POLICY OF ELK RIDGE TOWNHOME ASSOCIATION
REGARDING 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: 09/20/2024

RESOLUTION: 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. 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. 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 31 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 $25.00 late charge for each Owner who fails to timely pay any assessment within 31 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 their monthly installment of any assessment within 31 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 Policy, 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 Policy 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 any assessment is not timely made within 31 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. However, the cost charged to the Owner for any notice or other documentation sent to an Owner via certified mail is limited to the actual cost of the certified mail.

7. Repayment Plan. Any Owner who becomes delinquent in payment of assessments may enter into a repayment plan with the Association, which plan shall be for a minimum term of 18 months or such other longer term as may be approved by the Board of Directors.

Such repayment plan shall be offered to each Owner prior to the Association referring any account to an attorney or collection agency for collection action. Under the repayment plan, the Owner may choose the amount to be paid each month, so long as each payment is at least twenty-five dollars ($25.00) until the balance of the amount owed is less than twenty-five dollars ($25.00).

The Owner shall be deemed to be in default of the repayment plan and the repayment plan with the Association shall be null and void if within thirty (30) days after the Association has provided the Owner with a written offer to enter into a repayment plan, the Owner either declined the repayment plan; or after accepting the repayment plan, failed to pay at least three (3) of the monthly installments within fifteen (15) days after the monthly installments were due.

If the Owner does not confirm written acceptance of the repayment plan within thirty (30) days after the Association has provided the Owner with a written offer to enter into a repayment plan, the offer shall be deemed to be declined.

In the event the Owner defaults or otherwise does not comply with the terms and conditions of the repayment 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.

An Owner who has entered into a repayment plan may elect to pay the remaining balance owed under the repayment plan at any time during the duration of the repayment plan.

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, within any limitations pursuant to

Colorado law. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand.

9. Application of Payments. 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. The Association may prohibit the Owner from accessing any online payment portal 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 assessments owed, then to 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 Policy.

10. Collection Process.

(a) After an installment of an annual assessment or other charges due to the Association becomes more than 30 days delinquent, the Management Company shall send a written notice ("First Notice") of non-payment, amount past due, notice that interest and late fees have accrued and request for immediate payment. This First Notice shall be sent by regular first-class mail.

(b) After an installment of an annual assessment or other charges due to the Association becomes more than 60 days delinquent, the Management Company shall send a second written notice ("Second Notice") of non-payment, amount past due, notice that interest and late fees have accrued, notice of intent to file a lien 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 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) Specify whether the delinquency concerns unpaid assessments; unpaid fines, fees or charges; or both unpaid assessments and unpaid fines, fees, or charges, and, if the notice of delinquency concerns unpaid assessments, the notice of delinquency must notify the Owner that unpaid assessments may lead to foreclosure.

(vi) Include a description of the steps the Association must take before the Association may take legal action against the Owner, including a description of the Association's covenant violation cure process as laid out in the Association's Covenant and Rule Enforcement Policy.

(vii) Include 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, 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.

(c) This Second Notice will be provided to the Owner or the Owner's designated contact in the following manners:

(i) Certified mail, return receipt requested; and

(ii) By two of the following manners:

i. Telephone call to a telephone number that the Association has on file because the Owner or the Owner's designated contact has provided the number to the Association. If the Association attempts to contact the Owner or designated contact by telephone but is unable to contact the Owner or the Owner's designated contact, the Association shall, if possible, leave a voice message for the Owner or the Owner's designated contact; or

ii. Text message to a cellular number that the Association has on file because the Owner or the Owner's designated contact has provided the cellular number to the Association; or

iii. Email to an email address that the Association has on file because the Owner or the Owner's designated contact has provided the email address to the Association.

(d) After an installment of an annual assessment or other charges due to the Association becomes more than 90 days delinquent, the Management Company shall turn the account over to the Association's attorney for collection.

Any collection account referred to an attorney for collections shall first 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, pursuant to the Association's Conduct of Meetings Policy.

Upon receiving the delinquent account, legal counsel 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, legal counsel may file a lawsuit or further collection action. 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 the action and any applicable interest and late fees.

In addition to the steps outlined above, even after the Owner has been sent to the attorney for collections, on a monthly basis, the Association shall send any Owner with an outstanding balance due an itemized list of all assessments, fines, fees, and charges that the Owner owes the Association. A ledger going back to the last zero balance can satisfy this requirement.

This monthly notice shall be sent by first-class mail. The monthly notice shall also be sent by email if the Association has an email address for the Owner.

This monthly notice shall be sent in English unless the Owner has indicated a preference for notices to be sent in another language.

If the Owner has identified a designated contact, this notice shall be sent to both the Owner and a copy sent to the designated contact.

This notice may not contain additional legal fees and legal costs that have been incurred by the Association but have not yet been posted to the ledger. As such, the Owner is required to communicate with the collection attorney to obtain the most up to date balance.

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)	1st day of the month due
First Notice (notice that late charges and interest have accrued)	Any time after 30 days after due date

Second Notice (notice that late charges and interest have accrued, notice of intent to file lien, required disclosures of the Association and the availability of a payment plan if applicable)	Any time after 60 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 may 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 the Owner or designee's written request to the Association, made via first class postage prepaid, return receipt requested mail, a written statement from the Association, setting forth the amount of unpaid assessments currently levied against such Owner's property at no charge and delivered personally or by certified mail, first class-postage prepaid, return receipt requested. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

A status letter provided to a title company or mortgage company in anticipation of a sale of the property or a refinance of the mortgage provides additional information beyond a statement of the total amount due and as such any charges incurred by the Association for providing a status letter shall be charged back to the Owner.

14. 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,

Management Company shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.

15. Referral of Delinquent Accounts to Attorneys. 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 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.

16. 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.

17. Judicial Foreclosure. The Association may choose to foreclose on its lien in addition to attempting to sue an Owner for a money judgment, subject to the provisions of Colorado law. 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. 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.

The Association 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.

The Association may not foreclose on an Owner's Unit if the debt securing the lien consists only of one or both of the following:

(a) Fines that the Association has assessed against the Owner as a result of covenant violations; or

(b) Collection costs or attorney fees that the Association has incurred and that are only associated with assessed fines as a result of covenant violations.

If a Unit has been foreclosed on by the Association, the Unit shall not be purchased by any of the following categories of persons or companies, who are currently or have been at any time during the 5 years prior to the foreclosure sale:

(i) a member of the Board of Directors;
(ii) an employee of the Association's management company representing the Association;
(iii) an employee of the law firm representing the Association;
(iv) an immediate family member of any of the foregoing individuals; or
(v) the Association's management company.

18. 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.

19. Communication with Owners. As to any communication sent by the Association or the Management company on behalf of the Association pursuant to Paragraph 10 of this Policy, the Association or management company on their behalf, 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.

An Owner may identify another person to serve as a designated contact for the Owner to be contacted on the Owner's behalf. If the Owner identifies a designated contact, the Association shall send any collection correspondence and notices to both the Owner and their designated contact. However, once an Owner is sent to the attorney for collections, all communication will be directly with the Owner until or unless the Owner provides permission directly to the Association's attorney giving permission for the attorney to discuss with the designated contact.

An Owner may notify the Association if the Owner prefers that correspondence and notices from the Association be made in a language other than English. If a preference is not indicated, the Association shall send the correspondence and notices in English. If the Owner has notified the Association of a preference other than English, any notices or letters sent pursuant to this Policy shall be sent both in English and in the preferred language.

If an Owner has identified both a designated contact and a preference for a different language, the Association shall send the Owner the correspondence or notice in the preferred language and in English and the designated contact the correspondence or notice in English.

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.

20. 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.

21. 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.

22. Definitions. Unless otherwise defined in this Policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

23. Supplement to Law. The provisions of this Policy 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.

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

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

PRESIDENT'S CERTIFICATION: The undersigned, being the President of Elk Ridge Townhome Association, a Colorado nonprofit corporation, certifies the foregoing Policy was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on _____ and in witness thereof, the undersigned has subscribed their name.

Elk Ridge Townhome Association, a Colorado nonprofit corporation

By: _____

Its: President