Granite Falls Homeowners Association, Inc
Collection Policy

Subject: Adoption of a policy regarding the collection of unpaid assessments and charges.

Purpose: To provide notice of the Association's adoption of uniform and systematic procedures to collect assessments and charges of the Association in compliance with the Association's Articles, Bylaws, Declaration, and the Colorado Common Interest Ownership Act (CCIOA or the Act; enacted 1991) codified in title 38, article 33.3, of Colorado Revised Statutes (C.R.S. §§ 38-33.3-101 et seq.).

Authority: Articles, Bylaws, Declaration, and Policies of the Association and Colorado law.

Effective Date: August 24, 2026

Resolution: The Association hereby gives notice of its adoption of this collection policy providing the procedures for the collection of assessments and charges of the Association.

Context: The obligation to pay assessments and charges is an independent covenant. Each owner, by acceptance of a deed for property in the Granite Falls Subdivision, is deemed to covenant and agree to pay the Association for all assessments and charges levied by the Association against a lot and the owners thereof in accordance with the provisions of the Articles, Bylaws, Declaration, Policies, and Rules and Regulations of the Association and under Colorado law.

All owners are jointly and severally liable for all assessments and charges incurred during such owner's ownership of said lot which shall include any costs incurred by the Association in collecting any assessments and enforcing the covenants. No owner may waive or escape liability for assessments and charges 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.

1) **Definitions**: Terms defined herein shall not be construed as inconsistent or any less restrictive than the meaning established in the Articles, Bylaws, Declaration, or the Act. Terms not listed in this collection policy shall apply as defined in the Articles, Bylaws, Declaration, or the Act, in that order.
   a) **Assessment**: An amount in the form of a regular dues (or assessment) or special assessment, charged to owners of lots within the Association due and payable as determined from time to time by the Executive Board of Granite Falls Homeowners Association, Inc.

b) **Association**: Granite Falls Homeowners Association, Inc., a Colorado nonprofit corporation formed for the purpose of being and constituting the entity for the furtherance of the interests of the owners of property in Granite Falls Subdivision and performing the duties and responsibilities and exercising the powers set forth in the Association's governing documents.
c) **Board:** The Executive Board of Granite Falls Homeowners Association, Inc.
d) **Charge**: Includes reimbursement assessment and the fees, fines, interest, late fees, collection fees, and attorney fees assessed to the owner of a lot associated with the collection of past due assessments or charges.
e) **Delinquency**: Any unpaid amount after the due date.
f) **Fine**: Monetary penalty imposed by the Association for violations of the Association's governing documents, after notice and opportunity for a hearing, as permitted by the Association's governing documents including the Enforcement Policy.
g) **Governing Documents**: The Articles, Bylaws, Declaration, Policies, and Rules and Regulations of the Association.
h) **Lot (or Unit)**: Any plot of land shown upon any recorded subdivision map of the properties with the exception of the common area. A lot is also known as and referred to as a Unit.
i) **Notice of Delinquency**: Letter sent to the lot owners informing of the unpaid assessments and charges, total amount due, actions to cure the delinquency, and consequences if not cured.
j) **Owner**: The record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.
k) **Property**: That certain real property described in the Declaration of Granite Falls Subdivision.

2) Communication

a) The Association's Board shall request at least annually from each lot owner a telephone number for phone calls, a cellular number for texts, and an email address for emails to be used for notices.
   i) The Board may include the request for updated contact information at annual meetings, budget meeting, newsletters that are mailed or emailed out, and other forms of outreach.
b) The Association shall retain with the Association's official written records all Board attempts to obtain lot owner contact information.
c) Owners are not required to provide an email address, although the Board is required to request an email address from the lot owners.
d) Regular mail may be utilized by the Board for communications with lot owners only after the Association has made an attempt to request contact information from the lot owner.

3) Assessments and Charges

a) Assessments, no less frequently than annually, and special assessments, periodically as necessary, charged to owners of lots within the Association are due and payable as determined from time to time by the Board.

b) Fines and other charges are due and payable immediately upon assignment to the owner of a lot. Any fines and other charges shall be the personal obligation of the owner of the lot for which such assessments or installments are unpaid.
c) Assessments and charges are payable when due without setoff or deduction.

4) Payment Terms

a) Delinquency: Occurs if payment is not received by the due date.
b) Receipt date. The Association shall post payments on the day that the payment is received in the Association's office.
c) Late fees: Starting thirty (30) days after the due date, delinquent accounts are subject to a monthly late fee of twenty-five dollars ($25.00) to help recover actual costs of managing delinquent accounts. The late fee will be applied on the monthly anniversary of the first past due date. The late fee shall be the personal obligation of the owner of the lot for which such assessment or installment is unpaid.
d) Interest: Eight percent (8%) per annum simple interest is applied to unpaid balances, starting thirty (30) days after the first due date and including all unpaid balances. The effective interest rate shall not exceed the amount permitted under the Act.
e) Returned check: A charge for any returned check shall be imposed, which shall be the greater of twenty-five dollars ($25) per check or the actual charge from the financial institution returning the check.
f) Service fees: In the event the Association incurs any type of service fee, regardless of what it is called, for the handling and processing of payments on a per account basis, such fees will be the responsibility of the lot owner if such fee is not required by the Association and would not be incurred if but by the decisions and actions of the owner.

5) Delinquency

a) Lien: 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. The Association reserves the right to record a notice of lien in the Mesa County records at any time after an assessment and charge becomes delinquent for thirty (30) days.
b) Suspension of rights: An owner's voting rights are automatically suspended without notice if an assessment or other charge is delinquent as set forth in this policy.
c) Attorney's fees and collection costs: The Association is entitled to recover its reasonable attorney's fees and collection costs incurred in collecting assessments and charges due the Association from a delinquent owner pursuant

to the terms of the governing documents and Colorado law.

d) Administrative expenses: Collection costs imposed by the Association or its managing agent and attorney's fees for delinquent accounts will be the obligation of the owner and will be posted to the owner's account. Examples include, but are not limited to, actual cost of mailings, certified mailings, and costs to translate a notice to a language other than English.

e) Application of payments: If an owner who has unpaid assessments makes a payment to the Association, the Association will apply the payment first to regular or special assessments and any remaining amount of the payment to the fines and other charges owed.

f) Monthly statements: On a monthly basis, the Association will send to each owner who has any outstanding balance an itemized list of all assessments that the owner owes to the Association (i.e., an account ledger).

   i) The monthly statement will be sent by first-class mail to the owner's registered address, and if the Association has a relevant email address, by email.

   ii) The Association shall send the itemized list to the unit owner in English or in any language for which the unit owner has indicated a preference for correspondence and to any designated contact for the unit owner.

   iii) If the account has been referred to a collection agency or to any attorney, the statement will also specify that the balance may not include all attorney's fees and costs that have been incurred as of the statement date but not yet invoiced to the Association and posted to the account.

   iv) Monthly statements will be issued as soon as practicable on or after the first business day of each month.

6) Payment Plan

a) Payment plan: Any owner who becomes delinquent in payment of assessments may enter into a payment plan with the Association, which plan shall be for a maximum term of eighteen (18) months or such other longer term as may be approved by the Board.

   i) Such payment plan shall be offered in writing to each owner prior to the Association referring any account to an attorney or collection agency for collection action.

   ii) If the owner does not confirm with the Association written acceptance of the offer to enter a payment plan within thirty (30) days after the Association has provided the owner with a written offer, the offer shall be deemed to be declined.

   iii) Under the payment plan, the owner may choose the amount to be paid each month so long as each payment is at least fifty dollars ($50.00) until the balance of the amount owed is less than fifty dollars ($50.00).

iv) Under the payment plan, the unpaid balance is subject to eight percent (8%) per annum simple interest starting thirty (30) days after the first due date and including all unpaid balances according to the Association's Collection Policy. Late fees will be waived so long as the payment plan is not in default.

v) The payment plan must be adopted by the Board at a duly called and held meeting of the Board.

vi) The Board and owner shall make every effort to negotiate the terms of the payment plan within thirty (30) days of the owner's written acceptance of the Associations offer to enter into a payment plan. If the owner fails to successfully negotiate payment plan terms consistent with the Association's Collection Policy, or otherwise agreeable to the Board, within thirty (30) days after accepting the Association's payment plan offer, the offer shall be deemed to be declined.

vii) The owner shall be deemed to be in default of the payment plan and the payment plan with the Association shall be null and void if the owner fails to pay at least three (3) of the monthly installments within fifteen (15) days after the monthly installments are due.

viii) In the event the owner defaults or otherwise does not comply with the terms and conditions of the payment 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. Also, the outstanding past due balance is subject to late fees and interest according to the Association's Collection Policy.

ix) An owner who has entered 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.

7) Delinquency Notice

a) Notice of delinquency: The Association shall contact the owner and inform the owner of the delinquency prior to taking legal action to cure the delinquency and shall keep a record of the contact.

b) Owner contact Information: Owners may notify the Association of another person to serve as the designated contact for the owner, in addition to requesting that any subsequent notice or monthly statement be made in a language other than English. If a preference is not made, all associated subsequent notices and monthly statements shall be in English.

c) **First delinquency notice**: Sent as soon as practicable via first-class mail, and email if email address is on file, stating amount owed, late fees, and request for payment.

i) When an owner falls behind on assessments, the very first written communication the Board sends sets the tone for everything that follows. The intent of the first notice is to provide a friendly and well-crafted delinquency notice to eliminate misunderstandings, prevent escalation, and help the Association resolve unpaid assessments and charges long before attorneys, collections firms, or other potential recovery steps are involved.

ii) The Board believes that a first notice that is well organized, calm, and easy to understand will:

(1) Invite the homeowner to open a dialogue for help with any special circumstances

(2) Prevent confusion about balances owed, deadlines, and consequences.

(3) Demonstrate the Board's commitment to fairness and transparency.

(4) Provide the homeowner a chance to correct the issue quickly.

(5) Reduce the number of accounts that ever reach the collections stage.

(6) Reinforce the Association's expectation that dues must be paid on time.

d) **Second delinquency notice**: Sent if payment is at least 30 days past the due date and at least 30 days subsequent to the first delinquency notice.

e) Second delinquency notice delivery:

i) Certified mail, return receipt requested

ii) And two of the following based on the information the Association has on file as provided by the owner:

(1) Telephone,

(a) If the Association attempts to contact the unit owner or designated contact by telephone but is unable to contact the unit owner or designated contact, the Association shall, if possible, leave a voice message for the unit owner or designated contact.

(2) Text,

(3) Email, or

(4) First-class mail.

f) Delinquency notice contents: The delinquency notice shall include the following information:

i) Total amount owed and itemized list for each item owed in the total with ledger accounting.

ii) Contact for ledger verification: the Association email address. The owner may request a copy of the owner's ledger verifying the amount owed, which copy of the ledger shall be sent to the owner via email no later than seven (7) business days after receipt of the request.

iii) Payment plan option and contact instructions: the Association email address.

iv) Warning that failure to cure within thirty (30) days may lead to attorney or collections agency referral, lien, lawsuit, foreclosure (for regular or special assessments only) of a lien against the unit owner's property, the sale of the unit owner's property at auction to pay delinquent assessments, which could result in the unit owner losing some or all of the unit owner's equity in the unit, or other remedies available under Colorado law.

8) **Impartial Fact Finding (Informal Hearing)**

a) Upon receiving a notice of delinquency or violation, every owner is guaranteed the opportunity to be heard before an impartial decision maker. This process may be informal. The purpose of the impartial fact finding, also known as an informal hearing, is to determine whether the alleged delinquency or violation actually occurred and whether the unit owner is the one who should be held responsible for the delinquency or violation.

b) An impartial decision maker means a person or group of persons who have the authority to make a decision regarding the enforcement of the Association's governing documents, including its architectural requirements, and the 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. The impartial decision maker generally refers to the Association's Board of Directors unless the Board makes other arrangements acceptable to the owner.

c) Within thirty (30) days of receiving a notice of delinquency or violation, the owner may request an informal hearing with the Association's impartial decision maker to determine whether the past due balance is correctly assessed or the alleged violation occurred, whether the owner is the one who should be held responsible for the past due balance or violation, and to discuss any mitigating circumstances.

(1) The request for hearing must be provided to the Association in writing and should describe the grounds and basis for challenging the alleged delinquency or violation or the mitigating circumstances.

d) If the owner fails to request an informal hearing in writing before the Association's impartial decision maker within thirty (30) days of receiving the notice of delinquency or violation, the owner forever waives their right to such a hearing.

e) If the owner requests an informal hearing before the Association's impartial decision maker within thirty (30) days of receiving the notice of delinquency or violation, the Association shall determine if a conflict of interest exists.

f) Once the Association's Board has resolved conflict of interest issues, if any, the

Association shall provide the owner, within thirty (30) days, notice of the date, time, and place of the informal hearing.

   i) Notice of the informal hearing will be provided according to the provisions above under Second Delinquency Notice Delivery.

g) Hearing board: The hearing board is generally the Association's Board of Directors. The hearing board will hear and decide cases set for hearing pursuant to the procedures set forth in this policy. The hearing board may appoint an officer or other owner to preside at any hearing.

h) Hearings:
   i) Hearings may be conducted during or subsequent to any applicable cure period(s).
   ii) The presiding officer may grant continuances for good cause.
   iii) At the beginning of each hearing, the presiding officer will explain the rules, procedures, and guidelines by which the hearing will be conducted.
   iv) The complaining parties and the owner will have the right, but not the obligation, to attend the hearing.
   v) Each party may present evidence, testimony, and witnesses.
   vi) If a complaining party is unable to attend the hearing, the complainant may submit a letter to the hearing board explaining the basis of the complaint.
   vii) The hearing board's decision will be based on the matters set forth in the notice of alleged delinquency or violation, request for hearing, and evidence as may be presented at the hearing.
   viii) Unless otherwise requested by the owner, all hearings will be conducted during executive session.

i) Decision:
   i) After all testimony and other evidence has been presented to the hearing board, it will render its written findings and decision, and impose a fine, if applicable, upon expiration of any applicable cure period(s).
   ii) A decision, either a finding for or against the owner, will be by a majority vote of the hearing board.

9) **Foreclosure**

a) The Association may commence a foreclosure action based on an owner's delinquency in paying assessments if the Association has complied with this Collection Policy including providing the owner a written offer to enter into a payment plan that authorizes the owner to repay the debt in monthly installments up to an eighteen (18)-month period.

b) 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 for violations of the Association's governing documents; or (ii) charges including collection costs or attorney fees that the Association has incurred and that are only associated with fines that the Association has assessed against the owner for violations of the Association's governing documents.

c) 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 costs and expenses of such proceedings, including reasonable attorney's fees.
d) The Association, through the Board, may also bring an action of law against an owner personally liable to pay for any regular, special, or reimbursement assessment. In the event a judgment is obtained, such judgment shall include interest on the assessment, charges and a reasonable attorney's fees to be fixed by the court, together with the costs of the action.
e) Before the Association forecloses on as assessment lien, the Board, or their representative, shall provide written and electronic notice go the delinquent owner at least thirty (30) days prior to the action. The notice must inform the unit owner that the unit owner has a right to participate in credit counseling and that free information is available on the HOA Information and Resource Center's website related to obtaining free credit counseling and the consequences of foreclosure. The notice must also include information on what credit counseling may entail for the owner and that credit counseling as a service could include the following:
    i) A discussion of amounts owed to the Association in unpaid assessments and related costs;
    ii) the impact of foreclosure on the unit owner's credit;
    iii) additional debt that may be incurred by the unit owner if foreclosure by the Association is completed;
    iv) options available to the unit owner to retain title to the unit or to remain in the unit; and
    v) any other options that may be available to the unit owner to avoid foreclosure.

10) **Effects on Existing Law**: These rules and regulations are in addition to, and not in lieu of, all Federal, State, County, and City laws, ordinances, and rules and regulations applicable within the Association.
11) **Severability**: The provisions of these rules and regulations are severable. If any word, phrase, clause, sentence, section provision or part of these rules and regulations should be held invalid or unconstitutional, it shall not affect the validity of the remaining provisions, and it is hereby declared to be the intent of the Board that these rules and regulations would have been adopted as to the remaining portions,

regardless of the invalidity of any part.

12) **Amendments**: These rules and regulations may be reviewed and amended from time to time by the Board.
13) **Effective Date**: These rules and regulations shall become effective on the date of the Board' s adoption of these rules and regulations. These rules and regulations replace the earlier rules and regulations in the Association's Collection Policy dated March 28, 2023.

President's Certification

The undersigned, being the President of Granite Falls Homeowners Association, Inc., a Colorado nonprofit corporation, certifies the foregoing Collection Policy was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on August 24, 2026, and in witness thereof, the undersigned has subscribed their name.

Granite Falls Homeowners Association, Inc.

TODD SANDERS Digitally signed by TODD SANDERS
Date: 2026.08.26 09:21:59 -06'00'

Todd A. Sanders, President

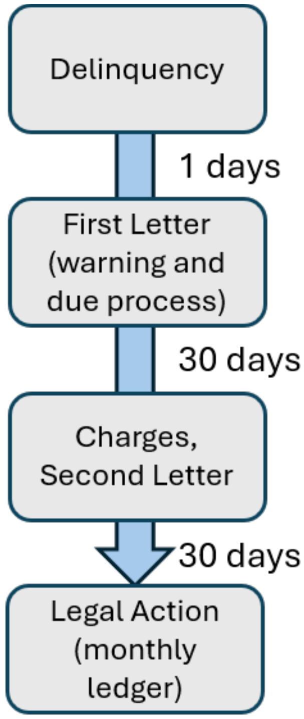

Figure 1. Flow chart diagram of delinquent account collection process.