

**BECKWITH MOUNTAIN RANCH PROPERTY OWNERS' ASSOCIATION, INC.
COVENANT AND RULE ENFORCEMENT POLICY AND PROCEDURE**

Effective Date: 9-27-22

This policy is adopted to comply with the terms of the Colorado Common Interest Ownership Act ("CCIOA") which contains provisions that may conflict with the terms of the Association's governing documents. CCIOA and this policy will control over any conflicting provisions in the governing documents.

1. Enforcement Procedure. The Association will not impose fines or commence legal action for violations of the governing documents until after the Association has followed the procedures set forth below.

1. Complaints. Any Owner may send the Association a written complaint by email or first-class mail, with as much information as is known of a covenant or rule violation. Complaints may also be initiated by any member of the Board or of any Committee. Complaints that cannot be independently verified by a Board member must be in writing. The Association has no obligation to consider oral or anonymous complaints. The Board may determine whether a written complaint is justified before continuing with any enforcement action or the notice and hearing procedures.

2. Notice of Violation.

A. The Association will send a written notice of any asserted violation of any provisions of the governing documents to the Owner in accordance with this policy. The Board may also, at its option, provide a copy of the notice to any non-Owner violator. The notice will describe: (i) the nature of the violation; (ii) the action or actions required to cure the violation; (iii) any fines that may be imposed; (iv) the right to request a hearing to contest the violation or possible fine; and (v) if a hearing is requested, a date by which such request must be received and a timeline for the hearing process ("Notice of Violation").

B. Notices from the Association will be sent in English; provided, however, that the Owner may send written notice to the Association with an alternate language preference. The Association will attempt to provide an accurate translation of the original English version, but due to nuances in translating to a foreign language, slight differences may exist.

C. An Owner may send written notice to the Association identifying another person to serve as a designated contact for the Owner for notices and correspondence. The Association will send the same written communications to the designated contact that it sends to the Owner. If the Owner wishes to change or cease the designated contact, the Owner must send the Association written notice.

D. For the purpose of this policy to comply with Colorado law, a notice is deemed received when sent by and according to the following timelines:

- i. Email or text – Upon successful transmission of electronic mail or text;
- ii. Certified Mail/First-Class Mail – 3 business days after deposit for delivery;
- iii. Posting – Upon physical posting at the Owner's Lot; or
- iv. Actual Notice – Upon hand-delivery.

3. Violations That Threaten Public Safety or Health.

A. If the Association reasonably determines that a violation threatens the public safety or health, the Association will send the Owner a written Notice of Violation informing the Owner that the Owner has 72 hours to cure the violation, or the Association may impose a fine.

The written Notice of Violation must be sent by first-class mail or hand delivery, but the Association may send additional notice by any of the following means: certified mail; email; or text message to a cellular number that the Association has on file because the Owner has provided the number to the Association.

B. After 72 hours from receipt of notice, the Association will inspect the Unit and determine whether the violation has been cured. If the Owner has not cured the violation, the Association may impose fines on the Unit Owner every other day in accordance with the fine schedule below and/or commence legal action to enforce the governing documents and cure the violation.

4. Violations That DO NOT Threaten Public Safety or Health.

A. If the Association reasonably determines that a violation occurred, other than a violation that threatens the public safety or health, the Association will send the Owner a Notice of Violation informing the Owner that the Owner has 30 days to cure the violation, or the Association, after conducting an inspection and determining that the violation has not been cured, may impose a fine. The Notice of Violation must be sent by certified mail, return receipt requested. The Association may send additional copies of the notice by first-class mail, email, text message to a cellular number that the Association has on file because the Owner has provided the number to the Association, and/or hand-delivery.

B. After 30 days, if the Association has not received notice from the Owner that the violation has been cured, the Association will inspect the Unit within 7 days of the initial 30-day cure period. After inspection, if the Association determines that the violation has not been cured, the Association may impose the fine stated in the Notice of Violation and will send a second Notice of Violation with a second 30-day cure period.

C. After the second 30-day cure period, if the Association has not received notice from the Owner that the violation has been cured, the Association will inspect the Unit within 7 days of the second 30-day cure period. After inspection, if the Association determines that the violation has not been cured, the Association may impose a second fine in accordance with fine schedule below, send additional notices and opportunity to cure, and/or commence legal action. The Association may not commence legal action until a second 30-day cure period has elapsed.

D. If an Owner cures the violation within the required cure period, the Owner may notify the Association in writing, including visual evidence that the violation has been corrected. If the Owner provides visual evidence of the cure, the violation will be deemed cured on the date the Owner sends the notice. If the Owner does not provide visual evidence of the cure, the Association will inspect the Unit as soon as practicable to determine if the violation has been cured. If the visual evidence provided is insufficient for the Association to determine if a violation has been cured, at the Association's sole discretion, the Association can provide notice to the Owner that it intends to inspect the Unit to verify the violation has been cured.

5. Additional Required Notices. If an Owner cures a violation, the Association will notify the Owner: (i) of any outstanding fine balance owed to the Association, and (ii) that the Owner will not be further fined with regard to the violation.

6. Request for Hearing. If an Owner desires a hearing to contest any alleged violation and possible fine or to discuss any mitigating circumstances, the Owner must request the hearing, in writing, prior to the deadline stated in the Notice of Violation. The request for hearing should describe the grounds and basis for challenging the alleged violation or the mitigating circumstances. If a timely request for a hearing is not made, the right to a hearing is deemed forever waived. If a hearing is not requested by the deadline, the hearing board will determine if there was a violation based upon the information available to it, and if so, assess a fine as set forth in the fine schedule upon expiration of any applicable cure period(s).

7. Hearing Board to Conduct Hearing. The hearing board, which may be the Board of Directors, 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.

8. Conflicts. Any Owner who desires a hearing will be afforded a fair and impartial fact-finding process by "impartial decision makers" (persons with authority to make a decision on a claimed covenant, rule, or architectural violation and without a direct personal or financial interest in the outcome of the hearing). Any decision-maker who is incapable of objective and disinterested consideration will disclose this to the presiding officer prior to the hearing, if possible. If advance notice is not possible, the disclosure will be made at the hearing, and the decision-maker will be disqualified from all proceedings related to the hearing. If disqualification of any decision-maker results in an even number of individuals eligible to hear a case, the presiding officer may appoint an Association Member, in good standing, to serve as a voting member of the hearing board.

9. Hearings. The Board will inform the Owner of the scheduled time, place, and date of the requested hearing by first-class mail or hand-delivery. Hearings may be conducted during or subsequent to any applicable cure period(s). The presiding officer may grant continuances for good cause. At the beginning of each hearing, the presiding officer will explain the rules, procedures, and guidelines by which the hearing will be conducted. The complaining parties and the Owner will have the right, but not the obligation, to attend the hearing. Each party may present evidence, testimony, and witnesses. The decision will be based on the matters set forth in the notice of alleged violation, request for hearing, and evidence as may be presented at the hearing. Unless otherwise requested by the Owner, all hearings will be conducted during executive session. 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.

10. Decision. 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). A decision, either a finding for or against the Owner, will be by a majority vote of the hearing board.

11. Fine Schedule.

A. Limitation on Fines. With the exception of violations that threaten public safety or health, CCIOA provides that the total amount of fines imposed for each violation of the governing documents may not exceed \$500. In accordance with limitations set forth in CCIOA, the Association has adopted the following schedule of fines. These fines supersede and replace any existing fines greater than \$500 adopted prior to the date of this policy.

B. General Fine Schedule.

Unless otherwise specified in the governing documents, the following fines may be imposed for each violation of the governing documents occurring within a one-year period:

| | |
|-------------------|-------|
| First violation: | \$ 50 |
| Second violation: | \$100 |
| Third violation: | \$150 |
| Fourth violation: | \$150 |

The Association may send one or more courtesy notices prior to a Notice of Violation. A Notice of Violation may be sent for any first violation. Additional or subsequent violations of the same provision occurring within one year from the date of the first Notice of Violation will be considered repeat or recurring violations, subject to additional fines as set forth above. After the one-year period, any subsequent occurrence of the same violation will be treated as a new first violation.

C. Continuing Violation Fine Schedule.

For any violation that does not threaten public safety or health and is continuing in nature, the Association may impose fines in accordance with the general fine schedule. The Association may impose a fine every other day in the amount of \$50 for violations that threaten public safety or health until the violation is cured.

For purposes of this policy, a violation is considered "continuing in nature" if the violation is uninterrupted by time or, by the nature of the violation, it occurs at such frequency to create a continuous pattern of occurrence. Examples of continuing violations include unauthorized improvements or parking an unauthorized vehicle in the community on a nightly or other regular basis, etc.

The total amount of fines will not exceed \$500 for each violation of the same covenant, restriction, rule, or regulation. However, the Association reserves the right to impose fines greater than \$500 for violations that threaten public safety or health.

12. Additional Enforcement Rights.

A. Recorded Notice of Violation. The Board may issue and record with the Clerk and Recorder a Notice of Violation.

B. Suspension of Rights to Use the Common Facilities. An Owner's right to use the Common Facilities may be suspended for up to 30 days, after notice and opportunity for hearing, if the Owner is in violation of the governing documents.

C. Suspension of Right to Vote. An Owner's right to vote may be suspended for up to 30 days, after notice and opportunity for hearing, if the Owner is in violation of the governing documents.

1. Failure to Enforce. The Association's failure to enforce the governing documents is not a waiver of the right to enforce for any subsequent violations.

2. Administrative Expenses. Enforcement costs, imposed by the Association or its managing agent, related to covenant and rule enforcement will be the obligation of the Owner and may be posted to the Owner's account. Examples include, but are not limited to, certified mailings or costs to translate a notice to a language other than English.

This Covenant and Rule Enforcement Policy and Procedure was adopted by the Board of Directors on this 27 day of SEPTEMBER, 2022

BECKWITH MOUNTAIN RANCH PROPERTY OWNERS' ASSOCIATION, INC.,
a Colorado nonprofit corporation,

By: Frank M. Stenroos
Its: President

BECKWITH MOUNTAIN RANCH PROPERTY OWNERS' ASSOCIATION, INC.
COLLECTION POLICY AND PROCEDURE

Effective Date: 9-27-22

This policy is adopted to comply with the terms of the Colorado Common Interest Ownership Act ("CCIOA") which contains provisions that may conflict with the terms of the Association's governing documents. CCIOA and this policy will control over any conflicting provisions in the governing documents.

1. Due Dates, Late Charges, Interest, and Suspension of Rights.

A. Due Dates. Invoices for the annual assessment are sent on or about March 1 of each year. Half of the total annual assessment is due and payable by March 31. The second half is due by June 30. The Board may allow for a discount if the entire amount is paid by March 31. Other assessments, fees, or charges are due and payable as set forth in the Association's notice. Payments will be deemed received on the date the payment is received in the Association's office or the Association's payment processor's office; provided, however, if the Owner's name or the Unit address for which payment is made is not identified on or with the payment, payment will not be deemed received until such time as the Owner and Unit to which payment should be credited are determined. Any payment not paid in full when due is past due and delinquent.

B. Late Fee or Charge. A late charge in the amount of \$25 per month will be imposed for any assessment, fine, or other charge not paid within 15 days of the due date without further notice to the Owner. The late charge is a personal obligation of the Owner and a lien on the Lot.

C. Interest. Interest at the rate of 8% per annum will accrue on any delinquent assessment, fine, or other charge from the due date without further notice to the Owner. Interest may be added to the Owner's account 30 days following the due date. For the annual assessment, interest will be added 30 days after March 31 if neither the first half nor the full amount is paid by March 31. Interest is a personal obligation of the Owner and a lien on the Lot.

D. Lien. Under Colorado law and the terms of the Declaration, there is a lien for any unpaid assessment. The Association reserves the right to record a notice of lien in the county records at any time after an assessment becomes delinquent.

E. Administrative Expenses. Collection costs imposed by the Association or its managing agent, if any, for delinquent accounts will be the obligation of the Owner and may be posted to the Owner's account. Examples include, but are not limited to, certified mailings and costs to physically post a notice or translate a notice to a language other than English.

F. 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. An Owner's rights to use Common Facilities may also be suspended without notice if an assessment or other charge is delinquent as set forth in this policy.

2. Attorney's Fees and Collection Costs. The Association is entitled to recover its reasonable attorney's fees and collection costs incurred in collecting assessments or other charges due the Association from a delinquent Owner pursuant to the terms of the Declaration and Colorado law.

3. Application of Payments. If an Owner who has both unpaid assessments and unpaid fines, fees, or other charges makes a payment to the Association, the Association will apply the payment first to assessments and any remaining amount of the payment to the fines, fees, or other charges owed.

4. Monthly Statements Required. On a monthly basis, the Association will send to each Owner who has any outstanding balance an itemized list of all assessments, fines, fees, and charges that the Owner owes to the Association (i.e., an account ledger). 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. 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. No fees or other charges will be assessed for providing statements required under this Section.

5. Notice of Delinquency. The Association may send courtesy notices to Owners. However, 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 notice of delinquency specifying:

- A. The total amount due, with an accounting of how the total was determined;
- B. Whether the opportunity to enter into a payment plan exists as provided in this collection policy, and instructions for contacting the Association to enter into a payment plan, if available;
- C. 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 debt;
- D. A statement that action is required to cure the delinquency, and that failure to do so within 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;
- E. Whether the delinquency concerns unpaid assessments; unpaid fines, fees, or charges; or both unpaid assessments and unpaid fines, fees, or charges; and if the notice of delinquency concerns unpaid assessments, the notice of delinquency must notify the Owner that the unpaid assessments may lead to foreclosure;
- F. The steps the Association must take before the Association may take legal action against the Owner, including a description of the Association's cure process; and
- G. A description of what legal action the Association may take against the Owner, including a description of the types of matters that 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 of the Association.

6. Owner Contact and Delivery of Notice. 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 will:

- A. Send a copy of the delinquency notice described in Paragraph 5 by certified mail, return receipt requested and physically post a copy of this delinquency notice at the Owner's Lot; and
- B. Contact the Owner by one of the following means:
 - i. First-class mail;
 - ii. Text message to a cellular number that the Association has on file that the Owner has provided to the Association; or
 - iii. Email to an email address that the Association has on file that the Owner provided to the Association.
- C. Notices from the Association will be sent in English; provided, however, that the Owner may send written notice to the Association with an alternate language preference. The Association will attempt to provide an accurate translation of the original English version, but due to nuances in translating to a foreign language, slight differences may exist.
- D. An Owner may send written notice to the Association identifying another person to serve as a designated contact for the Owner for notices and correspondence. The Association will send the

same written communications to the designated contact that it sends to the Owner. If the Owner wishes to change or cease the designated contact, the Owner must send the Association written notice.

7. Record of Notification. The Association will maintain a record of the contact(s) it has made with an Owner regarding a delinquency, including the type of communication used to contact the Owner and the date and time the contact was made. As this record relates to a particular Lot, it will not be deemed to be a record available to all Owners under Colorado law.

8. Payment Plans.

A. Before the Association turns over a delinquent account of an Owner to a collection agency or refers it to an attorney for legal action, it will make a good faith effort to coordinate with the Owner to set up a payment plan. An Owner may enter into a payment plan to pay off a deficiency in equal installments over a minimum period of 18 months or such other longer period as authorized by the Board.

B. If the Owner fails to comply with the terms of the payment plan (fails to remit payment of three or more agreed-upon installments within 15 days after the monthly installments are due), the Association may pursue legal action subject to the notice requirements above.

C. The Association is not obligated to negotiate a payment plan with:

- i. an Owner who has previously entered into a payment plan pursuant to this policy, or
- ii. an Owner who does not occupy the Unit and acquired the Unit because of a default of a security interest encumbering the Unit or a foreclosure of the Association's lien.

D. Before the Association initiates a foreclosure proceeding based on the Owner's unpaid assessments, it will provide the Owner with a written offer to enter into a repayment plan of at least 18 months. Under the repayment plan, the Owner may choose the amount to be paid each month, so long as each payment must be in an amount of at least \$25.00. The Owner may elect to pay the remaining balance under the repayment plan at any time during the duration of the repayment plan.

E. All payment plans involving accounts referred to an attorney for collection will be set up and monitored through the attorney in consultation with the President of the Board or other person designated by the Board.

9. Board Action to Refer Delinquent Account. Before a delinquent account is referred to a collection agency or attorney, a majority of the Board must vote to refer the matter by recorded vote conducted in executive session.

10. Referral of Delinquent Accounts to Attorneys. After an account has been referred to the Association's attorney, the account remains with the attorney until it is settled, has a zero balance, or is otherwise resolved. Once accounts are turned over to the Association's attorney, Owners will make payments to the Association at the attorney's address. The Association's attorney is authorized to take whatever action is necessary, in consultation with the Board President or other person designated by the Board, believed to be in the Association's best interest.

After a delinquent account has been referred to the Association's attorney, all communication with the delinquent Owner will be handled through the Association's attorney. Neither the manager, if any, nor any member of the Board may discuss the collection of the account directly with an Owner after it has been turned over to the Association's attorney unless the attorney is present or has consented to the contact. Action by the Association's attorney may include the following:

A. Notice of Lien. If not already recorded, a notice of lien may be recorded against the delinquent Owner's property to provide record notice of the Association's claim against the property.

B. Filing Lawsuit. The Association may file a lawsuit against the delinquent Owner seeking a money judgment. If a personal judgment is entered against the delinquent Owner, the Association may pursue remedies such as garnishing the Owner's wages or bank account to collect judgment amounts.

C. Judicial Foreclosure. The Association may foreclose on its lien in lieu of or in addition to suing an Owner for a money judgment. The purpose of foreclosing is to obtain payment of all assessments owing in situations where either a money judgment lawsuit has been or is likely to be unsuccessful or in other circumstances that may favor such action. If the Association forecloses on its lien, the Owner will lose the Owner's Lot, having the same effect as if a first mortgagee institutes a foreclosure action against the property (though the procedure is different).

The Association will not commence a judicial foreclosure action unless the balance of the assessments and charges secured by its lien (which may include late fees, fines, and other charges as well as other assessments) equals or exceeds 6 months of common expense assessments based on the Association's periodic budget. Additionally, the Association will not pursue foreclosure against an Owner solely based on fines owed to the Association and/or collection costs or attorney's fees the Association incurred that are only associated with such fines. Prior to filing a foreclosure action, the Board will resolve by a recorded vote in executive session to authorize the filing of the foreclosure action against the particular Unit against which the foreclosure action will be filed.

D. Receivership. A receiver is a disinterested person, appointed by the court, who manages rental of the Owner's property and collects the rents according to the court's order. The purpose of a receivership for the Association is to obtain payment of current assessments, reduce past-due assessments, and prevent waste deterioration of the property.

E. Bankruptcy Filings. Filing necessary claims, documents, and motions in Bankruptcy Court to protect the Association's claim.

11. Certificate of Status of Assessment/Estoppel Letter. The Association will furnish to an Owner, or such Owner's designee, upon written request delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against the Owner's Lot. The statement will be delivered within 14 calendar days after receipt of the request personally or by certified mail, first-class postage prepaid, return receipt requested. If the Owner's account has been turned over to the Association's attorney, the statement will include any attorney's fees incurred in providing the statement.

12. Return Check Charges.

A. If any check or other instrument payable to or for the benefit of the Association is not honored by the bank or is returned by the bank for any reason, including, but not limited to insufficient funds, the Owner is liable to the Association for one of the following amounts, at the option of the Association:

i. An amount equal to the face amount of the check, draft, or money order and a return check charge of: (a) \$20.00; or (b) 20% of the face amount of the check, draft, or money order, but not less than \$20.00, if it has been assigned to a collection agency for collection; or (c) an amount equal to the actual charges incurred by the Association levied by the party returning the check, whichever is greater; or

ii. If notice has been sent as provided in C.R.S. § 13-21-109 and the total amount due as set forth in the notice is not paid within 15 days after such notice is given, the person issuing the check, draft, or money order will be liable to the Association for three times the face amount of the check, but not less than \$100.00.

B. If two or more of an Owner's checks are returned within any fiscal year, the Association may require that future payments, for a period of one year, be made by certified check or money order.

13. Bankruptcies and Public Trustee Foreclosures. Upon receipt of any bankruptcy notice or a

foreclosure notice by any holder of an encumbrance against any Unit within the Association, the Association may advise the Association's attorney of the same and turn the account over to the Association's attorney.

14. Waivers. The Association may modify these procedures as the Association determines appropriate under the particular circumstances. Any accommodation may be documented in the Association's files. Failure to require strict compliance with this policy is not deemed a waiver of the Association's right to require strict compliance and will not be deemed a defense to payment of assessment fees or other charges, late charges, return check charges, attorney's fees, and/or costs as described and imposed by this policy.

This Collection Policy and Procedure was adopted by the Board of Directors this 27th day of SEPTEMBER 2022

BECKWITH MOUNTAIN RANCH PROPERTY OWNERS' ASSOCIATION, INC.,
a Colorado nonprofit corporation,

By: Frank M. Storick
Its: President

Concerning the revised (updated) enforcement and collection policies that comply with the CCIOA (HB@@-1137).

We the members of the BMR BOD approve the final revision as received from Lauren Holmes of Orten Cavanagh Holmes & Hunt, LLC.

President
Frank Sterioti

 9-24-22

Vice President
Jack Henderson

 09-25-22

Secretary
Jane Stanley

 09/24/22

CCR enforcement Director
Dave Bennett

 09/27/22

Grazing Lease Director
Jim Bauer

 9/24/22