

**Minutes of Meeting of the Executive Board of Directors of  
Somerset Estates Homeowners Association (SEHOA)  
November 13, 2018  
Niwot Fire Station, CO**

**1. Call to order**

The meeting was called to order at 6:30 PM.

**2. Quorum**

Quorum present with Marc Arnold (MA), Paula Hemenway (PH), and Kip Sharp (KS). Anthony Chirikos (AC) Susan Reilly (SR) were absent.

**3. Approval of prior meeting minutes** - The minutes from the meeting on October 23, 2018 were approved with a motion from MA, seconded by KS. The minutes from a closed session meeting on October 28, 2018 were approved with a motion from MA, seconded by KS. Both passed unanimously.

**4. SHOA Memorandum of Understanding (MOU) –** Motion to approve the Memorandum of Understanding between Somerset Homeowners Association and Somerset Estates Homeowners Association Regarding Financial Assets and Allocation, dated November 13, 2018, made by KS, seconded by MA. No discussion, passed unanimously. Motion to approve the Agreement between Somerset Homeowners Association and Somerset Estates Homeowners Association Regarding the Memorandum of Understanding on Financial Assets and Allocations, dated November 13, 2018, made by KS, seconded by MA. No discussion, passed unanimously.

Marc Arnold signed two copies of the MOU and Agreement, and gave them to Al Orendorff to take to the SHOA Board meeting on November 14, 2018 for their approval and signature. Once both parties have signed both documents, SHOA will transfer \$79,101 to SEHOA within 10 days to account for the allocation of operating and reserve funds held by SHOA. SEHOA will reimburse SHOA for expenses incurred on its behalf in October, November and December 2018. The Agreement is to acknowledge that the MOU between SHOA and SEHOA does not resolve all disputes between the parties and does not constitute a release of any claims.

**5. Treasurer's Report–** SEHOA has \$51,339 in its account. The details of income and expenses YTD are attached. A notice of delinquency was sent on October 1, 2018 to the owner of 6331 Snowberry Lane, offering a payment plan. We have received no reply. Motion made to adopt a Somerset Estates Homeowners Association Collection Policy, using the same policy as adopted by SHOA in 2016, but with SHOA changed to SEHOA, made by PH, seconded by KS. Homeowner input solicited, none received. Passed unanimously. The policy is attached.

**6. Property Manager's Report –** Al Orendorff will file a notice of lien with the Clerk & Recorder for Boulder County against the owner of 6331 Snowberry Lane. Follow-up actions will be according to the Collection Policy. The irrigation system is being blown out for the winter this week. The final fall clean-up of leaves, etc. will be at the end of November.

- 7. Outdoor Craftsmen information** – PH presented a proposal from Outdoor Craftsmen for landscape maintenance in 2019. This will be compared to current vendors once we have the landscape costs through October and proposals for 2019. No action was taken on the Outdoor Craftsmen proposal.

Scott Deemer, owner of Outdoor Craftsmen, has offered to design a solution for the Primrose Ct monument and damaged landscaping from Primrose to Columbine Ct. If acceptable, we will pay for the installation. This will give homeowners an idea of the types of landscaping we might consider to replace dead and damaged turf areas.

- 8. Plan for November 27<sup>th</sup> Homeowner meeting** – MA will have the slides that explain the 2019 budget available to help answer questions. The ballot and vote count process were reviewed. It was suggested that we have cookies and bottled water. Signs reminding homeowners of the meeting will go up this week.
- 9. ACC Guideline Revisions discussion** – Larry Becker and Barbara Stager of the ACC discussed their ideas about what to present to the homeowners at the November 27<sup>th</sup> meeting, after the budget vote. The major changes to the Architectural and Landscaping Standards that the ACC is considering will be presented for homeowner input, which can take the form of discussion or possibly an informal survey among the homeowners present at the meeting.
- 10. Next meeting – Homeowner meeting on Tuesday November 27, 7:00 pm at Niwot High School**
- 11. Adjourn** - The meeting adjourned at 8:10 PM, followed by a closed session of the Executive Board.



Paula Hemenway, Treasurer  
November 13, 2018

**Minutes of Closed Meeting of the Executive Board of Directors of  
Somerset Estates Homeowners Association (SEHOA)  
November 13, 2018  
Niwot Fire Station**

**1. Call to order –**

The meeting was called to order at 8:15 PM.

**2. Quorum**

Quorum present with Marc Arnold (MA), Paula Hemenway (PH), and Kip Sharp (KS). Anthony Chirikos (AC) Susan Reilly (SR) were absent.

**3. Discussion**

This was an executive (closed door) session to discuss advice from counsel as allowed by CCIOA 38-33.3-308 (4)(b). Topics discussed included the relationship between Lyons-Gaddis and SEHOA and the next steps related to water rights.

**4. Adjourn -** The meeting adjourned at 9:00 PM.



Paula Hemenway, Treasurer  
November 13, 2018

**SOMERSET ESTATES HOMEOWNERS ASSOCIATION, INC.**  
**COLLECTION POLICY**

Adopted 11/13/18

The following procedures have been adopted by Somerset Estates Homeowners Association, Inc. ("Association") pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Executive Board.

Purpose: To establish a uniform and systematic procedure for collecting assessments and other charges of the Association, thus ensuring the financial wellbeing of the Association.

Collection Philosophy: All owners are obligated by the Consolidated, Amended and Restated Declaration for Somerset Estates ("Declaration") to pay all dues and assessments in a timely manner. Failure to do so jeopardizes the Association's ability to pay its bills. Failure of owners to pay assessments in a timely manner is also unfair to its other owners who do. Accordingly, the Association, acting through the Executive Board must take steps to ensure timely payment of assessments.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following procedures and policies for the collection of assessments and other charges of the Association:

1. Due Dates. The annual assessment, as determined by the Association, shall be due and payable quarterly in equal installments due on the first (1st) day of January, April, July and October in each year. Special assessments or other charges may be assessed or made from time to time by the Association in accordance with the Declaration and are due and payable as specified by the resolution authorizing such assessment or charge. All assessments or other charges not paid to the Association when due shall be considered past due and delinquent.

2. Late Fees and Interest. The Association shall be entitled to impose a late fee of twenty-five dollars (\$25.00) on any assessment or other charge not paid within thirty (30) days of the due date. Additionally, any assessment or other charge not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of the 12 month LIBOR as of the previous December 31<sup>st</sup>, plus 4% per annum adjusted annually, or at such lesser rate as may be set from time to time by the Executive Board. All such fees and interest shall be due and payable immediately, without notice, in the manner provided for payment of assessments.

3. Return Check Charges. A twenty dollar (\$20.00) fee 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 bank for any reason whatsoever, including but not limited to, insufficient funds. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. If two or more of a owner's checks are returned unpaid by the bank within any twelve (12) month period, 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.

4. Attorneys' Fees on Delinquent Accounts. The Association shall be entitled to recover its reasonable attorneys' fees and collection costs incurred in the collection of assessments or other charges due the Association from a delinquent owner, together with post-judgment and appellate attorneys' fees and costs incurred.

5. Application of Payments Made to the Association. The Association reserves the right to apply all payments received on account of any owner first to payment of any and all legal fees and costs (including attorneys' fees), then to costs and expenses of enforcement and collection, late charges, interest, returned check charges, lien fees, and other costs owing or incurred with respect to such owner,

and any remaining amounts shall be applied to the assessments or other charges due with respect to such owner. For purposes of collecting an outstanding judgment, the Association may, but shall not be required, to first apply payments received following entry of a judgment towards post-judgment attorneys' fees and costs and/or assessments and other charges coming due following the entry of the judgment.

6. Offer of Payment Plan. Subject to the following requirements and conditions, the Association shall offer a payment plan to any delinquent owner and make a good faith effort to coordinate a payment plan with the owner:

- a. The payment plan must allow the delinquent owner the right to pay off the delinquency in equal installments over a period of at least six (6) months;
- b. No payment plan need be offered if the owner does not occupy the unit and has acquired the unit as a result of:
  - i. a default of a security interest encumbering the unit; or
  - ii. foreclosure of the Association's lien;
- c. The Association is not required to offer a payment plan or negotiate such a plan with an owner who has previously entered into a payment plan with the Association;
- d. The owner's failure to remit payment of an agreed-upon installment, or to remain current with regular assessments as they come due during the period of the payment plan, constitutes a failure to comply with the terms of the payment plan.
- e. The Association may pursue legal action against the owner if the owner fails to comply with the terms of the payment plan.

7. Notice of Delinquency. After an installment of an assessment or other charge owed to the Association becomes thirty (30) days past due, and before the Association turns the delinquent account over to a collection agency or refers it to the Association's attorneys for legal action, the Association shall cause a Notice of Delinquency to be sent to the owner who is delinquent in payment. The Notice of Delinquency shall specify the following:

- a. the total amount due, with an accounting of how the amount was determined;
- b. whether an opportunity to enter into a payment plan exists under the requirements and conditions set forth in Paragraph 6 above, and the instructions for contacting the Association or its manager to enter into such a payment plan;
- c. the name and contact information for the person the owner may contact to request a copy of the owner's ledger in order to verify the amount owed;
- d. that action is required to cure the delinquency and the specific action required to cure the default; and
- e. that failure to cure the delinquency within thirty (30) days may result in the delinquent account being turned over to a collection agency or the Association's attorney, a lawsuit being filed against the owner, the filing and foreclosure of a lien against the owner's unit, or other remedies available under Colorado law.

The Notice of Delinquency shall be mailed to the owner at the owner's property address unless the owner has given notice, in writing, of an alternate address. The Association may, but shall not be required to, send additional notices to the owner, either before or after the Notice of Delinquency set forth in this Paragraph 7, for as long as amounts remain past due on the owner's account. However, the Association is only required to send one (1) Notice of Delinquency provided for in this Paragraph 7.

8. Liens. If payment in full of any assessment or other charge is not received by the deadline stated in the Notice of Delinquency, the Association may cause a notice of lien to be filed

against the property of the delinquent owner. The lien shall include assessments, fees, charges, late charges, attorneys' fees, fines and interest owed by the delinquent owner.

9. Referral of Delinquent Accounts to Attorneys. After the deadline stated in the Notice of Delinquency has expired, the Association may, but shall not be required to refer delinquent accounts to its attorneys for collection. Upon referral to the attorneys, the attorneys shall take all appropriate action to collect the accounts referred. After an account has been referred to an attorney, the account shall remain with the attorney until the account is settled, has a zero balance, or is written off. All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney. After consultation with the Board of Directors or the Association's managing agent, the attorneys shall be entitled to exercise all available remedies to collect the amounts due, including judicial foreclosure and appointment of a receiver of the delinquent owner's property.

10. Foreclosure of Lien. Notwithstanding any provision of this policy to the contrary, the Association may only foreclose the lien if:

- a. The balance of the assessments and charges secured by the lien equals or exceeds six (6) months' worth of regular assessments based on the periodic budget adopted by the Association; and
- b. The Board of Directors has formally resolved, by a recorded vote, to authorize the filing of a legal action against the specific owner's unit on an individual basis.

11. Waivers. Nothing in this policy shall require the Association to take specific action(s) other than to notify owners of the adoption of this policy. The failure to provide notice to a homeowner in accordance with the provisions of this policy, with the exception of the offer of a payment plan if applicable, shall not constitute a defense or condition precedent to any action to collect the debt. The Association has the option and right to continue to evaluate each delinquency on a case-by-case basis. The Association may grant a waiver of any provision herein upon petition in writing by an owner showing a personal hardship. Such relief granted an owner shall be appropriately documented in the files with the name of the person or persons representing the Association granting the relief and the conditions of the relief. In addition, the Association is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association may determine appropriate under the circumstances except as may be prohibited by Colorado law.

12. Order of Remedies. Subject to the restrictions contained in Paragraph 10 above concerning foreclosure, the Association may pursue any actions or remedies, including, but not limited to, actions for personal judgment, foreclosure or receivership (on an *ex parte* basis or otherwise and for purposes of collecting the lien balance coming due to the association both pre-judgment and post-judgment in any judicial proceeding), to collect amounts owed in any order or contemporaneously, and cumulatively, and in the case of a foreclosure by the holder of another security interest in the owner's property, may immediately proceed to file actions for personal judgment, foreclosure or receivership (on an *ex parte* basis or otherwise) without the necessity of following the procedures set forth above.

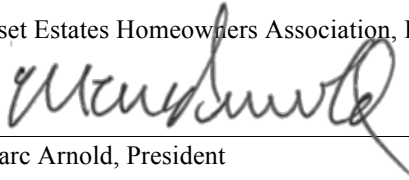
13. Delinquencies Constitute Covenant Violations. Any delinquency in the payment of assessments or other charges shall constitute a violation of the covenants contained in the Declaration, and following notice and an opportunity to be heard, the Association shall be entitled to impose sanctions on the delinquent owner consistent with the Association's Notice and Hearing and Enforcement Policy and Procedures. For purposes of this section, 'sanctions' shall not include the assessment of late fees and interest which are due and payable immediately without notice and hearing.

14. Severability. If a provision of this policy is or becomes illegal, invalid or unenforceable,

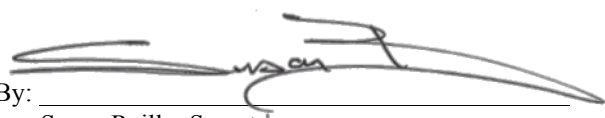
that shall not affect the validity or enforceability of any other provision of this policy.

15. Superseding Previous Policies. This policy shall replace and supersede any previous rules and regulations of the Association addressing the collection of past due assessments.

Somerset Estates Homeowners Association, Inc.

By:   
\_\_\_\_\_  
Marc Arnold, President

This Policy Regarding Collections was adopted by the Executive Board on the 13<sup>th</sup> day of November, 2018, effective the 13<sup>th</sup> day of November, 2018 and is attest to by the Secretary of the Somerset Estates Homeowners Association, Inc.

By:   
\_\_\_\_\_  
Susan Reilly, Secretary

SEHOA Treasurer's Report - November 2018				
	Proposed Budget	YTD (11/13/18)	Difference	Notes & Assumptions
<b>INCOME</b>				
Starting deposit	\$ 100	\$ 100	\$ -	
Q3 & Q4 Assessments (see note below)	\$ 50,850	\$ 52,251	\$ 1,401	\$325 per home for 2 quarters x 89 homes less \$7,000 prepaid in Q1 to SHOA
Past due assessments	\$ 325	\$ 1,325	\$ 1,000	Arrearages from Q1 & Q2 paid to SEHOA (estimate)
Late Fees	\$ 75	\$ 75	\$ -	
Prepaid to SEHOA for 2019	\$ 7,500	\$ 10,550	\$ 3,050	Prepaid 2019 dues
Member Service Reimbursement	\$ 155	\$ 155	\$ -	Vacant lot mowing
Transfer Fee Income	\$ -	\$ 800	\$ 800	\$1600 YTD per AI; \$800 paid to SHOA
SHOA transfer - Legal fees	\$ 6,965	\$ 6,965	\$ -	Transfer from SHOA for SEHOA start-up legal expenses
SHOA transfer - operating expenses	\$ 73,474	\$ -	\$ (73,474)	Transfer from SHOA for budgeted operating expenses in 2H 2018
<b>Total Income</b>	<b>\$ 139,444</b>	<b>\$ 72,221</b>	<b>\$ (67,223)</b>	
<b>EXPENSES</b>				
<b>Administrative</b>				
Accounting	\$ -	\$ -	\$ -	Pay in 2019
Bank & Filing Fees	\$ 183	\$ 183	\$ -	Boulder County Clerk & Recorder
Insurance	\$ 2,535	\$ 4,882	\$ (2,347)	Includes Jan 2019 and extra \$10M liability for Q4
Legal			\$ -	
- General	\$ 15,000	\$ 9,035	\$ 5,965	Budgeted 10 additional hours beyond initial invoice for consultation on next steps and quiet title
- Water	\$ 7,600	\$ 6,480	\$ 1,120	Budgeted 10 additional hours for possible additional consultation on next steps
Meeting Expense	\$ 300	\$ 45	\$ 255	Niwot High School for budget meeting
Misc. Admin and Fees	\$ 175	\$ 175	\$ -	HOA Transfer paid by SEHOA
Printing and Reproduction	\$ 200	\$ 82	\$ 118	Paid by M. Arnold and P. Hemenway
Website Hosting & Domain	\$ 500	\$ -	\$ 500	Paid by M. Arnold
Water Engineering	\$ 10,000	\$ -	\$ 10,000	Engineering fees related to water infrastructure - feasibility study
<b>Services provided by SHOA for 2H 2018</b>	<b>\$ 73,474</b>	<b>\$ -</b>	<b>\$ 73,474</b>	Expenses paid out of funds held by SHOA, unless SEHOA share is transferred.
<b>Total Expenses</b>	<b>\$ 109,967</b>	<b>\$ 20,882</b>	<b>\$ 89,086</b>	
<b>Net Income</b>	<b>\$ 29,477</b>	<b>\$ 51,339</b>	<b>\$ 21,862</b>	<b>Net income YTD = bank account balance</b>
<p>Note on income: This income is what has actually been paid to SEHOA's bank account. It does not include \$7000 in SEHOA dues prepaid to SHOA in 1H 2018, or the \$1000 for Eagle Pond paid to SHOA in 1H 2018. We expect these amounts to be reconciled as part of the transfer for operating expenses.</p>				

Paula Hemenway, Treasurer  
November 13, 2018