

COLLECTION POLICY AND PROCEDURES OF STRAWBERRY ACRES HOMEOWNERS' ASSOCIATION

The following Collection Policy and Procedures were adopted by resolution of the Board of Directors of Strawberry Acres Homeowners' Association (hereinafter "The Association") pursuant to Colorado Law.

Colorado Revised Statute 38-33/3-209.5 requires the Association to adopt and follow a written policy regarding the collection of unpaid assessments, fines, fees, and other charges. The Policy follows the amendments to C.R.S 38-33/3-209.5, effective August 9, 2022.

BE IT RESOLVED, that the following policies and procedures shall apply to the Association's collection of unpaid assessments, fines, fees, charges, attorney's fees, collection costs, and interest charged and supersede prior collection policies and procedures adopted by the Association.

Definitions:

Notice of Delinquency: "Notice of Delinquency" refers to a written notice that an association sends to a homeowner to notify the homeowner of any unpaid assessment, fines, fees, or charges that the owner owes the Association.

1. Scope:

To adopt policies and procedures to be followed when assessments, fines, fees, and charges are unpaid.

2. Specifics:

The Association shall levy and enforce Regular Assessments and Special Assessments which are secured by a continuing lien upon the property

against which the Assessment is made. By accepting a deed to any lot, whether or not it shall be so expressed in that deed, each Owner agrees to pay to the Association: (a) all Assessments or charges levied against that lot; (b) all fees, charges, late charges, attorney's fees, fines, collection costs, and interest charged.

Fines assessed for noncompliance with the Covenants, Conditions, and Restrictions are due upon notification to the Owner that a fine has been imposed.

In the event an Owner does not occupy his/her residence but choose to lease said property, the Owner shall be liable for his/her Tenant(s)' actions. It shall be the Owner's personal obligation to pay to the Association all Assessments, fines, fees, charges, late charges, attorney's fees, collection costs, and interest charged that are levied against the property, whether the cause of the Owner or a Tenant.

All costs associated with collection of delinquent Assessments and fines shall be charged to and paid by the Owner of the Lot.

3. Date Assessments Must Be Paid/When Assessment Is Delinquent:

The Board of Directors sets Assessments annually. Any Assessment or fine which is not paid when due shall be delinquent. Statements will be mailed to each Owner prior to the due date, but are due regardless of receipt of the statement.

4. Return Check Charges:

If payment is returned due to insufficient funds or any other reason, there will be a \$38 insufficient funds fee to cover bank charges and HOA administration fees. Account will be considered delinquent until debt is satisfied.

5. Interest:

If Assessments are not paid within thirty (30) days after the due date, the Assessment(s) shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum.

6. Notice Procedures to Homeowners Regarding Any Delinquency:

a. Prior to taking any action on a delinquency, the Association shall alert the Owner in relation to the delinquency.

b. A record of contacts must be kept, including the type of communication and the date and time that the contact was made or was attempted.

c. Designated Contacts:

i. An Owner may identify another person to serve as designated contact for the homeowner.

ii. Regardless of the designated contact, the Association must also contact the Owner as well as the designated contact.

iii. The attempted contacts must be in English as well as any other language identified by the Owner as a preferred language.

iv. The owner and designated contact, if any, must receive the same correspondence and notices anytime communications are sent out.

7. Delinquency Notices Shall Be Provided as Follows:

a. Certified mail, return receipt requested to both the homeowner and the designated contact (if any) in English as well as the preferred language, if provided.

b. Physically posting a copy of the notice of delinquency at the homeowner's unit/home; and

c. In addition to the above, the Association shall also contact the homeowner by one of the following means:

i. First-class mail;

ii. Text message to a cellular number that the Association has on file

provided by the homeowner; or

iii. Email to an email address that the Association has on file that has been provided by the homeowner.

8. Notice of Delinquency:

Before the Association turns over a delinquent account of an Owner to a collection agency or refers it to an attorney for legal action, the Association must send the Owner a written notice of delinquency stating the following:

- a. Whether the delinquency concerns unpaid assessments, unpaid fines, fees, charges or both;
- b. The total amount due;
- c. Whether the opportunity to enter into a payment plan exists and instructions for contacting the Association to enter into such a payment plan;
- d. The name and contact information for the individual the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt; and
- e. That action is required to cure the delinquency and that failure to do so within thirty (30) 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, and/or other remedies available under Colorado law.

f. Method By Which Payments Applied to Delinquent Account:

i. Payment on delinquent accounts shall be applied to pay the following (if applicable) in the order listed below, from the oldest to most recent in each category:

- 1. Assessments;
- 2. Fines;
- 3. Return Check Charges;
- 4. Interest; and

5. Attorney's fees and costs;

g. On a monthly basis and by first-class mail and if the Association has the relevant email address, by email, the Association will send each Owner in the Association who has any outstanding balance owed to the Association, an itemized list of all assessments, fines, fees, and charges that are owed.

9. Payment Plan:

A payment plan may be negotiated between the Association and the Owner in which the Owner may pay off the deficiency in equal installments over a period of eighteen (18) months. The Owner must contact the Association's Treasurer within thirty (30) days from the date on the Notice Delinquency. The Association may pursue legal action against an Owner if the Owner fails to comply with the terms of his or her payment plan. An Owner's failure to remit payment of an agreed upon installment pursuant to a payment plan, or to remain current with Regular Assessments/Special Assessments as they come due during the eighteen (18) month period constitutes a failure to comply with the terms of the payment plan. The Association is not obligated to negotiate a payment plan if the Owner has previously entered into a payment plan and has failed to comply with the payment plan.

10. Remedies of Association:

In the event of nonpayment of Assessments, fees, charges, late charges, attorney's fees, collection costs, and interest charged, the Association may exercise any and all remedies available under law and as provided in the Declaration, including but not limited to, bringing an action at law against the Owner, proceeding to foreclose the lien against the Lot, turning the matter over to a collection agency, etc.

a. The Association will not take legal action to foreclose unless it has

complied with the provisions of the delinquency notices set forth above, and has provided the Owner with an opportunity to enter into a repayment plan as set forth above.

11. Miscellaneous Items Associated with the Collection Process:

- a. All voting rights will be suspended during the period in which an Owner's account is delinquent.
- b. Once the delinquency notices are provided, the Association may refer an account to a collection agency or attorney upon approval by a majority of the Board members, which vote may occur in an executive session.
- c. The Association shall not impose late fees or fines on a daily basis.
- d. Interest on delinquent accounts is capped at eight percent (8%) per annum.
- e. The Association will not assess a fee or other charge to cover costs incurred for providing the Owner with a statement of the total amount that the Owner owes.
- f. The Association may not foreclose a lien for only fines or attorney's fees/costs incurred in addressing the underlying covenant violation.
- g. The Association may use small claims court to enforce covenants or collect assessments if the amount at issue does not exceed \$7500.
- h. Each collection referral, including foreclosure, must be voted on by the board, which may occur in executive session. The Owner may request and receive the results of the vote.

12. Covenant Enforcement Notification Policy Specifics:

The procedure to be used for Notices and Delinquencies for Covenant Violations as mandated by C.R.S. 38-33.3-209.5 is as follows:

- a. A "Courtesy Notice" will be sent via email, text, or first-class mail. Owner needs to respond within 14 days of the date the notice was sent with a plan or remedy to correct the violation(s) to avoid the next steps. The Courtesy

Notice will state that a Notice of Violation will be sent if a plan or remedy is not presented and that the violation process includes the possibility of fines, collection agencies, and legal action. It will also be noted that the Owner has the right to request a hearing before the Board at any time in the process.

b. Following the Courtesy Notice and if a plan or remedy is not presented by the Owner, a "First Notice of Violation" will be sent via certified mail, return receipt requested, in English and the language identified by the Owner as a preferred language. This notice must state the violation, what must occur to cure the violation, and the right of a 30-day cure period for this notice, and the possibility of fines, liens, and legal action. The notice will also state that the Owner has the right to request a hearing before the Board at any time in the process so that the Owner has an opportunity to be heard before an impartial decision maker to determine whether the alleged violation actually occurred and whether the Owner should be held responsible for the violation.

c. The Owner shall have a 30-day period to cure the violation after the First Notice of Violation is sent.

d. If the Owner cures the violation within the first 30-day period and sends visual evidence of such cure, the violation is deemed cured as of the date the Owner sent the evidence. If the Owner does not send visual evidence, the Association shall inspect the property as soon as practicable to determine if the violation has been cured. If the Association does not receive notice from the unit owner that the violation has been cured, the Association shall inspect the property within (7) days after the expiration of the 30-day cure period to determine if the violation has been cured.

e. If the violation is cured, the Association will notify the Owner of such fact in English and in any language that the Owner has indicated a preference for correspondence and notices, confirming that the Owner will not be fined further regarding the matter and notifying the Owner of any

outstanding fine balance owed.

f. If the violation is not cured, the Association will send a "Second Notice of Violation" and the second 30-day process begins again. At the end of the second 30-day process, and if the violation is not cured, then the Association may fine the Owner again and only then send to legal counsel. All legal costs associated with a violation will be posted to the Owner's account. At this point, the process for delinquency as set forth above will proceed. If cured, the Association will notify the Owner of such fact, confirming that the Owner will not be fined further regarding the specified matter and notifying the Owner of any outstanding fine balance owed. The Owner will be advised of the date when the Board will meet to hear the matter. The Owner (violating member) will have the opportunity to attend and be heard at the meeting.

g. Hearings:

i. A hearing conducted under this policy will not be conducted according to any technical rules of evidence or civil procedure. Any information may be admitted if it is of the sort on which reasonable persons would rely in the conduct of serious personal matters, regardless of any common law or statutory rule which may make evidence improper in civil actions.

ii. At the conclusion of the hearing, the Board (impartial decision makers) shall deliberate and may announce its decision at the conclusion of the hearing or may take the matter under advisement. All decisions by the Board shall be by a majority vote of a quorum of Directors in attendance and eligible to vote. The Board shall issue a written order including its findings of fact and conclusions. If the Board determines that a violation has occurred, the Board may determine to levy fines and/or pursue any other remedy available at law or in equity as stated in this Policy.

iii. Impartial decision maker means a person or a group of persons who have the authority to make a decision regarding the enforcement of the Association's covenants, conditions, and restrictions, including its

architectural requirements, and other rules and regulations of the Association and do not have any direct personal or financial interest in the outcome. A decision maker shall not be deemed to have a direct personal or financial interest in the outcome if the decision maker will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the Association.

h. Amount of Fines for Violation of Declaration, Covenants, Bylaws, Policy, Rules, Regulations, or Other Governing Documents:

i. After Courtesy Notice, If no plan or remedy presented: No fine, but First Notice of Violation will be sent.

ii. After First Notice of Violation, a 30-day cure period with no cure: Minimum of \$50.00 and a maximum of \$250.00 depending on the violation.

iii. After Second Notice of Violation and 30-day cure period with no cure: Minimum of \$100.00 and maximum of \$250.00 and possibility of legal action, which may include legal counsel, collection agency or small claims court.

iv. After the two 30-day cure periods, each subsequent violation of the original complaint will generate another \$250.00 fine.

v. The Board may suspend a fine if it finds that after considering the complaint, the Owner (violating member) has and continues to make a good faith effort to correct the violation and such effort successfully remedies the violation.

i. Additional Considerations:

i. Public safety or health violations will only be allowed a 72-hour cure period after receiving a Notice of Violation and Notice to Cure. If the violation is not cured within 72-hours, the Association may fine the Owner \$50.00 no more frequently than every other day and may take legal action against the Owner for the violation. Notices must be provided to the Owner written in English and in any language that the Owner has indicated a

preference for in correspondence and notices.

ii. Owners are responsible for any fines that may be levied against their Lot due to non-compliance of their tenants.

iii. Any returned check charges will be the responsibility of the Owner and added to their account.

iv. The Association's Conflict of Interest Policy shall be followed and is incorporated by reference as if fully set forth herein.

13. Definitions:

Unless otherwise defined in this Collection Policy and Procedures, capitalized terms shall have the same meaning as defined in the Association's Declaration.

14. Supplement to Law:

The provisions set forth herein shall be in addition to and in supplement of the terms and provisions of the Declaration and Colorado law.

15. Amendment:

The Board of Directors may amend these policies and procedures as permitted by the Declaration and/or Colorado law.

President's Certification: The undersigned, being the President of the Association, certifies that a Board of Directors of the Association adopted the foregoing and in witness thereof, the undersign has subscribed his/her name.

Strawberry Acres Homeowners' Association

By: Terrie Garner, President

Attorney: Stephanie Holguin

Effective Date: 2/2/2024