

The Estates at Stone Ridge Owners Association, Inc.

Policy for Collection of Unpaid Assessments

Effective: May 18, 2020.

I. Policy Purpose

This policy sets forth the process used in collecting delinquent assessments, including time frames of notices, interest, indicates when an account will be turned over to legal counsel, sets forth how payments are applied and when and in what manner payment plans may be entered into between the Association and an Owner.

II. Delinquent Accounts

Dues assessments are sent annually by the Board to each Owner by December 31st. All assessed amounts are due by January 10th.

III. Returned Check Charge

Any returned checks are subject to a \$25.00 returned check charge.

IV. Late Fees and Interest

Accounts not paid by February 15th are considered delinquent and are charged a \$25.00 late fee. In addition, if delinquent accounts remain unpaid on March 15th, interest shall be charged from the original due date at a rate of twenty-one percent (21%) per annum.

V. Attorney's Fees and Costs

All attorney fees and costs incurred in collecting unpaid assessments, including but not limited to, drafting and sending delinquency notices, negotiating and drafting payment plan agreements, preparing and recording of any notice of lien and release of lien, court filing fees, and service of process fees, shall be assessed to the owner.

VI. Application of Payments

All payments received on a delinquent account are applied in the following order: first to interest, then any late fees, then any returned check charges, then to court costs and attorney fees, and then to dues assessments.

VII. Notice of Delinquency

The Association's Treasurer shall provide a report to the Board of all delinquent accounts on or before the first day of March. The Association's Secretary, in accordance with C.R.S. § 38-33.3-209.5, will cause a notice of delinquency (Notice) to be mailed to each Owner with a delinquent account. The Notice will specify the total amount due, include a copy of the ledger that accounts for how the total was determined, state whether the Owner is eligible to enter into a payment plan, and provide instructions for contacting the Association to enter into such a payment plan. The Notice will further inform the Owner that action to cure the delinquency is required to be taken within thirty (30) days and that failure to do so may result in the 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.

VIII. Notice of Lien

Unless the Owner cures the delinquency in full within thirty (30) days of the Notice, the Association may cause a Notice of Lien for Past Due Assessments to be recorded in Montrose County, Colorado.

IX. Payment Plan

If the Owner is unwilling or unable to cure the delinquency in full within thirty (30) days, the Association will make a good faith effort to set up a payment plan with an owner for the payment of delinquent assessments, UNLESS the Owner does not occupy the property and has acquired the property as a result of the foreclosure of a security interest encumbering the property OR the Owner has previously entered into a payment plan for the payment of delinquent assessments, in which case the Owner is not entitled to enter into a payment plan.

Any payment plan entered into with an Owner shall permit the Owner to pay off the deficiency in equal installments over a period of at least six (6) months. The Owner must remain current with regular assessments as they come due during the six-month period, or such longer period as the Board may agree. If the Owner fails to comply with the terms of the payment plan, including the failure to remit payment of an agreed upon installment or to remain current with regular assessments, the Owner shall be in default and the Association may, without further notice to the Owner, pursue legal action to collect the delinquent assessments.

X. Legal Remedies

Legal remedies available to the Association to collect a delinquent account pursuant to the Declaration and Colorado law include filing suit to recover a money judgment personally against the Owner and foreclosure of the Association's statutory lien for assessments, which remedies may be pursued simultaneously.

A. Foreclosure of Lien for Assessments Requires Formal Vote of Board.

The Association may only foreclose its lien for assessments if the balance of the assessments and charges secured by its lien equals or exceeds six (6) months of common expense assessments based on a periodic budget adopted by the Board of Directors, by a recorded vote, to authorize the foreclosure against the specific property on an individual basis.

B. Suit to Recover Money Judgment. Unless the Association instructs the Association's attorney to pursue foreclosure of its lien for assessments, and provides the requisite resolution approving such action, when an account is turned over to the Association's attorney for legal action, the attorney will file suit to recover a money judgment against the owner in Montrose County Court.

Upon a judgment being entered, the attorney shall cause a Transcript of Judgment to be recorded in Montrose County and any other Colorado county in which the Association believes the owner might possibly own or acquire real property.

The Association's attorney may pursue all such other post-judgment collection remedies as permitted under Colorado law, including service of interrogatories, garnishment of wages or bank accounts, or foreclosure of the judgment lien. If the Association's attorney recommends foreclosing on the judgment lien, the attorney shall first obtain an ownership and encumbrance report from a title company to get an initial determination as to the Association's lien priority and provide the Board with a copy of the report. The Association's attorney shall not initiate foreclosure of a judgment lien, unless the Board has formally resolved, in the same manner as required for foreclosing the Association's lien for assessments, by a recorded vote, to authorize the foreclosure against the specific property on an individual basis.