

RESOLUTION 22_07_10
OF
HIGHLANDS RANCH COMMUNITY ASSOCIATION, INC. REGARDING
COLLECTION POLICY

SUBJECT: Adoption of a revised Collection Policy in accordance with C.R.S. § 38-33.3-209.5, superseding the policy approved by Resolution 20_03_13.

PURPOSE: To provide notice of the Association's adoption of a revised uniform and systematic procedure to collect assessments that includes additional notice of late accounts for impacted owners.

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

EFFECTIVE DATE: August 10, 2022

RESOLUTION:

WHEREAS, the Board of Directors determined the need to update the Association's Collection Policy previously adopted by Resolution 20_03_13, effective March 23, 2020.

NOW THEREFORE, BE IT RESOLVED, the Board of Directors takes the following action:

1. The Collection Policy attached to this Resolution as Exhibit A is adopted as the Association's Collection Policy, superseding its entirety the Collection Policy previously adopted by Resolution 20_03_13, effective March 23, 2020.
2. Except as expressly amended by this Resolution, the governing documents of the Association remain unchanged.

PRESIDENT'S CERTIFICATION:

The undersigned, being the President of Highlands Ranch Community Association, Inc., a Colorado nonprofit corporation, 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 July 19, 2022 and in witness thereof, the undersigned has subscribed his/her name.

**Highlands Ranch Community
Association, Inc.,**
a Colorado nonprofit corporation

By: 
Its: President

HIGHLANDS RANCH COMMUNITY ASSOCIATION, INC.
COLLECTION POLICY

Adopted July 19, 2022
Effective August 10, 2022

The following procedures have been adopted by Highlands Ranch Community Association, Inc. (“Association”) pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To establish a uniform and systematic procedure for collecting assessments and other charges of the Association, thus ensuring the financial well-being of the Association.

Collection Philosophy: All Members are obligated by the Community Declaration for Highlands Ranch Community Association, Inc. (“Declaration”) to pay all dues and assessments in a timely manner. Failure to do so jeopardizes the Association’s ability to pay its bills. Failure of Members to pay assessments in a timely manner is also unfair to other Members who do. Accordingly, the Association, acting through the Board of Directors, must take steps to ensure timely payment of assessments.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following procedures and policies for the collection of assessments and other charges of the Association:

1. Due Dates. The annual Common Assessments based solely on AFCAs (“Administrative Function Common Assessments”) that do not include RFCAs (“Recreation Function Common Assessments”) shall be due and payable on the first (1st) day of each January. Common Assessments including both AFCAs and RFCAs shall be due and payable in equal installments due on the first (1st) day of each January, April, July and October. Special assessments, individual purpose assessments, and reimbursement assessments, if any, may be assessed or made from time to time by the Association in accordance with the Declaration and are due and payable as determined by the Board. All assessments or other charges not paid to the Association when due shall be considered past due and delinquent.
2. Late Fees and Interest/Finance Charges. The Association shall be entitled to impose a late fee of thirty-five dollars (\$35.00) on any quarterly installment of Common Assessments that include both AFCA and RFCA, or any other charge not received within forty-five (45) days of its due date except as provided herein. The Association shall be entitled to impose a late fee of thirteen dollars (\$13.00) on any annual installment that is AFCA only not received within forty-five (45) days of its due date. Any Common Assessment or installment of any assessment which is not received within forty-five (45) days after the date of any notice of default given to the owner and prior to the recording of a lien, shall bear interest/finance charges at the rate of eight (8%) percent per annum from the date any lien is recorded. All such fees and interest shall be due and payable immediately, without notice, in the manner provided for payment of assessments.
3. Acceleration. If any assessment or any installment thereof is not received within thirty (30) days after its due date, the Association may cause the balance of the assessment or the installments of the assessments for the then current calendar year to become immediately due and payable at the option of the Board of Directors in accordance with Section 8.35 of the Declaration.



4. Return Check Charges. A twenty-dollar (\$20.00) fee shall be assessed against an owner in the event any check or other instrument attributable to or payable for the benefits 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. 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 of the unit for which payment was tendered to the Association. If two or more of an owner's checks are returned unpaid by the bank within any twelve (12) month period, 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.
5. Attorneys' Fees and Collection Costs on Delinquent Accounts. The Association shall be entitled to recover from an owner its reasonable attorneys' fees and collection costs, including any costs of collection charged by the Association's management company, incurred in the collection of assessments or other charges due, whether or not a lawsuit had been initiated against the owner. The Association shall be entitled to recover its post-judgement and appellate attorneys' fees and costs incurred from the owner.
6. No Offsets. No owner may be exempt from liability for payment of any assessment or other charge for any reason, including but not limited to, the abandonment of the unit against which the assessment or charge is made. All assessments shall be payable in the amounts specified and no offsets or reduction shall be permitted for any reason including, without limitation, any claim that the Association or Board of Directors is not properly exercising its duties and powers under the Declaration.
7. Application of Payments Made to the Association. If an owner owes both unpaid assessments and unpaid fines, fees, or other charges and makes a payment to the Association, the Association shall apply the payment first to the assessments owed and any remaining amount to the fines, fees, or other charges owed. The Association has the discretion to return any payment containing a restrictive endorsement or directing application of payments contrary to this provision.
8. Offer of Repayment Plan. In its Notice of Delinquency, described in Paragraph 9 below, and subject to the following requirements and conditions, prior to turning an account over to a collection agency or attorney for collections, the Association shall offer a repayment plan to any owner and make a good faith effort to coordinate a repayment plan with the owner:
 - a. The repayment plan must allow the owner the right to pay off the delinquency in monthly installments over a period of up to eighteen (18) months;
 - b. The owner may choose the amount to be paid each month of the repayment plan, so long as each payment is 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. 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;
 - d. No repayment plan need be offered if the owner does not occupy the unit and has acquired the unit as a result of:
 - i. a default of a security interest encumbering the unit; or
 - ii. foreclosure of the Association's lien;

- e. The Association is not required to offer a repayment plan or negotiation such a plan with an owner who has previously entered into a payment plan with the Association;
 - f. The owner's failure to remit payment of at least three (3) monthly installments of an agreed-upon installment within fifteen (15) days of the due date, or to remain current with regular assessments as they come due during the period of the repayment plan, constitutes a failure to comply with the terms of the repayment plan; and
 - g. The Association may pursue legal action against the owner if the owner fails to comply with the terms of the repayment plan.
9. Notice of Delinquency. After an installment of an assessment or other charge becomes thirty (30) days delinquent, and before the Association turns the delinquent account over to a collection agency or refers it to the Association's attorneys for legal action, the Association shall cause a Notice of Delinquency to be sent to the owner who is delinquent in payment. The Notice of Delinquency shall specify the following:
- a. a description of the steps the Association must take before it may take legal action against the owner, including a description of the Association's cure process for covenant violations as specified in its policy governing enforcement;
 - b. a description of what legal actions the Association may take against the owner, including a description of the types of matters 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. the total amount due, with an accounting of how the amount was determined;
 - d. whether the total amount due concerns unpaid assessments; unpaid fines, fees, or charges; or both;
 - e. whether the delinquency concerns unpaid assessments that may lead to foreclosure;
 - f. whether an opportunity to enter into a repayment plan exists and the instructions for contacting the Association or its manager to enter into such a repayment plan;
 - g. the name and contact information for the person the owner may contact to request a copy of the owner's ledger in order to verify the amount owed;
 - h. that action is required to cure the delinquency and the specific action required to cure the delinquency;
 - i. that failure to cure the delinquency within thirty (30) days may result in acceleration of the balance of the assessment or the installments of the assessment for the then calendar year, the delinquent account being turned over to a collection agency or the Association's attorney, a lawsuit being filed against the owner, the filing and foreclosure of a lien against the owner's unit, or other remedies available under Colorado law; and
 - j. of any right to cure the default after acceleration and of any right to bring a court action to assert the nonexistence of a default or any other defense of the Member.

The Association may, but shall not be required to, send additional notices to the owner, either before or after the Notice of Delinquency set forth above, for as long as amounts remain past due on the owner's account. However, the Association is only required to send one Notice of Delinquency as provided for in this Paragraph. The Notice of Delinquency shall be sent by certified mail, return receipt requested; physically posted at the Unit; and sent by U.S. regular mail at the property address unless the owner has given notice, in writing, to the Association of

an alternate address. In lieu of sending the Notice of Delinquency by regular U.S. mail, the Association may, but is not required to, send it by electronic mail to an e-mail address that the Association has on file because the owner has provided the address to the Association.

10. Balance Letter. On a monthly basis and by First-Class Mail and e-mail, if the Association has the owner's e-mail address, the Association shall send each owner who has any outstanding balance owed to the Association an itemized list of all Assessments, fines, fees, and charges that the owner owes to the Association ("Balance Letter"). *If the Association has incurred, or will incur, attorneys' fees and costs that have not yet been billed to the Association and added to the owner's account, the Balance Letter shall indicate that the outstanding balance may not include all charges that have been or will be incurred, and does not constitute a payoff.*
11. Notices. Except as otherwise provided herein, any notices shall be mailed to the owner via U.S. regular mail at the unit address unless the owner has given notice, in writing, to the Association of an alternate address. If an owner has provided written notification to the Association of a valid email address, the Association may, but shall not be required to, also send notices to the owner via email transmission. The Association shall send the Notice of Delinquency, Balance Letter, and all other notices to the owner in English and in any other language the owner designates in a writing that the owner mails to the Association by certified United States mail, return receipt requested. In addition, the Association shall mail the Notice of Delinquency, Balance Letter, and all other notices in English to any contact person the owner designates in a writing that the Owner mails to the Association by certified United States mail, return receipt requested.
12. Liens. If payment in full of any assessment or other charge is not received by the deadline stated in the Notice of Delinquency, the Association may cause a notice of lien to be filed against the unit. The lien shall include assessments, fees, charges, late charges, attorneys' fees, fines, interest, and other charges pursuant to C.R.S. § 38-33.3-316(1).
13. 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 the delinquent account over to a collection agency or refer it to the Association's attorney for legal action. An account may only be referred to an attorney or a collection agency if a majority of the Board of Directors votes to refer the matter in a recorded vote at a meeting conducted pursuant to C.R.S. § 38-33.3-308(4)(e). Upon referral to the attorneys, the attorneys 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. All communications and payments must come through the attorneys' office after the account has been referred to the attorney. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney. The attorneys shall be entitled to exercise all available remedies to collect the amounts due, including judicial foreclosure and *ex parte* appointment of a receiver of the owner's property.

Collection Timeframe Chart	
AFCA and RFCA Due Date	1st day of each January, April, July and October.
AFCA only	1st day of each January.
AFCA and RFCA Past Due and Delinquent	2nd day of each January, April, July and October.
AFCA only	2nd day of each January.
Notice of Delinquency	Any time after 30 days from the Due Date.
Late Fee Assessed	\$35.00 on any assessment or other charge not received within forty-five (45) days of its Due Date. \$13.00 on an AFCA only assessment.
Interest/Finance Charges Assessed	8% per annum from the date any lien is recorded.
Board of Directors votes to refer the matter to attorneys	Any time after the expiration of the Notice of Delinquency.
Delinquent account turned over to a collection agency or referred to the Association's attorneys for legal action.	Any time after a majority of the Board votes to send the file to the Association's attorneys.

14. Foreclosure of Liens. Notwithstanding any provision of this policy to the contrary, the Association may only foreclose its lien if:

- a. The balance of the assessments and charges secured by the lien equals or exceeds six (6) months' worth of regular assessments based on the periodic budget adopted by the Association;
- b. The Board of Directors has formally resolved, by a recorded vote, to authorize the filing of a legal action against the specific unit on an individual basis; and
- c. The lien does not consist only of fines that the Association has assessed against the owner, and/or collection costs or attorneys' fees that the Association has incurred and that are only associated with fines.

Any owner that fails to accept a repayment plan within thirty (30) days of the Notice of Delinquency is deemed to have declined the repayment plan and the Association may commence a legal action and or an action to initiate a foreclosure proceeding as provided herein. The Association may commence a legal action and/or an action to initiate a foreclosure proceeding as provided herein against any owner that accepts a repayment plan and fails to pay at least three (3) of the monthly installments within fifteen (15) days after the monthly installments were due without further notice.

15. Suspension of Privileges. In addition to assessing late fees or other charges, and without limiting the Association's remedies under its governing documents, the Board may suspend membership privileges, which may include, but shall not be limited to, suspension of access to Association amenities and suspension of voting privileges, and impose other sanctions in accordance with the governing documents and applicable Colorado law. The Association is not required to follow the procedures set forth in this Policy to suspend membership privileges and instead may follow other procedures specified in the governing documents for such suspension. If the governing documents do not specify procedures for suspension of privileges or state conditions for when procedures are

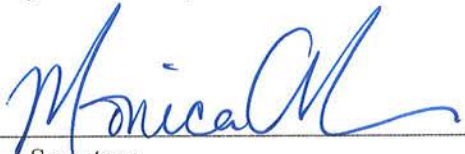
automatically suspended, the Association shall provide reasonable notice and opportunity for a hearing prior to the suspension of privileges. The Board may revoke or suspend the violator's privileges for a period of time equal to the duration of the violation and for up to 60 days thereafter, unless such violation is a continuing violation, in which case such suspension may continue for as long as such violation continues and for up to 60 days thereafter. However, nothing in this section shall require notice and an opportunity for the suspension of voting privileges if the governing documents do not require a hearing

16. Waivers. Nothing in this policy shall require the Association to take a specific action(s) other than as set forth herein and to notify owners of the adoption of this policy. The Association has the option and right to continue to evaluate each delinquency on a case-by-case basis. The Association may grant a waiver of any provision herein upon petition in writing by an owner showing a personal hardship. Any such relief granted an owner shall be appropriately documented in the files with the name of the person or persons representing the Association granting the relief and the conditions of the relief. In addition, 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 may determine appropriate under the circumstances, except as may be prohibited by Colorado law.
17. Order of Remedies. Subject to the restriction contained in the Foreclosure of Liens Paragraph above, the Association may pursue any actions or remedies, including, but not limited to, actions for personal judgment, foreclosure, or receivership (on an *ex parte* basis or otherwise and for purposes of collecting the lien balance coming due to the Association both pre-judgment and post-judgment in any judicial proceedings), to collect amounts owed in any order, and in the case of a foreclosure by the holder of another security interest in the owner's property, may immediately proceed to file actions for personal judgment, foreclosure, or receivership (on an *ex parte* basis or otherwise) without the necessity of following the procedures set forth above.
18. Bankruptcies and Foreclosures. Upon receipt of any notice of a bankruptcy filing by and owner, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any unit withing the Association, the Association shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.
19. Severability. If a provision of this policy is or becomes illegal, invalid or unenforceable, that shall not affect the validity or enforceability of any other provision if this policy.
20. Superseding Previous Policies. This policy shall replace and supersede any previous rules and regulations or policies of the Association addressing the collection of assessments.

Highlands Ranch Community Association, Inc.

By:  _____
President

This Collection Policy was adopted by the Board of Directors on the 19th day of July, 2022, effective the 10th day of August, 2022 and is attested to by the Secretary of Highlands Ranch Community Association, Inc.

By: 
Secretary