

**RESOLUTION OF THE  
GRASS MESA HOMEOWNERS ASSOCIATION  
ADOPTING POLICY AND PROCEDURE FOR THE 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, Bylaws of the Association, and Colorado law.

**EFFECTIVE DATE:** April 1, 2016

**RESOLUTION:** The Association hereby adopts the following Resolution:

1. **Due Dates.** The Association's annual assessment shall be charged on January 1<sup>st</sup> of each year, and can be paid by an Owner either monthly or quarterly. If an Owner chooses to pay annual assessments on a monthly basis, the assessment shall be considered past due and delinquent after the 10<sup>th</sup> day of each month. If an Owner chooses to pay annual assessments on a quarterly basis, the assessments shall be considered past due and delinquent at the end of each Quarter (i.e. March 31<sup>st</sup>, June 30<sup>th</sup>, September 30<sup>th</sup>, December 31<sup>st</sup>). Special assessments established by the Association shall be in statement form mailed to the Association members, shall set forth in detail the various expenses or emergency for which the special assessment is being made, and shall be due and payable within thirty (30) days of the date of mailing of the statement for the assessment or within thirty (30) days after a specified due date set forth in the statement, whichever is later. Payments not received within the thirty (30) day period are considered past due and delinquent.
2. **Receipt Date.** The Association shall post payments on the day that the payment is received in the Association's bank offices.
3. **Late Charges and Interest on Delinquent Installments.** The Association shall impose on a monthly basis a late charge of \$40.00 per month for each Owner who fails to

pay the assessment by the due date as provided above. This late charge shall be an assessment pursuant to the Declaration and CCIOA for each delinquent Owner. The Association shall also impose interest at an annual percentage rate equal to 21% per annum from the date it becomes due and payable if not paid within ten (10) days after such date.

4. **Personal Obligation for Late Charges.** In addition to being a continuing lien on the Lot, the late charge shall be the personal obligation of the Owner(s) of the Lot for which such assessment or installment is unpaid. All late charges shall be due and payable immediately, without notice, in the manner provided herein for payment of assessments.

5. **Returned Check Charges.** In addition to any and all charges imposed under the Declaration, Articles of Incorporation, Bylaws, the Rules and Regulations of the Association, or this Resolution, 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 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 an assessment pursuant to the Declaration and CCIOA for each Owner who tenders payment by check or other instrument which is not honored by the bank upon which it is drawn. Such returned 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 Lot 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.

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 returned 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 assessment is not timely made within ten (10) days of its due date.

6. **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 to the Association from a delinquent Owner. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred.

7. **Application of Payments.** Except as otherwise agreed to in writing by the Owner(s) and the Association, 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 to payment of any and all late fees, legal fees and costs (including attorney fees), expenses of enforcement and collection, returned check charges, lien fees, and other fines or 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 annual assessments due or to become due with respect to such Owner.

8. **Payment plans.** Subject to the restrictions below, the Association shall offer a payment plan to any delinquent Owner and make a good faith effort to coordinate such a plan. Such payment plan may be determined at the discretion of the Board of Directors, but shall be for a term of not less than six months and shall provide that the Owner must remain current with regard to future assessments. No payment plan need be offered if the Owner does not occupy the Lot and has acquired the Lot as a result of either a default of a security interest encumbering the Lot or foreclosure of the Association's lien. 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. An Owner's failure to comply with and remit payments according to the terms of the payment plan, or to

remain current with assessments as they come due during the period of the payment plan, constitutes a failure to comply with the payment plan. The Association may pursue legal action against the Owner if the Owner fails to comply with the payment plan.

9. **Notice of Delinquency.** After an installment of an assessment or other charge owed to the Association becomes past due, 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 cause a Notice of Delinquency to be sent to the delinquent Owner. The Notice of Delinquency must include:

- i) the amount past due with an accounting of how the total was determined;
- ii) whether the opportunity to enter into a payment plan exists;
- iii) the name and contact information for the individual the Owner may contact to request a copy of the ledger to verify the amount of the debt; and
- iv) a notice that action is required to cure the delinquency and that failure to do so within thirty days may result in the Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law.

The Notice of Delinquency shall be mailed to the Owner at the Lot 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.

10. **Acceleration of Assessment.** The Board reserves the right to accelerate and call due the entire unpaid annual assessment on any delinquent account. Such acceleration shall result in the entire unpaid annual assessment being due to the Association immediately. The Board also reserves the right to decelerate the entire unpaid annual assessment on any delinquent account, in its sole discretion.



11. **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 requested, to the Association's agent a written statement setting forth the amount of unpaid assessments currently levied against such Owner's property for a fifty dollar (\$50) fee. However, if the account has been turned over to the Association's attorney, such request shall be handled through the attorney and subject to the fees and costs billed by the Association's attorney.

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

13. **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.

14. **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 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. The attorney is authorized to take whatever action is necessary, in consultation with the President of the Board of Directors or other authorized representative, believed to be in the best interests of the Association, including but not limited to:

- (a) Filing a suit against the delinquent Owner for a money judgment;
- (b) Instituting a judicial foreclosure action of the Association's lien;

- (c) Filing necessary claims, documents, and motions in bankruptcy court in order to protect the Association's interests;
- (d) File 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 or as otherwise agreed to by the parties.

Upon referral of any matter to the Association's attorney, the manager, acting on behalf of the Association, shall pay the Association's attorneys their usual and customary charges as well as any costs incurred by the attorney on the Association's behalf, promptly upon receipt of the monthly invoice from the attorney.

15. **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, Colorado law, and this Resolution. 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; correct any violations of the Declaration, Bylaws, or Rules and Regulations; and prevent the waste and deterioration of the property.

16. **Judicial Foreclosure.** The Association may choose to foreclose on its lien in lieu of or in addition to suing an Owner in county court 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 is unable to foreclose a lien against a delinquent Owner until the balance due equals or exceeds six months of assessments. The Association's Board of Directors shall vote and formally approve the filing of a foreclosure action on any given account. The Board of Directors cannot delegate this responsibility to an attorney, insurer, manager or any other person. The Board of



Directors shall provide a copy of meeting minutes, indicating such vote and approval, to the Association attorney at the commencement of the foreclosure process.

17. **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.

18. **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. 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.

19. **Ongoing Evaluation.** Nothing in this Resolution shall require the Association to take specific actions other than to notify the Owners of the adoption of these policies and procedures. Once an Owner's account is turned over to the Association's attorney, all communication regarding the account must be made through the attorney. However, the Association has the option and right to continue to evaluate each delinquency on a case-by-case basis.

20. **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.

21. **Defenses.** Failure of the Association to comply with any provision in 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

charges, late charges, returned check charges, attorney fees, and/or costs as described and imposed by this Collection Policy.

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

23. **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 Grass Mesa Homeowners Association, 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 MARCH 21, 2016 and in witness thereof, the undersigned has subscribed his/her name.

**GRASS MESA HOMEOWNERS  
ASSOCIATION,**  
a Colorado nonprofit corporation

By:   
President