

**KEYSTONE RANCH HOMEOWNERS ASSOCIATION, INC.  
AMENDED & RESTATED POLICIES AND PROCEDURES  
FOR COLLECTION OF UNPAID ASSESSMENTS  
(Amended and Restated - 2026)**

**Subject:** Adoption of a policy and procedures for the collection of unpaid assessments and other amounts owed to the Association.

**Purpose:** To revoke and replace the previously adopted rules or resolution of the Keystone Ranch Homeowners Association (“Association”) concerning the collection of unpaid assessments with the policies and procedures set forth below for such purpose.

**Effective Date:** 6-19-2026

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1. Definition of Assessments. The term “Assessments” as used herein refers to any amount an Owner must pay to the Association under the Declaration of Covenants, Conditions and Restrictions for Keystone Ranch (as amended, the “Declaration”), including, but not limited to, common expense assessments, special assessments, and reserve assessments, rules violation fines, late fees and interest, cost of common area repairs, and any other fees, interest, or charges imposed by this Policy or the Declaration. As noted below, fees, late charges, fines, attorneys’ fees and interest shall be included in the Association’s statutory lien, but shall not be subject to foreclosure.

2. Important Facts Concerning Assessments. The following facts relate to the payment of Assessments:

a. General Assessments:

1. Date General Assessment is Due and Must be Paid to Association: Installments of General Assessments shall be due and payable on the last day of each month.

2. Date General Assessment is Delinquent: Assessments not paid in full within 30 days of the due date shall be considered delinquent.

3. When Late Interest and Late Fees Begins to Accrue: Delinquent Assessments shall incur late interest and late fees from the original due date of such unpaid Assessments in the amount set forth in Section 4, below.

b. Special and Other Assessments: The relevant facts for Special Assessments and other forms of Assessments are set forth in the Declaration or shall be set forth in the resolution imposing such Assessment.

c. Where to Send Payments: All payments of Assessments shall be delivered to the Association’s Manager, whose address is:

If by US Mail:

Basic Property Management, Inc.

P.O. Box 4844

Dillon, CO 80435

If by Courier Service (Fedex, UPS):

Basic Property Management, Inc.

325 Lake Dillon Drive, 2nd Floor

Dillon, CO 80435

3. Monthly Notices of Delinquency. On a monthly basis and by first-class mail and, if the Association has an Owner's email address, by email, the Association shall send to each Owner who has any outstanding balance owed the Association an itemized list of all assessments, fines, fees, and charges that the homeowner owes to the Association.

4. Late Interest and Late Fee Imposed on Delinquent Assessments. The Association shall impose interest at the rate of eight percent (8%) per annum from the original due date of all delinquent Assessments.

5. Returned Check Charges. In addition to any and all charges imposed under the Declaration, Articles of Incorporation, Bylaws, or the Association's Rules, Regulations and Policies (the "Governing Documents"), or incurred by the Association, a fee equal the Association's bank and management company charges shall be assessed 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. This returned check charge shall be an Assessment for each member who tenders payment by check or other instrument that 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 Owners of the Lot for which the payment was tendered to the Association. Returned check charges shall become effective on any instrument tendered to the Association for payments of sums due under the Association's Governing Documents. This returned check charge shall be in addition to any late fees or interest incurred by an Owner. Any returned check shall cause an account to be past due if full payment of the assessment is not timely made. 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.

6. Application of Payments.

a. The Association shall post payments prior to the end of the month the payment is received by the Association.

b. All payments received on account of any Owner or Owner's Lot shall be applied to payment of any and all legal fees and costs (including attorney's fees), expenses of enforcement and collection, late charges, returned check charges, lien fees and other costs owing or incurred with respect to such Owner or Owner's Lot pursuant to the Governing Documents prior to application of the payment to any assessments, fines or other amounts due or to become due.

c. For an Owner who owes only unpaid assessments, after satisfying all of the above charges, payments shall be credited towards special assessments before being credited towards regular annual assessments.

d. If an Owner owes both unpaid assessments and unpaid fines, fees, or other charges makes a payment to the Association, after satisfying all of the above charges, the Association shall apply the payment first to the assessments owed and any remaining amount of the payment to the fines, fees, or other charges owed.

7. Collection Process. After an installment of an assessment or other charge owed to the Association becomes at least thirty (30) days past due, and before the Association turns the delinquent account over to a collection agency or refers it to the Association's attorneys for legal action, the Association shall:

a. Comply with all material provisions of this Policy;

b. Contact the delinquent Owner to alert the Owner of the delinquency before taking action in relation to the delinquency;

c. Make a good-faith effort to coordinate with the delinquent Owner to set up a payment plan that permits a delinquent Owner to pay off the deficiency in monthly installments over a period of eighteen months (a "Payment Plan"). The delinquent Owner may choose the amount to be paid each month, so long as each payment must be in an amount of at least twenty-five dollars until the balance of the amount owed is less than twenty-five dollars.

1. The requirement of negotiating a Payment Plan with a delinquent Owner shall not apply in the following situations:

A. The Owner does not occupy the Lot and the Owner has acquired the property as a result of a default of a security interest encumbering the Lot;

B. The Owner does not occupy the Lot and the Owner has acquired the property as a result of a foreclosure of the association's lien; or

C. The Owner has previously entered into a Payment Plan.

2. An Owner's failure to remit three or more payments of the agreed-upon installment under the Payment Plan, or to remain current with all assessments as they come due during the term of the payment plan, constitutes a failure to comply with the terms of the Owner's payment plan and the Association may then immediately pursue collection action, subject to the foreclosure restrictions set forth in Section 8. For purposes of this section, "assessments" includes all assessments under the Governing Documents and any associated fees, charges, late charges, attorney fees, fines, and interest charged pursuant to the Governing Documents. Interest at the rate set forth in Section 4, above, shall continue to accrue on all unpaid amounts during the pendency of a Payment Plan.

d. Deliver to the Owner in the manner required by Section 9, below a Notice of Delinquency stating:

1. The total amount due through the date of such Notice, with an accounting of how the total was determined;

2. Whether the opportunity to enter into a Payment Plan exists and instructions for contacting the Association to enter into 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, which copy of the ledger must be provided to the Owner no later than seven (7) business days after receipt of the Owner's request;

4. That action is required to cure the delinquency and that failure to do so within thirty days may result in the Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the owner, the filing and foreclosure of a lien against the Lot Owner's property, or other remedies available under Colorado law;

5. Specifies whether the delinquency concerns unpaid assessments; unpaid fines, fees, or charges; or both unpaid assessments and unpaid fines, fees, or charges, and, if the Notice of Delinquency concerns unpaid assessments, the Notice of Delinquency must notify the delinquent Owner that unpaid assessments may lead to foreclosure, the sale of the Owner's unit at auction to pay delinquent assessments, which could result in the unit owner losing some or all of the Owner's equity in the unit, or other remedies available under Colorado law; and

6. The availability of free online information through the HOA Information and Resource Center relating to the collection of assessments by an association, including the association's ability to foreclose an association lien for unpaid assessments and force the sale of the unit owner's home. Such information is available at: <https://dre.colorado.gov/hoa-center>. Additionally, the availability of online information from the Federal Department of Housing and Urban Development concerning credit counseling before foreclosure that may be accessed through a link on the department of local affairs' website. Such information can be found at: <https://www.hudexchange.info/programs/housing-counseling/foreclosure-prevention/>.

7. The Notice of Delinquency shall also include:

A. A description of the steps the Association must take before the Association may take legal action against the delinquent Owner, including a description of the Association's cure process governing any covenant or rules violations as required by Colorado law, if applicable; and

B. 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 Declaration, Bylaws, or other governing documents of the Association.

e. In a vote the Board of Managers held in executive session pursuant to §38-33.3-308(4), C.R.S., a majority of the Board of Managers agrees to refer the matter to an attorney or collection agency. No community manager or property manager shall refer a delinquent account to an attorney or collection agency without the vote of a majority of the Board of Managers. Written notice of such meeting shall be given to the delinquent Owner.

8. Limitations on Collection Actions – Foreclosure. The Association's lien against a Lot for unpaid assessments may be foreclosed in like manner as a mortgage on real estate, except that the Association may only foreclose on such lien if:

a. The balance of assessments and charges secured by the lien equals or exceeds six months of common expense assessments based on the Association's annual periodic budget; and

b. The Association has: (1) provided the Owner with a written offer to enter into a repayment plan that authorizes the Owner to repay the debt in monthly installments at least over eighteen months. Under the repayment plan, the Owner may choose the amount to be paid each month, so long as each payment must be in an amount of at least twenty-five dollars until the balance of the amount owed is less than twenty-five dollars; and (2) the Owner has either: (a) failed to accept the repayment plan within thirty days after the written offer was made; or (b) after accepting the repayment plan, failed to pay at least three of the monthly installments within fifteen days after the monthly installments were due.

c. The Board of Managers has formally resolved, by a recorded vote in executive session pursuant to §38-33.3-308(4), C.R.S., to authorize the filing of the foreclosure action against the Lot on an individual basis. The Board of Managers may not delegate its duty to vote to authorize a foreclosure action to any attorney, insurer, manager, or other person. Any foreclosure action filed without evidence of the recorded vote authorizing the action must be dismissed pursuant to § 38-33.3-316, C.R.S., and no attorney fees, court costs, or other charges incurred by the Association in connection with an unauthorized action that is dismissed for this reason may be assessed against the Owner. Written notice of such meeting shall be given to the delinquent Owner.

d. At least thirty days before initiating legal action to foreclose a lien, the Association shall provide written and electronic notice ("Mediation Notice") to the Owner or the Owner's designee that the Owner has the right to engage in mediation prior to litigation. To initiate mediation, the Owner must respond within thirty days after the date of the Mediation Notice.

1. To participate in mediation, both parties must:

a. Select a mutually agreeable mediator knowledgeable about Colorado common interest community law and common interest community disputes; and

b. Schedule the mediation session within thirty days after the Mediation Notice was provided.

c. If the Owner fails to comply with the requirements of this section within thirty days after the Mediation Notice was provided, the Association may proceed with a civil action for foreclosure.

e. At least thirty days before initiating legal action to foreclose a lien, the Association shall provide written and electronic notice to all lienholders identified on the homeowner property records of

the pending legal action for foreclosure. The notice must include the amount of any outstanding assessment and other money owed. No later than five business days after an association initiates legal action to foreclose, the Association shall provide written and electronic notice to all lienholders identified in the property records of: (a) The right to cure the nonpayment pursuant to section 38-38-104; and (b) The right of the Owner to file a motion to stay the sale of the property at auction pursuant to section 38-38-109.5.

f. The Association may not foreclose upon an assessment lien if the debt securing the lien consists only of one or both of the following:

1. Fines that the Association has assessed against the Owner; or
2. Collection costs or attorney fees that the Association has incurred and that are

only associated with assessed fines.

g. The Association has complied with each of the requirements of § 38-33.3-209.5 and § 38-33.3-316, and § 38-33.3-316.3 related to an Owner's delinquency in paying assessments, including the requirement to provide a written notice of intent to foreclose set forth in § 38-33.3-316 (10.3).

h. To foreclose a lien upon a unit owned by an individual who occupies the unit as the Owner's principal residence (unless the unit is used for workforce housing):

1. The Association must have obtained a personal judgment against the Owner in a civil action to collect the amounts due;
2. The Association must have attempted to bring a civil action against the Owner but was prevented by the death of or incapacity of the Owner;
3. The Association must have attempted to bring a civil action against the Owner and made a reasonable attempt to serve the Owner but the Association was unable to serve the Owner within one hundred eighty days; or
4. The Owner must have filed a bankruptcy petition or must have an involuntary bankruptcy petition filed against the Owner, and the amount due the Association is subject to the bankruptcy civil action.

The requirements of this section (h) do not apply to a unit owned by an entity other than an individual or a unit that is not occupied as the homeowner's principal residence, unless the unit is used for workforce housing.

i. If a Lot has been foreclosed, a member of the Board of Managers, a community association management company representing the Association or employee thereof, an employee of a law firm representing the Association, or an immediate family member thereof, as defined in § 2-4-401(3. 7), CRS, or a business entity owned or affiliated with any of the foregoing in the prior five (5) years, shall not purchase the foreclosed Lot.

## 9. Notice & Correspondence Requirements.

a. Notice Requirements. When sending a Notice of Delinquency, as defined in Section 7 above, notice of intent to foreclose, or notice of the Board's vote to refer a collection matter to an attorney or collection agency, as required by Section 7 of 8, above, the Board shall send written notice to the Owner or its designated contact by certified mail, return receipt requested; and, in addition, shall contact the Owner or its designated representative by two (2) of the following manners, in the Association's discretion:

1. Telephone call to a telephone number that the Association has on file because the Owner or designated contact has provided the number to the Association. If the Association attempts to contact the Owner or designated contact by telephone but is unable to contact the Owner or designated contact, the Association shall, if possible, leave a voice message for the Owner or designated contact.

2. Text message to a cellular number that the Association has on file because the Owner has provided the cellular number to the Association;

3. Email to an email address that the Association has on file because the Owner has provided the email address to the Association; or
4. By regular mail, if the unit owner or designated contact has not provided a telephone number, cellular number, or email address as additional means by which to receive notices.

With respect to any notices or other documentation that the Association sends an Owner through certified mail, the Association may charge the homeowner an amount not to exceed the actual cost of the certified mail.

b. Authorized Representative. An Owner may identify another person to serve as a designated contact for the Owner to be contacted on the Owner's behalf for purposes of this Resolution. Any such designation shall be mailed to the Association via certified mail, return receipt requested. The Owner and the Owner's designated contact must receive the same correspondence and notices anytime communications are sent.

c. Record of Contacts. With regard to an Owner's delinquency in paying assessments, fines, or fees, the Association shall 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.

d. Language. An Owner may notify the Association if the Owner prefers that correspondence and notices from the Association be made in a language other than English. If a preference is not indicated, the Association shall send the correspondence and notices in English. If a preference other than English is indicated, the Association shall send the correspondence in English and in the language indicated by the Owner.

e. Update of Owner Contact Information. The Association shall request periodically from the Owners and/or designated contacts, and maintain in the Association's records for purposes of providing notice to the Owners as required by Colorado law and this Policy, a telephone number for phone calls, a cellular telephone number for text messages, and an email address for emails.

10. Additional Collection Remedies. In the event any Owner is delinquent on the payment of any assessment, fine or other amount due to the Association, the Association is legally authorized to pursue any and all collection remedies available by law in conformity with this Resolution, including but not limited to, referral of matter to attorney, referral of matter to collection agency, recording of a lien, suit for damages, foreclosure of lien, and appointment of a receiver. The Association shall be entitled to pursue any remedy allowed by the Governing Documents or Colorado law, or combination thereof, in its discretion, as long as such remedy is authorized by Colorado law. In addition to the remedies set forth above, the Board of Managers may take the following actions in the event any Owner is in violation of the provisions of the Declaration, including the non-payment of any Assessment:

a. Suspend Privileges and Access to Amenities: If an Owner is delinquent on the payment of any Assessment for more than sixty (60) days, the Board of Managers may give such Owner thirty (30) days' notice of the Association's intent to suspend the Owner's following privileges and/or access to the following amenities:

- i. Voting privileges;
- ii. Use of Pool and tennis court.

Unless the Association receives full payment by the end of the notice period, the privileges and/or amenities listed in the notice will be suspended pending receipt of payment in full.

11. 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 the forth the amount of unpaid assessments currently levied against such Owner's property for fee not to exceed \$50.00.

12. Collection of Attorneys' Fees; Limitations. If an Owner fails to timely pay assessments or any money or sums due owed to the Association, or for any failure to comply with the Colorado Common Interest Ownership Act, 38-33.3-101, et seq., CRS, or any provision of the Declaration, Bylaws, Articles, or Rules and Regulations of the Association, other than the payment of assessments or any money owed to the Association, the Association may require, without the necessity of commencing a legal proceeding, reimbursement for attorneys' fees, collection costs, and other actual costs incurred as a result of the Owner's failure to pay or comply with the Association's governing documents as permitted under the Colorado Common Interest Ownership Act.

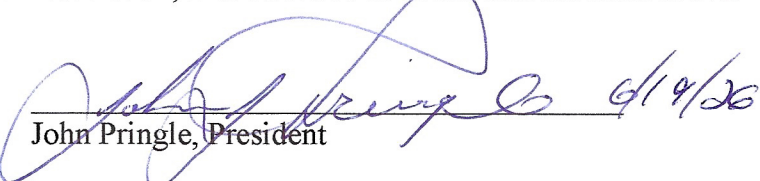
13. Bankruptcies and Foreclosures. Upon receipt of any notice of a bankruptcy filing by an Owner, or upon receipt of a notice of the filing of a foreclosure by any holder of an encumbrance against any Lot within the Association, the manager shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.

14. Waivers. The Association is hereby authorized to shorten or extend the time for filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Manager or Board of Managers shall deem appropriate under the circumstances.

15. Defenses. Failure of the Association to comply with any provision of this Policy shall not be deemed a defense to payment of assessment fees or other charges, late charges, return check charges, attorney's fees and/or costs as described or imposed by this Policy.

#### CERTIFICATION

I hereby certify that I am the duly elected and acting President of Keystone Ranch Homeowners Association, Inc., and that the foregoing Resolution was duly adopted by action of the Board of Managers of Keystone Ranch Homeowners Association, Inc. effective as of the date set forth above.

  
John Pringle, President 6/9/26