

**STRATTON FLATS MASTER ASSOCIATION, INC.**

**AMENDED AND RESTATED  
VIOLATIONS AND COLLECTIONS POLICIES AND PROCEDURES  
effective [REDACTED], 2023**

**Introduction**

The Stratton Flats Master Association, Inc. (the “Master Association”) is the owners association responsible for providing a variety of services for the Stratton Flats townhomes. The Master Association is a non-profit corporation subject to the provisions of the Colorado Revised Nonprofit Corporation Act (the “Act”). In addition to governance under the Act, the Master Association is also subject to certain terms and provisions of the Colorado Common Interest Ownership Act (“CCIOA”). Under Section 209.5 of CCIOA, the Board of Directors of the Master Association (the “Board”) is required to adopt written policies and procedures for responsible governance, including violations and collections policies. These are the Master Association’s violations and collections policies and procedures, and amends, restates, and supersedes all prior collection policies and procedures, and where these policies conflicts with the Condominium Declaration, as amended and supplemented (“Declaration”), and the Master Association’s Articles of Incorporation, Bylaws, Rules and Regulations, or other governing documents (collectively, “Governing Documents”), these policies control to the extent of any conflict to the extent allowed by law.

- 1. General Reading.** The Violations Policies and Collections Policies below make up one document and should be read in conjunction with one another.
  - 1.1. Power.** The Board has the power under the Governing Documents to create rules and regulations for the benefit and welfare of the Master Association, including the power to set fines, fees, and charges. The Board adopts these policies to set rules and regulations regarding the Master Association’s violations of Governing Documents and collections.
  - 1.2. Undefined Terms.** Undefined terms in one or both of the policies should take the meaning given in the other policies, if therein defined, and in the Master Association’s Governing Documents otherwise.
  - 1.3. Guests.** Owners affirmatively take responsibility for all guests they bring onto their and the Master Association’s property. Any violations of the Master Association’s Governing Documents by a guest are deemed a violation by the related Owner.
  - 1.4. Language.** An Owner may select a language in which to receive all notices from the Master Association in addition to English. If the Owner so selects, then the Master Association shall give all notices to the Owner in both the selected language and in English.

- 1.5. Failure to Comply.** Failure of the Master Association to comply with any provision in these policies shall not be deemed a defense to payment of assessments, fees, late charges, return check charges, attorney fees or costs, or other charges and fines as described and imposed by these policies.

### **Covenant and Rule Enforcement Policies and Procedures**

## **2. Identifying Violations.**

- 2.1. Violations Defined.** Violations refers to and means any violation or failure to comply with any applicable provision of the Master Association’s Governing Documents, or any applicable local, state, or federal law or code.
- 2.2. Reporting Violations to the Master Association.** Complaints regarding alleged violations may be reported by an Owner or resident within the Community, a group of Owners or residents, the Master Association’s managing agent, Board member(s), or committee member(s) (“Complainant”) by submission of a written complaint.
- 2.3. Complaints Submitted to the Master Association.** Complaints by Owners or residents shall be in writing and submitted to the Board or managing agent. The Complainant must have observed the alleged violation and shall identify the alleged violating Owner, if known, and set forth a statement describing the alleged violation, referencing the specific provisions which are alleged to have been violated, when the violation was observed, and any other pertinent information. Non-written complaints, or written complaints failing to include any information required by this provision, may or may not be investigated or prosecuted at the discretion of the Master Association. Complaints by a member of the Board, committee member, or the managing agent, may be made in writing or by any other means deemed appropriate by the Board if such violation was observed by the Director or managing agent.
- 2.4. Investigation of Complaints Made to the Master Association.** Upon receipt of a complaint by the Master Association, if additional information is needed, the complaint may be returned to the Complainant or may be investigated further by an impartial Board designated individual or committee. The Board shall have sole discretion in appointing an individual or committee to investigate the matter. If a violation is found to exist and damage was caused to any Master Association property or the property of another Owner, then the Owner responsible for the damage shall pay the costs to repair such damage.

## **3. Outstanding Violations.**

- 3.1. Notice.** The Master Association shall send notice to the alleged violating Owner by sending a copy of the notice via (1) certified mail, return receipt requested, (2) posting a physical copy of the notice at the Owner’s unit, **and** (3) sending a notice by email, text, **or** first-class mail to the Owner. If the Owner cures a violation within the period to cure afforded the Owner, the Owner may notify the Master Association of the cure and, if the

Owner sends visual evidence with the notice, the violation is deemed cured on the date that the Owner sends the notice. If the Owner's notice does not include visual evidence that the violation has been cured, the Master Association shall inspect the unit as soon as practicable to determine if the violation has been cured.

- 3.2. Initial Warning Letter from the Master Association.** If a violation is found to exist, the Master Association may send a warning letter to the Owner explaining the nature of the violation, the timing of fines, and what is required to cure the violation. The Owner has thirty (30) days after the date of the notice to come into compliance ("Cure Period").
- 3.3. Continued Violation After Initial Warning Letter and Cure Period.** If the Owner does not notify the Master Association that the Owner has come into compliance within the Cure Period or does not send visual evidence of the cure, then the Master Association shall inspect the unit for the violation within seven (7) days of the expiration of the first Cure Period. If the Master Association finds that the violation is not cured, this will be a continued violation following the Master Association's inspection to determine if the violation continues to exist. If the Master Association confirms the continued violation, it may impose a fine pursuant to the fine schedule below. The Master Association shall send a second letter to the Owner, providing notice and explaining if the violation continues to exist, continued fines may be imposed pursuant to these policies, and that the Master Association may take legal action against the Owner if the violation is not cured after a second consecutive Cure Period as described in the Collection Policies and Procedures below.
- 3.4. Continued Violation After Second Letter.** If after the second, consecutive Cure Period, the Owner does not come into compliance, this will be a second continued violation for which the Master Association may increase the fine to the maximum amount allowed pursuant to the fine schedule below; continue to charge interest on any outstanding fines; and take legal action as described in the Collection Policies and Procedures below.
- 3.5. Violations Threatening Public Safety or Health.** Health and safety violations are those violations that have the potential to affect a person's mental or physical condition or circumstances likely to cause danger, risk, or injury to people, pets, or property. These violations may include, but are not limited to: noise violations; fire hazards; short-term rental violations; parking violations; structural, electrical, or plumbing alterations; harassment; pet violations; and violations of local, state, or federal law intended to protect public health and safety. If, in its sole discretion, the Board reasonably determines a particular violation presents a threat to public safety or health, the Master Association may send the Owner a warning letter with a seventy-two (72) hour cure period instead of thirty (30) days. If the Owner does not correct such a violation within the seventy-two (72) hour cure period, then the Master Association may fine the Owner using the continued violation timeline below, and the Master Association may take legal action as described in the Collection Policies and Procedures below.

**3.6. Parking Violations.** The Master Association is authorized to have vehicles towed or booted in addition to or in lieu of fines for parking violations. The Master Association's Vehicle and Parking rules in its Community Rules are hereby incorporated by reference.

#### **4. Hearings for Violations.**

**4.1. Hearings Before the Master Association.** The Owner may request a hearing after receiving any notice of violation from the Master Association until ten (10) days after the notice's date. At the beginning of each hearing, the presiding officer, may introduce the case by describing the alleged violation and the procedure to be followed during the hearing. Each party or designated representative, may, but is not required to, make an opening statement, present evidence and testimony, present witnesses, and make a closing statement. The presiding officer may also impose such other rules of conduct as may be appropriate under the given circumstances. Neither the Complainant nor the alleged violating Owner is required to attend the hearing. The Board may base its decision solely on the matters set forth in the Complaint, results of the investigation and such other credible evidence as may be presented at the hearing. Unless otherwise determined by the Board, all hearings may be open to attendance by all Owners. After all testimony and other evidence has been presented at a hearing, the Board shall, within thirty (30) days, or such longer period as the Board may set, render its written findings and decision, and impose a fine, if applicable. A decision, either a finding for or against the Owner shall only be made by an individual or committee selected by the Board to act for the Board, that do not have any direct personal or financial interest in the outcome. A decision maker shall not be deemed to have a direct personal or financial interest in the outcome if the decision maker will not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the Master Association. Failure to strictly follow the hearing procedures set forth above shall not be grounds for appeal of the hearing committee's decision, absent a showing of denial of due process.

**4.2. Notice of Hearing Before the Master Association.** If a hearing is requested by the alleged violating Owner or is instituted by the Master Association, then the Board, committee, or other person conducting such hearing as may be determined in the sole discretion of the Board, shall serve a written notice of the hearing to all parties involved prior to the hearing date by personal delivery; by U.S. first-class mail addressed to the relevant party's last registered address; by email; or any such combination.

**4.3. Failure to Timely Request Hearing Before the Master Association.** If the Owner fails to request a hearing within ten (10) days a notice letter's date, or if the Owner fails to appear at the hearing, the Board may fine and make other decisions with respect to the alleged violation based on the Complaint, results of the investigation, and any other available information without the necessity of holding a formal hearing. If a violation is found to exist, the Owner may be assessed a fine pursuant to these policies and procedures.

**4.4. Notification of the Master Association’s Decision.** At the request of the Owner that was the subject of the disciplinary hearing, the Board, committee, or other decisionmaker shall provide the written findings within a reasonable time after the decision to the Owner.

**5. Fine Schedule for Violations.**

**5.1. Fine Schedule.** The following fine schedule has been adopted for all recurring covenant violations:

**5.1.1. First Violation** – The Master Association may send a warning letter.

**5.1.2. Continued Violation** – The Master Association may fine the Owner between \$100.00-\$200.00, or a fine between \$100.00-\$500.00 if the violation is a repeat or flagrant violation, and an additional \$100.00 fine every other day thereafter until the Owner cures the violation. Each separate violation that does not threaten health or safety has a maximum fine of \$500.00.

**5.1.3. Second Continued Violation** – The violation may be turned over to the Master Association’s attorney to take appropriate legal action.

**5.2. Interest.** Any fine imposed will be subject to an eight percent (8%) interest per annum.

**5.3. Confirmation of Cure.** Once the Owner cures a violation, the Master Association shall notify the unit owner (1) that the Owner will not be further fined with regard to the violation; and (2) of any outstanding fine balance that the Owner still owes the Master Association.

**6. Deviation.** The Board may deviate from these violation policies if a deviation is reasonable under the circumstances and so long as such deviation is otherwise in compliance with CCIOA and all other relevant laws, rules, and regulations.

**Collection Policies and Procedures**

**7. Assessments.** Assessments are discussed in Article VII of the Master Association’s Declaration, the applicable provisions of which are hereby specifically incorporated by reference as part of the Master Association’s Collection Policies and Procedures.

**7.1. Due Date.** Annual assessments shall be payable in monthly installments with payment due on the first day of each month. The Board may determine alternative payment times and deadlines at its discretion.

**7.2. Grace Periods/Past Due Dates.** Assessments or other charges not paid in full to the Master Association within thirty (30) days of the due date (“Grace Period”) shall be considered past due and delinquent. The Master Association shall notify any Owners of

assessments or other charges not paid in full to the Master Association by the end of the Grace Period, and such delinquencies shall incur late fees and interest as provided below.

**7.3. Statutory Liens.** The Master Association has a statutory lien on Units for any assessments levied on such Units, as well as on Units with respect to fines imposed against that Unit's Owner pursuant to CCIOA. The Master Association may record those liens in the event of Owner delinquency to protect the Master Association's interest in such liens.

## **8. Delinquencies.**

**8.1. Notice of Delinquency.** If an Owner is delinquent beyond the Grace Period on any assessment, fine, or fee, the Master Association shall send the Owner a notice of delinquency by sending a copy of the notice via (1) certified mail, return receipt requested, (2) posting a physical copy of the notice at the Owner's unit, **and** (3) sending a notice by email, text, **or** first-class mail to the Owner specifying:

**8.1.1.** The total amount due, with an accounting of how the total was determined, and whether the amount due concerns fines; unpaid assessments, late charges, interest, and other items; or both, and that delinquencies concerning amounts other than fines and collection costs for fines may lead to foreclosure.

**8.1.2.** That the Owner may have the opportunity to enter into a payment plan with the Master Association to repay their delinquency as hereinafter provided ("Payment Plan") by contacting the Master Association at the address contained in the notice within thirty days of the notice's date and making written request to do so.

**8.1.3.** The name and contact information for the individual the Owner may contact to request a copy of the Owner's ledger to verify the amount of the debt.

**8.1.4.** That action is required to cure the delinquency and that failure to do so within thirty (30) days from the date of the first notice may result in a lawsuit being filed against the Owner, the filing, recording, and foreclosure of a lien against the Owner's property, and other remedies available under Colorado law, including that the Master Association or Owner may take matters that do not exceed seven thousand five hundred dollars and injunctive matters for which the Master Association seeks an order requiring the Owner to comply with the Master Association's Governing Documents to small claims court.

**8.1.5.** The late charges and interest policies of the Master Association.

**8.1.6.** A description of any actions required to cure ongoing violations or delinquencies.

**8.1.7.** Any steps the Master Association must still take before instituting legal proceedings, and a description of the Master Association's cure process.

**8.2. Monthly Balance Letter.** If the Owner has any remaining delinquencies after the initial notice letter, the Master Association shall send notices with an itemized list of all assessments, fines, fees, and charges to the Owner by first-class mail and email every month thereafter. The Master Association shall maintain a record of any contacts, including any information regarding the type of communication used to contact the Owner and the date and time that the contact was made.

## **9. Charges.**

**9.1. Late Charges and Interest on Delinquencies.** The Master Association may impose a late charge of fifteen percent (15%) of the amount of the delinquency for any delinquent Owner that does not cure their delinquency within the Grace Period.

**9.2. Interest.** Any outstanding delinquencies will be subject to an eight percent (8%) interest per annum.

**9.3. Returned Check Charge.** The Master Association is entitled to assess a returned-check charge in the amount of \$25.00.

## **10. Payments.**

**10.1. Payment Plans.** Except as otherwise provided below, the Master Association shall make a good-faith effort to coordinate with the delinquent Owner to set up a Payment Plan with the following specifications:

**10.1.1.** The Payment Plan permits the Owner to pay off the delinquency in installments of at least \$25.00 over a period of at least eighteen (18) months.

**10.1.2.** An Owner's failure on three or more monthly installments to remit payment of an agreed-upon installment more than fifteen (15) days after the installment is due constitutes a failure to comply with the terms of their Payment Plan. After such a failure, or if the Owner does not remain current with regular assessments as they come due during the Payment Plan's period, the Master Association may cancel the Payment Plan and accelerate the delinquency in its entirety and take legal action against the Owner.

**10.1.3.** The Master Association need not offer a Payment Plan if (I) 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 Master Association's lien; or (II) if the Owner has previously entered into a Payment Plan under this section or a similar section under the Master Association's previous collections policies.

**10.1.4.** Nothing herein prohibits the Master Association from pursuing legal action against an owner if the Owner fails to comply with the terms of their Payment Plan.

**10.2. Crediting Partial Payments.** An account with past due sums remains delinquent until paid in full. No partial payments will waive the Master Association's right to pursue full payment and/or to enforce the provisions of these policies. The Master Association will apply partial payments to the outstanding balance in the following order:

**10.2.1.** Regular assessments, with payment being applied to the oldest balance first.

**10.2.2.** Special Assessments.

**10.2.3.** Fines and legal fees and costs for collecting the same.

**10.2.4.** Late charges, other charges, and interest, and legal fees and costs for collecting the same.

**10.2.5.** All other outstanding balances.

**10.3. Acceleration and Deceleration of Assessments.** The Master Association acting through the Board or the agent of the Master Association, reserves the right to accelerate and call due the entire unpaid annual assessment on any delinquent account which is thirty (30) days delinquent. Such acceleration shall result in the entire unpaid annual assessment being due to the Master Association immediately. The Master Association, acting through the Board or the agent of the Master Association, also reserves the right to decelerate any accelerated assessment.

## **11. Enforcement.**

**11.1. Referral and Requirements for Collections/Foreclosure.** The Master Association may only foreclose on its lien 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 Master Association; (II) the debt securing the lien is not based solely on fines and collection costs relating to fines; (III) the Master Association has provided a written offer to enter into a Payment Plan to the Owner, if available, pursuant to the Payment Plan as described herein; and (IV) 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. The Board may not delegate its duty to act under the foregoing to any attorney, insurer, manager, or other person. Except as otherwise provided above, the Master Association may refer a delinquent account for collection or foreclosure at any time after (a) the Owner has refused to enter a Payment Plan, (b) the Owner fails to keep the terms of the Payment Plan as described therein, (c) the Owner is not entitled to a Payment Plan and thirty (30) days have passed since the Master Association sends a notice of delinquency, or (d) thirty (30) days have passed since the Master Association sends notice of delinquency and the Owner does not accept to enter into a Payment Plan.



**11.1.1. Communication with Owners Subsequent to Referral.** All communication with a delinquent Owner after an account has been referred for collection may be handled through the Master Association's attorney once a matter has been referred to the attorney or collection agent.

**11.2. Personal Obligation for Late Charges and Attorney Fees on Delinquent Accounts.** Owner of the Units for which such fee, fine, assessment, or installment is delinquent shall pay all such amounts and late charges, legal fees, and costs expended for collections, to the extent permitted under the Declaration and state law. The Master Association may file suit against the Owner personally in addition to, or in lieu of, filing any action against the Unit.

**11.3. Bankruptcies and Foreclosures.** If an Owner declares bankruptcy, or there are foreclosure proceedings instigated against the Owner's Unit within the Master Association, that Owner must immediately notify the Master Association of the same. Upon receipt of any notice of a bankruptcy filing by an Owner or of a foreclosure by any holder of an encumbrance against any Unit within the Master Association, the Master Association's manager may notify the Master Association's attorney, and request that the attorney take action to protect the Master Association's interests relating to such bankruptcy or foreclosure.

**11.4. Other Enforcement Means of the Master Association.** The fine schedule, delinquency policies, and enforcement process is adopted in addition to all other enforcement means which are available to the Master Association through its Declaration, Bylaws, Articles of Incorporation, other Governing Documents, and Colorado law. The use of these processes does not preclude the Master Association from using any other enforcement means, inter alia:

**11.4.1. Available Legal Remedies.** The Master Association may choose to record a lien for delinquent assessments or pursue legal action in small claims court to enforce provisions of the Governing Documents after two consecutive thirty (30) day cure periods, and foreclose on its lien in lieu of, or in addition to, suing an Owner for a money judgment. The Master Association may also seek the appointment of a receiver, if an Owner becomes delinquent in the payment of assessments pursuant to the Declaration, these policies, and Colorado law.

**11.4.2. Attorney's Fees and Costs.** If the Master Association incurs any litigation or attorney's fees or costs related to collections of assessments, or collections or impositions of fines, and late charges from an Owner, then such Owner shall pay those fees and costs. Additionally, if the Master Association and an Owner are parties to litigation surrounding violations of the Master Association's Governing Documents, the losing party shall pay the litigation and attorney's fees and costs of the prevailing party. The prevailing party includes a party that receives a successful injunction based on one or more material provisions of this Agreement and need not require prevailing on all claims brought.

**11.4.3. Voting Suspension.** The Master Association may suspend voting rights for Master Association matters of any Owner who has had a delinquency for any fines, late charges, or assessments and has received a notice of delinquency and not timely cured or entered into and remained current under a payment plan for thirty (30) days or more until that Owner is no longer in such delinquency.

**11.4.4. Waivers.** The Master Association is authorized to extend the time for the filing of lawsuits and notices of liens, or to otherwise modify the procedures contained in these policies, as the Master Association shall determine appropriate under the circumstances.

### **Certificate of Adoption**

I hereby certify that the foregoing AMENDED AND RESTATED VIOLATIONS AND COLLECTIONS POLICIES AND PROCEDURES was adopted by resolution of the Board of Directors of the Stratton Flats Master Association, Inc. on [REDACTED], 2023.

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By:  
Title: