

EXHIBIT A
Assessment Collection Rule

1. Owner Responsibility

- (a) The Association cannot operate without regular payments from its Members. As a result, each owner must fulfill his or her duty to the Association and to their fellow owners for the benefit of all owners.
- (b) Members must notify the Association of any change in their mailing address or status (such as sale or transfer of the property they own in the Association) within 30 days of such a change as required by Section 12.8 of the Declaration.
- (c) The Association will post the current assessments on the website and may (but is not required to) send invoices or other statements for those assessments. Owners are responsible for contacting the Association or reviewing the website, and for making arrangements for the delivery of all payments to the Association, whether by mail or direct deposits.

2. Payment Priority

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

- (a) late charges;
- (b) interest;
- (c) attorney fees and costs;
- (d) returned check charges;
- (e) past-due Special Assessments (if any);
- (f) currently due Special Assessments (if any); and
- (g) unpaid assessments beginning with the oldest unpaid assessment.

3. Invoicing and Due Date

Dues will be invoiced at the beginning of each quarter and are due on the first day of the quarter. Owners have thirty (30) days to pay without incurring a penalty and interest charges. Payments received by the HOA after the 30-day grace period will incur a \$50.00 late charge and will be charged interest at the annual rate of eighteen percent (18%) per annum starting from the due date. The \$50.00 late charge will be assessed upon the expiration of the 30-day grace period. Interest will be assessed when the payment is received or quarterly if the payment is not received during the quarter for which the assessment was invoiced. (*Implementation of Declaration of Covenants ... , Article IV, Section 4.8 (a) and 4.10 (a).*)

Monthly Installment Payment Option

The Monthly Installment Payment Option allows owners to pay their quarterly dues assessments in monthly installments without incurring a penalty for not paying it all within 30 days of the beginning of the quarter. Owners may take advantage of the Monthly Installment Payment Option subject to the following conditions.

1. Owner activates the Monthly Installment Payment Option by paying one-third (1/3) of the quarterly dues assessment within thirty (30) days of the due date.
2. The second installment of one-third (1/3) of the quarterly dues is due on the first day of the second month of the quarter and must be paid within thirty (30) days thereafter.
3. The third installment of one-third (1/3) of the quarterly dues is due on the first day of the third month of the quarter and must be paid within thirty (30) days thereafter.
4. Any installment payment that is not received within the allowed thirty (30) day grace period cancels the owner's Monthly Installment Payment Option plan for that quarter and
 - a. The owner will be assessed a late charge of \$50 upon the expiration of the 30-day grace period and
 - b. The owner will be assessed interest charges at the rate of eighteen percent (18%) per annum on the unpaid dues assessment for that quarter from the first day of the quarter, the original due date, to the date payment in full is received.
5. The Monthly Installment Payment Option must be re-activated for each quarter (see #1). Until an owner activates the MIPO for the quarter he/she is obligated for the entire quarter's assessment.

All other options for collecting delinquent assessments as stated in the Declaration of Covenants, Conditions and Restrictions of The Village at Monument Article IV, Section 4.10, remain available to the Association.

4. Returned Checks

The Association will impose an administrative fee (currently \$25.00) or other amount deemed appropriate by the Board for all returned checks. Returned check charges shall become effective on the same date the instrument was tendered to the Association for payment of sums due under the Governing Documents or this Rule.

5. Delinquent Assessments

- (a) The Association may send notices of delinquency to the Owner (and may charge for any notices sent to the Owners in connection with such delinquent assessments), but the Association will send the Owner at least one notice of delinquency, which will specify the following:
 - (i) the total amount due, with an accounting of how the total was determined;
 - (ii) whether the opportunity to enter into a payment plan exists and instructions for contacting the HOA to enter into such a payment plan in accordance with Section 6 below;
 - (iii) the name and contact information for the individual the unit owner may contact to request a copy of the unit owner's ledger in order to verify the amount of the debt;
 - (iv) that action is required to cure the delinquency and that failure to do so within thirty days may result in the unit 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 unit owner's property, or other remedies available under Colorado law; and

- (v) it may refer the owner to this policy and give the directions to the website for same.
- (b) In the Board's sole discretion, and upon at least thirty (30) days written notice to the Owner, in the event at least six monthly installments are past due, the entire Annual Assessment may be accelerated so that all monthly installments for the remainder of the Assessment year are immediately due and payable.
- (c) The Association may also deny rights to use recreational facilities, voting rights, or other rights in the Association (including but not limited to the right to notice of or the right to speak at meetings, and inspection of the Association's records), without any hearing, until all assessments and other sums are paid in full. In order to be a "member 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 payment statement to the Owner.
- (d) Pursuant to the Association Documents and Section 7 of this Policy, the Association may (but shall not be required to) 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 property, which may be foreclosed as provided in the Association Documents.

6. Settlement Procedure.

- (a) C.R.S. § 38-33.3-113 requires the HOA and its Owners to deal with each other in good faith. As a result, any settlement of a delinquent or disputed account is encouraged, but it will require a document, signed by an officer of the Association.
- (b) **If the maker of a check includes a statement on the check to the effect that the check is tendered as full satisfaction of a claim, that statement will not be proof of settlement, even if such a check is deposited, unless the deposit is personally endorsed by an officer of the Association.**
- (c) The Board believes that written responses will explain the reasons for disputes or transmit proposals more clearly and accurately than verbal communication, because there is always a risk that recollection of conversations (and even Minutes of meetings) might not accurately quote the participants or might not include everything that the participants wanted or needed to say. Therefore:
 - (1) no verbal settlement or payment arrangements will be binding upon the Association until it is appropriately documented as described herein;
 - (2) the Owner's position (or proposal) must be described by the Owner or someone writing on behalf of the Owner; and
 - (3) any agreement with or any relief granted to a Member or any waiver of any provision herein must be in writing, signed by the appropriate member of the Board, with a signed copy to the person or persons granted such relief.

- (d) A good faith effort shall be made to coordinate with the Owner to set up a payment plan that meets the requirements of this section, except that this section does not apply:
 - (1) if the unit owner does not occupy the unit and has acquired the property as a result of:
 - (i) a default of a security interest encumbering the unit; or
 - (ii) foreclosure of the Association's lien; or
 - (2) if the Owner has previously entered into a payment plan under this section and has failed to make the payments required by the plan.
- (e) Owner who wishes to be on a payment plan for unpaid assessments must understand that the Association is not able to act as a lender, and that any payment plan must be completed in a very short time, with sufficient monthly amounts to pay both the current assessments and any past arrearage. As a result, the terms of a payment plan proposal must be in writing as follows:
 - (1) it must permit the Owner to pay off the deficiency in equal installments over a period of at least six months;
 - (2) it cannot prohibit the Association from pursuing legal action against an Owner if the Owner fails to comply with the terms of his or her payment plan;
 - (3) any failure to remit payment of an agreed-upon installment, or to remain current with regular assessments as they come due during the six-month period, shall constitute a failure to comply with terms of his or her payment plan, and
 - (4) for purposes of this section, "Assessments" includes regular and special assessments and any associated fees, charges, late charges, attorney fees, fines, and interest charged pursuant to Section 38-33.3-315(2).
- (f) Subject to the above, the Board has final discretion to decide the parameters of an acceptable payment plan, such as waiving or reducing late fees but still requiring interest payments, and/or a longer time limit for payments to be completed. Since the purpose of late fees is to reimburse the Association for intangible damages suffered by the Association and for administrative costs incurred by the Association, such as the time spent by board members dealing with arrearages, the waiver or reduction of late fees is a logical accommodation in cases where a Member promptly proposes a payment plan that saves the Association from the cost of pursuing the remedial measures described below.
- (g) Except as specifically provided herein, nothing in this policy shall require the Board to take specific actions at a specific time, and the Board has the option and right to continue to evaluate each delinquency on a case-by-case basis. The Association may modify the procedures contained herein as the Association shall determine appropriate under the particular circumstances.

7. Collection Action

- (a) The Board may only assign a matter to the attorney or to a collection agency, after it has submitted the letter required by Section 6(a) above, or the Owner has failed to comply with the terms of a payment plan.

- (b) After a delinquent account has been referred to the Association's attorney, all communication with the delinquent Owner shall be handled through the Association's attorney. Neither the manager, if any, 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. However, the Association has the option and right to continue to evaluate each delinquency on a case by case basis.
- (c) 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 of 18% per annum, retroactive to 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) such expense(s) are incurred by the Association.
- (d) Although the Association has the right to assign its delinquent accounts, the assignee of any account shall be subject to the provisions of this policy. Assignments of assessment liens against the delinquent property will not include the priority lien claim described in C.R.S. § 38-33.3-316(2)(b)(I) or any comparable provision of the governing documents (commonly known as the "six month super lien amount"), in the event of a foreclosure against any Lot within the Association, because that amount will be paid by the individual(s) or entity who takes title to the Property at the conclusion of that foreclosure action.
- (e) The assessment lien may be foreclosed in the same manner as a mortgage or real property, and/or Any sums expended by the Association for repairs or other actions needed to preserve or protect any abandoned Lot within the Association during a foreclosure against said Lot shall be additional indebtedness secured by the priority lien claim described in C.R.S. § 38-33.3-316(2)(b)(I) in the manner as provided for assessment liens in the governing documents of the Association, if:
 - (i) The balance of the assessments and charges secured by its lien 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.

8. Certificate of Status of Assessments.

The Association shall 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 Lot upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent. The statement shall be delivered within 14 calendar days after actual receipt of the request. The \$50.00 fee for the statement shall be assessed in accordance with Article VIII, Section 4 of the Bylaws for such statements, which fee shall become an assessment. If the Owner's account has been turned over to the Association's attorney, such statement shall be handled through the

Association's attorney and shall include any attorney fees incurred in providing the statement.

9. Procedure.

Nothing in this Rule shall require the Board to take specific actions at a specific time but the Board shall not take any action in less than the time stated herein for a particular action. The Board has the option and right to continue to evaluate each delinquency on a case-by-case basis. The Association may modify the procedures contained herein as the Association shall determine appropriate under the particular circumstances.

Effective date: August 10, 2010

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