

## River Glen Homeowners Association (HOA)

### Collection Policy

#### Procedure for River Glen HOA Assessments and Payment Collection

#### Approved by the River Glen HOA Board of Directors

February 22<sup>nd</sup> 2014

#### Purpose:

The purpose of this procedure is to document the process for HOA assessments, billing such assessments, what records will be kept and actions the HOA will take for delinquent accounts. Per the Colorado Common Interest Ownership Act the Association must have a consistent collection policy that is *uniformly applied*. This document identifies the River Glen HOA "Collection Policy" for billing and collecting assessments, the remedies the Association will implement in the event of a delinquent account and documents the availability of a "Temporary Payment Plan" for a Homeowner that has, or expects to miss an assessment.

#### Process:

- 1. Budgeted Assessment:** The board of Directors will meet annually to define the yearly budget and propose the annual budgeted assessment. Budget items include but are not limited to sewer plant expenses, irrigation system, pollution insurance, mailing, and legal fees. The budget costs are then divided by the number of homes to establish a budgeted assessment for each home. The budget costs are presented to the homeowners for vote of approval at the annual meeting. The budgeted assessment is billed quarterly as noted below.
- 2. Unbudgeted Assessment:** Homeowners may incur direct costs that the Association pays on the Homeowner's behalf. These direct costs will be billed to the Homeowner and are considered unbudgeted assessments. These may include, but are not limited to: costs for Homeowner purchased irrigation water, and sewer treatment fees.
- 3. Billing:** The Treasurer will prepare individual statements for each homeowner per quarterly billing date and statements will be mailed approximately 2 weeks prior to the due date. Bills include the quarterly budgeted assessment, any unbudgeted assessment, fees, fines, interest and any other items due from the Homeowner. Current account information will also be provided on the bill.
- 4. Due Dates:** Quarterly billing due dates are January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup>, and October 1<sup>st</sup>.
- 5. Temporary Payment Plan:** If a homeowner is having a temporary problem meeting financial obligations and they anticipate being unable to pay by the due dates they should contact the

HOA Board of Directors and work out a payment plan. The Homeowner will avoid overdue fees if they request and agree to a Temporary Payment Plan *before an account becomes delinquent*. The payment plan can be scheduled out over a 6 to 12 month period but the homeowner must stay current with all subsequent, regular occurring assessments as well as the Temporary Payment Plan. The minimum terms of repayment of the delinquent amount are: repayment in 12 equal installments, due on the 1<sup>st</sup> of each calendar month for a period of 12 months. If a homeowner fails to make timely payments per the Temporary Payment Plan and/or fails to pay the full amount of any subsequent regular occurring assessments the account will be considered a “delinquent account” and subject to the remedies listed in the “Delinquent Accounts and Remedies” section as appropriate.

**6. Delinquent Accounts:** Payments are due on the dates noted above and the Homeowner account will be considered a “delinquent account” if **full payment** is not received within 30 days of the due date.

**a. Partial Payment:** The full amount on the bill is due on the dates noted above. A Homeowner that makes “partial payment” without having requested and agreed to a “Temporary Payment Plan” will be considered a “delinquent account” and be subject to the “Delinquent Account Status and Remedies” described below.

**7. Delinquent Account Status and Remedies:** Delinquent account status and the remedies to be applied are defined below:

**a. 30 Days Delinquent:** If full payment for the quarter has not been received within 30 days of due date the treasurer will send out a Delinquent Account Notice to the homeowner that HOA assessments are past due and their account is 30 days delinquent. Interest will accrue on the entire delinquent amount, calculated from the due date. In addition, a \$25 late fee will be applied to the account. The Treasurer will add incurred fees, described in the next section titled “Additional Fees”, to the amount due. Voting rights will be suspended until the account is paid in full. The Homeowner is requested to make immediate payment of the *full amount due* or inform the board in writing if a temporary payment plan needs to be put in place.

**b. 60 Days Delinquent:** If full payment for the amount due identified in the previous Delinquent Account Notice has not been received within 60 days of the original assessment due date a 2<sup>nd</sup> Delinquent Account Notice will be sent via certified mail. Interest will continue to accrue and be added to the amount due. An additional \$25 late fee will be added to the amount due. The Treasurer will add the postage cost and other incurred fees, described in the next section titled “Additional Fees”, to the amount due. Voting rights of the Homeowner will continue to be suspended until the account is paid in full. The Homeowner is requested to make immediate payment of the *full amount due* or inform the board in writing if a temporary payment plan needs to be put in place.

- c. **90 Days Delinquent:** If full payment for the amount due identified in the previous Delinquent Account Notice has not been received within 90 days of the original assessment due date a 3<sup>rd</sup> Delinquent Account Notice will be sent via certified mail. Interest will continue to accrue and be added to the amount due. An additional \$25 late fee will be added to the amount due. The Treasurer will add the postage cost and other incurred fees, described in the next section titled “Additional Fees”, to the amount due. Voting rights of the Homeowner will continue to be suspended until the account is paid in full. The Homeowner is requested to make immediate payment of the *full amount due* or inform the board in writing if a temporary payment plan needs to be put in place.
- d. **120 Days or More Delinquent.**

Note: Foreclosure of Lien may not be filed unless the Homeowner is delinquent in an amount equal to or greater than two quarters *budgeted assessment* per CCIOA.

- i. **Amount delinquent less than two quarters budgeted assessment.** If a Homeowner is delinquent for an amount that is less than two quarters budgeted assessment, for a period of 120 days or more the Association will:
- Make a report to a Credit Reporting Bureau, such as Experian, of the delinquent account and add the cost of such reporting to the amount due
  - Add interest for each additional 30 days overdue to the amount due
  - Add any attorneys fees and costs to the amount due
  - Add any other direct costs associated with collection to the amount due
  - Add \$25 late fee for each additional 30 days overdue to the amount due
  - Voting rights of the Homeowner will continue to be suspended until the account is paid in full
- ii. **Amount delinquent more than two quarters budgeted assessment.** If a Homeowner is delinquent for an amount that is equal to or more than two quarters budgeted assessment, for a period of 120 days or more the Association will:
- Refer the account to the HOA attorney for collection
  - Record a “Foreclosure of Lien” against the property with the Larimer County Recorder
  - Add interest for each additional 30 days overdue to the amount due
  - Add attorneys fees and costs to the amount due
  - Add any other direct costs associated with collection to the amount due
  - Add \$25 late fee for each additional 30 days overdue to the amount due
  - Voting rights of the Homeowner will continue to be suspended until the account is paid in full

**8. Additional Fees:**

- a. An interest rate of 8% per annum is charged on all delinquent accounts, *calculated from the due date*, and will show on the HOA bill as a separate line item (Interest on Past due amount).
  - b. A \$25.00 late fee will be assessed on all delinquent accounts and *be assessed for each successive month* that an account is a delinquent account *with any unpaid amount*. This late fee will be assessed for the period noted above until such time as a “Temporary Payment Plan” is agreed to or until the homeowner pays all amounts due to the Association. This late fee will not be assessed on a delinquent account *after* a homeowner has requested and agreed to a “Temporary Payment Plan” as described above
  - c. Any fees which the HOA bank may be charged for a returned check will be passed along to the homeowner.
  - d. Fees for postage and mileage cost will be added to the amount due. Mileage cost will be calculated at a rate of 50 cents per mile.
  - e. Legal costs incurred will be added to the amount due.
  - f. Any other direct costs associated with the collection of overdue assessments.
- 9. Records:** The Treasurer will process payments and keep a record of each homeowners account. Payments will be dated the date they were received. Any delinquent fees such as interest, postage, mileage costs, legal fees and any other direct costs will be recorded for each account. Payments will apply to the interest and fees first then applied to assessment amounts. In compliance with the Association Bylaws, the treasurer will provide to any homeowner a certificate that states their account status.

**Approved by the River Glen HOA Board of Directors**

**February 22<sup>nd</sup> 2014**

Tye Riley  
President  
River Glen Homeowners Association  
Board of Directors