

**THE WOODY CREEK TOWNHOMES ASSOCIATION NO. 1 REGARDING
PROCEDURES FOR COLLECTION OF UNPAID ASSESSMENTS POLICY**

- SUBJECT:** Adoption of a policy and procedure regarding the collection of unpaid assessments.
- PURPOSE:** To provide notice of the Association’s adoption of a uniform, fair, and systematic procedure to collect assessments and other charges of the Association, consistent with current requirements of the Colorado Common Interest Ownership Act (CCIOA).
- AUTHORITY:** This Collection of Unpaid Assessments Policy ("Policy") is adopted pursuant to the Declaration, Articles of Incorporation, and Bylaws of the Association, and in accordance with the Colorado Common Interest Ownership Act ("CCIOA"), **C.R.S. §38-33.3-101 et seq.**, including **§38-33.3-209.5** and **§38-33.3-316**, and applicable provisions of the Colorado Revised Nonprofit Corporation Act.

This Policy is intended to operate in coordination with the Association’s:

- Covenant & Rules Enforcement Policy (2025)
- Conduct of Meetings Policy (2025)
- Records Inspection & Copying Policy (2025)
- Policy Adoption Policy (2025)

EFFECTIVE DATE: OCTOBER 1, 2025

(Supersedes Procedures for Collection of Unpaid Assessments Policy adopted August 8, 2013)

RESOLUTION: The Board of Directors of the Association hereby adopts the following Policy based on the findings below

WHEREAS, the Board of Directors of the Woody Creek Townhomes Association No. 1 owes fiduciary duties of care, loyalty, and good faith to the Association and its Members, including the responsibility to preserve and protect the Association’s financial stability; and

WHEREAS, the Colorado Common Interest Ownership Act (“CCIOA”), **C.R.S. §38-33.3-101 et seq.**, including **§§38-33.3-209.5** and **38-33.3-316**, authorizes and requires the Association to adopt reasonable, transparent, and uniformly applied procedures for the collection of unpaid assessments; and

WHEREAS, the Board of Directors has determined that uniform collection procedures are necessary to ensure due process, equitable treatment of Owners, and compliance with applicable statutory requirements; and

WHEREAS, timely collection of assessments is essential to fund the maintenance, repair, and replacement of the Common Elements and to prevent the financial burden of delinquent accounts from being shifted to Owners in good standing;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby adopts the following Procedures For Collection Of Unpaid Assessments Policy, to be effective as provided herein.

1. DUE DATES

- a. Installments of the annual assessment and any other balances due as determined by the Association and as allowed for in the Declaration shall be due and payable on the 1st day of each month. 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. Assessments or other charges not paid in full to the Association within 30 days of the due date shall incur late fees and interest as provided below. In the event notice of acceleration is given to delinquent Owner(s), the Owner(s) of the unit shall also be charged any costs incurred by the Association in giving notice of such acceleration.

2. RECEIPT DATE

- a. The Association or its managing agent shall post payments on the day the payment is received in the Association's office.

3. LATE CHARGES AND INTEREST ON DELINQUENT INSTALLMENTS

- a. The Association or its managing agent shall impose on a monthly basis a \$25.00 late charge for each Owner who fails to timely pay any assessment within 30 days of the due date. This late charge shall be a "common expense" for each delinquent Owner. The Association or its managing agent shall impose interest from the date due at the rate of **8% per annum, calculated as simple interest**, from the date due on the amount owed for each Owner who fails to timely pay an installment of any assessment within 30 days of the due date.
- b. The Board of Directors may waive late charges or interest in its reasonable discretion, consistent with CCIOA and the governing documents

4. PERSONAL OBLIGATION FOR LATE CHARGES AND INTEREST

- a. The late charge and interest shall be the personal obligation of the Owner(s) of the unit for which such assessment or installment is unpaid. All late charges and interest shall be due and payable immediately, without notice, in the manner provided by the Declaration (and as set forth herein) for payment of assessments.

5. RETURNED CHECK CHARGES

- a. In addition to any and all charges imposed under the Declaration, Articles of Incorporation and Bylaws, the Rules and Regulations of the Association or this Policy, a return check fee, not to exceed \$20.00, 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 financial institution for any reason whatsoever, including but not limited to insufficient funds. This returned check charge shall be a "common expense" for 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.
- b. 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 15 days of the due date.

6. SERVICE FEES

- a. 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.

7. REPAYMENT PLANS

- a. Owners are entitled to request a payment plan consistent with **CCIOA §38-33.3-209.5**. Payment plans shall:
 - i. Be offered in good faith prior to attorney referral;
 - ii. Have a minimum term of **eighteen (18) months**;
 - iii. Require ongoing assessments to remain current;
 - iv. Be administered by the Association or, once referred, by legal counsel.
- b. Any Owner who becomes delinquent in payment of assessments may enter into a repayment plan with the Association, which plan shall be for a minimum term of 18 months or such other longer term as may be approved by the Board of Directors.
- c. Such repayment plan shall be offered to each Owner prior to the Association referring any account to an attorney or collection agency for collection action. Under the repayment plan, the Owner may choose the amount to be paid each month, so long as each payment is at least twenty-five dollars (\$25.00) until the balance of the amount owed is less than twenty-five dollars (\$25.00).
- d. The Owner shall be deemed to be in default of the repayment plan and the repayment plan with the Association shall be null and void if within thirty (30) days after the Association or its managing agent has provided the Owner with a written offer to enter into a repayment plan, the Owner either declined the repayment plan; or after accepting the repayment plan, failed to pay at least three (3) of the monthly installments within fifteen (15) days after the monthly installments were due.
- e. If the Owner does not confirm written acceptance of the repayment plan within thirty (30) days after the Association or its managing agent has provided the Owner with a written offer to enter into a repayment plan, the offer shall be deemed to be declined.
- f. In the event the Owner defaults or otherwise does not comply with the terms and conditions of the repayment plan, including the payment of ongoing assessments of the Association, the Association may, without additional notice, refer the delinquent account to an attorney or collection agency for collection action or may take such other action as it deems appropriate in relation to the delinquency.
- g. An Owner who has entered into a repayment plan may elect to pay the remaining balance owed under the repayment plan at any time during the duration of the repayment plan.

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8. COLLECTION PROCESS

- a. First Notice
 - i. After an account becomes more than **30 days delinquent**, the Association shall send a written First Notice by first-class mail.
- b. Second Notice
 - i. After an account becomes more than **60 days delinquent**, the Association shall send a Second Notice that includes all disclosures required by CCIOA **§38-33.3-209.5**, including payment plan rights and HOA Information & Resource Center references.

9. MANDATORY CONTACT AND NOTICE DELIVERY

- a. Before the Association takes any action in relation to a delinquency, it must first contact the unit owner.
- b. Method of Delivery:
 - i. Notices of delinquency must be sent by **certified mail, return receipt** requested, AND by at least two of the following means:
 1. **Telephone/Voice Message**;
 2. **Text Message**; or
 3. **Email**.
- c. Language Preference: All notices must be provided in English and the owner's preferred language, if the owner has indicated a preference to the Association.
- d. Designated Contact: All correspondence must also be sent to any person identified by the unit owner as a Designated Contact.
- e. Ledger Requests: Upon written request, the Association shall provide a copy of the owner's ledger within seven **(7) business days**.

10. ATTORNEY FEES ON DELINQUENT ACCOUNTS

- a. After an account becomes more than **90 days delinquent**, referral to the Association's attorney shall require **Board approval by vote or resolution**, recorded in the minutes, pursuant to the Conduct of Meetings Policy.
- b. 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, within any limitations pursuant to Colorado law. The reasonable attorney fees incurred by the Association shall be due and payable immediately when incurred, upon demand.

11. ATTORNEY FEE LIMITATION

- a. Notwithstanding any other provision of this Policy, attorney fees assessed to an Owner in connection with the collection of unpaid assessments shall be limited to the **lesser of Five Thousand Dollars (\$5,000.00) or fifty percent (50%) of the unpaid assessments owed at the time of referral**, as required by applicable Colorado law.

12. COMMUNICATION STANDARDS

- a. The Association shall maintain records of all collection communications. Owners may designate a contact and language preference consistent with CCIOA. Once referred to counsel, all communications shall be handled through the Association's attorney.

13. APPLICATION OF PAYMENTS

- a. All payments received from an Owner shall be applied **first to unpaid assessments**, and only after assessments are paid in full may any remaining funds be applied to attorney fees, enforcement costs, late charges, fines, or other fees, consistent with CCIOA and applicable law, in the following order:
 - i. **Assessments;**
 - ii. **Attorney fees and costs;**
 - iii. **Enforcement and collection expenses;**
 - iv. **Late charges and other fees.**

14. FORECLOSURE AND EQUITY PROTECTION

- a. Foreclosure may only occur if the delinquency equals or exceeds **six (6) months of assessments** and shall never be based solely on fines or fine-related costs. All foreclosure actions require Board approval recorded in the minutes.
- b. Personal Judgment Required: Before foreclosing on a principal residence, the Association must first obtain a personal judgment against the owner in a civil action, unless an exception (such as bankruptcy or death) applies.
- c. Mediation Offer: At least 30 days before initiating foreclosure, the Association must notify the owner of their right to mediation.
- d. Credit Counseling Notice: At least 30 days before initiating foreclosure, the owner must be provided written and electronic notice of their right to participate in credit counseling at their own expense.
- e. Notice of Intent to Foreclose: The Association must send a notice informing the owner that foreclosure could result in the loss of all or some equity in the unit.
- f. Stay of Sale: Owners facing foreclosure have the right to file a motion with the court to stay the sale for up to nine (9) months to sell the property at fair market value to preserve their equity.
- g. Lienholder Notice: Within five business days of initiating foreclosure, the Association must notify all lienholders of the right to cure and the owner's right to stay the sale.

15. MANDATORY DORA DATA REPORTING

- a. As a condition of annual registration, the Association must track and report to the HOA Information and Resource Center:
 - i. (a) the number of owners 6+ months delinquent;
 - ii. (b) the number of judgments obtained;
 - iii. (c) the number of payment plans entered; and
 - iv. (d) the number of foreclosure actions filed.

16. STRICT COMPLIANCE STANDARD

- a. As a condition precedent to recovering any money or attorney fees through foreclosure, the Association must strictly comply with all state lien and foreclosure laws and its own governing documents.

17. DEVIATIONS

- a. The Board may deviate from this Policy in its reasonable discretion, consistent with CCIOA and the Association's governing documents.

18. SUPPLEMENT TO LAW

- a. This Policy supplements the Declaration and Colorado law. Failure to enforce any provision shall not constitute a waiver.

19. AMENDMENT

- a. This Policy may be amended by the Board of Directors at a duly noticed meeting.

20. SEVERABILITY

- a. If any provision of this Policy is held invalid or unenforceable, the remaining provisions shall remain in full force and effect.

21. ADOPTION AND EFFECTIVE DATE

- a. This Policy was adopted by resolution of the Board of Directors at a duly noticed meeting and is effective as of:

Meeting Date: 1/4/2026

Effective Date: 10/1/2025

CERTIFICATION

The undersigned certifies that this Policy was duly adopted by the Board of Directors of the Association in accordance with CCIOA and the Association’s governing documents.

Woody Creek Townhomes Association No. 1

A Colorado Non-Profit Corporation

By: Paul Durston

Title: President

Date: 1/4/2026