.

(a) Streets And Parking Lots.

(i) Speed Limits. Within the confines of the Association on Magnum Bonum Drive, Reliance Drive, Reiling Road, Gold Run Circle, Bucyrus Road and Bucyrus Circle, the Speed Limit shall be 10 miles per hour.

(ii) Parking, Lot Areas. Parking on Streets is prohibited except for loading and unloading. No more than two (2) vehicles per Lot will be permitted in Lot Parking Areas, regardless as to the number of people or families residing in the Residence located on the Lot.

(b) Parking, Clubhouse.

(i) The parking area off of Magnum Bonum Drive, south and west of the Swimming Pool is to be used for Clubhouse and Pool parking. No overnight parking is allowed.

(ii) The parking area north of the Pool House and west of the Clubhouse will be used for Owners and guests using the Clubhouse and Pool House.

(iii) The parking area south of the Clubhouse will be restricted to Employees, Tradesmen and Laundry Room, except when Special Events are being conducted in the Clubhouse and then when the Parking Area east of the Clubhouse is inadequate.

(c) Swimming Pool And Hot Tubs.

(i) Hours are from 10:00 a.m. to 9:00 p.m. daily. At the discretion of the Managing Agent, additional hours may be made available.

(ii) No children under 12 years of age will be permitted in the Pool area unless accompanied by an adult. A Parent, Guardian or Supervisor of a child cannot assume that because some other adult is using the Pool that they can become responsible for their children. The responsibility for the child rests with the Parent, Guardian or Supervisor.

(iii) Swim Trunks or Swim Suits must be worn while swimming or using hot tubs. Sport Clothes and/or other undergarments will not be permitted.

(iv) No kayaks, surfboards, hard shell devices of any sort shall not be permitted.

(v) Pool or lounge furniture will not be submerged in the Pool or Hot Tubs nor used at the side of the Pool as a jumping or diving board.

(vi) There shall be no cans, glasses, rocks or other hard and sharp instruments permitted within the Pool Area. Alcoholic beverages are not permitted at any time.

(vii) There shall be no boisterous horseplay nor the throwing of Beach or other types of Balls while in the Pool Area. The throwing of these and other objects can result in the injury of an innocent swimmer.

(d) Sauna.

(i) Hours are from 10:00 a.m. to 9:00 p.m. daily. At the discretion of the Managing Agent additional hours may be made available.

(ii) The Sauna Heating Unit is gas and produces a "dry" heat. Water may be sprinkled on the Hot Coals to produce a "wet" heat. There should be no Plastics or Metal objects taken into the Sauna heat room as severe burns could result.

(e) Clubhouse.

(i) The use of the Clubhouse is for the exclusive use of Owners, personal guests, Residential Guests and Renters. Rental of the Clubhouse is for the exclusive use of Homeowners.

(ii) The Clubhouse will be open from 8:00 a.m. to 9:00 p.m. daily. At the discretion of the Managing Agent additional hours may be made available.

(iii) Children under 12 years of age will not be permitted in the Clubhouse between the hours of 8:00 a.m. and 9:00 p.m. unless accompanied by their Parent, Guardian or an adult person appointed and previously announced as their supervisor.

(iv) Pool Table. Play is open to all except children under 12 years of age, unless they are accompanied by an adult and the adult must play and /or supervise their play. No drinks are permitted on the table as they may destroy the felt cover.

(v) Kitchen. The Kitchen is to be used for Special Events only. It will be found in a clean and neat condition and must be returned or left in the same condition by the users thereof.

(f) Tennis Courts.

(i) Only Owners, their family, personal guests, their Resident guests and renters will be permitted court use.

(ii) Courts will not be open for play during the Winter months.

(iii) Approved tennis shoes must be worn during any court play. There will be no exceptions to this rule. Your protection and that of the court surface is enhanced by the use of appropriate equipment.

(iv) A few things you should know and encourage:

(A) Never cross from one court to another while ball is in play. This includes entering and leaving the playing area.

(B) Whenever convenient, always return a misdirected ball from another court. This saves a lot of running and lost time on everyone's part.

(C) Excessive noise and/or disturbance can be objectionable to players on the other court.

(D) A proper tennis court surface is expensive and delicate. Abuse to such surface will be subject to court use restrictions.

(E) No pets are to be allowed on or inside the fenced area.

7. Animals.

(a) Dogs in the Project must at all times be under control of the Owner, Owner's family member, guest or tenant, or on a leash.

(b) Dogs accompanying any person or persons to the environs of a Recreational Facilities (the Clubhouse, Swimming Pool and Tennis Courts), must at all times be on a leash and entry into the Clubhouse, Swimming Pool and Tennis Courts, is strictly prohibited.

(c) Free running Dogs in any area of the Project will be subject to pick-up and impoundment by the Summit County Animal Control Unit.

8. Skiing. Sledding, Tobogganing or other means of sliding on Snow and Ice into and on the streets of the Association is prohibited.

9. French Creek, Pond And Park.

(a) To prevent erosion into the creek banks, no person or persons will be permitted on the face sides of the creek banks, nor shall any person or persons slide or cause to be slid, rocks and other debris down the banks thereof.

(b) Pond and Park. It will be the responsibility of the users of these areas to police them and prevent in accumulation of litter. Proper trash disposal containers will be made available near the picnic tables.

10. Private Property. No passage, traffic or trespassing over the Lot of one Owner to that of another Owner will be permitted by any person or persons unless the Owner of the Lot over which passage is sought or made has specifically granted permission for such passage.

11. Entry of Lots. In the case of emergency originating upon or threatening any Lot, or any improvements located on such Lot, regardless of whether the Owner is present at the time of such emergency, the Association or anyone authorized by it, as well as fire, police and other emergency personnel, shall have the right to enter upon such Lot for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate.

12. Investment of Reserve Funds. If the Board of Directors is to invest assessment reserves to generate revenue that will accrue to the balance of such assessment reserves, such investment shall be made in accordance with the following policies, listed in order of their priority:

(a) Safety of Principal. Promote and ensure the preservation of the principal of any assessment reserves.

(b) Liquidity and Accessibility. Structure maturities to ensure availability of assets for projected or unexpected expenditures.

(c) Minimal Costs. Minimize investments costs, such as redemption fees, commissions, and other transactional costs.

(d) Diversify. Mitigate the effects of interest rate volatility upon assessment reserves.

(e) Return. Invest funds to seek the highest level of return.

13. Resolution of Rules Violations.

(a) Violation Resolution Process. The Board of Directors hereby establishes the following policy for resolving violations of or noncompliance with the Declaration, Articles, Bylaws and these Rules by a Lot Owner or Occupant.

(i) Any Lot Owner or Occupant may notify the Association's managing agent or Board of Directors regarding the existence of an alleged violation. The Board of Directors shall refer any such complaints to the Association's managing agent. In the event a member of the Board of Directors independently becomes aware of an alleged violation, he or she must promptly notify the Association's managing agent. The Association's managing agent must promptly proceed under subparagraph (ii) if it receives a complaint or independently becomes aware of an alleged violation.

(ii) The Association's managing agent shall promptly investigate all alleged violations. The Association's managing agent, in its sole discretion, may require the claiming Lot Owner or Occupant ("Complainant") to provide additional information or set forth the allegations of the violation in writing. If the Association's managing agent is satisfied that there may be a violation, the Association's managing agent shall promptly contact the alleged responsible Lot Owner ("Respondent") in person, by telephone, or in writing regarding the possible violation. The Association's managing agent may also, but is not required to, contact the Occupant in the Respondent's Lot, if any, regarding the possible violation. The Association's managing agent, in its sole discretion, may require the Respondent to set forth an explanation regarding the violation in writing. Any writings collected hereunder by the Association's managing agent shall be kept in the Association's records and shall not be reproduced or distributed unless required by the Board of Directors or law.

(iii) After evaluating the positions of the Complainant and Respondent, the Association's managing agent shall determine, in its sole discretion, whether there has been a violation. If the Association's managing agent determines that there has been no violation, the Association's managing agent shall notify both the Complainant and Respondent, and place a written statement to that effect in the Association's records. If the Association's managing agent determines that there has been a violation, it shall mail a written notice of violation ("Notice") to the Respondent in an envelope marked "URGENT - FINANCIAL CONSEQUENCES INVOLVED" by Certified Mail, Return Receipt Requested. The Notice shall set forth the date of Notice, details and date of the violation, any deadline for terminating the violation before the imposition of penalties and/or legal action, the dollar amount of any potential financial penalty, and the right to request a hearing before the Board of Directors to contest the finding of the violation or the potential financial penalty.

(iv) For purposes of this paragraph, service of the Notice on one Lot Owner shall be service on all Lot Owners of the Lot. It is the Lot Owners' obligation to keep the Association's managing agent notified of any change of address. Failure to do so will not affect the validity of service hereunder.

(v) Subject to a Respondent's request for hearing under subparagraph (c)(i), if the alleged violation is not corrected within the time set forth in the Notice or occurs again within the next twelve (12) months following service of the Notice, the Association's managing agent shall, in its sole discretion, satisfy itself that there is a repeated or continuing violation, at which time financial penalties pursuant to the Notice shall be assessed and/or the Association may initiate legal action to abate the violation.

(b) Financial Penalties.

(i) The Board of Directors hereby establishes the financial penalties for violation of or noncompliance with the Declaration, the Bylaws or these Rules by a Respondent or Occupant, as follows:

	One-Time Occurrence	Continuing Occurrence
First Offense	\$100	\$50/day until resolved
Second Offense	\$200	\$50/day until resolved
Third or More Offenses	\$300	\$50/day until resolved

(ii) The applicable penalty is determined by the type of violation. One-Time Occurrence penalties apply to a violation that constitutes a discrete incident (e.g., barking dog). Continuing Occurrence penalties apply to violations that are of a continuous nature, including, but not limited to, the Respondent's refusal to remove an inappropriate item from a balcony or improper use of a Parking Space. The Association's managing agent may, in its sole discretion, determine that a violation is a One-Time Occurrence. The Association's managing agent may, in consultation with at least one (1) member of the Board of Directors, determine that a violation is a Continuing Occurrence.

(iii) Any penalty assessed, if not voluntarily paid to the Association before the next scheduled payment of dues, will be added to the next billing statement and is payable within thirty (30) days thereafter. If, after a hearing or a waiver thereof, a violation or series of violations is deemed to have occurred, the penalties shall be assessed from the date of the first violation and added to the next billing statement. Any unpaid amount shall be charged against the Respondent's Lot and will be collectible as any other assessment charged against the Lot. In the event the assessments are not paid in a timely manner, the Board of Directors may impose charges for late payments, recover legal costs for the collection of assessments and other actions to enforce the Rules of the Association, regardless of whether an action was initiated. Nothing herein shall operate to limit the Association's remedies.

(iv) Assessments of financial penalties may be waived in whole or in part or adjusted downward in the sole discretion of the Board of Directors. Waiver or adjustment in a particular case will not set a precedent in any other case.

(c) Hearing Process.

(i) Any Respondent who has received a Notice of violation resulting in the assessment of a financial penalty shall have an opportunity to request a hearing for the purpose of contesting the violation or the financial penalty set forth in the Notice. The Respondent must contact the Association's managing agent in writing within ten (10) days following the date of service of the Notice and request a hearing. The Association's managing agent shall, within ten (10) days of receiving the request for hearing, schedule a formal hearing before the Board of Directors, who may be present in person or via teleconferencing technology. The Respondent must participate in person during the hearing and may have witnesses present. In the event a proper and timely request for a hearing is not made as provided herein, the right to a hearing shall be deemed forever waived.

(ii) The Board of Directors may act as an impartial decision maker as that term is defined in C.R.S. § 38-33.3-209.5. Any member of the Board of Directors who has a direct personal or financial interest in the outcome of a hearing and, therefore, is incapable of acting as an Impartial Decision Maker, shall disclose such interest to the other members of the Board of Directors. The remaining members of the Board of Directors not having a direct personal or financial interest in the outcome of the hearing will determine if such member is disqualified as an Impartial Decision Maker and, therefore, from participating in the hearing. A member of the Board of Directors shall not be deemed to have a direct personal or financial interest in the outcome if he or she will not, as the result of the outcome, receive any greater benefit or detriment than will the general membership of the Association. If disqualification of members of the Board of Directors results in an even number of remaining members eligible to make a decision, the Board of Directors may appoint a Lot Owner in good standing to serve as an Impartial Decision Maker. If disqualification of members of the Board of Directors results in no eligible members, the Board of Directors may appoint one (1) or more Lot Owners in good standing to serve as Impartial Decision Makers.

(iii) The Impartial Decision Makers may confer with witnesses or other members of the Board of Directors or the Association's managing agent before rendering a decision. A final decision will be rendered at the end of the hearing. In the event there are circumstances that prevent the Impartial Decision Makers from rendering its decision at the end of the hearing, a final decision will be made

within five (5) days after the hearing, and the Respondent will be notified verbally and in writing of the Impartial Decision Makers' decision at that time.

(iv) If, after the opportunity to be heard, a violation or series of violations is deemed to have occurred, the assessment of penalties shall be upheld from the date of the first violation. The Respondent shall also be responsible for all expenses, if any, incurred by both parties in completing the resolution and hearing process.

(v) If the Impartial Decision Makers overturn the assessment of penalties, the Association's managing agent will refund any payment already made by the Respondent or, if no payment has yet been made, the assessment will be removed from the Respondent's next billing invoice. In that event, each party will be responsible for their own expenses, if any, incurred in completing the resolution and hearing process.

14. Dispute Resolution. Except in connection with an enforcement proceeding in accordance with these Rules and except for the collection of any past due Assessments and other sums due the Association, if a dispute ever arises between an Owner and the Association, the parties shall use the procedures set forth in the following provisions for any dispute that does not involve an imminent threat to the peace, health, or safety of the Project.

(a) Negotiation. The Owner and the Association shall attempt in good faith to resolve any dispute promptly by negotiations between persons who have authority to settle the controversy ("Representatives"). Any party may give another party written notice of any dispute not resolved in the normal course of business. Within twenty (20) days after receipt of said notice, Representatives of the parties to the dispute shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved within sixty (60) days of the notice of dispute, or if the parties fail to meet within twenty (20) days, any party to the dispute may initiate mediation of the controversy as provided below.

(b) Mediation. If the dispute has not been resolved by negotiation as provided above, either party may give written notice to mediate ("Mediation Notice") and the parties shall endeavor to settle the dispute by mediation between their respective Representatives with a neutral third party mediator. If the parties encounter difficulty in agreeing on a neutral third party, each of the Owner and the Association may appoint a neutral third party, and such third parties shall appoint a neutral third party to mediate. The cost of mediation shall be borne equally by the parties to the mediation.

(c) Arbitration. Any dispute which has not been resolved by mediation as set forth above within sixty (60) days of the date of the Mediation Notice, shall be finally settled by binding arbitration conducted in accordance with the terms of this subparagraph, upon written demand for arbitration made by any party ("Arbitration

Demand") provided, however, that if one party has requested the other to participate in mediation and the other has failed to participate, the requesting party may make demand for arbitration before expiration of such sixty (60) days.

(i) As soon as reasonably possible following the Arbitration Demand, but not later than fifteen (15) days after the date of such Demand, the parties, in good faith, shall attempt to select a mutually acceptable arbitrator to hear and decide the matter or matters in controversy. In the event the parties cannot agree on a mutually acceptable arbitrator within thirty (30) days after the date of such Demand, each party shall appoint an unrelated third party within forty (40) days after the date of such Demand and, within fifteen (15) days of the date of the appointment of the last of such unrelated third parties, such third parties shall appoint an arbitrator to hear and settle the dispute in accordance with the terms and provisions hereof. If any party does not appoint an unrelated third party in a timely manner or if such third parties cannot or do not appoint an arbitrator in a timely manner, then any party may make application to the District Court for Summit County, Colorado for appointment of an arbitrator.

(ii) The arbitration shall be conducted by a single arbitrator and the decision of the arbitrator shall be final, enforceable, binding and unappealable to any court or tribunal, except as otherwise may be provided by Colorado law. Such decision shall be enforceable with the same force and effect as if issued by any court of competent jurisdiction. The decision of the arbitrator shall be based upon the evidence and facts presented by the parties and shall be in accordance with Colorado law. The arbitrator is not empowered to award damages in excess of compensatory damages.

(iii) The costs of the arbitration, including reasonable attorney fees, shall be awarded to the prevailing party. If there is no prevailing party, such fees and costs may be awarded at the discretion of the arbitrator who, in making such award, shall assess the relative good or bad faith of the parties throughout the dispute. If the arbitrator requires payment or a deposit prior to the arbitration hearing or prior to the rendering of a decision, such amount shall be paid equally by the parties to the arbitration. Failure of a party to make such payment shall be cause for the arbitrator to enter a decision against the party or parties which fail or refuse to make such payment as if a default by such party or parties had occurred.

(iv) All arbitration proceedings shall be conducted to expedite resolution and minimize cost. Disclosures shall be required and discovery shall be allowed and both shall be governed by Rules 26-37 of the Colorado Rules of Civil Procedure, as amended, except that upon application of either party, the arbitrator, in the interest of justice and efficiency, may limit discovery as such arbitrator deems appropriate.

(v) The place of arbitration shall be Summit County, Colorado.

**COLLECTION POLICY
OF
FRENCH CREEK AT BRECKENRIDGE ASSOCIATION, INC.
(JUNE 1, 2014)**

The French Creek at Breckenridge Association, Inc. ("Association") has adopted the following policies and procedures ("Collection Policy") for the collection of Assessments, and delinquent fees, fines, or other charges (collectively "Other Fee") pursuant to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Valdora Village at Breckenridge a/k/a French Creek at Breckenridge, as that document may be amended from time to time ("Declaration"), and Colorado law. All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Declaration and the Bylaws.

1. Purpose of Collection Policy. One of the many obligations of living in a common interest community is the sharing with other Owners of the cost of the operation of the Project, including the cost of certain maintenance, repairs and amenities. Pursuant to our governing documents, all Owners are legally bound to share these costs. It is imperative for the proper maintenance of the Association's Common Elements that all Assessments, whether regular Assessments or Special Assessments, be paid in full and on time. Delinquencies can throw the Association's budget off course and negatively impact all Owners' property. To maintain our community adequately, State statutes and our Association governing documents give the Board of Directors the authority to collect Assessments and other allowable charges from Owners. In fact, the Board of Directors owes a duty to all Owners to make sure that everyone pays their Assessments as such come due. The Board of Directors has adopted the following policies in order to fulfill its duty in a fair, systematic, and impartial manner.

2. Assessments for Common Expenses. "Common Expenses" are the expenses and liabilities of the Association, including allocations for reserves. Common Expenses include costs of administration and management, maintenance, repair or replacement of the Common Elements, expenses declared as Common Expenses by the Association documents, and expenses agreed upon as Common Expenses by the Owners. Common Expenses are funded by Assessments against the Lots as provided in the Declaration, including default and Special Assessments for Rules violation fines, late fees, Common Element repairs, insurance deductibles, attorney fees, interest or other charges imposed under the Association documents.

3. When Assessments are Due. Unless otherwise directed by the Board of Directors, regular Assessments are billed, or invoiced, to each Owner in monthly installments. Assessments are due as billed and invoiced upon receipt of the invoice by the Owner, and shall be paid prior to the end of the month in which they are billed. Special Assessments are due, in full, thirty days after being invoiced to the Owner. Assessment invoices are deemed received by the Owner no later than ten (10) days after such invoices are mailed. Any Other Fee is due and payable no later than on the last day of the month after said Other Fee was levied and invoiced against a Lot Owner. Payments shall be deemed received and shall be posted on the date the payment is received by the Association's managing agent. Any Assessment or Other Fee that is not paid within the time frame described for such payment in this paragraph 3 shall be deemed delinquent.

4. Where to Send Payments. Owners shall mail or deliver all payments to the Association as follows:

Mailing Address:

French Creek at Breckenridge Association, Inc.
P.O. Box 830
Breckenridge, CO 80424

Delivery Address:

French Creek at Breckenridge Association, Inc.
47 Magnum Bonum Drive
Breckenridge, CO 80424

Any Owner may also arrange for payment of Assessments by Automated Clearing House direct debit transfers or by automatic Electronic Funds Transfers.

5. Late Charges. A late charge in the amount of fifty dollars (\$50.00) ("Late Charge") shall be imposed for any Assessment or Other Fee not paid as required by the provisions of paragraph 3 above without further notice to the Lot Owner. An additional Late Charge in the amount of fifty dollars (\$50.00) shall be imposed for any Assessment or Other Fee that remains unpaid after the end of the calendar month following the month in which such Assessment was billed or invoiced without further notice to the Lot Owner.

6. Interest. If any Assessment or Other Fee is not paid in accordance with the requirements of paragraph 3 above, interest at the rate of eighteen percent (18%) per annum on the delinquent Assessment or Other Fee ("Interest") shall accrue from the date the Assessment or Other Fee became delinquent until paid in full without further notice to the Lot Owner. Such Interest is a personal obligation of the Unit Owner and a lien against the Lot.

7. Suspension of Rights. If any Assessment or Other Fee is not paid within sixty (60) days of the date that the Assessment or Other Fee became delinquent, the Lot Owner's voting rights shall be automatically suspended without further notice to the Lot Owner.

8. Return Check Charges. If any check or other instrument payable to or for the benefit of the Association is not honored by the issuer's bank or is returned by the issuer's bank for any reason, including, but not limited to insufficient funds, the Lot Owner is liable to the Association for one of the following amounts, at the option of the Association:

A. An amount equal to the face amount of the check, draft, or money order plus a return check charge of twenty dollars (\$20.00); or

B. If notice has been sent as provided in C.R.S., § 13-21-109 and the total amount due as set forth in the notice is not paid within fifteen (15) days after such notice is given, the person issuing the check, draft or money order shall be liable to the Association for an amount equal to three (3) times the face amount of the check, but not less than one hundred dollars (\$100.00).

C. Any returned check shall cause an account to be delinquent if full payment of the installment of the Assessment or any Other Fee is delinquent. If two (2) or more of a Lot Owner's checks are returned unpaid by the Lot Owner's bank within any fiscal year of the Association, the Association may require that all of the Lot Owner's future payments, for a period of one (1) year, be made by certified check, money order, or, if applicable, in accordance with the terms and provisions of paragraph 9 below.

9. Habitual Delinquency. An Owner that is more than sixty (60) days delinquent on three or more Assessment installment payments in any twelve (12) month period will be considered habitually delinquent. The Board may require habitually delinquent Owners to arrange for future installment payments to be made to the Association by Automated Clearing House (ACH) direct debit transfers or automatic Electronic Funds Transfer (EFT). The Board may not require an Owner to make ACH transfers for a term longer than twelve (12) consecutive months, unless the Owner requests to continue paying installments of Assessments by ACH or EFT transfers.

10. 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 will result in the entire unpaid Assessment being due to the Association immediately. The Board also reserves the right to decelerate any accelerated Assessment.

11. Appointment of a Receiver. The Association may seek the appointment of a receiver if an Owner becomes delinquent in the payment of Assessments for six (6) consecutive months pursuant to the Declaration and Colorado law. A receiver is a disinterested person, appointed by the court that 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. Attorney Fees. The Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of Assessments or Other Fees due the Association from a delinquent Lot Owner pursuant to the terms of the Declaration, Bylaws, this Collection Policy, and Colorado law. Attorney fees and costs incurred by the Association shall be considered part of the Assessment or Other Fee, and shall be due and payable immediately when incurred, upon demand, regardless whether an action is commenced. Such attorney fees are a personal obligation of the Lot Owner and a lien against the Unit.

13. Application of Payments. All payments received on account of any Lot Owner or his or her Lot, shall be applied first to post-judgment attorney's fees, costs and expense; then to costs and attorney's fees not reduced to judgment; then to Interest; then to Late Charges; then to return check charges; then to Other Fees levied pursuant to the Declaration, Bylaws, Association rules, regulations or policies, this Collection Policy, or Colorado law; then to delinquent Assessments; then to current Assessments not reduced to judgment; and finally to amounts reduced to judgment.

14. Notice of Delinquency. Before the Association may refer a delinquent account to a collection agency or the Association's attorney for legal action, the Association must send the Lot Owner a notice of delinquency ("Notice of Delinquency") stating and providing the following (a form of the Notice of Delinquency is attached as Exhibit A):

A. The total amount due to the Association as of the date of the Notice of Delinquency;

B. Provide an accounting detailing how the total amount due was calculated;

C. Stating whether the Lot Owner is qualified to enter into a Payment Plan, as defined below, and, if so, instructions for contacting the Association to enter into such a Payment Plan;

D. The name and contact information of the individual the Lot Owner may contact to request a copy of the Lot Owner's ledger in order to verify the amount of the debt to the Association;

E. A statement that action by the Lot Owner is required to cure the delinquency and that failure to do so within thirty (30) days may result in the Lot Owner's delinquent account being turned over to a collection agency or the Association's attorney, a lawsuit being filed against the Lot Owner, the filing and foreclosure of a lien against the Owner's Lot, the appointment of a receiver, or other remedies available under Colorado law;

F. The method by which payments received may be applied on the delinquent account; and

G. The legal remedies available to the Association to collect on the Lot Owner's delinquent account pursuant to the governing documents of the Association and Colorado law.

15. Payment Plan.

A. Upon a Lot Owner becoming delinquent with respect to any Assessment or Other Fee, the Association shall make a good-faith effort to coordinate with the Lot

Owner to set up a payment plan ("Payment Plan"). The Payment Plan negotiated between the Association and Lot Owner must permit the Lot Owner to pay off the deficiency in equal installments over a period of at least six (6) months.

B. The Association is not required to coordinate/negotiate a Payment Plan with a Lot Owner: (i) who has previously entered into a Payment Plan under this Collection Policy; or (ii) who does not occupy the Lot and has acquired the Lot as a result of a default of a security interest encumbering the Lot or foreclosure of the Association's lien.

C. The Association is permitted to pursue legal action against a Lot Owner if such Lot Owner fails to comply with the terms of a Payment Plan. For purposes of this Collection Policy, a Lot Owner's failure to remit payment of an agreed-upon installment, or to remain current with regular Assessments as they come due during the Payment Plan period, constitutes a failure to comply with the terms of the Payment Plan.

16. Delegation of Authority to Sign Notice of Lien. The Board of Directors may delegate authority to the Association's managing agent or the Association's attorney to sign and acknowledge the Notice of Assessment Lien and its release, if any. This delegation may be withdrawn at any time. In the event the delegation is withdrawn, the Board of Directors will send written notice to the Association's managing agent or attorney, whichever is applicable, of the withdrawal.

17. Notices: Use of Certified Mail/Regular Mail. In the event the Association shall cause a collection or demand letter or notice to be sent to a delinquent Lot Owner by regular mail, the Association may also cause, but shall not be required to send, an additional copy of that letter or notice by certified mail and/or electronic mail.

18. Referral of Delinquent Accounts. The Association may not use a collection agency or take legal action to collect delinquent Assessments or Other Fees unless the Association has followed this Collection Policy. The Association may, in its sole discretion, refer a delinquent account to the Association's attorneys. Upon referral of a delinquent account to the Association's attorneys, the attorneys shall take appropriate action to collect the accounts referred. After an account has been referred to the Association's attorney, the account shall remain with the attorney until the account is settled, has a zero balance or is written off. The Association's attorney, in consultation with the President of the Association or other person designated by the Board of Directors, is authorized to take whatever action is necessary, and believed to be in the best interest of the Association, including, but not limited to:

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

B. Filing suit against the delinquent Lot Owner for a personal money judgment. The purpose of obtaining a personal money judgment against the Lot Owner

is to allow the Association to pursue remedies such as garnishment of the Lot 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 a Lot Owner for a personal money judgment. The purpose of foreclosing is to obtain payment of all Assessments and/or Other Fees owing in situations where either a personal money judgment lawsuit has been or is likely to be unsuccessful or in other circumstances that may favor such action. The Association may foreclose its lien only if:

(i) The balance of delinquent Assessments, Other Fees, Late Charges, Interest, and attorneys' fees and costs equals or exceeds six (6) months of common expense Assessments based upon a periodic budget adopted by the Association; and

(ii) The Board of Directors has formally resolved, by a recorded vote, to authorize the filing of a legal action against the Owner's Lot on an individual basis. The Board of Directors may not delegate this duty to vote to any attorney, insurer, manager, or other person.

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 Lot, 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.

19. Notification to and Communication with Lot Owners. This Collection Policy shall be made available to all Lot 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 Lot Owner shall be handled through the Association's attorney until such time as the delinquent account has been either paid or resolved through agreement. So long as the account is delinquent and unresolved, neither the Association's managing agent, if any, nor any member of the Board of Directors shall discuss the collection of the account directly with a Lot 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 such delinquency on a case by case basis.

20. Certificate of Status of Assessment/Estoppel Letter. The Association shall furnish to a Lot Owner or such Lot Owner's designee upon written request made in accordance with C.R.S. § 38-33.3-316(8) a written statement setting forth the amount of unpaid Assessments currently levied against the Owner's Lot. The statement shall be delivered within fourteen (14)

calendar days after receipt of the request. If the Lot 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. No person or entity shall qualify as a Lot Owner's designee, for purposes of this paragraph 20 or under C.R.S. 38-33.3-316(8), unless the Lot Owner has notified the Association, in writing, of the name and address of such Lot Owner's designee for such purpose.

21. Bankruptcies and Public Trustee Foreclosures. Upon receipt of any notice of a bankruptcy filing by a Lot Owner, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any Lot within the Association, the Association may advise the Association's attorney of the same and turn any delinquent Assessment account over to the Association's attorney.

22. Waivers. The Association may extend the time for the filing of lawsuits and liens, and may otherwise modify the procedures contained herein, as the Association determines to be appropriate under the circumstances so long as such extension or modification complies with Colorado law. 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 Fees, Late Charges, Interest, return check charges, attorney fees and/or costs as described and imposed by this Collection Policy.

23. Amendment. The foregoing Collection Policy is subject to amendment as more fully provided for in the Bylaws of the Association.

Certification

The undersigned certifies that the foregoing Collection Policy was adopted by the Board of Directors of the French Creek at Breckenridge Association, Inc. as of the 16 day of June, 2014.

[Signature], Secretary