

PILGRIM DOWNS HOMEOWNERS ASSOCIATION, INC.
BOARD OF MANAGERS
RESOLUTION
SECOND AMENDED AND RESTATED
POLICY FOR COLLECTION OF UNPAID ASSESSMENTS

The Board of Managers (also known as the Board of Directors) of Pilgrim Downs Homeowners Association, Inc., a Colorado nonprofit corporation (the "Association"), hereby approves and adopts the following Resolution:

RESOLVED, that the following Second Amended and Restated Policy for Collection of Unpaid Assessments (this "Policy") is hereby adopted and ratified to be effective as of August 9, 2022, in compliance with provisions of the Colorado Common Interest Ownership Act (the "Act") which became effective on the same day, and replaces in its entirety any policy governing the collection of unpaid assessments that was previously adopted by the Association. Capitalized terms used herein shall have the meanings as defined in the Declaration of Protective Covenants for Pilgrim Downs Subdivision, as amended (the "Declaration"), unless separately defined in this Policy:

1) **Due Dates.** All assessments levied by the Association shall be collected as determined by the Association and as allowed for in the Association's governing documents and shall be due and payable in full on the later of (i) thirty (30) days after invoice to the Owners by the Association, or (ii) thirty (30) days after the first day of the quarter.

Annual assessments shall be levied annually and due and payable thirty (30) days after the first day of the month in each calendar quarter (January 30, April 30, July 30, and October 30) during the year for which the annual assessments are made, or as otherwise determined by the Board of Managers from time to time, with such payments to be made in the most recently budgeted amount. Special assessments shall be due and payable no later than 30 days after the Association provides notice of the amount of such special assessments. Any other assessment made pursuant to the Association's governing documents shall be due upon the date of the assessment, as specified in the most recent notice from the Association or as otherwise determined by the Board of Managers. Any 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 when due shall incur interest as provided below.

2) **Receipt Date; Method of Payment.** The Association shall post payments on the day that the payment is received by the Association. To the extent permitted by law, all Owners shall be required to pay annual, special and all other assessments levied by the Association pursuant to the Association's governing documents by an electronic funds transfer initiated through an electronic terminal, telephone, or computer (including online banking) for the purpose of ordering, instructing, or authorizing a financial institution to debit the Owner's account and credit the account of the Association; a procedures commonly referred to as "electronic funds transfer" or "EFT."

3) **Interest; Late Fee; Returned Check Charge.** If any assessment remains unpaid twenty (20) days after the due date, the Board of Managers may (a) assess a "late fee" on the unpaid installment in an amount of twenty-five percent (25%) of the amount outstanding or such other charge as the Board of Managers may fix by rule from time to time, and (b) assess default interest equal to eight percent (8%) of such assessment per year, which default interest shall be imposed retroactive to the due date and thereafter on the first day of each calendar month on account of the previous calendar month or portion thereof, so long as the assessment remains unpaid. Although default interest may be applied monthly until a delinquent assessment is paid in full, a late fee may be imposed only once for each delinquent assessment or installment thereof. In addition, the Association shall be entitled to impose and shall collect a fee of \$20.00 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. All interest and fees described in this Section 3 are collectively referred to in this Policy as "Late Charges". Any Owner delinquent in the payment of assessments shall be automatically suspended from voting in Association matters during the period of delinquency.

4) Personal Obligation for Late Charges. Any late charges and interest shall be the personal obligation of the Owner(s) of the Lot for which such assessment or installment is unpaid. All late charges and interest shall be due and payable immediately, without notice, in the manner provided by the Declaration (and as set forth herein) for payment of assessments.

5) Owner's Designated Contact and Preferred Language.

(a) An Owner may, by written notice in the form attached to this Policy as Exhibit A (the "Owner's Designation"), identify the Owner's preferred language for correspondence and notices from the Association, if other than English, and/or identify another person to serve as a designated contact (the "Designated Contact") for the Owner, to be contacted on the Owner's behalf for purposes of collection of unpaid assessments and other charges. Any Owner's Designation shall:

i) if the Owner elects to appoint a Designated Contact, identify the name and valid US mailing address for a single Designated Contact who must be a natural person and consent to the appointment as Designated Contact in writing;

ii) indicate if the Owner prefers that correspondence and notices from the Association be given in a language other than English. If an Owner has not provided an Owner Designation or if an Owner Designation does not indicate a preference for a language other than English, then the Association will deliver all correspondence and notices related to collection of unpaid assessments and other charges in English.

iii) be delivered to the Association by certified mail, return receipt requested; and

iv) not be used to frustrate the collection process or disrupt the orderly business of the Association.

(b) Anytime the Association sends out notice under this Policy, the Association will provide the same correspondence to the Owner and the Designated Contact, if any, except that the Owner must receive correspondence and notices in the language for which the Owner has indicated a preference, if any, as designated in the Owner's Designation. An Owner's Designation shall remain valid until revoked by the Owner or superseded by a new Owner's Designation. Receipt by the Association, or its manager, of a new Owner's Designation shall be deemed to automatically revoke any previously submitted Owner's Designation. The Owner's Designation discussed in this Policy for Collection of Unpaid Assessments and Other Charges is the same Owner's Designation discussed in the Association's Policy for Enforcement of Covenants and Rules.

(c) The Association is entitled to reject any Owner's Designation that does not comply with the requirements of this Section. In the event an Owner's Designation is rejected, the Association will notify the Owner by written notice delivered by certified mail, return receipt requested, and, if the Association has the relevant email address, by email.

6) Payment Plans.

(a) Except as otherwise provided in this Section, in the event that an Owner owes past due assessments or other delinquent payments, including associated fees, late charges, interest, other

charges, attorney fees, or fines, the Association shall make a written offer to the Owner to enter into a payment plan that will govern the Owner's payment of the deficiency. Any such payment plan will permit the Owner to pay off the deficiency in installments over a period of at least eighteen (18) months. The Owner may determine the amount of each monthly installment payment so long as each payment is in an amount of at least Twenty-Five Dollars (\$25.00) until the balance of the amount owed is less than Twenty-Five Dollars or until the final payment, at which time the entire remaining balance shall be paid.

(b) In the event the Owner declines or is ineligible to enter into a payment plan, or fails to timely remit payment of at least three (3) agreed-upon installments within fifteen (15) calendar days after such installments were due, or fails to remain current with regular assessments as they come due during the agreed payment period, the Association may pursue legal action against the Owner and initiate a foreclosure action based on the Owner's delinquency in paying assessments.

(c) An Owner shall have no right to enter into a payment plan with the Association if such Owner does not occupy the Lot and has acquired the Lot as a result of: (1) a default of a security interest; or (2) foreclosure of the Association's lien. In addition, an Owner shall have no right to enter into a payment plan with the Association, and the Association shall have no obligation to negotiate a payment plan with an Owner, if such Owner has previously entered into a payment plan with the Association for payment of a deficiency. An Owner who has entered into a payment plan under this Section may elect to pay the remaining balance owed at any time during the duration of the payment plan.

7) Collection Process. In the event an Owner fails to timely pay assessments, Late Charges, fines or other charges as provided in the governing documents of the Association, the Owner's delinquent account may ultimately be turned over to a collection agency or an attorney for legal action. But, before the Association turns over any delinquent account to a collection agency or attorney for legal action, the Association will contact the Owner and the Designated Contact, if any, as set forth below. The Association maintains 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. Any contacts that the manager makes on behalf of the Association are deemed contacts made by the Association and not by a debt collector as defined in Colorado Revised Statutes § 5-16-103(9), C.R.S. The collection process will proceed as follows:

(a) *Informal Reminders*. Prior to a delinquency arising, the Association may send such informal reminders, notices, re-billing statements or other communications to an Owner regarding the status of the Owner's account as the Association shall determine.

(b) *Notice of Delinquency*. After an installment of an assessment or other charges due to the Association becomes delinquent, and prior to turning over the delinquent account to a collection agency or referring the delinquent account to an attorney for legal action, the Association, by or through its manager if applicable, shall send the Owner and Designated Contact, if any, a written notice of delinquency ("Notice of Delinquency") in the English form attached to this Policy as Exhibit B, and any other language for which the Owner has indicated a preference in an Owner's Designation duly delivered to and received by the Association or its manager in advance of the Association's delivery of the Notice of Delinquency. The Notice of Delinquency must be sent by certified mail, return receipt requested, and be physically posted at the Owner's Lot. Additionally, the Notice of Delinquency must be sent to the Owner by one of the following means: (a) First-Class Mail; (b) text message to a cellular number provided to the Association by the Owner; or (c) email to an email address provided to the Association by the Owner. A Notice of Delinquency shall set forth the following:

i) the total amount due with an accounting therefor specifying whether the delinquency concerns unpaid assessments, unpaid fines, fees, or charges, or both unpaid assessments and unpaid fines, fees, or charges;

- ii) whether an opportunity to enter into a payment plan exists and instructions therefor;
- iii) the name and contact information of the individual who can provide a copy of the Owner's ledger for verification of the debt amount;
- iv) that action is required to cure the delinquency and failure to do so within 30 calendar days may result in the account being turned over to a collection agency, a lawsuit being filed against the Owner, the filing of a lien statement and, if the Notice of Delinquency concerns unpaid assessments, foreclosure of a lien against the Owner's Lot, or other remedies under Colorado law;
- v) 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; and
- vi) 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, or other governing documents of the Association.

(c) Thirty (30) calendar days after the mailing of the Notice of Delinquency, if all amounts owing to the Association have not been paid, or a valid payment plan has not been agreed with the delinquent Owner, the Association may record a statement of assessment lien in the real property records of Eagle County, Colorado and, if the balance of the assessments and charges secured by the lien equals or exceeds six months of common expense assessments based on a periodic budget adopted by the Association, upon a majority vote of the entire Board of Managers taken in a meeting conducted in accordance with the Bylaws and in executive session pursuant to Section 38-33.3-308(4)(e), C.R.S., (i) turn over the delinquent account to a collections agency or attorney for communication with the delinquent Owner and legal action, and (ii) authorize the filing of a legal action against the Owner and/or the Owner's Lot. If a judgment or decree is obtained, including without limitation a foreclosure action, such judgment or decree shall include reasonable attorney's fees together with the cost of the action and any applicable interest and late fees.

(d) *Monthly Notice.* On a monthly basis and by first-class mail and, if the Association has the relevant email address, by email, the Association shall send to each Owner who has any outstanding balance owed to the Association, and the Designated Contact, if any, an itemized list of all assessments, fines, fees, and charges that the Owner owes to the Association. This monthly list will be provided in English and any other language for which the Owner has indicated a preference in an Owner's Designation duly delivered to and received by the Association or its manager.

8) Attorney Fees and Collections Costs on Delinquent Accounts. As an additional expense permitted under the Declaration and by Colorado law, in the event the Association refers a past due account to an attorney for legal action as provided under Colorado law, the Association shall be entitled to recover its reasonable attorney fees and collection costs incurred in the collection of assessments and other charges 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. In addition, if a past due account is turned over to a collections agency, the Association shall be entitled to reimbursement for collection costs.

Fees, charges, late charges, attorney fees up to the maximum amount authorized by law, fines, and certain interest charges may be subject to a statutory lien but are not subject to a foreclosure action.

9) 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 shall apply the payment first to the assessments owed and any remaining amount of the payment to the fines, fees, or other charges owed.

10) Association's Legal Remedies. In the event an Owner fails to timely pay assessments, late charges, interest, or any other charges or fees related to the assessments, the following legal remedies shall be available to the Association to collect on the Owner's delinquent account: use of collections agency; lawsuit against the Owner including but not limited to action in the court of small claims; filing of a lien statement and, to the extent applicable, foreclosure of the Association's lien against the Owner's Lot, with such lien to also secure reasonable attorney's fees incurred for collection and enforcement of such lien; acceleration of all remaining assessment installments for the remainder of the fiscal year and for future fiscal years at the commencement thereof if a delinquency then exists; and any and all other remedies available under Colorado law and/or the Association's governing documents. The Association may choose to foreclose on its lien in lieu of or in addition to suing an Owner for a money judgment.

11) Limitations on Remedy of Foreclosure.

(a) The Association shall not foreclose on an assessment lien 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) collections costs or attorney fees that the Association has incurred and that are only associated with assessed fines.

(b) If the Association forecloses on a Lot, the following parties are prohibited from purchasing the foreclosed Lot: (i) a member of the Board of Managers; (ii) an employee of the manager; (iii) an employee of a law firm representing the Association; or (iv) an immediate family member of any of the foregoing.

12) Certificate of Status of Assessment. Upon written request of an Owner or Designated Contact, the Association shall, without charging any fee or costs, furnish to an Owner and/or such Designated Contact, a written statement setting forth the amount of unpaid assessments levied against such Owner's Lot.

13) 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 Lot 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.

14) No Waiver. Failure by the Association to enforce any provision of this policy shall in no event be deemed to be a waiver of the right to do so thereafter. The Association is hereby authorized to modify the procedures contained herein, as the Board of Managers shall determine appropriate under the circumstances.

15) Defenses. Except as expressly provided by applicable law, 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.

16) Supplement to Law. The provisions of this Policy shall be in addition to and in supplement of the terms and provisions of the Declaration, Bylaws, and the law of the State of Colorado governing the Association.

17) Severability. The provisions of this Policy shall be independent and severable. The invalidity of any one or more of the provisions hereof by judgment or court order or decree shall in no way

Policy for Collection

affect the validity or enforceability of any of the other provisions, which other provisions shall remain in full force and effect.


18) Deviations. The Board of Managers may deviate from any procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances.

CERTIFICATION OF ADOPTION

I, the undersigned, do hereby certify:

That I am a duly elected and acting President of the Pilgrim Downs Homeowners Association, Inc., a Colorado nonprofit corporation; and

That the foregoing Resolution, which constitutes a portion of the Responsible Governance Policies of the Association, was duly ratified, approved and adopted by action of the Board of Managers of the Association to be effective as of August 9, 2022.



ADAM QUINTAN

, President

Date: 8/20/2023

**EXHIBIT A TO COLLECTIONS POLICY
NOTICE OF OWNER'S DESIGNATION
PILGRIM DOWNS HOMEOWNERS ASSOCIATION, INC.**

Owner Name: _____
Lot Address/Legal Description: _____

Notice is hereby given of the following on behalf of the above-named Owner (check the box for all that apply):

The Owner's preferred language for correspondence and notices from the Association, if other than English, is _____.

The Owner hereby designates the following person as the Owner's Designated Contact to be contacted on the Owner's behalf for purposes of collection of unpaid assessments and other charges:

Name: _____

US Mailing Address: _____

Basis of appointment
of Designated Contact: _____

I, _____, do hereby consent to my appointment as Designated Contact for the above-named Owner and agree that I may be contacted on the Owner's behalf for purposes of collection of unpaid assessments and other charges.

Designated Contact Date

This Notice of Owner's Designation is submitted by the undersigned Owner who hereby certifies that this Notice of Owner's Designation is not being used to frustrate the collection process or disrupt the orderly business of the Association.

Owner Date

Original signatures for Owner and Designated Contact may be provided on separate pages, but this Notice of Owner's Designation is not complete unless and until both Owner and Designated Contact signatures are delivered to the Association by certified mail, return receipt requested.

**EXHIBIT B TO COLLECTIONS POLICY
NOTICE OF DELINQUENCY
PILGRIM DOWNS HOMEOWNERS ASSOCIATION, INC.**

Owner Name: _____
Lot Legal Description: _____
Date of Notice of Delinquency: _____

This Notice of Delinquency is being provided to inform you that the records of the Pilgrim Downs Homeowners Association, Inc. (the "Association") indicate that you have failed to timely pay assessments and/or related charges to the Association and that accordingly, you are deemed to have a delinquent account. This Notice of Delinquency is being provided to you, by Certified Mail, return receipt requested, to inform you of the total amount due and the basis therefor, as well as the options available to you to resolve the delinquency.

As of the date of this Notice of Delinquency, the total amount due is: _____. This amount was determined as follows:

Assessments*: _____
Interest: _____
Late Charges: _____
Fines***: _____
Fees***: _____
Other: _____
Total Amount Due: _____

Payment Plan: (check one)

- You have the opportunity to enter into a payment plan with the Association pursuant to C.R.S. § 38-33.3-316.3. If you are interested in entering into a payment plan on these or other terms, please contact _____ at _____.
- You are not eligible for a payment plan for reasons provided by law. If you have any questions about why you are not eligible for a payment plan, please contact _____ at _____.

If you would like to receive a copy of your ledger in order to verify the amount of the debt, please contact _____ at _____.

ACTION IS REQUIRED TO CURE THE DELINQUENCY. PLEASE SEE NEXT PAGE OF THIS NOTICE OF DELINQUENCY FOR MORE INFORMATION.

***IF UNPAID ASSESSMENTS ARE ALL OR PART OF THE BASIS OF THE DELINQUENCY, FAILURE TO TAKE ACTION WITHIN THIRTY (30) CALENDAR DAYS AFTER THE DATE OF THIS NOTICE MAY RESULT IN YOUR PAST DUE ACCOUNT BEING TURNED OVER TO A COLLECTION AGENCY, THE RECORDING OF A LIEN STATEMENT AGAINST YOUR LOT, A LAWSUIT BEING FILED AGAINST YOU AS OWNER WHICH MAY INCLUDE A CLAIM FOR INJUNCTIVE RELIEF IN THE COURT OF SMALL CLAIMS, AND FORECLOSURE OF LIEN AGAINST THE LOT, OR OTHER REMEDIES AVAILABLE UNDER COLORADO LAW.**

****THE ASSOCIATION WILL NOT FORECLOSE ON AN ASSESSMENT LIEN IF THE DEBT SECURING THE LIEN CONSISTS ONLY OF UNPAID FINES AND/OR COLLECTION COSTS OR ATTORNEY FEES THAT THE ASSOCIATION HAS INCURRED AND THAT ARE ONLY ASSOCIATED WITH ASSESSED FINES, AND NO UNPAID ASSESSMENTS ARE INCLUDED IN THE TOTAL AMOUNT DUE. HOWEVER, THE ASSOCIATION MAY PURSUE A JUDGMENT AGAINST YOU, PERSONALLY, FOR THESE BALANCES AND OTHER DAMAGES.**

IF, IN ADDITION TO THIS NOTICE OF DELINQUENCY, YOU HAVE ALSO BEEN PROVIDED WITH A NOTICE OF VIOLATION, YOU MUST CURE THE VIOLATION AS DIRECTED IN THE NOTICE OF VIOLATION IN ADDITION TO ADDRESSING THE DELINQUENCY DESCRIBED IN THIS NOTICE OF DELINQUENCY. THE NOTICE OF VIOLATION DESCRIBES THE PROCESS TO CURE THE VIOLATION BASED UPON THE BOARD OF MANAGERS' DETERMINATION OF WHETHER THE VIOLATION AFFECTS THE PUBLIC HEALTH AND SAFETY. YOU MUST CURE OR REQUEST A HEARING WITHIN THE TIME PROVIDED IN THE NOTICE OF VIOLATION. YOU MAY NOTIFY THE ASSOCIATION OF CURE.

The Association has or must do the following before turning over a collection file to an attorney or collection agency for legal action:

1. The Association must send a Notice of Delinquency to the Owner and the Designated Contact, if any, to alert the Owner of the delinquency.
2. A majority of the Board of Managers must formally vote to refer the matter to an attorney or collection agency, at a meeting conducted in executive session (i.e., closed session).

The Association or an Owner of a Lot may take certain matters to small claims court pursuant to Section 13-6-403, C.R.S. 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.