BRIGHTWATER CLUB PROPERTY OWNERS ASSOCIATION

COMBINED FOURTH AMENDED AND RESTATED COVENANT ENFORCEMENT AND RULE ENFORCEMENT COLLECTIONS POLICIES AND PROCEDURES AND SIXTH AMENDED AND RESTATED COLLECTIONS POLICIES AND PROCEDURES

effective January 30, 2026

Introduction

The Brightwater Club Property Owners Association (the "Association") is the owners association of and for the Brightwater Club. The 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 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 Association (the "Board") is required to adopt written policies and procedures for responsible governance, including violations and collections policies. These are the Association's violations and collections policies and procedures, and amends, restates, and supersedes all prior violations and collection policies and procedures, and where these policies conflicts with the Condominium Declaration, as amended and supplemented ("Declaration"), and the 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**. 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 Association, including the power to set fines, fees, and charges. The Board adopts these policies to set rules and regulations regarding enforcement of violations of the 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 Association's Governing Documents otherwise.

   1.3. Guests. Owners affirmatively take responsibility for all guests they bring onto their and the Association's property. Any violations of the Association's Governing Documents by a guest are deemed a violation by the related Owner.

   1.4. Maintaining Contact Information. The Association shall periodically request from Owners, or an Owner's Designated Contact (as defined below), and maintain in the Association's records information for purposes of providing notice to Unit Owner as required in these policies, including a telephone number for phone calls, a cellular number for texts, and an email address for emails.

1.5. Designated Contact. An Owner may identify another person to serve as the Owner's designated contact on the Owner's behalf (the "Designated Contact"). In addition to the Owner, the Designated Contact shall be contacted on Owner's behalf for the purposes of receiving notices and correspondence regarding the Owner's violations, fines, delinquencies, or collections, if any. The Owner and the Designated Contact shall each be given the same correspondence and notice anytime communications are sent out related to violations, fines, delinquencies, or collections, except that the Owner shall receive the correspondence and notices in the language for which the Owner has indicated a preference in accordance Section 1.6 below. The Owner shall provide a formal designation of a Designated Contact in writing to the Association. The Owner will have only one Designated Contact at a time.

1.6. Language. An Owner may notify the Association if the Owner prefers that correspondence and notices from the Association related to violations, delinquencies, or collections be made in a language (the "Preferred Language") in addition to English. If a preference is not indicated, the Association shall send the correspondence and notices in English. If the Owner elects to receive notices in a language other than English, then following notice of such selection, the Association shall give all notices to the Owner in both the Preferred Language and in English.

1.7. Failure to Comply. Failure of the 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.

1.8. Deviation. The Board may deviate from these policies if in its sole discretion such 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.

1.9. Amendment. These Policies may be amended from time to time by the Board of Directors.

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 Association's Governing Documents, or any applicable local, state, or federal law or code.

2.2. Reporting Violations to the Association. Complaints regarding alleged violations may be reported by an Owner or resident within the Community, a group of Owners or residents, the management company's agent(s), the Association's agent(s), Board member(s), or committee member(s) ("Complainant") by submission of a written complaint.

2.3. Complaints Submitted to the Association. Complaints 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, the date and time the violation was observed, the location of the violation, 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 Association. Complaints by a member of the Board, committee member, or Association agent, may be made in writing or by any other means deemed appropriate by the Board if such violation was observed by the member or agent.

2.4. Investigation of Complaints Made to the Association. Upon receipt of a complaint by the 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 Association property or the property of another Owner, then the Owner responsible for the damage shall pay the costs to repair such damage.

2.5. Documentation. If a violation is found, the Association may, when reasonable, attempt to document the violation by taking photographs.

3. **Violations**.

3.1. Initial Notice. If the Association has reasonably determined that an Owner has committed a Violation, the Association shall send a notice to the alleged violating Owner or the Designated Contact by sending a copy of the notice, in English and the Preferred Language via:

(1) certified mail, return receipt requested to the Owner and Owner's Designated Contact; **and**

(2) by **two** or more of the following methods:

(a) sending a notice by email to an email address the Association has on file because the Owner or the Designated Contract has provided the email to the Association;

(b) text to a cellular number the Association has on file because the Owner or the Designated Contact has provided the cellular number to the Association;

(c) telephone call to a telephone number that the Association has on file because the Owner or the Designated Contact has provided the number to the Association. If the Association attempts to contact the Owner or the Designated Contact by telephone but is unable to reach the Owner or Designated Contact, the

association shall, if possible, leave a voice message for the Owner or Designated Contact; and/or

(d) 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.

3.2. Contents of Initial Notice. The Initial Notice shall: (i) explain the nature of the violation; (ii) explain what is required to cure the violation; (iii) state that the Owner has thirty (30) days after the date of the Initial Notice to come into compliance ("Initial Cure Period"); (iv) state that if the Violation is not cured after the Association conducts its inspection following the Initial Cure Period, and the Association determines that the Owner has not cured the Violation, the Association may fine the Owner; (v) and set forth any fine schedule; and (vi) set forth the timeline for a fair and impartial fact finding process before an impartial decision maker concerning whether the alleged Violation actually occurred and whether the Owner is the one who should be held responsible for the Violation.

3.3. Continued Violation After Initial Cure Period. If the Owner does not notify the Association that the Owner has come into compliance within the Initial Cure Period or does not send satisfactory visual evidence of the cure, then the Association shall inspect the unit for the Violation within seven (7) days of the expiration of the Initial Cure Period. If after the inspection and following an impartial fact-finding process as set forth in Section 4 herein, the Association finds that a Violation has occurred and that the Violation was not cured during the Initial Cure Period, the Association may impose a fine pursuant to the fine schedule set forth herein below.

3.4. Second Violation Notice. If the violation is not cured during the Initial Cure Period, the Association shall send a second notice letter ("Second Notice") to the Owner stating the amount of any fines imposed by the Association to date, and explaining that if the Violation continues to exist, continued fines may be imposed pursuant to these policies, and that the Association may take legal action against the Owner if the violation is not cured during the second consecutive thirty (30) day cure period ("Second Cure Period").

3.5. Continued Violation After Second Cure Period. If after the Second Cure Period, the Owner has not come into compliance, this will be a second continued violation for which the 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.

3.6. 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 Association may send the Owner a warning notice letter with a seventy-two (72) hour cure period instead of thirty (30) day Initial Cure Period. If after an inspection of the Violation, the Owner has not corrected such a Violation within the seventy-two (72) hours of receiving notice, then the Association may fine the Owner using the continued violation timeline below, and the Association may take legal action as described in the Collection Policies and Procedures below.

3.7. Curing a Violation. If the Owner cures a Violation within the applicable cure period afforded the Owner, the Owner may notify the Association of the cure and, if the Owner sends visual evidence with the notice that the Violation has been cured, the Violation will be deemed cured on the date that the Owner sends the notice. If the Owner's notice does not include conclusive visual evidence that the violation has been cured, the Association shall inspect the unit as soon as practicable to determine if the Violation has been cured.

3.8. Reimbursement of Postage Costs. With respect to any notices or other documentation that the Association sends an Owner through certified mail pursuant to this policy, the Association may also charge the Owner an amount not to exceed the actual cost of the certified mail.

4. **Hearings for Violations**.

4.1. Violation Hearings. Before issuing a fine for a Violation, the Association shall hold a violation hearing to determine in a fair and impartial fact-finding process whether the alleged violation actually occurred, and whether the Owner is the one who should be held responsible for the violation (the "Violation Hearing"). The Violation Hearing may be informal in nature, but the Owner will be given a reasonable opportunity to be heard by an impartial decision maker.

4.2. Impartial Decision Maker. An impartial decision maker shall be a person or group of persons who have authority as delegated by the Association to make decisions regarding the enforcement of the terms of the Association's Governing Documents and who does not have any direct personal or financial interest in the outcome. The decision maker shall not, as a result of the outcome, receive any greater benefit or detriment than will the general membership of the Association.

4.3. Investigations. The Association may select and task a person, or group of people, with obtaining facts and information related to any disputed Violation. Such investigator(s) is authorized to investigate and/or evaluate the Violation to be presented at the Violation Hearing and may file a report, or present a report at the Violation Hearing, establishing the facts in the matter to the Association and alleged violating Owner. The investigator may offer procedural or substantive recommendations as to how a Violation might best be resolved or enforced, including recommendations on the amount of any proposed fine

or individual assessment. Any such written report or recommendation shall be confidential and

4.4. Hearings Before the Association. The Owner may request a hearing after receiving any notice of violation from the 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 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.

4.5. Notice of Hearing Before the Association. If a hearing is requested by the alleged violating Owner or is instituted by the 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.

4.6. Failure to Timely Request Hearing Before the 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.

4.7. Notification of the 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 Association may send a warning letter.

5.1.2. **Violation Continuing Beyond the Initial Cure Period** – The Association may fine the Owner $250.00, and an additional $250.00 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. **Violation Continuing Beyond the Second Cure Period** – The violation may be turned over to the 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, or such other higher amount if allowed by law, calculated and prorated monthly such that interest per annum does not exceed eight percent (8%), or such other higher amount if allowed by law, and starting as of the due date of the outstanding balance.

5.3. Confirmation of Cure. Once the Owner cures a Violation, the Association shall notify the Owner, and Owner's Designated Contact, in English and the Preferred Language that: (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 Association.

Collection Policies and Procedures

6. **Assessments**.

6.1. Due Date. Annual assessments shall be payable either: (i) in a single payment due on January 31st or (ii) in equal monthly installments due in advance on the 1st day of each month with the first installment due January 1st. A Unit Owner paying monthly may elect to prepay the remaining annual balance at any time without penalty. The Board may determine alternative payment times and deadlines at its discretion.

6.2. Grace Periods/Past Due Dates. Assessments or other charges not paid in full to the Association within fifteen (15) days of the due date ("Grace Period") are considered past due and delinquent. The Association shall notify any Owners of assessments or other charges not paid in full to the Association by the end of the Grace Period, and such delinquencies shall incur late fees and interest as provided below.

6.3. Statutory Liens. The 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 Association may record those liens in the event of Owner delinquency to protect the Association's interest in such liens.

7. **Delinquencies**.

7.1. Notice of Delinquency. If an Owner is delinquent beyond the Grace Period on any assessment, fine, or fee, before turning over the delinquent account to a collection agency or referring it to an attorney for legal action, the Association shall send the Owner a notice of delinquency, by sending a copy of the notice in English and the Preferred Language via:

(1) certified mail, return receipt requested to the Owner and Owner's Designated Contact; **and**

(2) by **two** or more of the following methods, one of which methods shall be electronic:

(a) sending a notice by email to an email address the Association has on file because the Owner or the Designated Contract has provided the email to the Association;

(b) text to a cellular number the Association has on file because the Owner or the Designated Contact has provided the cellular number to the Association;

(c) telephone call to a telephone number that the Association has on file because the Owner or the Designated Contact has provided the number to the Association. If the Association attempts to contact the Owner or the Designated Contact by telephone but is unable to reach the Owner or Designated Contact, the association shall, if possible, leave a voice message for the Owner or Designated Contact; and/or

(d) 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.

7.2. Notice Information. The notice of delinquency shall include the following information:

7.2.1. The total amount due, with an accounting of how the total was determined, and whether the amount due concerns fines, returned-check charges, unpaid assessments, late charges, interest, and other items;

7.2.2. A description of any actions required to cure ongoing violations or delinquencies;

7.2.3. The name and contact information for an individual that the Owner may contact to request a copy of the Owner's ledger in order to verify the amount of debt, and which copy of the ledger must be provided to the Owner no later than seven (7) business days after receipt of Owner's request;

7.2.4. The steps the Association must take before the Association may take legal action against the Owner, including a description of the Association's cure process;

7.2.5. 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 or foreclosure. The Association shall include a description of any other 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 the Governing Documents. Said description and legal actions may include, but are not limited to, the filing, recording, foreclosure of a lien against the Owner's Unit, the sale of the Owner's Unit at auction to pay delinquent assessment, which could result in the Owner losing some or all of the Owner's equity in the Unit, and other remedies available under Colorado law;

7.2.6. That the Association is making an offer, and Owner has the opportunity to enter into a repayment plan with the Association to repay the delinquency as hereinafter provided ("Payment Plan") by contacting the Association at the address contained in the notice within thirty (30) days of the notice's date and making written request to do so;

7.2.7. That pursuant to an agreed Payment Plan, the Owner can repay the debt over eighteen (18) months in monthly installments in the amount of the Owner's choosing, so long as each payment is greater than $25 and the debt is repaid in full at the end of the eighteen months;

7.2.8. 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; and

7.2.9. The availability of, and instructions on how to access, 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 Owner's home, and 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. The Association shall also note that credit counseling may include: (i) discussion of amounts owed to the Association in unpaid assessments and related costs; (ii) the impact of foreclosure on the Owner's credit; (iii) additional debt that may be incurred by the Owner if foreclosure by the Association is completed; (iv) options available to the Owner to retain title to the Unit or remain in the Unit; and (v) any other options that may be available to the Owner to avoid foreclosure.

7.3. Notice of Intent to Foreclose A Lien and Right to Mediation. In addition to the notice of delinquency, at least thirty (30) days before initiating a legal action to foreclose a lien, the Association shall provide notice to the Owner of the Association's intent to foreclose the lien and to engage in mediation and the notice shall contain the same information as follows:

7.3.1 The Association intends to file a lawsuit against the Owner's property and that, if the court forecloses on the lien, the court will order the sale of the Unit at auction to pay the delinquent assessments due to the Association;

7.3.2 Based on the sale price of the Unit at auction, the Owner could lose some or all of the Owner's equity in the Unit;

7.3.3. The Owner has a right to participate in credit counseling prior to foreclosure;

7.3.4 The Owner has a right to participate in mediation with the Association prior to foreclosure and in order for the Owner to initiate mediation: (i) the Owner must respond within thirty (30) days after the date of the notice; (ii) both parties must select a mutual agreeable mediator knowledgeable of CCIOA and common interest community disputes; (iii) the mediation shall be scheduled within thirty (30) days of the notice; and (iv) if the Owner fails to comply with these stated procedures, the HOA may file a civil action; and

7.3.5 The Owner has access to, and has been provided instructions on how to access, free online information through the HOA information and resource center relating to foreclosure by an association.

7.4. Monthly Balance Letter. On a monthly basis, the Association shall send to each Owner who has any outstanding balances or delinquencies an itemized list of all assessments, fines, fees, and charges that the Owner owes to the Association. The monthly balance letter shall be sent to both the Owner and Owner's Designated Contact in English and the Preferred Language via first-class mail **and** e-mail, if the Association has the relevant email address.

7.5. Record of Contacts. Regarding an Owner's delinquency in paying assessments, fines, or fees, the 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. This shall include any contacts that a community association manager or a property management company makes on behalf of the Association.

7.6. **Reimbursement of Postage Costs**. With respect to any notices or other documentation that the Association sends an Owner through certified mail pursuant to this policy, the Association may also charge the Owner an amount not to exceed the actual cost of the certified mail.

8. **Charges**.

8.1. Late Charges and Interest on Delinquencies. The Association may impose a late charge of One Hundred Dollars ($100.00) for any delinquent Owner that does not cure their delinquency within the Grace Period.

8.2. Interest. Any outstanding delinquencies will be subject to an eight percent (8%) interest per annum, or such other higher amount if allowed by law, calculated and prorated monthly such that interest per annum does not exceed eight percent (8%), or such other higher amount if allowed by law, starting the day after the Grace Period ends.

8.3. Returned Check Charge. The Association is entitled to assess a returned-check charge in the amount of $40.00.

8.4. Statement of Amount Owed. The Association will not assess a fee or other charge to recover costs incurred for providing the Owner with a statement of the total amount that the Owner owes to the Association.

8.5. Status Letter. The Association may impose a status letter charge for any status letter generated in relation to a potential sale of a Unit. The current charge is $150 per status letter, charged at closing. The buyer and seller of the Unit shall determine within their purchase contract which party shall pay these costs.

9. **Payments**.

9.1. Payment Plans. Except as otherwise provided below, the Association shall make a written offer of Payment Plan and make a good-faith effort to coordinate with the delinquent Owner to set up a Payment Plan with the following specifications:

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

9.1.2. An Owner's failure on three (3) 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 Association may cancel the Payment Plan and accelerate the delinquency in its entirety and take legal action against the Owner.

9.1.3. The Owner may elect to pay in full the remaining balance owed under a Payment Plan at any time during the duration of the Payment Plan.

9.1.4. The 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 Association's lien; or (II) if the Owner has previously entered into a Payment Plan under this section or a similar section under the Association's previous collections policies.

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

9.2. Crediting Partial Payments. An account with past due sums remains delinquent until

paid in full. No partial payments will waive the Association's right to pursue full payment and/or to enforce the provisions of these policies. The Association will apply partial payments to the outstanding balance in the following order:

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

9.2.2. Special Assessments.

9.2.3. Fines and legal fees and costs for collecting the same.

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

9.2.5. All other outstanding balances.

9.3. Acceleration and Deceleration of Assessments. The Association acting through the Board or the agent of the 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 Association immediately. The Association, acting through the Board or the agent of the Association, also reserves the right to decelerate any accelerated assessment.

10. **Enforcement**.

10.1. Referral and Requirements for Collections/Foreclosure. The 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 Association; (ii) the debt securing the lien is not based solely on fines and collection costs relating to fines; (iii) the 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 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 Association sends a notice of delinquency, or (d) thirty (30) days have passed since the Association sends notice of delinquency and the Owner does not accept to enter into a Payment Plan.

10.1.1. **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 Association's attorney once a matter has been referred to the attorney or collection agent.

10.1.2. **Prohibition on Purchase of Foreclosed Unit**. If a Unit has been foreclosed, a member of the executive Board, an employee of a community association management company representing the Association, an employee of a law firm representing the Association, or an immediate family member of any such executive Board member, community association management company employee, or law firm employee shall be prohibited from purchasing the foreclosed Unit.

10.2. Personal Obligation for Late Charges and Attorney Fees on Delinquent Accounts. Owner of the Unit 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 Association may file suit against the Owner personally in addition to, or in lieu of, filing any action against the Unit.

10.3. Bankruptcies and Foreclosures. If an Owner declares bankruptcy, or there are foreclosure proceedings instigated against the Owner's Unit within the Association, that Owner must immediately notify the 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 Association, the Association's manager may notify the Association's attorney, and request that the attorney take action to protect the Association's interests relating to such bankruptcy or foreclosure.

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

10.4.1. **Available Legal Remedies**. The 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 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.

10.4.2. **Attorney's Fees and Costs**. If the Association incurs any fees or costs, including attorney's fees or costs, related to collections of assessments, collections or impositions of fines, late charges from an Owner, violations of the Association's

Governing Documents, or other violations of Article 33.3 of Title 38, C.R.S., the losing party shall pay all actual costs incurred by the prevailing party, regardless whether the parties commenced a legal proceeding, to the fullest extent permitted by law. The prevailing party includes a party that receives a successful injunction and need not require prevailing on all claims brought.

10.4.3. **Voting Suspension**. The Association may suspend voting rights for 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.

10.4.4. **Waivers**. The 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 Association shall determine appropriate under the circumstances.

10.4.5. **Loss of Use and Possession of Residence Interest**. While an Owner is delinquent in timely payment of their assessments, late fees, or interest on the same, the Board, on behalf of the Association and pursuant to the Association's Declaration, withholds use and possession of the Owner's Residence Interest during that Owner's Use Period, including by cancelling the delinquent Owner's reservations (including of reserved allocation), and the delinquent Owner is not permitted to make further reservations at the Club or any Association locations.

10.4.6. **Modification**. The Board of Directors, may at their discretion, deviate from, waive or modify these procedures based upon facts presented to them by the Owner of the outstanding account, so long as such modification or waivers are reasonable and in accordance with Colorado law.

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Certificate of Adoption

I hereby certify that the foregoing FOURTH AMENDED AND RESTATED COVENANTS AND RULE ENFORCEMENT POLICIES AND PROCEDURES AND SIXTH AMENDED AND RESTATED COLLECTIONS POLICIES AND PROCEDURES were adopted by resolution of the Board of Directors of the Brightwater Club Property Owners Association on January 30, 2026.

Marge Spanninger
Marge Spanninger (Mar 25, 2026 13:29:28 EDT)

NAME, Secretary

4th Brightwater Club Combined Collections and Covenant Enforcement Policies (clean draft 2026.03.12).docx

Final Audit Report 2026-03-25

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