

THE VILLAS AT ELK RUN HOMEOWNER'S ASSOCIATION, INC.  
COLLECTION POLICY

Adopted April 18, 2023

The following procedures have been adopted by the Elk Run Homeowner's Association, Inc. 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 collection assessments and other charges of the Association, and thus ensuring the financial well-being of the Association.

**Collection Philosophy:** All members are obligated by the Condominium Declaration for the Villas at Elk Run ("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 its other members who do. Accordingly, the Association, acting through its 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 assessment, as determined by the Association in accordance with its Declaration, shall be due and payable monthly in equal installments due on the first day of every month. Special assessments or other charges may be assessed or made from time to time by the Association in accordance with the Declaration and are due and payable as specified by resolution authorizing such assessment or charge. All assessments or other charges not paid to the Association when due shall be considered past due and delinquent.
- 2. Past Due:** Annual assessments are considered past due if they are not paid by the first day of every month. Special assessments and other charges are considered past due if they are not paid by the time specified in the resolution authorizing such assessment or charge.
- 3. Late Fees and Interest:** The Association shall be entitled to impose a late fee of ten dollars (\$10.00) on any assessment or other charge not paid within thirty (30) days after the due date. Additionally, any assessment or other charge not paid within thirty (30) days after the due date shall bear an interest rate from the due date of eight percent (8%) per year. All such fees and interest shall be due and payable immediately, without notice, in the manner provided for paying assessments.
- 4. Return Check Charges:** A twenty dollar (\$20) 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. Such amount shall be in addition to any charges made by the bank due to the dishonored check. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. If two or more of an owner's checks or checks payable for the benefit of such owner are returned unpaid by the bank within a

twelve (12) month period, the Association may require that all of owner's future payments for a period of one year be made by certified check or money order.

5. **Notice of Delinquency:** After any assessment or installment thereof owed to the Association is thirty (30) days past due and remains unpaid, the Association may cause notice of the delinquency to be sent to the owner who is delinquent in payment. The notice shall specify: (1) the total amount due with an accounting of how the amount was determined; (2) whether the delinquency concerns unpaid assessments, unpaid fines, fees, or charges, or both unpaid assessments and unpaid fines, fees, and charges; (3) whether the opportunity for the owner to enter into a payment plan exists and the name and contact information of the person whom the owner should contact to enter into such payment plan; (4) a date, not less than thirty (30) days from the date notice is provided by which such delinquency must be cured and the specific action required to cure the default; (5) the name and contact information of the person whom the owner can contact to request a copy of the owner's ledger to verify the amount of the delinquency; (6) a statement indicating the fact that if the delinquency is not cured by the due date, the owner's delinquent account may be turned over to a collection agency or an attorney, a lawsuit may be filed against the owner, a lien may be filed on and foreclosed against owner's property if the unpaid amounts are unpaid assessments, or the Association may seek any other remedies available under Colorado law, including, but not limited to, taking the owner to small claims court to collect the delinquent amount or seeking an injunction to compel the owner to comply with the Association's declarations, bylaws, covenants, or other governing documents; and (7) the method by which payments may be applied on the delinquent account.

6. **Language of Notice of Delinquency:** Any collection letter will be sent in English and any other language that the owner previously has indicated a preference for correspondence and notices.

7. **Payment Plan:** Under any payment plan agreed to by the Association and any delinquent owner, the owner must pay off the deficiency in monthly installments over a period no greater than eighteen (18) months. The owner may choose the amount to be paid each month, so long as each payment is at least twenty-five dollars (\$25) per month until the balance of the amount owed is less than twenty-five dollars (\$25). A unit owner who has entered into a payment plan may elect to pay the remaining balance owed under the payment plan at any time during the duration of the payment plan. The owner is considered to have violated the payment plan if the owner (a) fails to remit payment of three or more agreed-upon installments or (b) fails to remain current with regular assessments as they come due during the eighteen-month period.

8. **Payment Plan Not Available:** A payment plan is not available to an owner under the following circumstances: (1) the owner does not occupy the unit and has acquired the property as a result of (a) a default of a security interest encumbering the unit or (a) foreclosure of the association's lien and the Association; or (2) the owner has previously entered into a payment plan.

9. **Application for Payments Made to the Association:** If the owner owes unpaid assessments and unpaid fines, fees, or other charges, the association shall apply any payment first

to the assessments owed and any remaining amount of the payment to the fines, fees, or other charges owed.

**10. Attorney's Fees on Delinquent Accounts:** The Association shall be entitled to recover attorney's fees and costs, including, but not limited to, any additional costs charged by the management company, related to the collection of assessments and any unpaid fines, fees, or other charges, whether or not a lawsuit has been initiated against the delinquent owner and as allowed by the Association's governing documents and Colorado law.

**11. Other Notices by Association and Monthly Statements:** The Association may but is not required to contact the Owner prior to sending a Notice of Delinquency regarding the owner's account and any delinquencies on the account. However, if the owner is delinquent, the Association will send the owner by first-class mail and by email, if the Association has email information for the owner, a statement showing the outstanding balance owed. This monthly statement is not a pay-off balance since owner may owe additional interest and attorney's fees and costs.

**12. Delivery of Notices of Delinquency:** The Notice of Delinquency will be (a) posted at the owner's unit, (b) mailed to the owner by U.S. certified mail, return receipt requested, and (c) delivered by one of the following additional methods: (i) first-class mail; (ii) text message to a cellular number that the owner has provided to the Association; or (iii) emailed to an email address that the owner has provided to the Association.

**13. Unit Owner Designated Contact:** An owner may designate another person to receive contact regarding a delinquent account by notifying the Association in writing, the Association shall also send any notices, including a Notice of Delinquency, to the designated person.

**14. Referral of Delinquent Accounts and Action to Collect:** The Association will not refer a delinquent account to a collection agency or attorney until the majority of the Board of Directors votes to refer the matter. Upon referral to an 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 suit against the delinquent Owner for a money judgment, including taking an owner to small claims court; (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; (d) filing a court action seeking appointment of a receiver; or (e) seeking an injunction to compel the owner to comply with the Association's declarations, bylaws, covenants, or other governing document.

**15. Waivers:** Nothing in this policy shall require the Association to take specific actions other than 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 personal

hardship. Such relief granted to an owner shall be appropriately documented in the files 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.

**16. Order of Remedies:** The Association may pursue any actions or remedies to collect amounts owed in any order or contemporaneously and cumulative, and in the case of 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 without the necessity of following the procedures not mandated by Colorado law.

**17. Superseding Previous Policies:** This policy shall replace and supersede any previous rules and regulations or policies of the Association addressing the collection past-due assessments and fines, fees, or other charges, and may be amended by time-to-time by the Board.

The Villas at Elk Run Homeowner's Association, Inc.

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President

This Collection Policy was adopted by the Board of Directors on the 18 day of April 2023, effective this 18, day of April, 2023, and is attested to by the Secretary of The Villas at Elk Run Homeowner's Association, Inc.

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Secretary