

**RESOLUTION OF
REDCLIFF TWO CONDOMINIUMS OWNERS ASSOCIATION, INC.**

**ADOPTING POLICIES AND PROCEDURES FOR COLLECTION OF UNPAID ASSESSMENTS
Policy #3**

- SUBJECT:** Adoption of a policy and procedure regarding the collection of unpaid RedCliff Two Condominiums Owners Association (the "Association") 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 of the RedCliff Two Condominiums Owners Association, (the "Declaration"), Articles of Incorporation and Bylaws of the Association, any amendments thereto (the "Governing Documents") and Colorado law.
- EFFECTIVE DATE:** NOVEMBER 22, 2021
- RESOLUTION:** The Association hereby adopts the following policy: It is in the best interest of the Association to refer delinquent accounts promptly to an attorney for collections so as to minimize the Association's loss of assessment revenue. The Board of Directors has retained an attorney with experience in representing homeowner associations in collections and other matters. 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. The quarterly installments of the annual assessment as determined by the Association and as allowed for in the Declaration shall be invoiced at least 10 days prior to the start of each calendar quarter and are considered due on the first day of each calendar quarter (January 1, April 1, July 1, October 1). Assessments or other charges not paid in full to the Association on or before the due date shall be considered past due and delinquent. Assessments or other charges not paid in full to the Association within 15 days of the due date shall incur late charges, statement fees and interest. In the event notice of delinquency or acceleration is given to delinquent Owner(s), the Owner(s) of the unit shall also be charged any cost incurred by the Association in giving notice of such default or acceleration.
2. Receipt Date. The Association shall post payments on the day that the payment is received by the Association.
3. Late Charges on Delinquent Installments. The Association shall charge interest monthly at a rate set by the Board of Directors from time to time, which shall be 18% per year to any unit Owner who has not paid any assessment within fifteen (15) days of the due date. As amended by the Board of Directors in November 2020, the association shall also impose a late fee of \$50.00 on each Owner who fails to timely pay his/her quarterly installment of the annual assessment within fifteen (15) days of the due date. This late charge shall be a continuing lien and security interest upon the Unit for each

delinquent Owner. A fee for statement processing may also be imposed for each month an assessment or charges remains unpaid.

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 Declarations (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 Regulation of the Association of this Resolution, a fee in the amount of \$50.00, 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 shall be a "common expense" of 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 property 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 Declarations, Articles, Bylaws, Rules and Regulations or this Resolution after the date adopted as shown above. If two or more of the 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 the quarterly installment of the annual assessment is not timely made within 15 days of the 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 the Association from a delinquent Owner. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand.

7. Application of Payments. All sums collected on a delinquent account that has been turned over to the Association's attorney 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 legal fee costs (including attorney fees), expenses of enforcement and collection, late charges, returned check charges, lien fees, statement fees and other 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 regular assessments due or to become due with respect to such Owner.

8. Collection Process.

- a) After a quarterly installment of an annual assessment or other charges due to the Association becomes more than 15 days delinquent, the manager shall send a written

notice ("First Notice") in the form of an invoice for interest and a late fee, and notice of intent to charge accrued interest and request for immediate payment to the Owner.

- b) After the quarterly installment of an annual assessment or other charges due to the Association become more than 30 days delinquent, the manager shall send a second written notice ("Second Notice") in the form of an invoice with interest on the unpaid balance from the due date including a \$10.00 statement fee due to the manager, intent to lien the property, and request for immediate payment to the Owner. The manager will transmit this notice via USPS, or other suitable method as determined by the manager's discretion. The cost of delivery shall be charged to the Owner's account.
- c) After the quarterly installment of an annual assessment or other charges due to the Association become more than 60 days delinquent, the manager shall send a third written notice ("Third Notice") in the form of an invoice with interest on the unpaid balance from the due date including an additional \$10.00 statement fee due to the manager, intent to lien the property, and request for immediate payment to the Owner. The Association may request that a "Demand Letter" including the offer of a payment plan be sent by either the manager or the attorney. All costs for this demand letter will be assessed to the Owner as a "reimbursement expense" and is due and payable immediately. A reimbursement assessment is subject to the same late fee and interest as a regular assessment. The manager will transmit this notice via USPS, or other suitable method as determined in the manager's discretion. The cost of delivery shall be charged to the Owner's account.
- d) After the quarterly installment of an annual assessment or other charges due to the Association become more than 90 days delinquent, the manager shall turn the account over to the Association's attorney for collection. Upon receiving the delinquent account, the Association's attorney shall send a letter to the delinquent Owner demanding immediate payment for past due assessments or other charges due or a lien may be filed. Upon further review, the Association's attorney may file a lawsuit. If a judgment or decree is obtained, including without limitation a foreclosure action, such judgment or decree shall include reasonable attorney's fees with the cost of the action and any applicable interest and late fees. The manager shall continue to send statements and shall collect the \$10.00 statement fee until the account is paid in full.
- e) Any collection letter shall include the following:
 - i) How the amount due was calculated;
 - ii) If the delinquent owner is eligible to enter into a payment plan;
 - iii) The name and contact information for the delinquent Owner to contact to receive a ledger verifying the debt; and
 - iv) A statement that, in the event the delinquent Owner fails to cure the delinquency, the Association may turn the account over for collection to an attorney or a collection agency.
 - v) In addition to the steps outlined above, the Association may elect to suspend the voting rights of any Owner whose account is past due at the time of such voting.

9. Acceleration and Deceleration of Assessments. The Board of Directors 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 reserves the right to decelerate any accelerated assessment.

10. Collection Procedures/Time Frames. The following time frames shall be followed for use in the collection of annual assessments and other charges.

Due Date	The 1 st day of each calendar quarter (January, April, July, October)
Overdue on the 16 th day – Interest charged; Late Fee Charged	15 days after the 1 st day of each calendar quarter (Jan. 16, Apr. 16, Jul 16, Oct.16)
30 days overdue: Statement sent with Late Fee, Interest and Statement Fee	Second month of each calendar quarter (February 16, May 16, August 16, November 16)
60 days overdue: Statement sent with Late Fee, Interest and Statement Fee; Demand Letter Sent with Statement	Third month of each calendar quarter (March 16, June 16, September 16, December 16)
90 days overdue: Account may be turned over to legal for collections and lien process started.	April 16, July 16, October 16, January 16

The attorney is to consult with the Association as necessary to determine if payment has been arranged or what collection procedures are appropriate. If appropriate, a delinquent owner may qualify for a one-time repayment plan to bring their account current. Such a plan shall be a minimum of six (6) months. In the event the delinquent owner fails to make a scheduled payment, the Association may immediately begin collection proceedings.

11. Certification 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, to the Association's agent, a written statement, in the form of an accounting ledger, setting forth the amount of unpaid assessments currently levied against such Owner's property, and how such amounts were calculated, for a reasonable fee of \$10.00. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.

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

13. Regular Mail. Collection or demand letters or notices may be sent to delinquent Owners by first-class mail, postage prepaid.

14. 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 the Association, is authorized to take whatever action is necessary and determined to be in the best interest of the Association, including but not limited to:

- f) Filing a suit against the delinquent Owner for a money judgment.
- g) Instituting a judicial foreclosure action of the Association's lien.
- h) Filing necessary claims, documents, and motions in bankruptcy court in order to protect the Association's interests; and
- i) 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. Upon referral of any matter to the Association's attorney, the Association shall pay the attorney's 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 and Colorado law. A receiver is a disinterested person, appointed by the court. The purpose of a receivership for the Association is to obtain payment of current assessment, reduce past due assessments 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 for a money judgment. The purpose of foreclosing is to obtain payment of all assessments owing in situations where either money judgment lawsuit had been or is likely to be unsuccessful or other circumstances favor such action.

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. Communication with Owners. All communication with a delinquent Owner shall be handled through the Association's manager until such time that the account is turned over to the Association's attorney for collection. 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. 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.

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

21. Supplement to Law. The provision of this Resolution 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.

22. Deviations. The Board of Directors may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

23. Amendment. This Procedure may be amended from time to time by the Board of Directors.

BOARD OF DIRECTORS CERTIFICATION: See signature page.