POLICY OF ELK SPRINGS HOMEOWNERS ASSOCIATION, INC.
REGARDING PROCEDURES FOR COLLECTION OF UNPAID ASSESSMENTS

SUBJECT: Adoption of a policy and procedure regarding the collection of unpaid assessments.

PURPOSE: To provide a fair, uniform and systematic procedure to collect assessments and other charges of the Association that is compliant with the Colorado Common Interest Ownership Act ("CCIOA"), C.R.S. 38-33.3-101 *et seq.*

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

EFFECTIVE DATE: MAY 11, 2026

RESOLUTION: The Association, by majority vote of the Board of Directors, hereby adopts the following policies and procedures for the collection of assessments and other charges of the Association.

1. Due Dates. 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. The Association shall post payments on the day that the payment is received in the Association's office. 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. A lien on the Owner's Lot in the past due amount accrues upon delinquency.

2. Delinquency Notice – First Notice. After an assessment or other charges due to the Association becomes 30 days or more delinquent, a written notice, in English and any other language the Owner has previously requested for correspondence, will be sent to the delinquent Owner via (1) certified mail, return receipt requested **and** (2) by two of the following methods (a) First class mail; (b) telephone call; (c) email (if the association has one on file provided by the Owner) (d) text message (if the association has a cellular number on file provided by the Owner). The notice shall include the following information:

   a. Total amount due; and
   b. Detailed accounting of how the total amount due was determined, which may be satisfied by a ledger starting from a $0 balance; and
   c. Clear statement or description of what each sum due is for, such as unpaid assessment, fine, fee, charge, interest, or other category; and

d. How the Owner may request a copy of the ledger for the Owner's account, which must be provided within 7 business days of such request; and
e. Payment plan offer consistent with this Policy and CCIOA, if the delinquent Owner is eligible for a payment plan; and
f. That the delinquent Owner has the right to request a hearing by providing written notice to the Association within thirty (30) days of the delinquency Notice; and
g. Offer to provide information in another language if requested by Owner; and
h. Foreclosure warning, including that nonpayment may result in a forced sale of the property and loss of equity in the property; and
i. Name and contact information for a specific person the Owner can reach out to request a ledger or verify the debt; and
j. Notice that the debt is a lien on the Owner's Unit and a personal obligation of the Owner; and
k. Owner has thirty days to cure the delinquency and that failure to do so may result in:
    (i) Late fees, interest, attorneys' fees and costs; and/or
    (ii) Referral to a collection agency or attorney; and/or
    (iii) Lawsuit being filed, including without limitation a small claims court action for debts under $7,500 exclusive of interest and costs; and/or
    (iv) Recordation of a notice of lien; and/or
    (v) Foreclosure on the lien.
l. Credit counseling information, including the following links for free online information regarding the collection of assessments and foreclosure via the DORA HOA Information and Resource Center and HUD:

    https://dre.colorado.gov/hoa-information-about-assessments/delinquency

    https://answers.hud.gov/housingcounseling/s/?language=en_US

    toll free (800) 569-4287

    https://www.211colorado.org

    https://coloradohousingconnects.org/

    toll free (844) 926-6623

m. Statement that attorneys' fees recoverable by Association can be up to $5000.00 or 50% of the debt, whichever is less; and
n. Statement that voting rights are suspended for Owners with delinquent accounts, but that voting rights will be restored for an Owner who enters into a payment plan and is current on the payment plan without any other delinquencies; and
o. Monthly statements of delinquent accounts will be provided at no charge to the Owner; and

p. Foreclosure and Litigation Notices, Advisements and Prerequisites:
   (i) Foreclosure may be instituted if (1) the delinquent balance equals or exceeds six months of common expense assessments based on the Association's period budget and (2) a formal recorded vote of the executive board specifically authorizes foreclosure and (3) thirty (30) days advance written notice compliant with Section 2 above of the intent to foreclose has been provided to the Owner; and
   (ii) Foreclosure will not be instituted if the debt consists solely of fines, collection costs, or attorneys fees associated with fines; and
   (iii) Before proceeding with judicial foreclosure, the Association will obtain a personal judgment against the delinquent Owner in a civil action (or after unsuccessful attempted service on the delinquent Owner for 180 days); and
   (iv) An advisement that the Owner has the right to engage in mediation before the association initiates litigation or foreclosure against the Owner and how the Owner may request or demand mediation; and
   (v) An advisement that the Owner has a right to halt the foreclosure sale of their property to attempt a private, fair market value sale for a period of time to be determined by the Court; and
   (vi) That Colorado law provides a redemption period for the delinquent Owner.

3. Delinquency Notice – Second Notice. After an installment of an annual assessment or other charges due to the Association becomes 60 days or more delinquent, a second written notice ("Second Notice") shall be sent and a notice of lien may be recorded if approved by the Board. The Second Notice will comply with the same requirements as the First Notice.

4. Hearing. If a timely written request for a hearing is made by a delinquent Owner, the Board shall hold a hearing at which the delinquent Owner is allowed to speak and/or be represented by an attorney. The hearing shall be in accordance with the process set forth in the Association's Policy for Enforcement of Rules and Regulations, Hearing Procedures, and Schedule of Fines.

5. Late Charges on Delinquent Installments. Provided that a delinquency notice has been sent to the delinquent Owner in accordance with this Policy and CCIOA, for any assessment installment that is not paid within 30 days of the due date, the Association shall impose a monthly $25.00 late charge, but late charges shall not exceed $50.00 total per year of delinquency, and shall impose impose interest from the date due at the rate of 8% per annum on the delinquent amount, but the interest shall not be applied to late fees or fines; interest only accrues on unpaid assessments.

4. Return Check Charges. In the event that 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, a return check fee, not to exceed $20.00 or the actual amount of the cost incurred by the Association in relation to the returned check, whichever is greater, shall be assessed against an Owner. 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 30 days of the due date.

5. 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.

6. Attorney Fees on Delinquent Accounts. The Association shall be entitled to recover its reasonable attorney fees up to a maximum of $5000.00 or 50% of the original debt, whichever is less. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand.

7. Collection and Litigation Costs. All costs incurred by the Association in collection actions and foreclosure actions against a delinquent Owner shall be recoverable by the Association if the Association prevails in such actions.

8. Personal Obligation for Charges and Fees. All late fees, interest charges, service fees, return check fees, and attorneys' fees pursuant to the Declaration and this Policy shall be a lien upon the Unit of the delinquent Owner in the same manner that an assessment is, and shall also be a personal obligation of the delinquent Owner(s). All such fees and charges shall be

due and payable immediately in the manner provided by the Declaration and this Policy for payment of assessments.

9. Payment Plan. A delinquent Owner is entitled to a one-time opportunity to enter into a payment plan with the Association whereby: (a) the entire delinquent amount shall be paid within 18 months (the payment plan may have a longer period if mutually agreed upon by the Association and the delinquent Owner); (b) the total amount must be paid off in monthly installments of not less than $25.00 each; (c) the delinquent owner must remain current with regular dues and assessments that become due during the payment plan period; (d) the Association may pursue collection if the delinquent owner is in default under the payment plan; (e) default shall include failure to remit payment of three or more agreed-upon installments within 15 days of being due and/or failure to remain current with dues and assessments that became due during the payment plan period; and (f) additional or other specific terms as mutually agreed upon between the Association and the delinquent Owner. Upon default in the payment plan by the delinquent Owner, the payment plan shall be null and void, and the Association may institute collection action or foreclosure in accordance with this Policy and CCIOA. A delinquent Owner who has had a prior payment plan, whether completed or in default, shall not be entitled to a payment plan on any subsequent delinquencies. However, in the reasonable discretion of the Board, a second payment play *may be* offered for good cause shown.

The Association shall offer a payment plan in accordance with the foregoing before referring the debt for collection by a third party. If the delinquent Owner does not accept the payment plan in writing within thirty (30) days, the Association may deem the offer declined.

An Owner who has entered into a payment plan may elect to pay the remaining balance owed under the payment plan at any time during its term without penalty.

8. Application of Payments. Payments received from a delinquent Owner on a delinquent account shall be first applied the outstanding balance of any assessments owed; only after the assessment balance is satisfied will any remaining amount be applied to other types of charges, including attorneys' fees, late fees, interest, fines and other penalties.

9. Collection Process. Once the Owner is delinquent in assessments or other charges for 90 days or more, the account may be turned over to the Association's attorney for collection and other legal action, provided that the Board of Directors has voted by a majority to refer the matter to the Association's attorney and such vote has been recorded in the minutes of the meeting at which the vote was taken. 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. Upon such referral, the Owner becomes liable for attorneys' fees and costs of collection or litigation as provided in this Policy, CCIOA, the Declaration, and other applicable law.

While the Owner's delinquent account is in collection, the Association shall continue to send a monthly statement to the delinquent Owner at no cost to the Owner with an outstanding balance due and 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) 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 and any other language the Owner has previously requested in writing. If the Owner has identified a designated additional contact person, the monthly statement shall also be sent to the designated contact.

After an account has been referred to the Association's attorney, the Board shall authorize the attorney to, in consultation with the Board of Directors, take any or a combination of the following actions to collect the debt, as determined by the Board of Directors in its reasonable discretion:

a. File suit against the delinquent Owner for a money judgment, upon approval by the Board; and/or
b. Institute judicial foreclosure action of the Association's lien, upon approval by the Board; and/or
c. File claims, documents, and motions in bankruptcy court in order to protect the Association's interests; and/or
d. File a court action seeking appointment of a receiver.

10. Following is a summary of the timeline for the process outlined above for assessments:

Assessment Installment Due Date (date payment due)	1st day of each calendar month
Past Due Date	One day after due date
Lien Accrues	One day after due date
First Notice	On or after 30 days after due date
Second Notice and Notice of Lien Recorded	On or after 60 days after due date
Account Turned Over for Collection and/or other Legal	On or after 90 days after due date

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. However, the Board must provide thirty days' written notice of the intent to accelerate assessments, during which time the Owner shall have the opportunity to cure the original delinquency and avoid acceleration, and/or request a hearing on the assessment delinquency.

12. 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.

13. 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.

14. Appointment of a Receiver. Pursuant to the Declaration, CCIOA and applicable law, the Association may seek the appointment of a receiver if an Owner becomes delinquent in the payment of assessments. 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.

15. Foreclosure on Association Lien. The Association may, in addition to other collection actions, by vote of a majority of directors, choose to foreclose on its lien on an Owner's Unit in accordance with applicable Colorado law. Such vote will be recorded in the minutes of the meeting at which the vote was taken. Thirty days written notice to the delinquent Owner and an opportunity for the Owner to participate in mediation is required prior to

commencement of a foreclosure action. The notice shall include the Owner's right to mediate and instructions on how to request mediation.

Foreclosure can be undertaken only when 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 if the debt securing the lien consists only of one or both of the following:

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

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

At any time after the Association files a foreclosure action, but prior to the date of the auction, the delinquent Owner may file a motion with the Court to stay the auction of the Unit to allow the delinquent Owner to list the unit for sale at fair market value, or at an alternate amount as determined by the Court.

In a foreclosure sale, the Unit shall not be purchased by any persons or entity who is or has 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 or a principal or employee thereof.

16. Extensions of Time for Delinquent Owners. The Association may extend the time for compliance or cure by a delinquent Owner on good cause shown, and may in its reasonable discretion agree to stays or extensions of time in lawsuits or foreclosure actions.

17. Communication with Owners. The Association or the Management company on behalf of the Association shall maintain a record of all contacts with delinquent Owners, 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.

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 or such Owner's attorney 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. However, notwithstanding the foregoing, the Association shall continue to provide a monthly written statement of the delinquent account to the delinquent Owner.

20. Communication bv Owners. Except where written communication is required by this Policy, Owners may communicate with the Association in any manner they choose including by email, text, phone, or U.S. mail. However, in doing so, the Owner acknowledges that the Association and/or its agents may communicate via the same method unless otherwise advised or required by applicable law.

21. Annual Reporting. The Association shall report the following information annually to the Colorado Division of Real Estate, without any personally identifying information of Members:

a the number of Unit Owners who are 6 or more months delinquent in the payment of assessments during the preceding 12-month period; and

b the number of judgments obtained against unit owners;

c the number of payment plans entered into with unit owners; and

d the number of foreclosure actions filed by the Association.

22. 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, nor shall it be deemed to discharge or terminate a lien on a delinquent Owner's Unit.

23. Definitions. If a term used in this Policy is not defined in the Policy, it shall have the meaning set forth in the Declaration, or, if not defined in the Declaration, the meaning set forth in CCIOA.

24. Supplement to Law. The provisions of this Policy supplement but do not contravene or replace the terms and provisions of the Declaration and the applicable laws of the State of Colorado.

25. Deviations. The Board may deviate from the procedures set forth in this Policy if in its reasonable discretion such deviation is reasonable under the circumstances, except where such deviation would contravene or violate applicable Colorado law or the Declaration. Strict compliance with CCIOA in collection matters is required to preserve the Association's rights and avoid penalties.

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

CERTIFICATION

By signing below, the undersigned President of Elk Springs Homeowners Association, Inc. certifies that the foregoing Policy was adopted by the Board of Directors of the Association at duly called and held meeting of the Board of Directors or by unanimous written consent of all Directors as of the Effective Date given above.

Elk Springs Homeowners Association, Inc., a Colorado nonprofit corporation

By: ______________________________
Jesse Hill, President

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