

**RESOLUTION OF THE MOUNTAIN SPRINGS RANCH HOME OWNERS ASSOCIATION  
ADOPTING POLICIES CONCERNING ENFORCEMENT OF COVENANTS AND RULES,  
INCLUDING NOTICE AND HEARING PROCEDURES AND A SCHEDULE OF FINES,  
AND COLLECTION OF UNPAID ASSESSMENTS**

In Compliance with C.R.S. § 38-33.3-209.5

Pursuant to C.R.S. § 38-33.3-209.5 of the Colorado Common Interest Ownership Act (“CCIOA”), the following policy has been adopted by the Mountain Springs Ranch Home Owners Association (“Association”) at a regular meeting of the Board of Directors of the Association.

**SUBJECT:** Adoption of policies establishing uniform and systematic procedures concerning enforcement of covenants and rules, including notice and hearing procedures and a schedule of fines, and collection of assessments and other charges of the Association.

**PURPOSE:** To facilitate an orderly process for enforcement of covenants and rules, including notice and hearing procedures and a schedule of fines, and to facilitate the financial well-being of the Association.

**AUTHORITY:** CCIOA, the Protective Covenants for the Mountain Springs Ranch Home Owners Association, (“Declaration”), the Articles of Incorporation of the Association, the Bylaws of the Association, and rules and regulations adopted and/or implemented pursuant thereto (collectively with the Declaration, the “Association Documents”).


**RESOLUTION:** The Board of Directors of the Association hereby adopts a policy establishing a uniform and systematic procedure for enforcement of covenants and rules, including notice and hearing procedures and a schedule of fines, as set forth in attached Exhibit A, and a policy establishing a uniform and systematic procedure for collection of unpaid assessments as set forth in attached Exhibit B.

**RATIFICATION:** The Board of Directors of the Association hereby ratifies, adopts, and approves all other prior actions taken by the Association in furtherance of the foregoing, including the previous levying and collection of assessments, other charges, costs, interest, attorney fees, and fines.

**CERTIFICATION:** The undersigned, being a member of the Board of Directors of the Mountain Springs Ranch Home Owners Association, a Colorado nonprofit corporation, and being unanimously authorized by the Board of Directors of the Association to do so, hereby certifies that the foregoing Resolution was duly adopted by the Board of Directors at a duly called and held regular meeting of the Board of Directors and, in witness thereof, the undersigned has subscribed their name.

**MOUNTAIN SPRINGS RANCH HOME OWNERS ASSOCIATION.**

a Colorado nonprofit corporation.

By:   
Gary Starr, Board President

Date adopted: September 7, 2022

Exhibit A

**MOUNTAIN SPRINGS HOME OWNERS ASSOCIATION  
POLICY CONCERNING ENFORCEMENT OF COVENANTS AND RULES, INCLUDING  
NOTICE AND HEARING PROCEDURES AND A SCHEDULE OF FINES**

**1. Definitions**

“Association” means the Mountain Springs Home Owners Association.

“Association Documents” means the Colorado Common Interest Ownership Act, the Protective Covenants for the Mountain Springs Ranch Home Owners Association (“Declaration”), the Articles of Incorporation of the Association, the Bylaws of the Association, and rules and regulations adopted and/or implemented pursuant thereto.

“Board” means the Board of Directors of the Mountain Springs Home Owners Association.

“Owner” means the declarant or other person who owns a unit, or a lessee of a unit, in the Mountain Springs Ranch community, but does not include a person having an interest in a unit solely as security for an obligation.

“Unit” means a physical portion of the Mountain Springs Ranch community that is designated for separate ownership or occupancy and the boundaries of which are described in or determined from the Declaration.

**2. Violation of Association Documents**

**A. Owner or Committee Observance of Violation.** If an Owner or a Committee personally observes an alleged violation of the Association Documents, the Owner or Committee may bring the violation to the attention of the Board by submitting, in writing: a description of the alleged violation observed, including the date, time, and location; and the name and contact information of the Owner or Committee member(s) who observed the alleged violation. Upon receipt of such a written communication, the Board shall follow the notice and hearing procedures above. The Board shall call the reporting Owner or Committee member(s) to testify at all hearings concerning the alleged violation.

**B. Initial Warning Letter.** If the Board finds an Owner has committed a violation of any provisions of the Association Documents, the Board shall send an Initial Warning Letter to the Owner explaining the nature of the alleged violation. The Owner will be given a reasonable amount of time to comply based on the nature and severity of the violation, as determined at the sole discretion of the Board.

**C. Notice of Violation.** Subsequent to the initial warning letter, if the Owner fails to cure the violation to the satisfaction of the Board, the Board shall send a Notice of Violation, which shall include a description of the alleged violation and notice of the opportunity for a hearing, and shall further state that the Board may seek to protect its rights as specified in the Association Documents. Such Notice shall notify the Owner that the Owner has thirty (30) days to cure the violation or the

Association, after conducting an inspection and determining that the violation has not been cured, may fine the Owner. Fines imposed for violations of the Association Documents may not exceed \$500.00. The Association shall not pursue a foreclosure against the Owner based on fines owed for violations of the Association Documents.

(1) **First Cure Period.** If the Owner cures the violation within the thirty (30) day period, the Owner may notify the Association of the cure and, if the Owner also provides visual evidence that the violation has been cured, the violation is deemed cured on the date that the Owner sends the notice. If the Owner's notice does not include such visual evidence, the Association shall inspect the Unit as soon as possible to determine if the violation has been cured.

(2) **Inspection; Second Cure Period.** If the Association does not receive notice from the Owner that the violation has been cured, the Association shall inspect the Unit within seven (7) days after the expiration of the thirty (30) day cure period to determine if the violation has been cured. If, after inspection and whether or not the Association received notice from the Owner that the violation was cured, the Association determines that the violation has not been cured:

- i. a second thirty (30) day period to cure commences if only one thirty (30) day cure period has elapsed; then
- ii. the Association may take legal action pursuant to this Section after the second thirty (30) day cure period has elapsed.

(3) **Violations Affecting Public Safety or Health.** With respect to any violation of the Association Documents that the Association reasonably determines threatens the public health or safety, the Association shall provide the Owner written notice of the violation informing the Owner that the Owner has seventy-two (72) hours to cure the violation or the Association may fine the Owner. If, after an inspection of the Unit, the Association determines that the Owner has not cured the violation within seventy-two (72) hours after receiving the notice, the Association may impose fines on the Owner every other day and may take legal action against the Owner for the violation; except that the Association shall not pursue foreclosure against the Owner based on fines owed.

(4) **Notice of Cure.** Once the Owner cures a violation, the Association shall notify the Owner, in writing, that the Owner will not be further fined with respect to the violation and of any outstanding fine balance that the Owner still owes the Association.

**D. Delivery of Notice.**

(1) **To the Owner.** Notices to the Owner shall be sent by certified mail, return receipt requested, and physically posted at the Owner's Unit. Notices shall also be sent by one of the following means:

- i. First-Class Mail;

- ii. Text message to a cellular number that the Association has on file, if the Owner has provided the cellular number to the Association; or
- iii. E-mail to an e-mail address that the Association on file, if the Owner has provided the e-mail address to the Association.

(2) **To the Association.** Notice to the Association shall be sent by personal delivery or U.S. Mail, postage prepaid, addressed to the Association in care of its registered agent and office, as maintained with the Colorado Secretary of State or such other address as the parties may be advised of in writing

**3. Request for Hearing.** In the event any Owner desires to attend a hearing or Board meeting to challenge or contest any alleged violation and possible fine, said Owner must, within fourteen (14) days' receipt of the Notice of Violation, request such hearing by notifying the Association, in writing, of such hearing request ("Request for Hearing"). In the event a proper and timely request for a hearing is not made as provided herein, the right to a hearing shall be deemed forever waived. If a hearing is not requested within the aforementioned fourteen (14) day period, the Board shall determine if there was a violation, and if so, may continue to assess a reasonable fine within the guidelines contained in these Rules, all within sixty (60) days of the expiration of the aforementioned fourteen (14) day period. The fine assessed is due and payable immediately upon receipt of notice of the said assessment. The Association's managing agent shall give notice of said assessment to the applicable Owner as provided in Section 2(C) above. In the Request for Hearing, the Owner shall state and describe the grounds and basis for challenging or denying the alleged violation as well as such other information the Owner deems pertinent.

**A. Notice of Hearing.** Within thirty (30) days' receipt of a Request for Hearing, the Board shall schedule the hearing at a time, place, and date mutually convenient to the parties, but in no event shall the hearing take place later than thirty (30) days from receipt of the Request for Hearing. The Board shall send notice of said hearing to all Owners ("Notice of Hearing").

**B. Discovery.** Upon written request to the Association, not later than ten (10) days prior to the date of hearing, the Owner shall be entitled to: (a) obtain the names and addresses of witnesses, to the extent known to the Association, and (b) inspect and make copies of any statements, writings, and investigative reports relative to the case contained in the Association's records. Nothing in this Section shall, however, authorize the inspection or copying of any writing or other thing which is privileged from disclosure by law or otherwise made confidential or protected, such as attorney work product.

**C. Board to Conduct Hearing.** The Board shall hear and decide cases set for hearing pursuant to this Policy. The Board may appoint an officer or other Owner to act as the presiding officer (the "Presiding Officer") at any such hearing.

(1) **Conflicts.** It shall be incumbent upon each Board member to decide as to whether s/he is able to function in a disinterested and objective manner in consideration on each hearing before the Board. Any Board member incapable of objective and disinterested consideration on any hearing before the Association shall disclose such to the Board President prior to the hearing on the case, if possible, or, if advance notice is not possible, then such disclosure shall be made at the hearing, and said Board

member shall be disqualified from all proceedings with regard to the hearing. If disqualification of any Board member(s) results in an even number of remaining Board members eligible to hear a case, the Presiding Officer shall appoint an Association member, in good standing, to serve as a voting member of the hearing board.

**D. Hearing.** Each hearing shall be held at the scheduled time, place, and date, provided that the Presiding Officer may grant continuances for good cause.

**(1) Procedure.** At the beginning of each hearing, the Presiding Officer shall explain the rules, procedures, and guidelines by which the hearing shall be conducted and shall introduce the case before the Board by reading the Notice of Hearing. The general procedure for hearing shall consist of opening statements by each party; presentation of testimony and evidence, including cross-examination of witnesses by each party; and closing statements by each party. Notwithstanding the foregoing, the Board may exercise its discretion as to the specific manner in which a hearing shall be conducted and shall be authorized to question witnesses, review evidence, and take such other reasonable action during the course of the hearing which it may deem appropriate or desirable to permit the Board to reach a just decision in the case.

**(2) Rules.** Rules of law regarding trials and presentation of evidence and witnesses shall be applicable to the hearing insofar as the Presiding Officer deems adherence to such rules of law to be in the interests of justice, provided that any relevant evidence should be admitted if it is the sort of evidence on which responsible persons are accustomed to relying in the course of serious affairs. The decision of the Board at each hearing shall be based on the matters set forth in the Notice of Hearing, Request for Hearing, and such evidence as may be presented at the hearing.

**(3) Open to Members.** Unless otherwise determined by the Board, all hearings shall be open to attendance by all members of the Association.

**E. Board Decision.** After all testimony and other evidence have been presented to the Board at a hearing, the Board shall render its decision thereon within ten (10) days after the hearing. A decision, either a finding for or against the Owner, shall be by a majority of the Board. The Board shall issue written findings of fact and conclusions and, if applicable, shall impose a reasonable fine as provided in the Association's Rules. The Board may also issue and present for recording with the Clerk and Recorder of Garfield County, Colorado, a notice of finding of violation. Upon satisfactory compliance with the Association's governing documents, the notice may be released by the Association issuing and recording a release of notice of findings of violation.

**F. Enforcement and Attorney's Fees.** In accordance with the Declaration, Bylaws, and Rules, it is hereby declared to be the intention of the Association to enforce the provisions by of the Association Documents by any and all means available to the Association at law or in equity, and to seek recovery and reimbursement of all attorney's fees, Association expenses and costs incurred by the Association in connection therewith. Notwithstanding the foregoing, if the Board determines that an Owner should not be held responsible for the alleged violation, the Association shall not allocate to the Owner's account any of the Association's costs or attorney's fees incurred in asserting or hearing the claim.

**5. Penalty for Violation.** Any violation of the Association Documents, which has not been determined by the Board to be a public safety or health violation and for which a fine is not already specifically stated, will result in the following fines:

- First violation: Initial Warning Letter
- Second and subsequent violations: \$500.00 per violation

**A. Maximum Fine.** The maximum fine for a violation of the same covenant or rule is \$500.00. The Board shall additionally assess against said Owner any costs, expenses, damages, and/or attorney fees incurred by the Board in connection with any such violation.

**B. General Remedies.** Nothing contained herein shall limit other means of enforcing the provisions of the Association Documents, including, but not limited to, injunctive relief and/or claims for monetary damages and attorney fees.

**C. Specific Fines.** In the event a specific rule adopted by the Board includes a separate fine, said fine shall take precedence over this Policy.

Exhibit B

**MOUNTAIN SPRINGS HOME OWNERS ASSOCIATION  
POLICY CONCERNING COLLECTION OF UNPAID ASSESSMENTS**

**1. Definitions**

“Association” means the Mountain Springs Home Owners Association.

“Association Documents” means the Colorado Common Interest Ownership Act, the Protective Covenants for the Mountain Springs Ranch Home Owners Association (“Declaration”), the Articles of Incorporation of the Association, the Bylaws of the Association, and rules and regulations adopted and/or implemented pursuant thereto.

“Board” means the Board of Directors of the Mountain Springs Home Owners Association.

“Owner” means the declarant or other person who owns a unit, or a lessee of a unit, in the Mountain Springs Ranch community, but does not include a person having an interest in a unit solely as security for an obligation.

“Unit” means a physical portion of the Mountain Springs Ranch community that is designated for separate ownership or occupancy and the boundaries of which are described in or determined from the Declaration.

**2. Collection of Unpaid Assessments**

**A. Due Date.** All assessments, fees, and deposits charged pursuant to the authority of the Association, and other charges levied by the Association against a Unit (collectively, “Assessment” or “Assessments”), as determined by the Association and as allowed for under the Association Documents, shall be due and payable in full on or before January 31 of each calendar year or on such date otherwise indicated in the invoice to the Owner by the Association. Assessment of other charges not paid in full to the Association on or before the due date shall be considered past due and delinquent. Assessment or other charges not paid in full to the Association when due shall incur interest and late charges as provided below.

**(1) Late Payments of Assessments.** The annual assessment shall be past due and delinquent if not paid by the 31<sup>st</sup> of January of each calendar year.

**(2) Interest.** Delinquent assessments, fines or other charges due the Association shall bear interest at the rate of eight percent (8%) per annum from the due date until paid.

**(3) Return Check Charges.** The Association shall assess the actual fees charged to the Association by a bank 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. Such return check charge shall be considered an assessment 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 effective on any payment of sums due under the Governing Documents. If two (2) 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 interest incurred by an Owner. Any returned check shall cause an account to be past due if full payment of the installment of the annual assessment is not timely made within ten (10) days of the due date.

**B. Receipt Date.** The Association shall post payments effective the day that the payment is actually received by the Association.

**C. Owner Contact Information.** All correspondence or notices required to be sent to an Owner shall comply with the following:

(1) **Designated Contact.** If an Owner has notified the Association in writing that the Owner has designated contact, all correspondence or notices shall be delivered both to Owner and the designated contact.

(2) **Preferred Language.** If an Owner has notified the Association that the Owner prefers correspondence and notices in a language other than English, then the Association shall send such correspondence and notices in the language designated by the Owner. If a preference is not indicated, the Association shall send correspondence and notices in English. The Owner and the Owner's designated contact will receive the same correspondence and notices anytime communications are sent; except that the Owner will receive the correspondence and notices in the language for which the Owner has indicated a preference, if any.

**D. Owner Contact Requirements.** Prior to *any* action taken by the Association regarding an Owner delinquency, the Association must (i) first contact to the Owner to alert the Owner of the delinquency; and (ii) maintain 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.

(1) Any contacts that a community association manager or a property management company ("Manager") makes on behalf of the Association is a contact made by the Association and shall not be considered a contact from a debt collector.

(2) When contacting an Owner or a designated contact, the Association shall the "Notice of Delinquency" (defined below) by certified mail, return receipt requested, and physically post a copy of the Notice of Delinquency at the Owner's Unit. In addition, the Association shall also contact the Owner by one of the following means:

- i. First-Class Mail;
- ii. Text message to a cellular number that the Association has on file, if the Owner has provided the cellular number to the Association; or



- iii. E-mail to an e-mail address that the Association on file, if the Owner has provided the e-mail address to the Association.

**E. Notice of Past Due Amounts.** On a monthly basis and by first class mail, and if the Association has the relevant e-mail address, by email, the Association shall send to each Owner who has any outstanding balance owed to the Association an itemized list of all assessments, fines, fees, and charges that the Owner owes to the Association.

**F. Notice of Delinquency.** A "Notice of Delinquency" means a written notice that the Association sends to an Owner to notify the Owner of any unpaid assessments, fees, fines, or charges that the Owner owes the Association. Within sixty (60) days of the Due Date, the Association shall issue a Notice of Delinquency reminding such Owner the Due Date has passed and the account is late, and an interest charge of no more than eight percent (8%) of the Assessment is then due, which the Association is authorized and directed to charge to and collect from any delinquent Owner on behalf of the Association. The Notice of Delinquency shall also include:

- (1) The total amount due, with an accounting of how the total was determined;
- (2) Whether the opportunity to enter into a payment plan exists pursuant to C.R.S. § 38-33.3-316.3 and instructions for contacting the Association to enter into such a payment plan;
- (3) The name and contact information for the individual the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt; and
- (4) 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 may be turned over to a collection agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owner's property, or other remedies available under Colorado law.

**G. Payment Plan.** Unless the Owner does not occupy the Unit and has acquired the Unit as a result of (a) a default of a security interest encumbering the Unit or (b) foreclosure of the Association's Lien, the Association shall make a good-faith effort to coordinate with the Owner to set up a payment plan. However, in the event the Association and the Owner have previously entered into a payment plan, the Association is under no obligation to negotiate another payment plan.

- (1) **Term.** Any payment plan must permit the Owner to pay off the deficiency in monthly installments of no less than \$25.00 over a period of at least eighteen (18) months. An Owner who has entered into a repayment plan may elect to pay the remaining balance owned under the repayment plan at any time during the duration of the payment plan.
- (2) **Failure to Remit Payment.** The Owner shall sign a document describing the payment plan and the effective date of the first payment. In the event an Owner fails to comply with the terms of their payment plan, the Association may immediately begin pursuing legal action against such Owner. An Owner's failure to remit payment of an agreed-upon installment, or to remain current with the regular Assessments as they come due during the eighteen (18) month period, constitutes a failure to comply with the terms of their payment plan.

**H. Application of Payments.** All payments received on account of any Owner shall first be applied to the assessment owed and any remaining amount shall apply to the payment of fines, fees, or other charges owed.

**I. Limitations on the Association.**

- (1) **Fines.** The Association shall not impose the following on a daily basis against an Owner: late fees; or fines assessed for violation(s) of the Association Documents.
- (2) **Maximum Interest.** The Association shall not charge a rate of interest on unpaid assessments, fines, or fees in an amount greater than eight percent (8%) per year.
- (3) **No Charge for Statement.** The Association shall not assess a fee or other charge to recover costs incurred for providing an Owner a statement of the total amount that the Owner owes.
- (4) **Foreclosure.** The Association shall not foreclose on an assessment lien if the debt securing the lien consist only of one or both of the following:
  - i. fines that the Association has assessed against the Owner; or
  - ii. collection costs or attorney fees that the Association has incurred and that are only associated with assessed fines.

**J. Liens.** The Association may file a Notice of Lien against the property of any delinquent Owner in accordance with the terms and provisions of the Declarations, Articles, and Bylaws.

**K. Referral of Delinquent Accounts to Collection Agencies or Attorneys.** Before turning a delinquent account over to a collection agency or attorney for legal action, the Association must send the Owner a statement including the following:

- (1) A statement whether the delinquency concerns unpaid Assessments; unpaid fines, fees, or charges; or both. If it concerns unpaid assessments, the notice of Delinquency must notify the Owner that unpaid Assessments may lead to foreclosure;
- (2) 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
- (3) 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 Association Documents.

The Association or its Manager may refer delinquent accounts to a collection agency or attorney only if a majority of the Board has formally resolved, by a recorded vote, to refer the delinquent account to a collection agency or attorney.

**L. Small Claims Court.** A party seeking to enforce rights and responsibilities arising under the Association Documents in relation to disputes arising from assessments, fines, or fees owed to the Association and for which the amount at issue does not exceed \$7,500, exclusive of interest and costs, may file in small claims court.

**M. Foreclosures.** The Association may initiate a foreclosure proceeding based on an Owner's delinquency in paying assessments when:

- (1) The Association has complied with the notice requirements;
- (2) The Association has provided the Owner with a written offer to enter into a repayment plan that authorizes the owner to repay the debt in monthly installments over eighteen (18) months. Under the repayment plan, the Owner may choose the amount to be paid each month, so long as each payment is in an amount of at least \$25 until the balance of the amount owed is less than \$25;
- (3) Within thirty (30) days after the Association has provided the Owner with a written offer to enter into a repayment plan, the Owner has either:
  - i. declined the payment plan; or
  - ii. after accepting the repayment plan, failed to pay at least three (3) of the monthly installments within fifteen (15) days after the monthly installments were due; and
- (4) The Board has formally resolved, by a recorded vote, to authorize the filing of a legal action against the specific Unit.

If a Unit is being foreclosed, a member of the executive Board, an employee of the Manager, an employee of a law firm representing the Association or an immediate family member of the same shall not purchase the foreclosed Unit.

**N. Attorney's Fees.** The Association is entitled to recover attorney fees which are incurred after the Association has complied with the notice requirements of this policy with regard to any matter.

**O. Voting Rights.** In addition to the steps outlined above, the Association may elect to suspend the rights of any Owner whose account is past due at the time of such voting.