



Memorandum

To: Board of Directors
From: Jack Seward, Community Services Coordinator
Date: August 9, 2022
Subject: Summary of Policy Amendments

Dear Members of the Board,

I am writing to share with you a summary of the policy amendments that will be presented for approval. Four policies will be presented to the Board for adoption. These amendments are required due to the signing of House Bill 22-1137, which requires major changes to policy in all homeowners' associations in the State of Colorado.

I. Policy on Procedures for Collection of Unpaid Assessments

The updated Policy on Procedures for Collection of Unpaid Assessments amends the existing policy of the same name as required by House Bill 22-1137. These amendments include the following:

- Change in late fee from \$15 to \$20.
- Change in interest from 18% to 8% the maximum allowable under the legislation.
- Significant changes to the payment plan provision, requiring the Association to provide any delinquent account 30 days to enter into a payment plan with the association and setting the minimum amount allowable under the payment plan to \$25. Payment plans shall have an initial term of no less than 18 months. The owner that enters into the payment plan may elect to pay the balance of the plan at any time.
- Restated provision on collection of assessments requiring a 40-day notice prior to the commencement of any legal proceedings or action in collection of the past due balance. Requirements concerning the content of the Associations notice regarding past due balances.
- Requires the Association to send notices by certified mail as well as physically post the notice at the property of owners with past due balances on the second and subsequent notice.
- The Association may only turn over a file for collection after the conclusion of a 90-day period to notice the Owner.

- The Association after turning over a file for collection must still send the Owner monthly updates on the balance due, including itemized charges.
- Significant changes to the process of the Association to foreclose on a property due to unpaid assessments. The Board of Directors must adopt a resolution prior to initiating a proceeding to foreclose on a property.
- Requires the Association to provide all correspondence in a language designated by the owner. And correspondence to be sent to a location designated by the Owner.

II. Policy on Procedures for Conduct of Meetings

The updated Policy on Procedures for Conduct of Meetings amends the existing policy of the same name as required by House Bill 22-1137, requiring that hearings before the Board of Directors delegated committee concerning covenant and rule enforcement shall occur in executive session. Access to records of covenant and rule enforcement are considered records of executive session subject to the same policy on dissemination of executive session records.

III. Policy on Procedures for Covenant and Rule Enforcement

The updated Policy on Procedures for Covenant Rule Enforcement amends the existing policy of the same name as required by House Bill 22-1137. These amendments include the following:

- Limits the maximum fine the Association may bring for a covenant rule violation to \$500.
- Prohibits the Association from bring an action to foreclose on a property based on a violation of a covenant or rule.
- Requires two 30-day cure periods prior to the Association turning files over for legal action.
- Requires the Association to provide all correspondence in a language designated by the owner. And correspondence to be sent to a location designated by the Owner.
- Prevents fining an owner more than every other day and only when the violation the owner is being fined for threatens the public safety and health.

IV. Resolution Adopting Compliance and Enforcement Policy and Procedure Manual

At the May board meeting the Board of Directors adopted a resolution adopting a Compliance and Enforcement Policy and Procedure Manual. With the required changes to the Association Policy on Procedures for Covenant Rule Enforcement the Manual adopted by the board in May is no longer compliant with the policy. The Manual has been updated to reflect the changes to policy and the resolution adopts the updated Manual.

The staff of the Association recommends adoption of all policies. The Board of Directors may by motion duly made and seconded, that carries with majority vote, amend the policies presented to it for approval.

The staff of the Association recommends the following motion be made to adopt the policies.

I move the Board of Directors of the Master Community Association adopt the (name of policy) as policy of the Association.

Any motion will need a second and after a motion is duly made and seconded a majority vote of the Board of Directors is required for adoption.

As always should you have any questions regarding the contents of this memorandum, please do not hesitate to contact me.

Sincerely,



Jack Seward
Community Services Coordinator