

**Granite Falls Homeowners Association, Inc.**  
**Policy Regarding Collection of Unpaid Assessments**

The Granite Falls Homeowners Association, Inc., a Colorado nonprofit corporation (Association) is governed by that certain Declaration of Covenants, Conditions and Restrictions for Granite Falls Subdivision recorded under Reception No. 2842592 in the land records of the Mesa County Clerk and Recorder, as amended, (Declaration), and by the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101 *et seq.* (CCIOA). CCIOA requires homeowners associations to adopt a policy regarding the assessment of fees, dues, fines, and other charges that substantially complies with C.R.S. §38-33.3-209.5. By adopting this policy is it the intent of the Association to fully comply with the provisions of CCIOA governing the assessment and collection of such monies from Lot Owners.

This policy (Policy) is adopted pursuant to authority of the Association established in and by Sections 2.3 and 4.1 of the Declaration, and relates to the collection of assessments charged to Lot Owners. As used in this Policy, the term "Assessment" shall mean, refer to, and include fees charged against an Owner for common expenses (and any limited common elements relating to such Lot, if any), and any fees, dues, attorneys fees and interest, and any fines, charges, late charges or penalties imposed by the Association after a determination has been made that an Owner has violated the governing documents of the Association and failed to correct such violation in accordance with the Association's policy relating to enforcement of covenants and any other fees or charges to which the Association is entitled. Assessments are payable when due without setoff or deduction.

The obligation to pay Assessments is an independent covenant. Each Owner, by acceptance of a deed for Property in the Subdivision, is deemed to covenant and agree to pay the Association for all Assessments levied by the Association against a Lot and the Owners thereof in accordance with the provisions of the Declaration, Bylaws, policies and rules and regulations of the Association and under Colorado law.

Regular assessments charged to Owners of Lots within the Association are due and payable as determined from time to time by the Board of Directors of the Association, pursuant to the authority conferred thereto by the Declaration, CCIOA, and other applicable law, but no less frequently than annually (See Declaration, Article VIII, Section 4). Special assessments must be paid on the date such assessment is imposed unless other payment arrangements acceptable to the Board are made. Any Fines duly assessed by the Association in accordance with the Declaration, this Policy, other duly adopted Rules and Regulations, and CCIOA shall be due and payable when and as set forth in the fine assessment issued by the Board of Directors. Any Assessment which is not paid within 30 days from the date it is due shall be considered past due and delinquent. Subject to the Association's impartial fact-finding process, any Assessment is not paid within 30 days after the amount becomes due, the Assessment shall bear interest at eight percent (8%) per

annum until paid.<sup>1</sup> A charge for any returned check shall be imposed, which shall be the greater of \$25 per check or the actual charge from the financial institution returning the check. Any payments received for delinquent Assessments shall first be applied to the Assessments owed and, any remaining amount of the payment, at the Board's discretion, shall be applied to the fines, fees, interest, or other charges owed.

Under CCIOA and the Declaration, the Association has a statutory lien on a Lot for any Assessments levied against the Lot imposed against its Owner from the time each Assessment becomes due. Any such Assessment shall be a charge on the land and shall be a continuing lien against which such Assessment or charge is being made. The Association shall have all the remedies available to it under the governing documents of the Association (i.e Declaration, Articles, Bylaws and Policies) and under CCIOA, which include placing and foreclosing a lien on a Lot and/or filing suit against an Owner.

The Association may take the following action if any Owner is in default of paying any Assessment:

**1. Notice.** With regard to an Owner's delinquency in paying Assessments, fines, or fees, ("Notice of Delinquency") the Association shall first notify the Owner via certified mail, return receipt requested, and physically post a copy of the Notice of Delinquency at the Owner's unit. In addition, the Association shall provide the Notice of Delinquency by one of the following means: first-class mail; text message to the number the Association has on file as provided by the Owner; or e-mail to the e-mail address the Board has on file as provided by the Owner.

1.1 The Association shall retain a record of any contacts, including information regarding the type of communication used to contact the Owner and the date and time that the contact was made.

1.2 Owners may notify the Association of another person to serve as the designated contact for the Owner, in addition to requesting that any Notice of Delinquency be made in a language other than English. If a preference is not made, the Notice of Delinquency shall be in English.

1.3 The Notice of Delinquency shall specify whether the delinquency concerns unpaid Assessments, unpaid fines, fees, charges, or any combination thereof. If the Notice of Delinquency concerns unpaid Assessments, the Association shall notify the Owner that unpaid Assessments may lead to foreclosure. The Notice of Delinquency shall:

1.3.1 Specify the total amount due, with an accounting of how the total was determined;

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<sup>1</sup> This rate of interest shall apply notwithstanding the provision in Article V, Section 5.7(d), of the Declaration specifying a 5% rate of interest per month, because the rate specified in said Section 5.7(d) may under some circumstances exceed that allowed pursuant to CCIOA.

1.3.2 Specify whether the opportunity to enter into a payment plan exists under Section 5, and instructions for contacting the Association to enter into such a payment plan;

1.3.3 Specify the name and contact information for the individual the Owner may contact to request a copy of the Owner's ledger to verify the amount of the delinquency;

1.3.4 Specify the action or actions required to cure the alleged violation, and the timeline for the fair and impartial fact-finding process described in Section 4;

1.3.5 Specify the interval upon which fines may be levied in accordance with Section 3 of this Policy;

1.3.6 Specify that failure to cure the delinquency 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, or other remedies available under Colorado law;

1.3.7 Include a description of the steps the Association must take before the Association takes any legal action against the Owner, including a description of the Association's cure process established in Section 3.2.1; and

1.3.8 A description of what legal action the Association may take against the Owner, including a description of the types of matters the Association or Owner may take to small claims court, including injunctive matters for which the Association seeks an order requiring the Owner to comply with the declaration, bylaws, covenants, or other governing documents.

1.4 The Association shall, on a monthly basis, and pursuant to this Section 1, provide each Owner who has any outstanding balance owed to the Association with an itemized list of all Assessments (including without limitations itemizing the amounts of each of the following: regular dues, regular and special assessments, fines, fees, and charges) that the Owner owes to the Association.

**2. Collection Agency or Attorney Referral.** The Association may, upon a majority vote of the Board of Directors, refer a delinquent account to a collection agency or attorney in a recorded vote.

**3. Procedure.** Depending on the type of violation of the declaration, bylaws, covenants, or governing documents, the Association shall proceed in the following manner:

**3.1 Violation of Public Safety or Health.** If the Association reasonably determines that an Owner violates the declaration, bylaws, covenants, or other governing documents of the Association in a manner that threatens public safety or

health, the Association shall provide written Notice via Section 1, informing the Owner that they have 72 hours to cure the violation, or the Association may fine the Owner.

3.1.1 If after inspection of the Unit, the Association determines that the Owner has not cured the violation within 72 hours after Notice, the Association may impose fines in the amount of \$100 per month and may take legal action against the Owner for the violation.

3.2 **Other Violations.** For any other violation of the declaration, bylaws, covenants, or other governing documents of the Association that does not threaten public safety or health, the Association shall provide written Notice via Section 1, informing the Owner that they have 30 days to cure the violation or the Association, after conducting an inspection and determining there has been no cure, may fine the Owner in amount not to exceed \$500.00. The Association shall provide the Owner with two consecutive 30 day periods to cure the violation before taking legal action against the Owner.

3.2.1 **Cure.** Owners may notify the Association that they have cured a Section 3.2 violation with written and visual evidence that the violation has been cured, and such violation will be deemed cured on the date of the notice. If the Owner fails to provide visual evidence, the Association shall inspect the unit as soon as practicable to determine if the violation has been cured.

3.2.1(a) Once a violation is determined to be cured, the Association shall provide written Notice via Section 1 stating that the Owner will not be fined further with regard to the violation, and provide an outstanding fine balance the Owner still owes.

3.2.2 **No Cure.** If the Association does not receive notice from the Owner that the violation has been cured, the Association shall inspect the unit within seven (7) days after the expiration of the 30-day cure period to determine if the violation has been cured. If, the violation is not cured, the Association shall (i) provide a second 30-day cure period to cure; or (ii) the Association may take legal action if the two 30-day periods to cure have elapsed.

4. **Impartial Fact-Finding Process.** Upon receiving a Notice of Delinquency, every Owner is guaranteed the opportunity to be heard before an impartial decision maker. Within thirty (30) days of receiving a Notice of Delinquency, the Owner may request an informal hearing before the Association to determine whether the alleged violation actually occurred, and whether the Owner is the one who should be held responsible for the violation.

4.1 **Waiver.** If the Owner fails to request an informal hearing before the Association within 30 days of receiving the Notice of Delinquency, the Owner

waives their right to such a hearing.

4.2 **Impartial Decision Maker.** If the Owner requests an informal hearing before the Association within 30 days of receiving the Notice of Delinquency, the Association shall, in accordance with the Association's Conflict of Interest Policy, determine if a conflict of interest exists.

4.3 Once the Association has resolved conflict of interest issues, if any, the Association shall provide the Owner, within 30 days, the date and time of the informal hearing.

5. **Foreclosure.** The Association may commence a legal action to initiate foreclosure based on an Owner's delinquency in paying Assessments if the Association has complied with this Policy and provided the Owner a written offer to enter into a payment plan that authorizes the Owner to repay the debt in monthly installments over an 18-month period.

5.1 **Payment Plan.** Under a written offer to enter into a payment plan, the Owner may choose the amount to be paid each month in an amount of at least \$25.00 and that will ensure the amount owed is less than \$25.00 within 18 months. An Owner who enters into a payment plan may elect to pay the remaining balance owed under the payment plan at any time during the duration of the payment plan.

5.2 **Default.** Within thirty (30) days after the Association has provided the Owner with a written offer to enter into a payment plan, and the Owner has either (i) declined the payment plan; (ii) accepted the payment plan, but failed to pay at least three (3) of the monthly installments within fifteen (15) days after the monthly installments were due; or (iii) failed to remain current with regular assessments as they come due during the 18-month period, constitutes the Owner's failure to comply with the terms of the Owner's payment plan, and the Association may commence a foreclosure action.

5.3 **Exclusions.** The Association may commence a foreclosure action in lieu of a payment plan if the Owner does not occupy the unit and has acquired the property as a result of: (i) a default of security interest encumbering the unit; or (ii) foreclosure of the association's lien; and (iii) the Association or a holder or assignee of the Association's debt is not obligated to negotiate a payment plan with an Owner who has previously entered into a payment plan under this Section 5.

5.4 **Prohibited Foreclosure.** The Association may not foreclose on an Assessment lien 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; or (ii) collection costs or attorney fees that the Association has incurred and that are only associated with assessed fines.

As to any delinquent Assessments, the Board has the discretion to waive any late fee, interest, fine or penalty and/or negotiate any settlement of any delinquent Assessment owed to the Association by and Owner except as otherwise required herein or under Colorado law. Except as to any matter contained herein which is required or prohibited under CCIOA or Colorado law, the Board may take any other action as allowed by law.


Any amount due which is enforced by foreclosure of the defaulting Owner by the Association shall be in a like manner as a mortgage on real property. In such foreclosure, the Owner shall be required to pay the cost; and expenses of such proceedings, including reasonable attorney's fees.

The Association, through the Board of Directors, may also bring an action of law against an Owner personally liable to pay for any Assessment. In the event a judgment is obtained, such judgment shall include interest on the Assessment, charge or fine and a reasonable attorney's fees to be fixed by the court, together with the costs of the action.

All Owners are jointly and severally liable for all Assessments incurred during such Owner's ownership of said Lot which shall include any reasonable attorneys fees incurred by the Association in enforcing the covenants or collecting any Assessments, including but not limited to any fees incurred before a lien is placed on the Lot or a suit is filed. No Owner may waive or escape liability for Assessments, charges, attorney fees, fines, or penalties by the nonuse of the common areas or abandonment of his or her Lot or asserting that services, duties, or obligations of the Association have not been performed.

To the extent inconsistent therewith, this Policy shall repeal and replace those inconsistent portions of all prior adopted Rules and Regulations.

Adopted on August 16, 2023 [date] by the majority approval of the Board of Directors:

  
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Secretary

Granite Falls Homeowners Association, Inc.