

**RESOLUTION OF THE
BOARD OF DIRECTORS OF THE
ELLSTON PARK METROPOLITAN DISTRICT**

**Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges
for Covenant Enforcement**

WHEREAS, Ellston Park Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS, pursuant to the Service Plan for Ellston Park Metropolitan District, approved by the City Council of the City of Colorado Springs on June 8, 2021 (as may be further amended from time to time, the “**Service Plan**”), the District provides and maintains various services and public improvements for its residents and taxpayers; and

WHEREAS, pursuant to the Declaration of Covenants, and Conditions of Ellston Park recorded in the real property records of the Clerk and Recorder of El Paso County, Colorado at Reception No. 225090984 (the “**Covenants**” and together with any Rules and Regulations (as defined in the Covenants), Policies and Procedures (as defined in the Covenants), and Guidelines (as defined in the covenants) hereafter adopted, collectively the “**Governing Documents**”), the District’s Service Plan, the District’s Resolution Adopting Policies, Procedures, and Penalties for the Enforcement of Governing Documents, and § 32-1-1001(1)(j)(I), C.R.S., the Board of Directors of the District (the “**Board**”) is authorized to fix and from time to time increase or decrease fees for covenant enforcement and control services (collectively, the “**Fees**”) to properties within (each property individually referred to herein as the “**Property**”) the District’s boundaries; and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., until paid, each of the Fees shall constitute a perpetual lien on and against the Property served; and

WHEREAS, by this Resolution Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges (the “**Resolution**”), the District desires to set forth guidelines for the processing and collection of unpaid and/or delinquent Fees imposed by the District, together with any and all Late Fees, Interest, and Costs of Collections (each defined separately in this Resolution), (collectively, the “**Delinquent Fees and Charges**”); and

WHEREAS, notwithstanding anything in this Resolution to the contrary, the guidelines set forth in this Resolution are intended to create orderly and fair procedures for the processing and collection of Delinquent Fees and Charges and any deviation from the guidelines shall not affect the status of the Lien (as defined below) in any way.

NOW, THEREFORE, be it RESOLVED by the Board of the Ellston Park Metropolitan District as follows:

1. **Statement of Lien Guidelines:**

a. ***Perpetual Lien.*** Pursuant to § 32-1-1001(1)(j)(I), C.R.S., all Delinquent Fees and Charges shall constitute perpetual liens on and against the Property served by the District

(the “**Liens**”). The Liens shall, to the fullest extent permitted by law, have priority over all other liens of record affecting the Property and shall run with the Property and remain in effect until paid in full.

i. 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 Charges and to provide additional notice to interested parties, including, but not limited to, title companies, lenders, tradesmen and the Property owner. 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 Liens 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.

b. **District Manager’s Procedures.** The District’s Manager, Accountant or Billing Agent (any of which are referred to herein as the “**Manager**”) is responsible for collecting Fees imposed by the District against the Property. In the event payment of the Fees is delinquent, the Manager may perform the procedures listed below. The Fees are considered delinquent when they have not been paid by their corresponding due date (the “**Delinquent Account**”):

i. **15 Calendar Days Past Due:** A delinquent payment “**Reminder Letter**” may be sent to the address of the last known owner or occupant of the Property according to the Manager’s records. In the event the above mailing is returned as undeliverable, the Manager may send a second copy of the Reminder Letter to: (1) the Property; and (2) the address of the last known owner of the Property as found in the real property records of the County Assessor’s Office (the “**Assessor**”) for the County in which the District is located (collectively, the “**Property Address**”). The Reminder Letter may: (1) request prompt payment; (2) notify the Property owner that a Reminder Letter Fee and a Late Fee in the amounts set forth in this Resolution have been assessed; and (3) reference the url address of the District’s webpage where this Resolution is available.

ii. **15 Calendar Days from the Postmark Date of the Reminder Letter:** A “**Warning Letter**” may be sent to the Property Address: (1) requesting prompt payment; (2) warning of further legal action should the Property owner fail to pay the total amount due and owing; and (3) referencing the url address of the District’s webpage where this Resolution is available. Along with the Warning Letter, a copy of the most recent account ledger reflecting the total amount due and owing to the District according to the records of the Manager may also be sent.

iii. Once the total amount of Delinquent Fees and Charges owing on the Property exceeds \$500, regardless of whether the Manager has performed the tasks outlined in Section 1(b) of this Resolution, the Manager may defer the Delinquent Account to the District’s legal counsel (“**Legal Counsel**”). At the time of such referral, the Manager may be requested to provide Legal Counsel with copies of all notices and letters sent pursuant to Section 1(b), if any, as well as a copy of the most recent ledger for the Delinquent Account.

c. **Legal Counsel Procedures.** Upon referral of a Delinquent Account from the Manager, Legal Counsel may perform the following:

i. Legal Counsel may direct the Manager continue to conduct the procedures outlined in Section 1(b), in lieu of Legal Counsel initiating the procedures below in Section 1(c). In the event Legal Counsel has directed the Manager to continue the procedures set forth herein, Legal Counsel reserves the right to initiate the procedures outlined in this Section 1(c), at any time.

ii. *Upon Referral of the Delinquent Account from the Manager:* A “**Demand Letter**” may be sent to the Property Address, notifying the Property owner that the Property has been referred to Legal Counsel for further collections enforcement, including the filing of a statement of lien against the Property. Along with the Demand Letter, a copy of the most recent account ledger reflecting the total amount due and owing the District according to the records of the Manager may also be sent.

iii. *No Sooner than 30 Calendar Days from the Postmark Date of the Demand Letter:* A Notice of Intent to File a Statement of Lien, along with a copy of the statement of lien to be filed, may be sent to the Property Address of the Delinquent Account notifying the Property owner that a statement of lien may be recorded with the clerk and recorder of the County where the Property is located (the “**Clerk and Recorder**”) no sooner than 10 calendar days from the postmark date of the Notice of Intent to File a Statement of Lien.

iv. *No Sooner than 10 Calendar Days from the Postmark Date of the Notice of Intent to File a Statement of Lien:* A Statement of Lien for the total amount due and owing as of the date of the Statement of Lien may be recorded against the Property with the Clerk and Recorder no sooner than 10 days from the postmark date of the Notice of Intent to File a Statement of Lien is sent to the Property. Notwithstanding the amount due and owing reflected on the Statement of Lien, all Delinquent Fees and Charges will continue to accrue on the Delinquent Account and will run with the Property until the total amount due and owing the District is paid in full.

d. **Bankruptcy.** In circumstances where the owner of the Property has declared or is declaring bankruptcy and notice of such bankruptcy action has been provided to the District, the Manager may be permitted, in his or her discretion, to refer the Delinquent Account directly to Legal Counsel in order to avoid unnecessary, costly and time-consuming procedures. Upon referral of the Delinquent Account to Legal Counsel, Legal Counsel may, in his or her discretion, immediately file a Statement of Lien on the Property.

2. Late Fees:

a. Late Fees are assessed on the Property for failure to make timely payments of Fees. Late Fees are applied, regardless of whether the Fees are assessed on a one-time, monthly, quarterly, semi-annual, annual, or any other basis.

b. Late Fees are assessed on the Property 15 calendar days from the payment due date. Pursuant to § 29-1-1102, C.R.S., such Late Fees may be charged by either of the following two methods, whichever is greater:

i. One Late Fee of \$15 may be assessed on the Property per each assessment or installment of Fees not fully paid prior to the 15th calendar day following the payment due date; or

ii. In lieu of Section 2(b)(i) above, a Late Fee of 5% per month, commencing on the 15th calendar day following the payment due date, and each month thereafter, may be charged on unpaid Fees until the Late Fee equals 25% of all outstanding Fees.

c. Partial payment of any outstanding Delinquent Fees and Charges will not prevent the imposition of Late Fees pursuant to this Section 2.

d. Payments received will be applied to the balance due in the following order of priority: (1) Late Fees; (2) Interest; (3) Costs of Collections; (4) Legal Fees and Costs; (5) the earliest imposed and unpaid Fees; (6) any successive unpaid Fees in chronological order from the earliest unpaid Fees to the most recently imposed Fees.

e. No penalty will be assessed on the Property for a credit balance resulting from the prepayment and/or overpayment of Fees. Such credit balances will be carried forward on the account with all subsequent Fees and Delinquent Fees and Charges being deducted until such time as the credit balance is depleted. A Property carrying a credit balance may be assessed Late Fees as provided herein at such time as the credit balance is insufficient to pay the entire amount of Fees due and owing the District.

3. **Interest:** Interest charges accrue on all delinquent Fees at the rate of 12% per annum. Interest shall not accrue and be charged on Late Fees, Interest or Costs of Collections.

4. **Costs of Collections:**

a. Include, but are not limited to, attorneys' fees and all costs, fees and charges associated with the processing and/or collection of Delinquent Fees and Charges, including the following fixed rates and hourly fees and costs:

i. *Action Fees.* The following fixed rate fees are charged to a Delinquent Account once the corresponding action has been taken by either the Manager or Legal Counsel:

- ◆ *Reminder Letter Fee:* \$10 per Reminder Letter. This action is typically performed by the Manager.
- ◆ *Warning Letter Fee:* \$10 per Warning Letter sent. This action is typically performed by the Manager.
- ◆ *Management Company Service Fee:* \$20 per month. This action is typically performed by the Manager.
- ◆ *Management Company Trial Appearance/Preparation Fee:* \$95 per hour.

- ◆ *Return Check Fee:* \$20 per returned payment.
- ◆ *Attorney Transfer Fee:* \$75 per Delinquent Account transferred from the Manager to Legal Counsel. This action is performed by the Manager.
- ◆ *Demand Letter Fee:* \$150 per Demand Letter sent. This action is performed by Legal Counsel.
- ◆ *Follow up Demand Letter Fee:* \$50 per Follow up Demand Letter sent. This action is performed by Legal Counsel.
- ◆ *Notice of Intent to File a Statement of Lien Fee:* \$120 per Notice of Intent to File a Statement of Lien sent. This action is performed by Legal Counsel.
- ◆ *Lien Recording Fee:* \$150 per each lien recorded on the Property. This action is performed by Legal Counsel.
- ◆ *Payment Plan Fee:* \$250 per Payment Plan prepared. This action is performed by Legal Counsel.
- ◆ *Default Letter Fee:* \$70 per Default Letter prepared. This action is performed by Legal Counsel.
- ◆ *Responding to Bankruptcy Fee:* \$100 for monitoring Chapter 7 bankruptcies. \$350 for monitoring Chapter 13 or Chapter 11 bankruptcies. These actions are performed by Legal Counsel and are in addition to attorney's fees.
- ◆ *Monitoring Public Trustee Foreclosure Fee:* \$200 per Public Trustee Foreclosure action monitored. This action is performed by Legal Counsel.
- ◆ *Attorney Reminder Letter Fee:* \$70 per Reminder Letter. This action is performed by Legal Counsel.
- ◆ *Certificate of Status Fee:* \$100 per Status Letter prepared. This action is performed by Legal Counsel.
- ◆ *Lien Release Fee:* \$150 per lien that is released. This action is performed by Legal Counsel. It is recommended that the Lien Release Fee be charged to the Delinquent Account at the same time as the Lien Recording Fee.
- ◆ *Court Appearances by Manager:* \$95 per hour. This includes meeting with the District's attorney, depositions and administrative preparation relating to a case.

ii. *Attorney Hourly Fees and Costs.* Upon transfer of a Delinquent Account to Legal Counsel, all hourly attorneys' fees and costs, including, but not limited to, litigation and expert witness fees and costs, litigation guarantees, service of process and/or publications incurred by the District to collect or defend the Delinquent Fees and Charges are assessed to the Delinquent Account and become part of the perpetual Lien on the Property. All such hourly attorneys' fees and costs shall be reasonable.

iii. *Recovery of Costs of Collections.* In accordance with § 29-1-1102(8), C.R.S., nothing in this Resolution shall be construed to prohibit the District from recovering all Costs of Collections whether or not outlined above.

5. Waiver of Late Fees, Interest and Costs of Collections:

a. The Manager and Legal Counsel both have the authority and discretion to waive or reduce all or portions of the Delinquent Account attributable to Delinquent Fees and Charges. Such action is permitted if it is determined that such waiver or reduction will facilitate the payment of Delinquent Fees and Charges and/or is commercially reasonable in the circumstances.

b. The authority to waive Delinquent Fees and Charges is as follows:

i. The Manager and Legal Counsel each may waive Delinquent Fees and Interest not to exceed \$1,000.

ii. In the case of Delinquent Fees and Charges exceeding \$1,000, the person or entity owing such amount must submit a request for a waiver, in writing, to the Board, which determination shall be made by the Board at an open meeting in the Board's sole discretion.

c. Any waiver or reduction of Late Fees or Interest granted pursuant to this Section shall not be construed as a waiver or reduction of future Late Fees and Interest, or as the promise to waive or reduce future Late Fees or Interest. Nor shall any such waiver or reduction be deemed to bind, limit, or direct the future decision-making power of the Board, Manager, or Legal Counsel whether related to the Property in question or other properties within the District.

d. The Board hereby ratifies any waiver or reduction of Late Fees or Interest granted pursuant to this Section prior to the adoption date of this Resolution.

6. Payment Plans: The Manager and Legal Counsel each have the authority to enter into or establish payment plans for the repayment of a Delinquent Account. The Manager and Legal Counsel each have the authority to forebear all Late Fees and Interest that would be incurred during the Payment Plan period. The Manager and Legal Counsel each have the right to terminate forbearance of said Late Fees and Interest in the event the owner of the Property does not comply with the terms of the Payment Plan. Should the Manager or Legal Counsel elect not to enter into a Payment Plan with the Property owner, the Property owner may submit a written request to the Board and the Board may make the determination in its sole discretion.

7. Acceleration and Decelerations of Fees: The District reserves the right to accelerate and call due an entire unpaid annual Fee on any delinquent account. Such acceleration

shall result in the entire unpaid annual Fee being due to the District immediately. The District also reserves the right to decelerate any accelerated Fee.

8. **Ratification of Past Actions:** All acts, omissions, waivers and/or payment plans heretofore undertaken by the Manager or Legal Counsel that would otherwise have been authorized by or not required by this Resolution are hereby affirmed, ratified and made effective as of the date said acts, omissions, waivers and/or payment plans occurred.

9. **Additional Actions:** The Board directs its officers, staff 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.

10. **Deviations:** The District may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

11. **Supersedes Prior Resolutions:** This Resolution shall supersede and replace in their entirety all prior resolutions addressing the processing and/or collection of Delinquent Fees and Charges. To the extent that any term or provision in this Resolution conflicts with any term or provision in a previously enacted and valid resolution of the District, the term or provision in this Resolution shall prevail.

12. **Severability:** If any term, condition or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such term, condition or provision shall not affect any other provision contained in this Resolution, the intention being that such provisions are severable. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Resolution a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

13. **Savings Provision:** The failure to comply with the procedures set forth herein shall not affect the status of the Delinquent Fees and Charges as a perpetual Lien in accordance with law. Failure by the Manager, Legal Counsel, 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 and Charges. To the extent any specific clause or portion of this Resolution is inconsistent with the law, that specific clause or provision will be interpreted so that it is enforceable to the fullest extent of the law, and shall not affect any other clause or provision of this Resolution.

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ADOPTED this 1st day of December, 2025.

**ELLSTON PARK METROPOLITAN
DISTRICT**

By: 
Chair

Attest:

By: 
Bryan Reid (Dec 5, 2025 13:51:25 MST)
Secretary

Resolution Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges for Covenant Enforcement (01014472_xAF7F5))

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