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TIMBERDALE RANCH OWNERS’
ASSOCIATION

POLICY #6: COLLECTION OF UNPAID ASSESSMENTS

Adopted March 3, 2020

The following Policy has been adopted by the Timberdale Ranch Owners’ Association, (“Association”) pursuant to C.R.S. §38-33.3-209.5, and in accordance with C.R.S. §38-33.3-123, §38-33.3-315, §38-33.3-316, C.R.S. §38-33.3-316.3, the Governing Documents of the Association, and the Act, at a regular meeting of the Board.

Purpose: All Members are obligated by the Declaration to pay all dues and Assessments in a timely manner, and failure to do so jeopardizes the Association’s ability to meet its financial obligations. Failure of Members to pay Assessments in a timely manner is also costly to the Association and unfair to other Members. Accordingly, the Association, acting through the Board must take steps to ensure timely payment of Assessments so that it may operate in a fiscally responsible manner. The purpose of this Policy is to establish a uniform and systematic procedure for collecting Assessments and other charges of the Association, thus ensuring the financial well-being of the Association.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following Policy governing the collection of Assessments and other charges of the Association:

1. Due Dates.

a. Annual Assessment. The annual Assessment as determined by the Association shall be due and payable on the first day of January. Annual Assessments not paid to the Association within ten (10) days after the due date shall be considered past due and delinquent.

b. Transfer of Ownership. In the event that the ownership of a Lot is transferred on a day other than the first day of the month, the monthly installment of the annual Assessment and any other Assessments, charges and payments due and payable to the Association for the month of closing shall be prorated to the date of closing. Unless otherwise allowed by the Association in writing, and if not sooner paid by the seller and/or buyer, all Assessments, charges, and payments due and payable to the Association shall be paid at closing.

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2. Interest Charges. If any Assessment is not paid within thirty (30) days after its due date, the amount due shall bear interest at a rate of twelve percent (12%) per annum from the due date until paid. All late charges and interest charges shall be due and payable immediately, without notice, in the manner provided for payment of Assessments.

3. Return Check Charges. A fifty-dollar (\$50.00) fee shall be assessed 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. Notwithstanding this provision, the Association shall be entitled to

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BOARD & COUNSEL REVIEW

Sec. 2 (p. 18): Enforcement, fining, interest, or foreclosure provision violates Colorado HB 22-1137 (C.R.S. § 38-33.3-209.5) limits on cure periods, \$500 fine cap, 8% interest cap, or prohibition on foreclosing fine liens.

Statutory / Legal Reference: C.R.S. §§ 38-33.3-209.5 & 38-33.3-316 (HB 22-1137)

Statutory Comparison: Under C.R.S. § 38-33.3-209.5 (as amended by HB 22-1137), for covenant violations that do not threaten public health or safety, the association must: (1) notify the unit owner by certified mail, return receipt requested; (2) grant two consecutive 30-day periods to cure before turning the matter over to an attorney or legal action; (3) cap total fines for a particular covenant violation at \$500; (4) cap delinquency interest at 8% per annum; and (5) refrain from foreclosing on any assessment lien consisting solely of fines, fees, or collection costs.

CURRENT WORDING IN DOCUMENT:

Interest Charges. If any Assessment is not paid within thirty (30) days after its due date, the amount due shall bear interest at a rate of twelve percent (12%) per annum from the due date until paid. All late charges and interest charges shall be due and payable immediately, without notice, in the manner provided for payment of Assessments.

SAMPLE DISCUSSION WORDING (FOR HOA ATTORNEY REVIEW):

Pursuant to C.R.S. §§ 38-33.3-209.5 and 38-33.3-316 (HB 22-1137), for any covenant violation that does not threaten public health or safety: (a) the Association shall send written notice via certified mail, return receipt requested, providing the owner two (2) consecutive thirty (30) day cure periods; (b) the total amount of fines imposed for any single non-health/safety violation shall not exceed Five Hundred Dollars (\$500.00); (c) delinquent assessments shall bear interest at no more than eight percent (8%) per annum; and (d) the Association shall not foreclose an assessment lien consisting solely of fines, collection costs, or attorney fees.