RESOLUTION
OF
PRIDE'S CROSSING #4 HOMEOWNERS ASSOCIATION, INC.
REGARDING POLICY AND PROCEDURE 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 **PRIDE'S CROSSING #4 HOMEOWNERS ASSOCIATION, INC.** and Colorado law.

EFFECTIVE DATE:September 12,2024

RESOLUTION: **PRIDE'S CROSSING #4 HOMEOWNERS ASSOCIATION, INC.** ("Association") hereby gives notice of its adoption of the following policies and procedures for the collection of assessments and other charges of the Association:

The resolution adopted is as follows:

House Bills 22-1137, 24-1233, and 24-1337 add new requirements for Common Interest Communities when collecting delinquent accounts. It is in the best interest of the Association to adopt a policy incorporating the new requirements so as to minimize the Association's loss of assessment revenue.

Article XII, Section 1, of the Declaration grants the Association the power to enforce the provisions of the Declaration;

The Association's documents authorize, and the Colorado Common Interest Ownership Act requires, the Board of Directors to adopt rules, procedures, and resolutions for carrying out its duties, and to enforce such rules, procedures, and resolutions,

IT IS RESOLVED that the Association will enforce the Articles, Declaration, Bylaws, and Rules subject to the following procedure:

1. **Due Dates.** The monthly installments of the annual assessment as determined by the Association and as allowed for in the Declaration shall be due and payable on the 1st day of each month of each year. Assessments or other charges not paid in full to the Association within fifteen (15) days of the due date shall be considered past due and

delinquent. Assessments or other charges not paid in full to the Association within fifteen (15) 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 a monthly installment of the annual assessment within fifteen (15) days of the due date. This late charge shall be a "common expense" for each delinquent Owner. The Association shall impose interest from the date due at the rate of 8% per annum on the amount owed for each Owner who fails to timely pay a monthly installment of the annual assessment within fifteen (15) days of the due date.

4. **Personal Obligation for Late Charges.** The late charge 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 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 (1) 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 past due if full payment of the installment of the annual assessment is not timely made within fifteen (15) days of the due date.

6. **Service Fees.** In the event the Association incurs any type of service fee,

including but not limited to fees for certified mail, return receipt requested; fees for posting documents at the Owner's property; document interpretation or any other 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 fees would not be incurred but for the delinquency of the Owner.

7. **Language of Correspondence.** The Association will send all correspondence in English unless the Owner notifies the Association in writing that the Owner prefers correspondence from the Association to be in a language other than English. If an Owner notifies the Association of their preferred language in writing, the Association will send all correspondence in the preferred language of the Owner.

8. Preferred Contact. The Association will send all correspondence to the Owner at their address within the Association unless an Owner identifies another person or address to serve as a designated contact for the Owner to be contacted on the Owner's behalf for purposes of collections. If an Owner notifies the Association of its designated contact, the Association will send all correspondence and notices to both the Owner and the Owner's designated contact. The Owner must identify the designated contact to the Association in writing and provide three forms of contact including, a mailing address, email address, and phone number for the designated contact. The Owner is responsible at all times to notify the Association in writing of any changes to the designated contact or the designated contact's contact information.

9. Methods of Contact. When sending an Owner or designated contact a Delinquency Notice in accordance with Section 11 of this Policy, the Association shall 1) send all correspondence by certified mail, return receipt requested, to the Unit Owner and designated contact, and 2) choose two additional methods of contact from the three methods below which can be made to the Owner or Designated Contact:

(a) Telephone call to a telephone number that the Association has on file because the Unit Owner or Designated Contact has provided the number to the Association. If the Association attempts to contact the Unit Owner or Designated Contact by telephone but is unable to contact the Unit Owner or Designated Contact, the Association, shall, if possible, leave a voicemail for the Unit Owner or Designated contact;

(b) Text message to a cellular number that the Association has on file because the Owner or Designated Contact has provided the cellular number to the Association; or

(c) E-mail to an e-mail address that the Association has on file because the Owner or Designated Contact has provided the e-mail address to the Association.

10. Record of Contacts Regarding Delinquencies. The Association shall maintain a record of any contacts, including information regarding the type of communication

used to contact the Owner and the date and time that the contact was made. For the purpose of this Section 10, "contacts" shall include all contacts by the Management Company.

11. Collection Process.

(a) After an installment of an annual assessment or other charges due to the Association becomes fifteen (15) days delinquent, the Board of Directors or Management Company shall send a written notice of the delinquency ("Delinquency Notice") to the Owner. The Delinquency Notice 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, the minimum terms of the payment plan mandated, and instructions for contacting the Association to arrange for and 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;

(iv) A statement indicating that action is required to cure the delinquency and that failure to do so within thirty days may result in the Owner's delinquency account being turned over to an attorney, a 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;

(v) Whether the delinquency concerns unpaid assessments; unpaid fines, fees, or charges; or both unpaid assessments and unpaid fines, fees, or charges;

(vi) If the delinquency concerns unpaid assessments, a statement that unpaid assessments may lead to foreclosure;

(vii) A description of the steps the Association must take before the Association may take legal action against the Unit Owner, including a description of the Association's cure process; and

(viii) A description of what legal action the Association may take against the Owner, including a description of the types of matters that the Association or Owner may take to small claims court, being all civil actions in which the debt, damage or value of the personal property claimed by either the plaintiff or the defendant exclusive of interest and costs, does not exceed seven thousand five hundred dollars ($7500.00), including such civil penalties as may be provided by law, including all actions in tort where damages do not exceed seven thousand five hundred dollars ($7500.00), and including injunctive matters for which the association seeks an order

requiring the Owner to comply with the Declaration, Bylaws, Covenants, or other Governing Documents of the Association.

(b) After a monthly installment of an annual assessment or other charges due to the Association becomes 90 days delinquent, the Association shall turn the account over to the Association's attorney for collection in accordance with Section 20 below. Upon receiving the delinquent account, the Association or the Association's attorneys may file a lien and send a letter to the delinquent Owner 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's fees together with the cost of the action and any applicable interest and late fees.

(c) In addition to the steps outlined above, the Association may elect to suspend the voting rights of any Owner whose account is past due at the time of such voting.

12. Monthly Statements. In addition to sending a Delinquency Notice in accordance with Section 11 of this Policy, the Association shall send an itemized list of all Assessments to each Owner who has any outstanding balance owed to the Association on a monthly basis, by first class mail and by e-mail if the Association has the relevant e-mail address of the Owner. The monthly statement shall be in English or in any language for which the Owner has indicated a preference for correspondence and notices.

13. **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)	1st day of the month due
Past Due Date (date payment is late if not received on or before that date)	15 days after due date
Delinquency 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 15 days after due date

Delinquent account turned over to Association's attorney; Lien filed; Demand letter sent to Owner.	Any time after 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.

14. **Payment Plans.**

(a) Any Owner who becomes delinquent in payment of assessments after August 9, 2022 and whose account is not currently with the Association's attorney or a collection agency for collection action on August 9, 2022, may enter into a payment plan with the Association, which plan shall be for a minimum term of eighteen (18) months or such other term as may be approved by the Board of Directors.

(b) Under the repayment plan, the Owner may choose the amount to be paid each month so long as each payment must be in an amount of at least twenty-five dollars ($25.00) until the balance of the amount owed is less than twenty-five dollars ($25.00).

(c) Such payment plan shall be offered to each Owner in writing at least thirty (30) days prior to the Association referring any account to an attorney or collection agency for collection action.

(d) Prior to referring any account to an attorney or collection agency, the Owner must either 1) decline the payment plan by providing no response or otherwise; or 2) after accepting the repayment plan, fail to pay at least three (3) of the monthly installments within thirty (30) days after the monthly installments were due.

(e) In the event the Owner declines a payment plan or fails to pay three (3) monthly installments within thirty (30) days after the monthly installments are due in accordance with Section 14(d), or otherwise does not comply with the terms and conditions of the payment plan, including the payment of ongoing regular 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.

(f) An Owner who has entered into a payment plan under this section may elect to pay the remaining balance owed under the repayment plan at any time during the duration of the repayment plan without penalty.

15. **Application of Payments.**

(a) If an Owner who has both unpaid assessments and unpaid fines, fees, or other charges makes a payment to the Association, including payment made pursuant to a repayment plan, the Association shall apply the payment first to the assessments owed and any remaining amount of the payment to the fines, fees, or other charges owed.

(b) Once an account is referred to the Association's attorney, 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.

16. **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.

17. **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, up to $5,000.00 or 50% of the balance owed, whichever is less, plus any costs associated with the collection process.

18. **Certificate of Status of Assessment.** 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 such Owner's property at no cost. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

19. **Bankruptcies and 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 unit within the Association, the Association and/or Management Company shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.

20. **Referral of Delinquent Accounts to Attorneys.** The Association may refer a Delinquent account to a collection agency or attorney only if a majority of the Executive Board votes to refer the matter in a recorded vote at an executive or closed meeting. 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 Board of Directors and/or Management Company, 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 suit 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.

21. **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.

22. **Rental Interception.** To the extent permitted by the Declaration, the Association may, without a 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.

23. **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. To foreclose a on a lien against a property, the Association must:

(a) Have obtained a personal judgment against the Unit Owner in a civil action to collect the amounts sue;

(b) Must have attempted to bring a civil action against the Unit Owner but was prevented by the death or incapacity of the Unit Owner;

(c) Must have attempted to bring a civil action against the Unit Owner and made reasonable attempt to serve the Unit Owner but the Association was unable to serve the Unit Owner within 180 days; or

(d) The Unit Owner must have filed a bankruptcy petition or must have an involuntary bankruptcy petition filed against the Unit Owner, and the amount due to the Association is subject to the Bankruptcy civil action.

Subsections (a) through (d) apply exclusively to a Unit owned by an individual who occupies the Unit as a principal residence, unless used for workforce housing; Subsections (a) through (d) do not apply to a Unit owned by an entity other than an individual or a Unit not occupied as the Unit Owner's Principal Residence.

(e) At least thirty (30) days before initiating legal action to foreclose a lien, the Association shall provide written and electronic notice to the Unit Owner or designee that the Unit Owner has the right to engage in mediation prior to the litigation. The Unit Owner must respond within 30 days after the date of the Notice. To participate in mediation, both parties must:

(i) Select a mutually agreeable mediator knowledgeable in this area of law; and

(ii) Schedule the mediation within thirty (30) days after receiving notice of the Owner's desire to mediate.

(f) At least thirty (30) days prior to initiating legal action to foreclose, the Association shall provide written and electronic notice to all lien holders identified on the Unit Owner's Property records of the pending action for foreclosure which must include the amount of any outstanding assessments and other monies owed.

24. **Waivers.** 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 shall determine appropriate under the circumstances.

25. **Communication with Owners whose Accounts have been turned over to the Attorney.** All communication with a delinquent Owner shall be handled through the Association's attorney once a matter has been referred to the attorney. Neither the Manager 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.

26. **Communication by Owners.** Owners may communicate with the Association in any manner they choose including 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.

27. **Defenses.** Failure of the Association to comply with any provision in this Policy 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 Policy.

28. **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.

29. **Definitions.** Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

30. **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 Association.

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

32. **Amendment.** This Policy may be amended from time to time by the Board of Directors.

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 _____, 2024, and in witness thereof, the undersigned has subscribed his/her name.

PRIDE'S CROSSING #4 HOMEOWNERS ASSOCIATION, INC.

By: Richard Roberts _____ Its: President

Richard Roberts

SEAL