

RESOLUTION NO. 2022-04-02
OF
THE BOARD OF DIRECTORS OF THE STERLING RANCH COMMUNITY
AUTHORITY BOARD
ESTABLISHING A COLLECTION PROCESS FOR DELINQUENT UTILITY,
QUARTERLY, AND COVENANT ENFORCEMENT FEES AND ADOPTING
COLLECTION FEES

A. WHEREAS, the Sterling Ranch Community Authority Board (the “**CAB**”) is a public corporation and political subdivision of the State of Colorado created pursuant to Sections 29-1- 203 and 29-1-203.5, C.R.S., and that certain Second Amended and Restated Sterling Ranch Community Authority Board Establishment Agreement, dated March 18, 2020, and with an original effective date of January 6, 2014, as may be amended (the “**CABEA**”), by and among the Sterling Ranch Colorado Metropolitan District Nos. 1-7 (the “**Districts**”); and

B. WHEREAS, pursuant to the CABEA, the CAB Board of Directors (the “**Board**”) shall govern the business and affairs of the CAB and establish the policies, rules, and regulations of the CAB; and

C. WHEREAS, pursuant to § 32-1-1001(l)(j)(I), C.R.S., the CAB is authorized to fix and from time to time increase or decrease, fees, rates, tolls, penalties, or charges for services, programs, or facilities furnished by the CAB to properties within and without (each property individually referred to herein as the “**Property**”) the CAB's boundaries; and

D. WHEREAS, pursuant to statute, the CAB has adopted various fees, rates and charges, including without limitation, fees and charges including water and sewer and charges (“**Utility Fees**”), certain maintenance and upkeep operations billed quarterly, including stormwater management, alley and driveway maintenance, snow removal, streetlight charges, trash and recycling charges, and other charges as memorialized in the resolutions adopting those fees (“**Quarterly Fees**”) and covenant enforcement and design review fees (“**Enforcement Fees**”) as contained in the Sterling Ranch Community Authority Board Code of Rules and Regulations (the “**Rules**”)(collectively the Utility Fees, Quarterly Fees and Enforcement Fees are the “**CAB Fees**”); and

E. WHEREAS, by this Resolution (the “**Resolution**”), the CAB desires to set forth guidelines for the processing and collection of delinquent CAB Fees, and assess interest, late fees, and collection fees and costs referenced herein, (collectively, the “**Delinquent Fees**”); and

F. WHEREAS, the guidelines set forth in this Resolution are intended to create orderly, timely and fair procedures for the processing and collection of Delinquent Fees, in order to protect the health, safety, and welfare of the District and its constituents; however, any deviation from these guidelines shall not affect the status of the Lien (as defined herein) in any way; and

G. WHEREAS, by this Resolution the Board hereby desires to establish the guidelines for the processing and collection of Delinquent Fees (the “**Collections Policy**”), which shall supersede and replace any and all collections policies previously adopted; and

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H. WHEREAS, by this Resolution, the Board desires to set certain fees to offset costs of collection incurred; and

I. WHEREAS, the Board finds that having a written process for the orderly collection of past due fees is in the best interests of the CAB, its residents and property owners to ensure proper fiscal management; and

J. WHEREAS, the Board determines this Resolution, the Collection Policy and associated fees shall take effect immediately upon adoption.

NOW, THEREFORE, the Board hereby RESOLVES:

1. **Perpetual Lien.** Pursuant to § 32-1-1001(1)(j)(I), C.R.S., all Delinquent Fees attached to a Property served by the CAB shall constitute a perpetual lien on and against the Property (“**Lien**” or “**Liens**”). All such Liens shall, to the fullest extent permitted by law, have priority over all other liens of record affecting the Property, run with the Property, and remain in effect until the Delinquent Fees establishing such Liens are paid in full. All Liens contemplated herein may be foreclosed as authorized by law at such time as the Board, in its sole discretion, may determine.

Notwithstanding the foregoing, the guidelines set forth in this Resolution are intended to create orderly and fair procedures for the processing and collection of Delinquent Fees and to provide additional notice to interested parties, including, but not limited to, the Property owner and title companies. In the event any or all of the guidelines set forth in this Resolution are not followed, such deviation shall not affect the status of the Lien in any way. Further, the Board may waive any guidelines set forth in this Resolution and may amend them from time to time as it deems necessary.

2. **CAB Billing Services Provider Actions.** The CAB Billing Services Provider (“**Provider**”) is responsible for billing and collecting CAB Fees imposed against the Property. Fees are considered “delinquent” when they have not been paid by their corresponding due date and the account shall be considered delinquent (“**Delinquent Account**”). The Provider shall perform the following procedures to effect collection of Delinquent Fees which remain unpaid on a Delinquent Account:

a. **Courtesy Past Due Notification.** Three (3) days after the due date of any invoice, any Property Owner will be notified of past due balance by either text, email, or automated phone call.

b. **Delinquent Account Late Fee Assessed.** If a Delinquent Account is not paid within seven (7) calendar days after the invoice due date, a fee in the amount provided in Exhibit A, and as may subsequently be amended by the Board from time to time, shall be charged to the Delinquent Account (the “**Late Fee**”).

c. Late Notice Letter. If the Delinquent Account remains unpaid on the 15th calendar day after the due date, the Provider shall send a “Late Notice Letter” to the address of the last known owner or occupant of the Property per the Provider’s records and charge a Late Notice Letter Fee to the Delinquent Account in the amount described on Exhibit A and as amended from time to time. In the event the above mailing is returned undeliverable, the Provider shall send a second copy of the Late Notice Letter to: (1) the Property address, and, if different, (2) the address of the last known owner of the Property as found in the real property records of the Douglas County Assessor’s Office. The Late Notice Letter shall: (1) provide an invoice of the Property’s Delinquent Fees for the Delinquent Account; (2) request prompt payment of the Delinquent Fees; (3) notify the addressee(s) of all late fees and charges assessed against the account; (4) notify the addressee that failure to pay Utility Fees may result in the suspension or disconnection of water service and/or the filing of lien against the Property or that failure to pay Quarterly Fees or Enforcement Fees may result in the filing of a lien against the Property; (5) notify the addressee of the availability of a payment plans or other options; and, (6) reference how the addressee may access a copy of this Resolution.

d. Disconnect Notice / Lien Notice, and Transfer to CAB General Counsel. If the Delinquent Account is not paid on the 10th day of the month following the invoice due date the Provider shall cause to be sent, in the case of delinquent Utility Fees, a Disconnect Notice Letter or, in the case of delinquent Quarterly Fees, a Lien Notice Letter. The Disconnect Notice Letter and the Lien Notice Letter shall be sent by certified mail. A Disconnect Notice Fee or Lien Notice Fee in the amount provided in Exhibit A hereto, and as amended from time to time, shall be assessed against the Delinquent Account.

i. *Disconnect Notice Letter.* The Disconnect Notice Letter shall inform the addressee of the following: : (1) provide an invoice of the Property’s outstanding Utility Fees for the Delinquent Account; (2) request prompt payment of the Delinquent Fees; (3) notify the addressee(s) of all late fees and charges assessed against the account to date; (4) notify the addressee that failure to pay the Utility Fees by the last Wednesday of the month will result in CAB disconnecting water service on that day; (5) notify the addressee of the availability of payment plans or other options; (6) notify the addressee of the right to a suspension hearing to be conducted as provided by Sections 29-41 or 29-42 of the Rules; and, (7) reference how the addressee may access a copy of this Resolution.

ii. *Lien Notice Letter.* The Lien Notice Letter shall inform the addressee of the following: (1) provide an invoice of the Property’s outstanding Quarterly Fees for the Delinquent Account; (2) request prompt payment of the Delinquent Fees; (3) notify the addressee(s) of all late fees and charges assessed against the account to date; (4) notify the addressee that failure to pay the Quarterly Fees by the last Wednesday of the month will result in CAB filing a notice of lien against the Property for the outstanding Quarterly Fees; (5) notify the addressee of the availability of payment plans or other options; (6) notify the addressee of the right to a hearing to be conducted in substantially the same manner as provided by Sections 29-41 or 29-42 of the Rules; and, (7) reference how the addressee may access a copy of this Resolution.

iii. *Transfer to CAB General Counsel.* The Provider shall transfer the file to the CAB General Counsel for the taking of any further actions as set forth in the Disconnect Notice Letter or the Lien Notice Letter.

3. **Water Service Disconnection and Reconnection Process and Fees.**

a. Water Service Disconnection Date. All water disconnections for unpaid Delinquent Accounts comprised of Utility Fees shall take place on the last Wednesday of each month (the “**Disconnection Date**”).

b. 48 Hour Notice. If the Delinquent Account comprised of Utility Fees remains unpaid 48 hours prior to the Disconnection Date and the Property Owner has not requested a hearing as permitted by the Rules, CAB Staff shall post a notice in a prominent location on the Property informing the Owner or resident of the Disconnection Date on which the Delinquent Account must be paid or water service shall be disconnected.

c. Disconnection. If a Delinquent Account comprised of Utility Fees remains unpaid on the Disconnection Date specified in the 48 Hour Notice CAB shall proceed with the disconnection of water service on that date. Pursuant to Section 29-232 of the Rules, a Disconnect Fee as described on Exhibit A, and as the same shall be amended from time to time, shall be added to the Delinquent Account. Interest on accounts with disconnected service shall accrue interest at the rate of 12% per annum as specified in Section 13-184 of the Rules.

d. Water Service Reconnection. Water service to a Property will be reconnected upon the payment in full of a Delinquent Account, including all late fees and charges added to the account, or the making of arrangements satisfactory to the CAB for the payment of all outstanding Utility Fees and late fees and charges assessed to the Delinquent Account no later than the end of the day on which such payment or other arrangement is made. Pursuant to Section 29-232 of the Rules, the Utility Fees, late charges, and other fees assessed shall include the Reconnection Fee in the amount described on Exhibit A and as the same shall be amended from time to time.

e. No Limitation on Additional Actions. Nothing contained herein shall preclude or prevent CAB from taking additional steps to collect Delinquent Accounts after water disconnection and/or reconnection including: (1) filing a lien on the property as provided in Section 4 of this Resolution, or; (2) certifying amounts that remain Delinquent and on which a Property owner is not making regular payments under an approved payment plan for collection in the manner prescribed by § 32-1-1101(1)(e), C.R.S., to the Douglas County Treasurer provided the amount owed exceeds one-hundred and fifty dollars (\$150.00) and has been Delinquent for at least six (6) months. Nothing herein shall prevent CAB from certifying a qualifying Delinquent Account for collection in the manner prescribed by § 32-1-1101(1)(e), C.R.S., even if CAB has not disconnected water service.

4. **Lien Filing and Removal Process and Fees.**

a. **Lien Filing.** If a Delinquent Account comprised of unpaid Quarterly Fees and Enforcement Fees remains unpaid as of the last Wednesday of the month in which the Notice of Lien Letter was provide, CAB may record with the Douglas County Clerk and Recorder a “**Statement of Lien**” against the Property for the total amount of Delinquent Quarterly Fees due and owing, including all late fees and charges assessed against the account, as of the date of recordation in the manner provided by §32-1-1001(1)(j) and § 38-22-101 *et seq.*, C.R.S., Notwithstanding the amount due and owing reflected on the recorded Statement of Lien, all Delinquent Fees will continue to accrue on the Delinquent Account and constitute a perpetual Lien on the Property, which will run with the Property until all Delinquent Fees are paid in full. The recorded Statement of Lien shall include a “Statement of Lien Fee” in the amount described on Exhibit A, and as the same may be amended from time to time.

b. **Continued Delinquency of Account.** If a Delinquent Account is not paid and additional amounts become Delinquent as provided in this Policy, CAB shall, as necessary, record an updated Statement of Lien to reflect all additional amounts that are delinquent. Any additional Statements of Lien that are filed shall be subject to additional Statement of Lien Fees, and such fees shall be included in the total amount of the Lien placed on the Property.

c. **Lien Release.** At such time as a Delinquent Account comprised of Quarterly Fees becomes paid in full, including the Lien Release Fee to be assessed against the Delinquent Account, CAB shall cause to be recorded with the Douglas County Clerk and Recorder a Notice of Release of Lien documenting the lifting of any previously filed Statements of Lien.

d. **Lien Foreclosure.** Upon the Board’s official determination by action taken at a public meeting, which shall be at the Board’s sole discretion, CAB Staff shall foreclose the Lien on a Property in accordance with Colorado Law. No foreclosure proceeding for a Lien on Property shall be initiated on behalf of the CAB without official Board action authorizing the same.

5. **Application of Payments:**

a. **Application of Partial Payments.** Because the Provider collects Utility Fees, Quarterly Fees and Enforcement Fees any partial payment creates confusion as to what fees may be considered paid and what fees may be considered Delinquent on any invoice. The CAB Board determines it is in the best interests of the CAB, its residents and Property owners to credit partial payment first to the oldest charges on any account.

b. **Application of Partial Payments on Delinquent Accounts.** Payments made on a Delinquent Account shall be applied to the Delinquent Fees to the oldest charges on the account.

c. **Effect of Partial Payment.** A partial payment towards any outstanding CAB Fees or Delinquent Fees for a Delinquent Account will not prevent the CAB from taking the provided next step to notify Property owners to bring current Delinquent Accounts or prevent the

imposition of a subsequent fee, charge, or the application of interest as provided for herein or other interest, associated with the remaining amount due.

d. Prepayment. A Property owner may prepay a CAB Fee. Any such prepayment shall create a credit balance on the Property's account and Fees imposed shall be deducted from the credit balance. If the credit balance is not sufficient to pay a CAB Fee in full, the remaining balance of the Fee shall be paid prior to the CAB Fee payment's due date. Any overpayment of an outstanding CAB Fee or overpayment of a Delinquent Account's Delinquent Fees shall be considered as a prepayment and be credited to the Property's account.

e. Payment Plans. The General Manager may agree to authorize a payment plan of up to 6 months in length if the General Manager finds that such a payment plan will result in the timely repayment of a Delinquent Account. The Provider shall administer all payment plans. All payment plans are subject to the Payment Plan Administration Fee set forth in Exhibit A and as may be amended from time to time. Upon the full performance of a payment plan, Interest charges that would have otherwise been charged during the payment plan period shall be waived.

6. Updated Fees. The Board hereby adopts the fees on the attached Exhibit A and directs they be incorporated into the CAB Code of Rules and Regulations and effective immediately upon passage of this resolution.

7. Costs of Collection.

a. Costs of Collection. The CAB has established a schedule of fees for various collection-related services related to Delinquent Accounts to ensure efficient and timely processing of accounts and the recovery of the costs associated with doing so. In some instances CAB may require its Provider and either CAB General Counsel or outside legal counsel to provide additional services assist in collection of Delinquent Accounts as may be necessary and the costs associated with these additional services shall be charged to the Delinquent Accounts as additional costs ("**Costs of Collection**").

i. *Other Provider Costs of Collection.* The CAB may assess to a Delinquent Account other fees and charges to the CAB incurred via the Provider's efforts to collect or defend the Delinquent Account, including but not limited to those for returned payments, insufficient funds, rejected charges or other similar fees (the "**Returned Deposit Fee**") as set forth on Exhibit A.

ii. *Attorney Costs.* Actual fees and costs for extraordinary legal services provided by the CAB General Counsel or outside legal counsel for the collection of Delinquent Accounts may be assessed to a Delinquent Account at the direction of the Board as Costs of Collection.

8. Waiver of Late Fee, Interest and/or Cost of Collection Fees.

a. Waiver of Late Fee and/or Interest. The General Manager has the authority to waive or reduce a Late Fee, Disconnect Notice Fee, Reconnection Fee, Lien Notice Fee and/or Resolution No. 2022-04-02 of the Board of Directors of the Sterling Ranch Community Authority Board Establishing a Collection Process for Delinquent Utility, Quarterly, and Covenant Enforcement Fees and Adopting Collection Fees

Interest charges assessed to a Delinquent Account upon determining that there is good cause to waive the fee and determines that such waiver or reduction will facilitate payment of all remaining Delinquent Fees for the Delinquent Account in a timely manner. In the event that a Delinquent Account's Delinquent Fees exceeds One Thousand Dollars (\$1,000.00), the General Manager shall not have discretion to waive or reduce any Late Fee or Interest charges on a Delinquent Account. The Property owner may make a written request for waiver or reduction of a Late Fee, Disconnect Notice Fee, Reconnection Fee, Lien Notice Fee, Lien Filing Fee and/or Interest charges to the Board, and, the Board may determine, in its sole discretion, to waive or reduce the charges.

b. **Waiver of Costs of Collection.** The Provider and General Manager shall have no authority to waive or reduce Costs of Collection assessed to a Delinquent Account. Upon a Property owner's written request to the Board, the Board may, in its sole discretion, waive or reduce any Costs of Collection assessed to a Delinquent Account.

c. **Effect of Waiver.** Any waiver or reduction of a CAB Fee, Late Fee, or Interest granted pursuant to Section shall not be construed as a waiver or reduction of any other CAB Fee, Late Fee, or Interest charge existing at that time or assessed subsequently. Any such waiver or reduction shall not be construed as a promise to waive or reduce existing or subsequent charge, nor shall any such waiver or reduction be deemed to bind, limit, or direct the future decision-making power of the Board, Provider, or CAB Staff, whether related to the Property in question or other Property served by the District.

9. **Foreclosure or Bankruptcy.** In circumstances where the Property is being foreclosed upon, or, where the owner of the Property has declared or is declaring bankruptcy and notice of such bankruptcy action has been provided to the CAB, the Provider shall refer the Delinquent Account directly to the CAB's General Counsel. Upon referral, general counsel may immediately record a Statement of Lien against the Property, and the costs associated with recording the Statement of Lien shall be assessed to the Delinquent Account

10. **Calculation of Dates.** In the event any day for taking any action specified herein shall fall on a Saturday or Sunday or holiday recognized by the State of Colorado, the date for taking that action shall be the next business day following.

11. **Ratification of Past Action.** All acts, omissions, waivers and/or payment plans heretofore undertaken by the Provider or CAB Staff that would have otherwise been authorized by the preceding collection policies of the District are hereby affirmed, ratified and made effective as of the date said acts, omissions, waivers and/or payment plans occurred.

12. **Effect on Prior Resolutions.** This Resolution shall supersede and replace any other preceding resolutions regarding the District's collection of Delinquent Fees. To the extent that this Resolution conflicts with any term or provision of a previously enacted resolution of the CAB, the term or provision in this Resolution shall prevail.

13. **Additional Actions.** The Board directs the CAB's officers, staff, Provider and consultants to take such additional actions and execute such additional documents as are necessary to give full effect to the intention of this Resolution.

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14. **Severability.** If any term, condition, or provision of this Resolution is held to be illegal, invalid, or unenforceable, the invalidity or unenforceability of such term, condition, or provision shall not affect any other term, condition, or provision contained in this Resolution, the intention being that the terms, conditions, and provisions of this Resolution are severable. In addition, in lieu of such invalid or unenforceable term, condition, or provision, there shall be automatically added as part of this Resolution, a replacement term, condition, or provision as similar as possible to the illegal, invalid, or unenforceable one but such that it results in the replacement being legal, valid, and enforceable.

15. **Savings Provision.** The failure to comply with the procedures set forth herein shall not affect the status of properly assessed Delinquent Fees as a perpetual Lien subject to foreclosure in accordance with Colorado law. Failure by the Provider, CAB Staff or other authorized representative to take any action in accordance with the guidelines provided herein shall not invalidate subsequent efforts to collect the Delinquent Fees.

ADOPTED this 20th day of April, 2022.

STERLING RANCH COMMUNITY
AUTHORITY BOARD

DocuSigned by:

Harold Smethills

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President, Board of Directors

ATTEST:

DocuSigned by:

Kaylin Hicks

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Secretary / Assistant Secretary

EXHIBIT A
Fees Associated with Collection of Delinquent Accounts

The following Fees shall be adopted and effective as of the date of this Resolution and included into the Sterling Ranch Code of Rules.

Delinquent Account Late Fee	10% of the Delinquent Amount not to exceed \$ 15.00
Late Notice Letter Fee	\$ 5.00
Disconnect Notice / Lien Notice	\$ 50.00
48 Hour Shut Off Notice Fee	\$ 50.00
Disconnect Fee	\$150.00
Reconnect Fee	\$150.00
Statement of Lien Filing Fee	\$250.00
Release of Statement of Lien Fee	\$100.00
Payment Plan Administration Fee	\$ 45.00 plus \$10.00
Returned Deposit Fee (insufficient funds declined card, etc.)	\$ 20.00