

**RESOLUTION OF COLUMBINE TOWNHOUSES FIVE ASSOCIATION REGARDING POLICIES AND PROCEDURES FOR COLLECTION OF UNPAID ASSESSMENTS**

**SUBJECT:** Adoption of a policy and procedure regarding the collection of unpaid assessments.

**PURPOSE:** To provide notice of the Association's adoption of a uniform and systematic procedure to collect assessments and other charges of the Association.

**AUTHORITY:** The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.

**EFFECTIVE DATE:** JUNE 1

**RESOLUTION:** The Association hereby adopts the following policies and procedures:

It is in the best interest of the Association to refer delinquent accounts promptly to an attorney for collection so as to minimize the Association's loss of assessment revenue. The Board of Directors has retained an attorney with experience in representing homeowner associations in collections and other matters. The Association hereby gives notice of its adoption of the following policies and procedures for the collection of assessments and other charges of the Association:

1. Due Dates: The Association's Common Expense Assessment shall be due and payable, in full, on January 1 of each year, provided however, the Board shall permit payment to be made in twelve equal monthly installments. Installments of the annual assessment as allowed for in the Declaration shall be due and payable on the 1<sup>st</sup> day of each month. Assessments or other charges not paid in full to the Association within one day of the due date shall be considered past due and delinquent. Assessments or other charges not paid in full to the Association within thirty (30) days of the due date shall incur late fees and interest as provided below. In the event notice of acceleration is given to delinquent Owner(s), the Owner(s) of the unit shall also be charged any costs incurred by the Association in giving notice of such acceleration.
2. Receipt Date: The Association shall post payments on the day that the payment is received in the Association's office.
3. Late Charges on Delinquent Installments: The Association shall impose on a monthly basis a \$5.00 late charge for each Owner who fails to timely pay his/her monthly installment of the annual assessment within thirty (30) days of the due date. Interest shall accrue on all unpaid balances at 8% per annum, accruing monthly. Such late charges and interest shall be a "common expense" for each delinquent Owner.

4. Personal Obligation for Late Charges and Interest: The late charge and interest shall be the personal obligation of the Owner(s) of the unit for which such assessment or installment is unpaid. All late charges shall be due and payable immediately, without notice, in the manner provided by in the Declaration (and as set forth herein) for payment of assessments.
5. Return Check Charges: In addition to any and all charges imposed under the Declaration, Articles of Incorporation and Bylaws, the Rules and Regulations of the Association or this Resolution, a return check fee, not to exceed \$20.00, 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. This returned check charge shall be a "common expense" for each Owner who tenders payment by check or other instrument which is not honored by the bank upon which it is drawn. Such return check charge shall be due and payable immediately, upon demand. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. Returned check charges shall be the obligation of the Owner(s) of the unit for which payment was tendered to the Association. Returned check charges shall become effective on any instrument tendered to the Association for payment of sums due under the Declaration, Articles, Bylaws, Rules and Regulations or this Resolution after the date adopted as shown above. If two or more of an Owner's checks are returned unpaid by the bank within any fiscal year, 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. This return check charge shall be in addition to any late fees or interest incurred by an Owner. Any returned check shall cause an account to be pas due if full payment of the monthly installment of the annual assessment is not timely made within ten days of the due date.
6. Service Fees: In the event the Association incurs any type of service fee, regardless of what it is called, for the handling and processing of delinquent accounts on a per account basis, such fees will be the responsibility of the Owner as such fee would not be incurred but for the delinquency of the Owner.
7. Payment Plan: Any Owner who becomes delinquent may enter into a payment plan with the Association, which plan shall be for a minimum term of six months or such other term as may be approved by the Board of Directors. Such payment plan shall be offered to each owner prior to the Association referring any account to an attorney or collection agency for collection action. In the event the Owner defaults or otherwise does not comply with the terms and conditions of the payment plan, including the payment of ongoing assessments of the Association, the Association may, without additional notice, refer the delinquent account to an attorney or collection agency for collection action or may take such other action as it deems appropriate in relation to the delinquency. The Association is not required to offer a payment plan, or negotiate a plan with, an Owner who has previously entered into a payment plan with the Association.

8. Attorney Fees on Delinquent Accounts: As an additional expense permitted under the Declaration and by Colorado law, 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. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand.
9. Application of Payments: All sums collected on a delinquent account shall be remitted to the Association's attorney until the account is brought current. All payments received on account of any Owner or the Owner's property (hereinafter collectively "Owner"), shall be applied in the following manner: first to the payment of any and all legal fees and costs (including attorney fees), then to expenses of enforcement and collection, late charges, returned check charges, lien fees, and other costs owing or incurred with respect to such Owner pursuant to the Declaration, Articles, Bylaws, Rules and Regulations, or this Resolution, prior to application of the payment to any special or regular assessments due or to become due with respect to such Owner.
10. Collection Process:
  - a. After an installment of an annual assessment or other charges due to the Association becomes more than thirty (30) days delinquent, and before the Association turns the delinquent account over to a collection agency or refers it to the Association's attorney for legal action, the Association shall send a written notice ("First Notice") of non-payment, amount past due, notice that late fees have accrued and request for immediate payment. The Association's notice, at a minimum, shall include the following:
    - i. The total amount due to the Association along with an accounting of how the total amount was determined;
    - ii. Whether the Owner may enter into a payment plan and instructions for contacting the Association to arrange for an enter into a plan;
    - iii. A name and contact information for an individual the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt; and
    - iv. A statement indicating that action is required to cure the delinquency and that failure to do so within thirty (30) days may result in the Owner's delinquent account being turned over to an attorney or collection agency, the filing of a lawsuit against the Owner, appointment of a receiver, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law including revoking the

Owner's right to vote if permitted in the Bylaws or Declaration.

- b. After an installment of an annual assessment or other charges due to the Association becomes more than sixty (60) days delinquent, the Association shall send a second written notice ("Second Notice") of non-payment, amount past due, notice that late fees have accrued, notice of intent to file a lien and request for immediate payment.
- c. Notices of Delinquency shall be mailed to the Owner at the unit address unless the Owner has given notice, in writing, of an alternate address. The Association may, but is not required to, send periodic follow-up notices to the Owner for as long as amounts remain past due on the Owner's account.
- d. After an installment of an annual assessment or other charges due to the Association becomes more than ninety (90) days delinquent, the Association shall turn the account over to the Association's attorney for collection. Upon receiving the delinquent account, the Association's attorneys may file a lien and send a letter to the delinquent Owner(s) demanding immediate payment for past due assessments or other charges due. Upon further review, the Association's attorney may file a lawsuit. If a judgment or decree is obtained, including without limitation a foreclosure action, such judgment or decree shall include reasonable attorney fees together with the cost of action and any applicable interest and late fees.
- e. In addition to the steps outlined above, the Association may elect to suspend the voting rights of any Owner whose account is past due and the time of such voting.

11. Acceleration and Deceleration of Assessments: The Board reserves the right to accelerate and call due the entire unpaid annual assessment on any delinquent account including such assessments that may become due during the pendency of a payment plan as described above. Such acceleration shall result in the entire unpaid annual assessment being due to the Association immediately. The Board also reserves the right to decelerate any accelerated assessment.

12. Collection Procedures/Time Frames: The following time frames shall be followed for use in the collection of monthly installments of the annual assessment and other charges.

Due Date (date payment due)	1 <sup>st</sup> day of the month due
Past Due Date (date payment is late if not received on or before that date)	One day after due date

First Notice (notice that late charges and interest have accrued, required disclosures of the Association and the availability of a payment plan, if applicable)	Any time after thirty (30) days after due date
Second Notice (notice that late charges and interest have accrued, notice of intent to file lien)	Any time after sixty (60) days after due date
Delinquent account turned over to Association's attorney; Lien filed; Demand letter sent to Owner.	Any time after ninety (90) days after due date

The attorney is to consult with the Association as necessary to determine if payment has been arranged or what collection procedures are appropriate.

13. Certificate of Status of Assessment: The Association shall furnish to an Owner or such Owner's designee upon written request, first class postage prepaid, return receipt, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's property free of charge. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney and subject to the fees and costs billed by the Association's attorney.
14. Bankruptcies and Foreclosure: Upon receipt of any notice of bankruptcy filing by an Owner, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any unit within the Association, the Association shall notify the Association's attorney of same and turn the account over to the Association's attorney, if appropriate.
15. Use of Certified Mail/Regular Mail: In the event the Association shall cause a collection or demand letter or notices to be sent to a delinquent 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.
16. Referral of Delinquent Accounts to Attorneys: After the deadline stated in the Notice of Delinquency has expired, the Association may, but shall not be required to, refer delinquent accounts to its attorneys for collection. Upon referral to the Association's attorney, the attorney 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. The attorney, in consultation with the Association, is authorized to take whatever action is necessary and determined to be in the best interests of the Association, including, but not limited to:

- a. Filing of a lawsuit against the delinquent Owner for a money judgment;
- b. Instituting a judicial foreclosure action of the Association's lien, upon approval by the Association's Board of Directors;
- c. Filing necessary claims, documents, and motions in bankruptcy court in order to protect the Association's interests; and
- d. Filing a court action seeking appointment of a receiver.

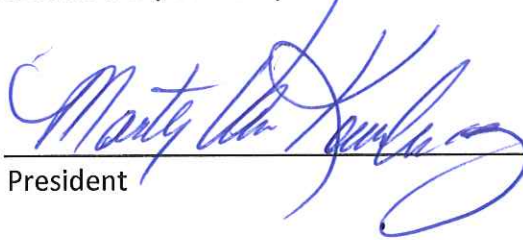
All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney.

17. Appointment of a Receiver: The Association may seek the appointment of a receiver if an Owner becomes delinquent in the payment of assessments pursuant to the Declaration and Colorado law. A receiver is a disinterested person, appointed by the court, who 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.
18. Rental Interception: To the extent permitted by the Declaration, the Association may, without Court order, notify the tenant of any unit where the Owner is delinquent in the payment of assessments, pursuant to the Declaration and Colorado law, that rents shall be paid to the Association effective immediately and continue until such time as the Owner's account is current. Such notice shall be in writing to the tenant and the Owner. All funds received by the Association from the tenant shall be credited to the Owner's account as set forth herein.
19. Judicial Foreclosure: 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 other circumstances favor such action. The Association shall consider, individually, each recommendation for a foreclosure and may only approve a foreclosure action after the delinquency equals or exceeds six months of common expenses assessments based on a periodic budget adopted by the Association. Such foreclosure shall be approved by the Board of Directors via resolution or a vote of the Board recorded in the minutes of the meeting at which the vote was taken.
20. Waivers: The Association is hereby authorized to extend the time for filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association shall determine appropriate under the circumstances.

21. Notification to and Communication with Owners: The Association shall, upon request, provide all Owners with a copy of this Resolution which shall become effective upon its adoption. All communication with a delinquent Owner shall be handled through the Association's attorney once a matter has been referred to the attorney. No 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.
22. Communication by Owners: Owners may communicate with the Association in any manner they choose including electronic mail (email), text, fax, phone, or in writing, when available. However, in doing so, the Owner acknowledges that the Association and /or its agents may communicate via the same method unless otherwise advised.
23. Sole Collections Policy: This policy shall be the sole existing policy of the Association regarding the collection of unpaid assessments, and shall replace and supersede any previous rules and regulations of the Association addressing the collection of past due assessments.
24. Defenses: Failure of the Association to comply with any provision of this Resolution 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 Resolution.
25. Credit Report: In the event an Owner becomes delinquent in the payment of assessments pursuant to the Declaration and Colorado law, the Owner acknowledges and agrees that the Association may cause a credit report to be pulled via an agent, in order to facilitate the collection of unpaid assessments.
26. Definitions: Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
27. 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 law of the State of Colorado governing the Project.
28. Deviations: The Board may deviate from the policies and procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.
29. Amendment: This Resolution may be amended from time to time by the Board of Directors.
30. Survival: In the event a court of competent jurisdiction finds a provision of this collection policy void or otherwise unenforceable, the other provisions shall remain in full force and effect.

**PRESIDENT'S CERTIFICATION:** The undersigned, being the President of the Association, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on APRIL 17, 2019, and in witness thereof, the undersigned has subscribed his/her name.

**COLUMBINE TOWNHOUSES FIVE ASSOCIATION**  
A Colorado nonprofit corporation

By:   
President