

Galena Lofts Condominium Owners Association, Inc.

Collection Policy

In compliance with the Colorado Common Interest Ownership Act, Galena Lofts Condominium Owners Association, Inc. (the “Association”), through its Board of Directors (the “Board”), desires to adopt a uniform and systematic policy and procedures for the collection of unpaid assessments or other charges due to the association. This policy is intended to comply with C.R.S. § 38-33.3-209.5(1)(b)(I).

As a supplement to the policies and procedures prescribed by the Declarations and the law of the state of Colorado, the Association hereby adopts the following policies and procedures to address the collection of past due assessments owed to the Association.

- A. Prompt Payment: Prompt payment of assessments, fines, and fees by all owners is critical to the financial health of the Association. It is in the best interest of the Association to adopt these policies and procedures, and, in accordance herewith, refer delinquent accounts promptly to its attorney for collection so as to minimize the Association’s loss of revenue.
- B. Owner Contact Information: To facilitate collection efforts of the Association, each Owner must provide the Association, in writing, with the following information (collectively, “Owner Contact Information”):
 - a. The Owner’s preferred mailing address;
 - b. The Owner’s preferred email address;
 - c. The Owner’s preferred cell phone number;
 - d. The Owner’s preferred language for notices and other correspondence from the Association; and
 - e. If desired, a designated contact person to be contacted on the Owner’s behalf;
- C. Association Records: The Association shall maintain records of the Owner Contact Information provided by an Owner, as well as a record of all contacts between the Association and the Owner in regard to an Owner’s delinquent account, including the type of communication, the date of the communication, and the time of the communication.
- D. Quarterly Billing and Due Dates: Assessments are billed by paperless email on January 1, April 1, July 1, and October 1 and are due upon receipt and considered past due and considered delinquent if not paid in full within 30 days of receipt.
- E. Collection Process: Upon delinquency, the Association shall proceed as follows:
 - 1. Notice of Delinquency: After a monthly installment of the annual assessment, fines or fees due to the Association becomes more than thirty (30) days delinquent, the Board shall provide a notice of delinquency to the Owner to be (a) sent by certified mail, return receipt requested; (b) physically posted at the Owner’s address; and (c) either sent by first-class mail, text message to the Owner’s cell phone number of

record, or emailed to the Owner's email address of record. First notice of any delinquency must be made by the Association, or any community association manager or property management company designated by the Association. The notice must be sent in English, and the language that the Owner has previously indicated a preference for correspondence and notices. The notice must include:

- a. A statement specifying whether the delinquency concerns unpaid assessments, unpaid fines, fees, charges, or a combination of the foregoing and, if the notice concerns unpaid assessments, the notice must notify the Owner that unpaid assessments may lead to foreclosure;
 - b. The total amount due to the Association along with an accounting of how the total amount was determined;
 - c. Whether the Owner is qualified to enter into a payment plan and instructions for contacting the Association to do so;
 - d. A name and contact information for an individual the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt;
 - e. A statement indicating 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 an attorney, a collection agency, the filing of a lawsuit against the Owner, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law, including revoking the Owner's right to vote;
 - f. Notice of the late fees and interest that may accrue;
 - g. Describe the opportunity for the Owner to enter into a payment plan and instructions for contacting the entity to enter into such a payment plan;
 - h. A request for immediate payment;
 - i. Whether the delinquency concerns unpaid assessments; unpaid fines, fees or charges; or both;
 - j. A description of the steps the Association will take before legal action may be taken against the Owner, including any cure processes; and
 - k. A description of what legal action the Association may take against the Owner, including the types of matters that may be taken to small claims court, including injunctive matters for which the Association seeks an order requiring the unit owner to comply with the Association's governing documents.
2. After a monthly installment of the annual assessment or other charges due to the Association becomes more than sixty days (60) delinquent, the Board of Directors shall send a second written or email notice ("Second Notice") that includes an update on interest and late fees that have accrued, and request for immediate payment.
3. After a monthly installment of the annual assessment or other charges due to the Association becomes more than ninety (90) days delinquent, the Board of Directors shall send a third written or email notice ("Final Notice") that includes an update

on interest and late fees that have accrued, request for immediate payment or request for the Owner to contact the Association to enter into a payment plan pursuant to this policy, and a notice that a lien may be filed if none of the above items are attended to within thirty (30) days.

4. After a monthly installment of the annual assessment or other charges due to the Association becomes more than one hundred twenty days (120) delinquent, the Board of Directors may file a lien on the Owner's unit.
5. After a monthly installment of the annual assessment or other charges due to the Association become more than one hundred fifty days (150) delinquent, the Board of Directors shall turn the account over to the Association's attorney. Upon receiving the delinquent account, the Association's attorney may send a letter to the delinquent Owner demanding immediate payment for the past due assessments or other charges due. Upon further review, the Association's attorney may file a lawsuit. If a judgement 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.
6. If an agreed upon payment plan is defaulted on, the Owner's delinquent account may be turned over to the Association attorney per the preceding paragraph.
7. In addition to the steps outlined above, the Association may elect to suspend the voting rights of any Owner whose account is one hundred fifty (150) or more days past due at the time of such voting.

F. Schedule of Notices: The Association shall use the following table for delinquent accounts:

Quarterly Statement Emailed to all Homeowners (payment due within 30 days)	January 1, April 1, July 1, October 1
Past Due Date (date payment is late if not received on or before that date)	30 days after Due Date (1 month)
First Notice (notice of delinquency)	60 days after Due Date (2 months)
Second Notice (notice of interest charge, notice of payment plan option)	90 Days after Due date (3 months)
Final Notice (notice that if full payment is not received within 30 days or a payment plan is not agreed upon, a lien may be filed)	120 days after Due Date (4 months)
Lien Notice (Lien filed and notice to Owner of filed lien)	150 days after Due Date (5 months)
Delinquent account turned over to the Association's attorney. The attorney is to consult with the Association to determine if payment has been arranged or what collection procedures are appropriate.	180 days after Due Date (6 months)

- G. Monthly Notice For Delinquent Accounts. On a monthly basis, the Association shall send, by first-class mail and email to any Owner with an outstanding balance due to the Association, an itemized list of all assessments, fines, fees and charges due.
- H. Collection Agencies or Attorneys: The Association may only refer a delinquent account to a collection agency or attorney if a notice of delinquency was provided to the Owner in compliance with this policy, and if a majority of the Board votes to refer the matter in a recorded vote at an executive or closed session meeting.
- I. Late Fees: The Association shall impose, on a monthly basis, a fifty-dollar \$50.00 late fee for any assessment, fines, and fees past due. The late charge shall be a “common expense” for each delinquent Owner. Additionally, a homeowner’s assessment, fines, or fees balance held by the Association is subject to an eight percent (8%) per annum interest fee on the amount owed for each Owner who fails to timely pay assessments. The late fees shall be the personal obligation of the Owner(s) for which such assessment or installment is unpaid. All late charges shall be due and payable immediately in the manner provided in the Declaration (and as set forth herein) for payment of assessments, fines, and fees.
- J. Returned Check Charges: In addition to any and all charges imposed under the Declaration, Articles of Incorporation, Bylaws, the Rules and Regulations of the Association, policies, or procedures, a return check fee, not to exceed \$25.00, shall be assessed on 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. This returned check charge shall be a “common expense” for 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) for which payment was tendered to the Association for payment of sums due under the Declaration, Articles, Bylaws, Rules, Regulations, or policies. 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 (1) year, be made by certified check or money order. This return check charge shall be in addition to any late fees incurred by an Owner. Any returned check shall cause an account to be past due if full payment of the monthly installment of the annual assessment, fines or fees is not timely made within thirty (30) days of the due date.
- K. Service Fees: In the event the Association incurs any type of service fee, regardless of what it is called, for the handling and processing of delinquent accounts on a per account basis, such fees will be the responsibility of the Owner as such fee would not be incurred by for the delinquency of the Owner. The Association shall not assess a fee or charge to recover costs incurred for providing the Owner a statement of the total amount the Owner owes.

- L. Payment Plan: Any Owner who becomes delinquent in payment of assessments, fines, or fees after January 1, 2022, and whose account is not currently with the Association's attorney or a collection agency for collection action after January 1, 2022, may enter into a payment plan with the Association, over a period of eighteen months.. Under the payment plan, the Owner may choose the amount to be paid each month, so long as each payment is at least twenty-five dollars (\$25.00). The Owner may elect to pay the remaining balance due at anytime during the plan. Such payment plan shall be offered to each homeowner prior to the Association referring any account to an attorney or collection agency for collection action. In the event that the Owner defaults or otherwise does not comply with the terms and conditions of the payment plan, including the payment of ongoing assessments of the association, the Association may, without additional notice, refer the delinquent account to an attorney or collection agency for collection action or may take such other action as it deems appropriate in relation to the delinquency. Each Owner is qualified to enter a payment plan, unless:
1. The Owner does not occupy the property and acquired title to the property by foreclosure of a security interest encumbering the property or foreclosure of the Association's lien; or
 2. The Owner has previously entered into a payment plan.
- M. 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 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.
- N. Application of Payments: All sums collected on a delinquent account shall be remitted to the Association's manager, equivalent, or attorney (as directed to Owner) until the account is brought current. All payments received on account of any Owner or the Owner's property, shall be applied first to the assessments owed and any remaining amount to the fines, fees or other charges owed.
- O. Acceleration and Deceleration of Assessments. The Board of Directors reserves the right to accelerate and call due the entire unpaid annual assessment or other charges due on any delinquent account including such assessments that may become due during the pendency of a payment plan as described above. Such acceleration shall result in the entire unpaid annual assessment being due to the Association immediately. The Board of Directors also reserves the right to decelerate any accelerated assessment.
- P. 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 or Unit within the Association, the Board of Directors shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.
- Q. Certificate 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. Such statement shall be furnished within twenty-one (21) days after receipt of the request. If the account has been turned over to the Association's attorney, such request may be handled through the attorney.

- R. 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 Board of Directors is authorized to take whatever action is necessary and determined to be in the best interests 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, upon approval by the Association's Board of Directors;
 - c. Filing the necessary claims, documents, and motions in bankruptcy court in order to protect the Association's interests; or
 - d. Filing a court action seeking appointment of a receiver.
- S. Legal Remedies. The Association may pursue any and all legal remedies available to the Association by Colorado law or the Declaration for collection on any delinquent account. Such remedies include, but are not limited to, a lawsuit for money judgment, judicial foreclosure, receivership, garnishment, and attachment. Until an Owner has paid delinquent accounts in full, the Association may suspend the Owner's right to vote and right to use the Association's recreation facilities. Any party seeking to enforce its rights under the Declaration, Bylaws, Covenants, or governing documents of the Association for disputes regarding assessments, fines or fees owed to the Association for seven thousand five hundred dollars (\$7,500.00) or less, exclusive of interest and costs, may file a claim in small claims court.
- T. Judicial Foreclosures. The Association may choose to foreclose on its lien in lieu of or in addition to suing an Owner for a money judgment, except where the debt securing the lien consists only of fines or fees the Association has imposed on the Owner and/or collection costs or attorney fees incurred by the Association that are only associated with assessed fines. The purpose of foreclosing is to obtain payment of all assessments owing in situations where either a money judgment lawsuit has been or is likely to be unsuccessful or other circumstances favor such action. The Association shall consider individually each recommendation for a foreclosure and may only approve a foreclosure action after the delinquency equals or exceeds six months of common expenses assessments based on a periodic budget adopted by the Association. Such foreclosure shall be approved by a vote by the Board of Directors. Upon foreclosure, any Board member, employee of the Association's management company, or employee of a law firm representing the Association, or any immediate family member of the foregoing, shall not be permitted to purchase the foreclosed unit. The Association shall not commence a foreclosure proceeding for delinquent assessments unless:

- a. The Association has followed all notice requirements provided in this policy;
 - b. The Association has made a good faith effort by written offer, to coordinate with the Owner for a payment plan; and
 - c. Within thirty (30) days after providing offer of payment plan, the Owner has either (a) declined the plan; (b) accepted the plan and failed to pay at least three (3) monthly installments within fifteen (15) days of the due date
- U. 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.
- V. Communication with Owners. All communication with a delinquent Owner shall be handled through the Association's attorney once a matter has been referred to the attorney. The Board of Directors shall not 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.
- W. 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. There is no right of offset. An Owner may not withhold assessments owed to the Association on the alleged grounds that the Owner is entitled to recover money or damages from the Association for some other obligation.
- X. Credit Report. In the event an Owner becomes delinquent in the payment of assessments pursuant to the Declaration and Colorado law, Owner acknowledges and agrees that the Association may cause a credit report to be pulled via an agent, in order to facilitate the collection of unpaid assessments.
- Y. 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.
- Z. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law and the State of Colorado governing the Association.
- AA. Definitions. Unless otherwise defined in this Policy, capitalized terms shall have the same meaning ascribed by the Declaration.
- BB. Replacement. This policy supersedes and replaces prior policies adopted by the Board dealing with the subject matter herein.
- CC. Amendment. This policy and procedure may be amended at any time by the Board of Directors, pursuant to its policies and procedures.
- DD. Mailing Address. Payment of assessments shall be made to:

Galena Lofts Condominium Owners Association, Inc.
% Treasurer
[insert address]

This policy is effective immediately.

The undersigned, being the President of the Association certifies that the foregoing resolution was adopted by the Board at a duly called and noticed meeting of the Board of Directors held on this ____ day of _____, in the year _____ and in witness thereof, the undersigned has subscribed his/her name.

Joshua Landis 09/09/2022

President
Galena Lofts Condominium Owners Association, Inc.