

**ASSESSMENT COLLECTION RULE AND POLICY
FOR
TERRA RIDGE PROPERTY OWNERS ASSOCIATION**

1. Owner Responsibility.

- (a) Owners are responsible for paying assessments as provided in the Association's Governing Documents. The annual assessment is currently \$125 per year. In addition, Owners may have a statutory duty to pay under certain provisions of the Colorado Common Interest Ownership Act (CCIOA) to the extent that statute applies. The term "assessments" includes, as applicable, any and all regular and special assessments and associated fees, charges, late charges, attorney fees, fines and interest.
- (b) Owners are responsible for contacting the Association, and 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 immediately. The Association shall not be liable for any errors or omissions in any billing to the Owner or collection action as a result of a failure to notify the Association in writing of an address change.
- (c) Owners are encouraged to use direct deposit of assessments to avoid late charges, payment disputes, or other problems. Arrangements may be made by contacting in writing the Board of Directors.
- (d) Checks containing a restrictive endorsement on the back may, at the option of the Association, either (i) be returned to the Owner and the amount tendered shall be considered unpaid, or (ii) be deposited without waiving any of the rights and remedies of the Association to unpaid sums, whether or not the restrictive endorsement is crossed out.

2. Due Date Interest and Late Charges.

- (a) The Association's Annual Common Expense Assessment shall be due and payable as provided in the Association's Governing Documents, and unless otherwise provided, annual assessments shall be due no less frequently than on the 1st day of each year that assessments are due. The Board may accelerate assessments under certain circumstances, and further, special assessments, fines, fees and other charges shall be due on the date specified in any notice thereof or if not specified on the first day of the following month after the notice.
- (b) Any payment, which is not received by the 15th day after such payment is due, shall be considered past due and delinquent, and will be charged a late fee of \$50.00, which fee shall be levied and owed by the Owner for each month during which there is a balance on the account.
- (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 set forth either in the Association's Governing Documents at 21% percent per annum, or if not set forth therein, it shall be the highest rate allowed by Colorado law. Interest shall be levied each month on the 30th of the month during which that account has a balance owing.

3. Returned Checks.

- (a) The Association will impose an administrative fee (currently \$25.00), or other amount deemed appropriate by the Board, for all returned checks, drafts or money orders.
- (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, draft or money order shall be liable to the Association for collection for three times the face amount of the check, draft or money order, 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 ACH draft, certified check or money order.
- (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 bank, shall be the sole responsibility of the payee.

4. Payment Plan.

- (a) 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 statutory payment plan must be made by an Owner in writing and delivered to the Association's Registered Agent at the Registered Address. Requests for a payment plan must be submitted not later than when the balance owed is equal to five (5) months of assessments as calculated using the currently approved budget. Any payment plan 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 that the Owner keep all payments current and must pay off the entire delinquent amount in payments over a time period agreed by the Board, unless CCIOA requires equal monthly installments over a period of at least six (6) months. 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 a security interest encumbering the Unit, or (2) foreclosure of the Association's lien.

- (b) 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.
- (c) Remedies. Nothing in this Rule 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 remit payment of an agreed-upon installment when due, to remain current with regular assessments as they come due during the repayment period, or if any payment is returned for insufficient funds, constitutes a failure to comply with the terms of his or her payment plan.

- (e) Complete Discretion. The Association is not obligated to negotiate a payment plan with an Owner who has previously entered into a payment plan. The Board shall have complete discretion as to payment plans, except as otherwise required by Colorado statute.

5. Notices of Delinquent Assessments.

- (a) The Association may send the Owner various notices of unpaid assessments 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. Assessments are due on the 1st of the month. A grace period may be provided in the association documents prior to the levy of a late fee or interest.
- (b) 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 a "Notice of Delinquency" specifying:
- (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) that an opportunity to enter into a payment plan may exist in accordance with Section 4 of this Rule, 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 within the time frame noted in Section 4.
 - (iii) that the name ("Contact Person") and contact information ("Contact Address") for the individual 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 as set forth in the Notice of Delinquency and;
 - (iv) 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 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.
- (c) 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, all payments shall be applied to outstanding balances in the following order of priority:

- (i) late charges;
- (ii) interest;
- (iii) attorney fees and costs;
- (iv) returned check charges;
- (v) past-due Special Assessments, past-due fines, or other charges, if any;
- (vi) currently due Special Assessments, or currently due fines, or other charges if any;
- and
- (vii) unpaid Assessments beginning with the oldest unpaid assessment.

This method of application of payments may result in the account continuing to be delinquent for current dues if the amount tendered is less than the total resulting in the application of late fees and interest.

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 collections 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.
- (b) In the Board's sole discretion, and to the fullest extent permitted by the Association's Governing Documents and/or Colorado law, in the event at least SIX (6) installment(s) are past due, the entire Annual Assessment may be accelerated upon at least 30 days written notice to the Owner, so that all monthly installments for the remainder of the Assessment year are immediately due and payable.
- (c) To the fullest extent permitted 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 but not limited to inspection of records) until all assessments and other sums are paid in full. In order to be a "Owner in good standing" for purposes of this Rule, 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) To the fullest extent permitted 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) To the fullest extent permitted by the Association's Governing Documents and/or Colorado statutes, the tenant in any rental Unit in the Association shall, upon written notice from the Association which may be included with the Notice of Delinquency described in Section 5(b), pay any delinquent annual or special assessment owed by the Owner of the rental Unit to the Association, 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 the Association's Governing Documents, and/or the CCIOA, including the right to request that a court appoint a receiver to manage the Unit.
- (f) To the fullest extent permitted by the Association's Governing Documents and/or Colorado statutes, the Association may also assign its assessment lien and/or collection rights against the delinquent property and/or delinquent Owner 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. Unless the Board otherwise agrees assignments shall apply only to assessment as described

above that are owed to the Association prior to the assignment, and shall not assign, release or supersede any claims or lien 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. Any assignment shall automatically include the above terms without the necessity of any recital therein.

8. Association's Collection Action through its Attorneys.

- (a) After a delinquent account has been referred to the Association's attorney, the Association may require that all communication with the delinquent Owner shall be handled through the Association's attorney. At the discretion of the Association, 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 Rule, 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. Payments made to the Association directly may not stop the legal process and may not pay the account current.

9. Foreclosure of Liens.

- (a) Liens under CRS 38-33.3-316. The Association may, have rights and remedies to collect assessments under the CCIOA, including liens. 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 lien claim described in CRS 38-33.316(2)(b)(i) and 38-33.3-316(c). The Association, or holder, or assignee, of the Association's lien under CRS 38-33.3-316, whether the holder or assignee of the Association's 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 Subsection (2) of CRS 38-33.3-316, equals or exceeds six months of common expense assessments based on a periodic budget adopted by the Association; and
 - (ii) 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 must be dismissed.
- (b) Lien under Association's Governing Documents. In addition to the lien under CRS 38-33.3-316, the Association, or its assign, may exercise its rights and remedies under the Association's Governing Documents in accordance with Colorado law, including the filing and foreclosure of liens. The lien and other rights of the Association under the

Association's Governing Documents shall not be affected or impaired by any restrictions or provisions set forth elsewhere in this Rule.

10. 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 as described above, and
 - (ii) the Owner will remain personally liable for all post-bankruptcy filing assessments so long as they retain title to the Unit. A notice of an intent to surrender the property is not the same as the transfer of title.
- (b) Based on the above, when the Association learns that a bankruptcy action has been filed, the accounting for that Unit shall thereafter be based upon the filing date of that bankruptcy action (the "Petition Date"), and the Association should create two separate ledgers for the Unit showing assessments owed prior to the Petition Date and after the Petition Date.

11. Proof of Payments.

- (a) Since the records of the Association are kept in the ordinary course of business and the Association relies upon same on 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 or other account status.
- (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 the mailing of a billing statement or other account status that describes all disputed payments and can request information from (or request a hearing before) the Board, but must put that request in writing in accordance with this Rule.
- (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 must 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 was not received by the Association.

12. Certificate of Status of Assessments.

Upon receipt of the written request described below, and the advance payment of the fee described below, the Association should furnish to an Owner or such Owner's designee a written statement setting forth the amount of unpaid assessments currently levied against the Owner's Unit. Such request must be delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's Registered Agent at the address shown on the records of the Colorado

Secretary of State. The 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 statements. Failure to pay any delinquent assessments or sums (including the fee), or to comply with any conditions stated in the statement will render the statement null and void. Any such statement shall be without warranty or liability to the Association. Despite the above, the Association, in its sole discretion, may accept other types of requests and other payment arrangements for such requests.

13. General.

- (a) Nothing in this Rule 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 Rule 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 Rule nor be asserted as a claim against the Association.
- (c) This Rule shall be effective as provided in the Association's Governing Documents, at which time it shall replace and supersede any prior rule or policy regarding assessments, collections, liens and legal remedies, provided however, that the Board may in its discretion suspend the effective date of any provision of this Rule for any collection actions filed or taken prior to January 2, 2014. This Rule may be amended by the Board in the future.
- (d) If any portion or provision of this Rule is found to be invalid, the remaining provisions shall continue in full force and effect.

Adopted this 12TH day of OCTOBER 2017.