

**RESOLUTION OF
STARGATE HOMEOWNERS ASSOCIATION
ADOPTING POLICIES AND PROCEDURES
FOR COLLECTION OF UNPAID ASSESSMENTS
Policy #3**

SUBJECT: Adoption of a policy and procedure regarding the collection of unpaid Stargate Homeowners Association (the “Association”) Assessments.

PURPOSE: To provide notice of the Association’s adoption of a uniform and systematic procedure to collect assessments and other charges of the Association.

AUTHORITY: The Declaration of the Stargate HOA (the “Declaration”), Articles of Incorporation and Bylaws of the Association, any amendments thereto (the “Governing Documents”) and Colorado law.

EFFECTIVE DATE: July 23, 2019

RESOLUTION: The Association hereby adopts the following policy: It is in the best interest of the Association to refer delinquent accounts promptly to an attorney for collections so as to minimize the Association’s loss of assessment revenue. The Board of Directors has retained an attorney with experience in representing homeowner associations in collections and other matters. The Association hereby gives notice of its adoption of the following policies and procedures for the collection of assessments and other charges of the Association.

- 1) Due Dates. The annual installments of the annual assessment as determined by the Association and as allowed for in the Declaration shall be invoiced on the 1st day of January each calendar year, due 30 days from the invoice date. Assessments or other charges not paid in full to the Association on or before the due date shall be considered past due and delinquent. Assessments or other charges not paid in full to the Association within 30 days of the due date shall incur a late fee. In the event notice of delinquency or acceleration is given to delinquent Owner(s), the Owner(s) of the lot shall also be charged any cost incurred by the Association in giving notice of such default or acceleration.
- 2) Receipt Date. The Association shall post payments on the day that the payment is received by the Association.

- 3) Late Charges on Delinquent Installments. The Association shall impose a \$50.00 late charge for each Owner who fails to timely pay his/her annual installment of the annual assessment within 30 days of the **due** date. This late charge shall be a “common expense” for each delinquent Owner. Beginning with the second month of delinquency, a five percent (5%) penalty will be added to all delinquent amounts each month until payments are current.
- 4) Personal Obligation for Late Charges. The late charge shall be the personal obligation of the Owner(s) of the Residential Lot for which such assessment or installment is unpaid. All late charges shall be due and payable immediately, without notice, in the manner provided by the Declarations (as set forth herein) for payment of assessments.
- 5) Return Check Charges. In addition to any and all charges imposed under the Declaration, Articles of Incorporation, and Bylaws, the Rules and Regulation of the Association of this Resolution, a reasonable fee not to exceed \$25.00 shall be assessed against an Owner in the event any check of 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. This returned check shall be a “common expense” of each Owner who tenders payment by check or other instrument which is not honored by the bank upon which it is drawn. Such return check charge shall be due and payable immediately, upon demand. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. Returned check charges shall be the obligation of the Owner(s) of the property for which payment was tendered to the Association. Returned check charge shall become effective on any instrument tendered to the Association for payment of sums due under the Declarations, Articles, Bylaws, Rules and Regulations or this Resolution after the date adopted as shown above. If two or more of the 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 (1) year, be made by certified check or money order. This return check charge shall be in addition to any late fees or interest incurred by an Owner. Any returned check shall cause an account to be past due if full payment on the annual installment of the annual assessment is not timely made within 30 days of the due date.
- 6) Attorney Fees on Delinquent Accounts. As an additional expense permitted under the Declaration and by Colorado law, the Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments or other chargers due the Association from a delinquent Owner. The reasonable attorney fees

incurred by the Association shall be due and payable immediately when incurred, upon demand.

- 7) Application of Payments. All sums collected on a delinquent account that has been turned over to the Associations' attorney shall be remitted to the Associations' attorney until the account is brought current. All payments received on account of any Owner or the Owner's property (hereinafter collectively "Owner"), shall be applied to payment of any and all legal fee costs (including attorney fees), expenses of enforcement and collection, late charges, returned check charges, lien fees, statement fees and other costs owing or incurred with respect to such Owner pursuant to the Declaration, Articles, Bylaws, Rules and Regulations, or this Resolution prior to application of the payment to any special or regular assessments due or to become due with respect to such Owner.
- 8) Collection Process.
 - a) After an installment of an annual assessment or other charges due to the Association becomes more than 30 days delinquent, the manager shall send a written notice ("First Notice") in the form of an invoice for \$50.00 for late fee, and notice of intent to charge accrued interest and request for immediate payment to the homeowner.
 - b) After an installment of an annual assessment or other charges due to the Association become more that 60 days delinquent, the manager shall send a second written notice ("Second Notice") in the form of an invoice with interest on the unpaid balance from the due date including a \$10.00 statement fee due to the manager, intent to lien the property, and request for immediate payment to the homeowner. The manager will transmit this notice via USPS, or other suitable method as determined in the manager's discretion. The cost of delivery shall be charged to the homeowner's account.
 - c) After the installment of an annual assessment or other charges due to the Association become more that 90 days delinquent the manager shall turn the account over to the Association's attorney for collection. Upon receiving the delinquent account, the Associations attorney shall send a letter to the delinquent Owner demanding immediate payment for past due assessments or other charges due or a lien may be filed. Upon further review, the Association's attorney may file a lawsuit. If a judgment or decree is obtained, including without limitation a foreclosure action, such judgment or decree shall include reasonable attorney's fees with the cost of the action and any applicable interest and late fees. The manager shall continue to send statements and shall collect the \$10.00 statement fee until the account is paid in full.
 - d) In addition to the steps outlined above, the Association may elect to suspend the voting rights of any Owner whose account is past due at the time of such voting.

- 9) Acceleration and Deceleration of Assessments. The Board reserves the right to accelerate and call due the entire unpaid annual assessment on any delinquent account. Such acceleration shall result in the entire unpaid annual assessment being due to the Association immediately. The Board reserves the right to decelerate any accelerated assessment.
- 10) Collection Procedures/Time Frames. The Following time frames shall be followed for used in the collection of annual assessments and other charges.

Invoices sent out Annually	The 1 st day of January each calendar year
Invoice is due by February 1 st : Statement sent out advising delinquency and possible fines.	February 1 st
30 days overdue: Statement sent with \$50.00 Late Fee invoice and notice of possible accrued Interest.	March 1 st
60 days overdue: Statement sent with Interest charged at 5% per month, including \$10.00 statement fee.	April 1st
90 days overdue: Account may be turned over to legal for collections and lien process started.	May 1 st

The attorney is to consult with the Association as necessary to determine if payment has been arranged or what collection procedures are appropriate. If appropriate, a delinquent owner may qualify for a one-time repayment plan to bring their account current. Such a plan shall be a minimum of six (6) months. In the event the delinquent owner fails to make a scheduled payment, the Association may immediately begin collection proceedings.

- 11) Certification of Status of Assessment. The Association shall furnish to an Owner or such Owner's designee upon written request, first class postage prepaid, return receipt, to the Association's agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's property for a reasonable fee of \$10.00. However, if the account has been turned over to the Association's attorney, such request may be handled through the attorney.
- 12) Bankruptcies and Foreclosures. Upon receipt of any notice of a bankruptcy filing by an Owner, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any unit within the Association, the manager shall notify the Association's attorney of the same and turn the account over to the Association's attorney if appropriate.

- 13) Regular Mail. Collection or demand letters or notices may be sent to delinquent Owners by first class mail, postage prepaid.
- 14) Referral of Delinquent Accounts to Attorneys. Upon referral to the Association's attorney, the attorney 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. The attorney, in consultation with the Association, is authorized to take whatever action is necessary and determined to be in the best interest of the Association, including but not limited to:
- a) Filing a suit against the delinquent Owner for a money judgment.
 - b) Instituting a judicial foreclosure action of the Association's lien.
 - c) Filing necessary claims, documents, and motions in bankruptcy court in order to protect the Associations' interests; and
 - d) Filing a court action seeking appointment of a receiver. All payment plans involving accounts referred to an Attorney for collection shall be set up and monitored through the attorney. Upon referral of any matter to the Associations attorney, the Association shall pay the attorney's usual and customary charges as well as any costs incurred by the attorney on the Association's behalf, promptly upon receipt of the monthly invoice from the attorney.
- 15) Appointment of a Receiver. The Association may seek the appointment of a receiver if an Owner becomes delinquent in the payment of assessments pursuant to the Declaration and Colorado law. A receiver is a disinterested person, appointed by the court. The purpose of a receivership for the Association is to obtain payment of current assessment, reduce past due assessments and prevent the waste and deterioration of the property.
- 16) Judicial Foreclosure. The Association may choose to 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 money judgment lawsuit had been or is likely to be unsuccessful or other circumstances favor such action.
- 17) Waivers. 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 shall determine appropriate under the circumstances.
- 18) Communication with Owners. All communication with a delinquent Owner shall be handled through the Association's attorney. Neither the Manager nor any member of the Board of Directors shall 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.

- 19) Defenses. Failure of the Association to comply with any provision in this Policy shall not be deemed a defense to payment of assessment fees or other charges, late charges, return check charges, attorney fees, and/or costs as described and imposed by this Policy.
- 20) Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
- 21) Supplement to Law. The provision of this Resolution shall be in addition to and in supplement of the terms and provision of the Declaration and the law of the State of Colorado governing the Project.
- 22) Deviations. The Board of Directors may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.
- 23) Amendment. This Procedure may be amended from time to time by the Board of Directors.

BOARD OF DIRECTORS CERTIFICATION: See signature page.