



VILLA CASITAS HOMEOWNER'S ASSOCIATION ASSESSMENT COLLECTION POLICY

The undersigned, being all the Directors of Villa Casitas Homeowner's Association, a Colorado non-profit corporation (the "Association") hereby consent to vote in favor of and adopt the following Policy:

1. Owner Responsibility.

- (a) Assessments are vital to fund the operations of the Association. The Association has adopted this Policy (the "Policy" which shall also constitute a rule of the Association) to promote and protect its financial strength for the benefit of all Owners. Owners are responsible for paying certain sums as provided in the Association's Governing Documents which include the Association's recorded Covenants, its Articles of Incorporation, its Bylaws and its Policies (collectively "Association's Governing Documents"). In addition, Owners may have a statutory duty to pay certain sums under certain provisions of the Colorado Common Interest Ownership Act (CCIOA) to the extent that statute applies. Those sums, whether defined by the Association's Governing Documents or CCIOA, if applicable, are collectively called "Assessments".
- (b) Owners are responsible for making arrangements for the delivery of all payments to the Association, whether by mail or direct deposits. Owners must notify the Association in writing of any change in their mailing address or status within 15 days of such change. The Association shall not be liable for any errors or omissions in any billing address or payment statement to the Owner.
- (c) Owners are encouraged to use direct deposit of Assessments to avoid late charges, payment disputes, or other problems.
- (d) Any requests for payment arrangements should be made by communicating, in writing, with either the Association's Manager or the Association's Registered Agent ("Registered Agent") whose name and address (the "Registered Address") are shown on the records of the Colorado Secretary of State's website.
- (e) Checks containing an unacceptable restrictive endorsement will not be accepted; the amount tendered shall be considered unpaid; and the check will be marked "Void" unless the Member requests the check(s) be returned as part of a payment agreement.
- (f) All notices and communications from the Association to its Owners will be in English unless an Owner notifies the Association, in writing, that they would like notices and communications from the Association to be in a language other than English, in which case copies will be sent in English and the language so designated by the Owner. The Association will attempt to provide an accurate translation of the original English version, but differences in the two versions may exist, in which case the English version is the correct representation of the Association's communication. In addition to potential issues in translating, the need to obtain translations may cause a delay in responding to communications from the Owner.
- (g) Owners may request that copies of all notices and communications to the Owner from the Association also be sent to another person, who shall be the Owner's designated contact person (the "Designated Contact"). Owners must notify the Association, in writing, of the identity of the Designated Contact, the Designated Contact's mailing address, and e-mail address if the Owner would like the Designated Contact to be contacted by e-mail as well as by mail. The Owner is responsible for notifying the Association, in writing, of any changes in their Designated Contact's

mailing address or e-mail address. Direction regarding a Designated Contact is authorization to the Association, its Management Company, agents, attorneys, and assigns

2. Due Date, Interest, and Late Charges.

- (a) The Association's Assessments for Common Expenses shall be due and payable annually as provided in the Association's Governing Documents, but may be paid either annually or bi-annually and unless otherwise designated, Assessments shall be due in-full annually by April 30th, or bi-annually by making two equal payments with the first due by February 28th and the second payment due by June 15th, and further, Special Assessments, fines, fees, and other charges shall be due on the date specified in any notice thereof.
- (b) Any account with a balance remaining on the last day of the Association's fiscal year shall be considered past due and delinquent, and will be charged a late fee/administration fee set by the Board (currently \$100.00) to compensate the Association for the processing of a delinquent payment.
- (c) In addition to the late fee, the Association shall be entitled to receive any and all costs of collection, attorney's fees, and interest allowed by the Association's Governing Documents or any statute or law. The interest rate for delinquent sums is regulated by statute and, regardless of the rate that may be set forth in the Association's Governing Documents, the interest rate the Association charges shall be the highest rate allowed by Colorado law, which currently stands at 8% per annum.

3. Returned Checks.

- (a) The Association will impose an administrative fee (currently \$35.00), or other amount deemed appropriate by the Board, for all returned checks.
- (b) If notice of a returned check, draft or money order is 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 Owner who provided the returned check shall be liable to the Association for collection for three times the face amount of the check, but not less than \$100.00, and any expenses of collecting such sums.
- (c) 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 year, be made by certified check or money order or Automated Clearing House (ACH) electronic fund transfer.
- (d) The Association shall not be obligated to process any payment more than once, but in its discretion, it may attempt to process up to three times. Any costs associated with such processing, including charges by the payee's financial institution, shall be the sole responsibility of the payee.

4. Payment Plan.

- (a) General Considerations. The Association is not a lender, and failure to pay Assessments imposes financial burdens on the other Owners. A payment plan may only be considered for extreme hardship or extraordinary circumstances unless otherwise required by law or statute.

- (b) Statutory Payment Plan. Owners may be entitled to a one-time payment plan under Colorado statutes. Such statutory payment plan shall be subject to the following:

Any request for a payment plan must be made by an Owner in writing and delivered to the Association's Management Company or to its Registered Agent at the Registered Address. Any payment plan accepted by the Board will be a legally binding contract, and the plan will require the owner to pay all delinquent sums, including late fees, interest, attorney fees, charges and other costs. The payment plan will require the Owner to keep all monthly payments current and pay off the entire delinquent amount in payments over a period of at least eighteen (18) months. The Owner is entitled to choose the amount to be paid each month of the payment plan toward the delinquent amount so long as the amount paid is at least \$25.00 (until the delinquent amount is less than \$25.00), except that that the final payment under the payment plan must be enough to fully satisfy the remainder of the delinquent amount. No statutory payment plan is available if the owner does not occupy the Unit and has acquired the Unit as a result of (1) a default of security interest encumbering the Unit, or (2) foreclosure of the Association's lien. Owners who wish to enter into a payment plan must notify the Association in writing within 30 days of being provided with the offer to enter into a payment plan or they will be deemed to have rejected the offer. An Owner may pay the remaining balance owed under the payment plan at any time during the duration of the repayment plan.

- (c) Other Payment Plans. In its sole discretion, the Board may consider any other request for a payment plan, but such request must be in writing, describing the necessity for such plan and its terms.
- (d) Remedies. Nothing in the Policy prohibits the Association, or a holder or assignee of the Association's debt from pursuing legal action against an Owner if the Owner fails to comply with the terms of his or her payment plan. An Owner's failure to pay three or more agreed upon monthly installments within 15 days after the monthly installments were due OR the Unit Owner's failure to remain current with regular monthly assessments as they come due during the period of the payment plan constitutes a failure to comply with the terms of the Owner's payment plan.
- (e) Discretion. The Association is not obligated to negotiate a payment plan with an Owner who has previously entered into a payment plan or is not entitled to a plan under C.R.S. §38-33.3-316.3(1)(b)(I); in such cases, the Board shall have complete discretion as to payment plans except as otherwise required by Colorado statutes.

5. Notice of Delinquent Assessments.

- (a) The Association may send the Owner various notices of delinquent Assessments to an Owner who fails to pay and may charge for any notices sent to the Owners in connection with such delinquent Assessments, but the Owners are responsible for ensuring that their payments are timely and fully made, regardless of whether notice is sent.
- (b) The Association may send "courtesy reminders" to remind an Owner that the Owner's account may be delinquent. These reminders are a courtesy and shall not constitute official contacts or notices of delinquency, but records of the reminders will be kept by the Association.
- (c) 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 shall, to the extent required by statute or law, send the Owner, and a Designated Contact (if any) a "Notice of Delinquency". The Notice

of Delinquency shall be sent to the Owner and the Designated Contact (if any) in English and the language chosen for correspondences and notices by the Owner (if any) at the Owner's Unit in the Association or to the address that they have registered with the Association by certified mail, return receipt requested, and by first-class mail. In addition, a copy of the Notice of Delinquency shall be physically posted at the Unit. The Notice of Delinquency will specify or contain the following:

- (i) The total amount due, with an accounting of how the total was determined, which may be shown by enclosing a copy of that Owner's ledger.
- (ii) Whether the delinquency concerns unpaid assessments; unpaid fines, fees or charges; or both unpaid assessments and unpaid fines, fees, or charges.
- (iii) If the Notice of Delinquency concerns unpaid assessments, the Notice of Delinquency will inform the Owner that unpaid assessments may lead to foreclosure, and will include:
 - (d) A description of 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 established in accordance with statute; and
 - (e) 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.
 - (i) The name ("Contact Person") and contact information for the individual ("Contact Address"), whom the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt, shall be set forth in the Notice of Delinquency.
 - (ii) That an opportunity to enter into a payment plan may exist in accordance with Section 4 of this Policy in which case the Owner (if eligible) must contact the Association's Contact Person, in writing at the Contact Address, to request a payment plan.
 - (iii) That action is required to cure the delinquency, and that failure to do so within thirty (30) days may result in the Owner's delinquent amount being turned over to a collection agency, a lawsuit being filed against the Owner, the filing foreclosure of a lien against the Owner's property, or other remedies available under Colorado law.
- (f) Only one "Notice of Delinquency" shall be required during any collection process.

6. Payment Priority.

Regardless of inscriptions or notations on the front or back of the check or other method of payment, all payments shall be applied to outstanding balances in the following order of priority:

- (i) unpaid regular and Special Assessments beginning with the oldest unpaid assessments;
- (ii) late charges;
- (iii) interest;
- (iv) attorney fees and costs;
- (v) returned check charges;

- (vi) past-due fines, or other charges, if any; and
- (vii) currently due fines, or other charges if any.

7. Remedies for Collection of Delinquent Assessments.

- (a) The Association may exercise any and all rights and remedies available under the Association's Governing Documents, or under Colorado law, including without limitation, the Owner's delinquent account being turned over to a collection agency and/or law firm, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's property, the appointment of a receiver, or other remedies available under Colorado law.
- (b) The Association may not refer a delinquent account to a collection agency or law firm unless a majority of the Board of Directors present at a meeting where a quorum is present votes to refer the matter in a recorded vote.
- (c) Unless prohibited or restricted by the Association's Governing Documents and/or Colorado statutes, the Association may also deny rights to use Association facilities, voting rights, or other rights in the Association (including inspection of records) until all Assessments and other sums are paid in full. In order to be an "Owner in Good Standing" for purposes of this Policy, and to obtain a release of liens, restoration of voting or other rights, or to terminate litigation, the delinquent Owner must make payment in full of all Assessments and other sums, including sums which arise after the collection process or after the Owner delivers a payment to the Association. The Association shall not be liable for any errors or omissions in any billing address or payment statement to the Owner.
- (d) Unless prohibited or restricted by the Association's Governing Documents and/or Colorado statutes, the Association may (but shall not be required) proceed by filing litigation against any Owner who has not paid his assessment and, without affecting that remedy, may also file a lien against the delinquent Unit, which may be foreclosed as provided in the Association's Governing Documents and/or the CCIOA.
- (e) Unless prohibited or restricted by the Association's Governing Documents and/or Colorado statutes, any delinquent Owner assigns any rental income from his/her Unit to the Association to pay any delinquent sums owed to the Association, and the tenant in any rental Unit in the Association shall, upon written notice from the Association, pay the rents to the Association to pay such delinquent sums including any delinquent annual or special Assessment owed by the Owner of the rental Unit, and all payments made by the tenant to the Association shall reduce the tenant's obligation to make monthly rental payments to the Owner under the lease by the same amount. Despite such payments, the Association shall not be obligated to perform or incur any obligation under the lease. If the tenant fails to comply with the Association's written notice and to make the payments required, the Owner and tenant shall be subject to all rights and remedies described by the Association's Governing Documents, and/or the CCIOA, including that the Association may seek to evict the tenant and/or the Association shall have an absolute right to obtain a court appointed receiver to manage the Unit and apply the rents to pay delinquent sums.
- (f) Unless prohibited or restricted by the Association's Governing Documents and/or Colorado statutes, the Association may also assign its assessment lien against the delinquent property to a third-party assignee, without recourse or warranty of any kind. The assignee shall assume all responsibility for the enforcement of the assigned lien, and the Association shall not be liable for any actions of said assignee. Assignments shall apply only to Assessments that are owed to the

Association prior to the assignment, and shall not assign, release or supersede any claims or lien which the Association may have for Assessments accruing after said date. If an assignee does not pay any Assessments levied after the assignment, the assigned assessment lien shall be subordinate to any future assessment by the Association, and the assignee may not take any actions that would hinder the Association's right or ability to collect those unpaid future Assessments.

- (g) In any action by the Association whether: (i) to collect assessments or other unpaid sums or; (ii) to foreclose a lien for unpaid assessment or sums, the Court shall promptly, upon the request of the Association, appoint a receiver of the Owner and the Owner's Unit to collect all sums alleged to be due from the Owner prior to or during the pending of the action. The bond of the receiver shall not exceed the amount requested by the Association, and the receiver shall have all rights and powers requested by the Association, including without limitations, the powers to lease, collect rents and otherwise deal with such Unit. The Court shall order the receiver to pay any sums held by the receiver to the Association during the pending of the action to the extent of the Association's unpaid assessments and sums.
- (h) The Association's costs, expenses, and attorney's fees incurred in collection efforts; the Association's costs of suit, expenses, and attorney's and other professional fees incurred for any such action and/or foreclosure proceedings, and any other costs that may be authorized by a court of competent jurisdiction shall be taxed by the court as a part of the costs of any such action or foreclosure proceeding and shall be recovered by the Association from any owner personally obligated to pay the same and from the proceeds of the foreclosure sale of such Owner's Unit. Foreclosure, or attempted foreclosure, by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessments that are not fully paid when due or seeking any other remedy under this Policy, Governing Documents, Colorado statutes or cases.

8. Association's Collection Action through its Attorneys.

- (a) After a delinquent account has been referred to the Association's attorney, all communication with the delinquent Owner should be handled through the Association's attorney, except that the Association will continue to send to the Owner and their Designated Contact (if any) on a monthly basis an itemized list of all assessments, fines, fees and charges that the Owner owes to the Association, but the itemized list may not contain all of the most recent amounts (such as legal fees and costs) that the Association has incurred or that the Owner is responsible for. These monthly itemized lists will be the only communications sent to the Owner once a matter has been turned over to the Association's attorney for collection unless the Owner notifies the Association's attorney, in writing, that the Owner wishes copies of all communications sent to the Designated Contact as well. Neither the manager, if any, nor any member of the Board of Directors have any authority to 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. However, the Association has the option and right to continue to evaluate each delinquency on a case-by-case basis.
- (b) Once accounts are turned over to the Association's attorney, Owners shall make payment to the Association at the address of the Association's attorney, and the Association shall be entitled to collect interest at the rate set forth in this Policy from the due date of such payments, as well as reasonable attorney fees, court costs, and all other expenses of collection on said delinquent payment. The reasonable attorney fees incurred by the Association shall be due and payable from the delinquent Owner on the date(s) when such expense(s) are incurred by the Association.

9. Foreclosure of Liens.

- (a) Liens Under C.R.S. §38-33.3-316. The Association shall have rights and remedies to collect Assessments under the CCIOA, including statutory liens described in CCIOA. Any sums expended by the Association for repairs or other actions needed to preserve or protect any abandoned Unit within the Association during a foreclosure against said Unit shall be additional indebtedness secured by the priority statutory lien claim described in C.R.S. §38-33.316(2)(b)(i) and §38-33.3-316(c). However, the Association, or holder, or assignee, of the Association's statutory lien under C.R.S. §38-33.3-316, whether the holder or assignee of the Association's statutory lien is an entity or a natural person, may only foreclose on the lien if:
- (i) the balance of the Assessments and charges secured by its lien, as defined in the Subsection (2) of C.R.S. §38-33.3-316, equals or exceeds six (6) months of common expense Assessments based on a periodic budget adopted by the Association; and
 - (i) the Board has formally resolved, by a recorded vote, to authorize the filing of a legal action against the specific Unit on an individual basis. The Board may not delegate its duty to act under this Subparagraph to any attorney, insurer, manager, or other person, and any legal action filed without evidence of the recorded vote authorizing the action will be dismissed.
- (b) The Association may not foreclose on its lien if the amount owed does not equal or exceed 6 months of common assessments or 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.
- (c) The Association shall not commence a legal action to initiate a foreclosure proceeding based on an Owner's delinquency in paying assessments unless the Association has complied with CCIOA including C.R.S. §38-33.3-209.5 (7)(a) including that the Association has provided the Owner with a written offer of a repayment plan.
- (d) The lien and other rights of the Association under the Association's Governing Documents shall not be affected or impaired by the restrictions set forth above.

10. Lien under Association's Governing Documents.

In addition to the lien under C.R.S. §38-33.3-316, the Association, or its assignee, may exercise its rights and remedies under the Association's Governing Documents in accordance with Colorado law, including the filing and foreclosure of liens.

11. Purchase of Foreclosed Unit.

If a Unit has been foreclosed, a member of the Board, an employee of a community association management company representing the Association, an employee of a law firm representing the Association, or an immediate family member, as defined in C.R.S. §2-4-401(3.7), of any Board Member, community association management company employee, or law firm employee shall not purchase the foreclosed Unit.

12. Bankruptcy of Owner.

- (a) The filing of a bankruptcy action does not terminate the Association's right to collect Assessments, because:
 - (i) the Association has an Assessment lien claim against the Unit for all past Assessments; and
 - (ii) the Owner will remain personally liable for all post-bankruptcy filing Assessments so long as they retain title to the Unit.
- (b) Based on the above, when the Association learns that a bankruptcy action has been filed, the accounting for that Unit may thereafter be based upon the filing date of that bankruptcy action (the "Petition Date"), and the Association may create two separate ledgers for the Unit showing Assessments owed prior to the Petition Date and after the Petition Date.

13. Proof of Payments

- (a) Since the records of the Association are kept in the ordinary course of business and the Association relies upon the same for the behalf of all Owners, there is a presumption that those records are correct, and that the Assessment is valid if there is no written dispute received by the Association within thirty (30) days after the mailing of a billing statement.
- (b) An Owner who wishes to dispute the amount or the validity of any Assessment charged to his/her Unit must submit a statement within thirty (30) days after mailing of a billing statement that describes all disputed monthly payments and can request information from (or request a hearing before) the Board but must put that request in writing in accordance with this Policy.
- (c) The Board may require that the Owner deliver documentation, such as cancelled checks or bank statements, to support the Owner's claims.
- (d) All payments made to settle a dispute and all correspondence regarding payment disputes should be sent by certified mail to the Association's Registered Agent at the Registered Address. If payment or correspondence is delivered by any other method, the Owner using that non-authorized method assumes the risk that the payment and any communication were not received by the Association.

14. Statement of Status of Assessments.

- (a) The Association will furnish to an Owner or such Owner's designee a written status statement setting forth the amount of unpaid Assessments currently levied against the Owner's Unit upon written request, delivered personally or by certified mail, first class postage prepaid, return receipt, to the Association's Registered Agent at the Registered Address described above. The status statement should be delivered within 14 calendar days after actual receipt of the request. The request must include payment of the Association's fee for such status statement. Failure to pay any delinquent Assessments or sums (including the fee), or to comply with any conditions stated in the status statement should render the status statement null and void. Any such status statement shall be without warranty or liability to the Association.
- (b) If a title company or mortgage company requests that Association complete a status letter as part of a sale of the property or a refinance of the mortgage on the property and such status letter

requests additional information other than the amount currently owed by the Owner, the Association, or its Management Company, is entitled to charge a fee for preparing the status letter. The fee for preparing the status letter will be a charge to both the Owner and the property.

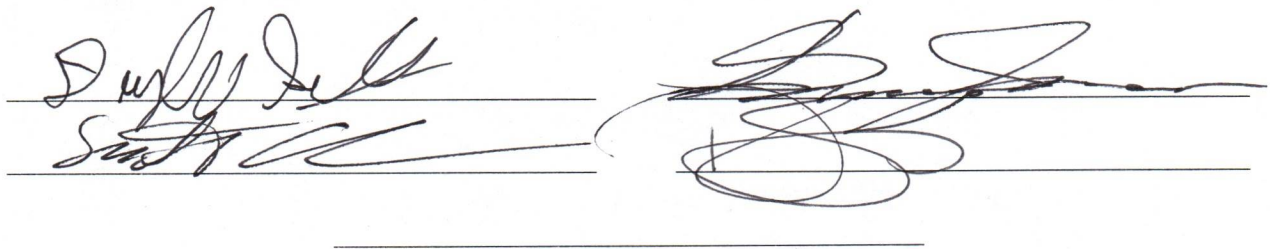
15. Records of Communications with Owners

The Association shall maintain 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.

16. General.

- (a) Nothing in this Policy requires the Board to take specific actions at a specific time. The Board has the option and right to continue to evaluate each delinquency on a case-by-case basis. The Board may modify the procedures contained herein as the Board shall determine appropriate under the particular circumstances.
- (b) Failure of the Association to strictly comply with any provision of this Policy shall not be deemed a waiver of the Association's right to require strict compliance by the owner and shall not be deemed a defense to payment of Assessments fees or other charges, late charges, return check charges, attorney fees and/or costs as described and imposed by this Policy nor be asserted as a claim against the Association.
- (c) This Policy shall be effective as provided in the Association's Governing Documents, at which time it shall replace and supersede any prior Policy or policy regarding Assessments, collections, liens and legal remedies, provided however, that it does not apply to any collection actions already filed with a court or turned over to the Association's attorney or collection agency prior to its effective date. This Policy may be amended by the Board in the future.
- (d) If any portion or provision of this Policy is found to be invalid, the remaining provisions shall continue in full force and effect. The term "including" shall mean "including without limitation".

Adopted this 19th day of September, 2022, at a duly called and held meeting of the Board of Directors and becomes effective September 20, 2022.

The image shows two handwritten signatures in black ink, each written over a horizontal line. The signature on the left is more legible, appearing to read 'Daryl De...' and 'S...'. The signature on the right is highly stylized and illegible. Below these two lines, there is a single horizontal line that is not signed.