

**Resolution No. 2026-02-02**

**PAINT BRUSH HILLS METROPOLITAN DISTRICT**

**AMENDED AND RESTATED COLLECTIONS RESOLUTION**

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

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WHEREAS, pursuant to an order and decree of the District Court of El Paso County, Colorado, the Paint Brush Hills Metropolitan District (the "District") was duly and validly organized as a special district in accordance with all applicable laws of the State of Colorado; and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., the Board of Directors (the "Board") of the District 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 District to properties within the District's boundaries (individually the "Property"); and

WHEREAS, such fees, when unpaid, shall constitute a perpetual lien on and against the Property; and

WHEREAS, by this Resolution (the "Resolution"), the District desires to amend the policies and procedures for the collection of fees imposed by the District related to operations and maintenance (the "Fees and Charges"); and

WHEREAS, this Resolution shall not control the collection of fees, rates, tolls, penalties, or charges related to costs for capital improvements; and

WHEREAS, on December 5, 2019, the Board adopted the Paint Brush Hills Metropolitan District Amended and Restated Collections Resolution (the "Prior Policy"), and the Board desires to adopt this Resolution to amend and restate the Prior Policy in its entirety.

NOW, THEREFORE, it is hereby resolved by the Board as follows:

**I. Statement of Lien Guidelines:**

a. ***Perpetual Lien.*** Pursuant to § 32-1-1001(1)(j)(I), C.R.S., all Delinquent Fees and Charges, until paid, shall constitute a perpetual lien on and against the Property served by the District. All such 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. All Liens contemplated herein may be foreclosed as authorized by law at such time as the District, in its sole discretion, may determine. Notwithstanding the foregoing, the lien policies and procedures set forth in this Resolution shall be implemented in order to ensure an orderly and fair execution of the lien filing and collections process.

b. ***District's Manager Procedures.*** The District's Manager (the "Manager") shall be responsible for collecting Fees and Charges imposed by the District against the Property. In the event payment of Fees and Charges are 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. *Bills, Due Date, and Late Fees:* On the third (3<sup>rd</sup>) day of each month (or next business day), the Manager shall send a bill for Fees and Charges to the last known account holder of a Property according to the Manager's records. Payment for the Fees and Charges shall be due and owing on the twenty-eighth (28<sup>th</sup>) calendar day of the month (the "**Due Date**"). In the event the Fees and Charges are not paid on or before the Due Date, on the third (3<sup>rd</sup>) calendar day of the month in which the Fees and Charges are past due, the Manager shall assess Late Fees on the Property in the amounts set forth in Section 2 of this Resolution.

ii. *Eighteenth (18<sup>th</sup>) Day of the Month in Which Fees and Charges are Due:* A "Disconnect Notice" shall be posted to the address of the Property according to the Manager's records. In the event the above mailing is returned as undeliverable, the Manager shall send a second copy of the Disconnect Notice 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 El Paso County Clerk and Recorder (collectively the "Property Address"). Said Disconnect Notice shall advise the owner of the Property of the District's intent to disconnect water service from the Property in the event the Delinquent Account and a Late Fee in the amounts set forth in Sections 2 and 4 of this Resolution are not paid in full within seven (7) days of the date of the Disconnect Notice.

iii. *Seventh (7<sup>th</sup>) Calendar Day After the Disconnect Notice:* On or after the seventh (7<sup>th</sup>) calendar day after the Disconnect Notice, if the Delinquent Account, including any applicable Late Fee, is not paid in full, the District's Manager shall post on the Property a "Shut Off Notice" advising the owner of the Property that their water services will now be shut off. Upon shut off to the water service, the applicable Shut Off Fee will be assessed to the Property. Should the owner of the Property request that the water service be turned on (after all outstanding Fees and Charges, including applicable Late Fees are paid in full), the Property will be assessed the applicable Turn On Fee.

c. *General Counsel Procedures.* In the event the Board elects to impose a lien on a Property, the Board's General Counsel ("General Counsel") shall perform the following:

i. *Upon Referral of the Delinquent Account From the Board:* A "Demand Letter" may be sent to the Property Address, notifying the Property owner that the Property has been referred to General Counsel for further collections enforcement, including but not limited to, the certification of delinquent Fees and Charges to the County Treasurer (the "**Treasurer**") for collection or the filing of a Notice of Intent. The Demand Letter may include notice of the District's intention to adopt, at a public meeting held after receipt of notice by the Property owner, a resolution certifying to the Treasurer delinquent Fees and Charges for collection pursuant to § 32-1-1101(e), C.R.S. 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 Receiver may also be sent.

ii. *No Earlier than Thirty (30) Calendar Days from the Date of the Demand Letter:* A Notice of Intent to File Lien Statement, 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 lien will be filed within Thirty (30) days of the Notice of Intent to File Lien Statement postmark date.

iii. *No Earlier Than Ten (10) Calendar Days from the Postmark Date of the Notice of Intent to File Lien Statement:* A lien for the total amount due and owing as of the date of the lien shall be recorded against the Property with the County Clerk and Recorder's Office; all Fees and Charges, Late Fees, Interest, and Costs of Collections (as defined below) 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.

iv. *Certification of Fees:* General Counsel may, pursuant to § 32-1-1101 (e), C.R.S., certify delinquent Fees and Charges to the Treasurer to be collected.

## 2. **Late / Posting Fees:**

a. Late/Posting Fees are assessed on the Property for failure to make timely payments of Fees and Charges. The following policies apply consistently, uniformly, regardless of whether the Fees and Charges are assessed on a one-time, monthly, quarterly, semi-annual, annual, or any other basis.

b. Late Fees are assessed on the Property five (5) calendar days from the Due Date. Pursuant to § 29-1-1102, C.R.S., such Late Fee may be charged by either of the following two methods, whichever is greater:

i. One Late Fee of Fifteen Dollars (\$15.00) may be assessed on the Property per each assessment or installment of Fees not fully paid prior to the fifth (5<sup>th</sup>) calendar day following the payment due date; or

ii. In lieu of Section 2(b)(i) above, a Late Fee of Five Percent (5%) per month, commencing on the fifth (5<sup>th</sup>) calendar day of the month following the payment due date, and each month thereafter, may be charged on unpaid Fees until the Late Fee equals Twenty Five Percent (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 shall 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 and Charges in chronological order from the earliest unpaid Fees and Charges to the most recently imposed Fees Charges.

e. No penalty shall be assessed on the Property for a credit balance resulting from the prepayment and/or overpayment of Fees and Charges. 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 and Charges due and owing to the District.

3. **Interest:** Interest charges accrue on all delinquent Fees at the rate of not more than one percent (1%) per month or fraction thereof. Interest shall not accrue and be charged on Late Fees, Interest or Costs of Collections pursuant to §32-1-1006(d), C.R.S.

4. **Costs of Collections:**

a. Are generated by the Manager and General Counsel's collection efforts. They consist of 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 General Counsel:

- *Disconnect Notice Fee:* \$15.00 for the Disconnect Notice. This action is performed by the Manager.
- *Shut Off / Turn-On Fees:* \$50 for the Shut Off Fee and \$50 for the Turn-On Fee. This action is performed by the Manager.
- *Demand Letter Fee:* One Hundred Fifty Dollars (\$150.00) per Demand Letter sent. This action is performed by General Counsel.
- *Follow up Demand Letter Fee:* Fifty Dollars (\$50.00) per Follow up Demand Letter sent. This action is performed by General Counsel.
- *Notice of intent to File Lien Fee:* One Hundred Twenty Dollars (\$120.00) per Notice of Intent to File a Statement of Lien sent. This action is performed by General Counsel.
- *Lien Recording Fee:* One Hundred Fifty Dollars (\$150.00) per each lien recorded on the Property. This action is performed by General Counsel.
- *Lien Release Fee:* One Hundred Fifty Dollars (\$150.00) per lien that is released. This action is performed by General Counsel. It is recommended that the Lien Release Fee be charged to the Delinquent Account at the same time as the Lien Recording Fee.

ii. *Attorney Hourly Fees and Costs.* After a lien has been filed, all hourly fees and costs generated by General Counsel to collect unpaid Fees and Charges shall also be assessed to the Delinquent Account.

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.

iv. *Account Certification Costs.* In accordance with § 32-1-1101(e), C.R.S., the Treasurer is authorized to charge a just and reasonable amount for certification and collection of a Delinquent Account on the District's behalf (the "**Treasurer's Collection Fee**"). The District may charge a Certification Fee in an amount equal to the anticipated Treasurer's Collection Fee to be charged to a Delinquent Account before such account has been certified. The Certification Fee may be charged to a Delinquent Account after all District collection fees and hourly attorney fees as set for the herein have been charged to the account, and before certification of the Delinquent Account to the Treasurer.

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

a. The Manager has the authority and discretion to waive or reduce portions of the Delinquent Account attributable to Late Fees and Interest, up to a maximum of Three (3) months of Late Fees and Interest. Such action is permitted if the Manager, in their discretion, determines that such waiver or reduction will facilitate the payment of Delinquent Account. Should the Property owner seek waiver or reduction of an amount exceeding this limit, the person or entity shall first submit a request, in writing, to the Board, and the Board shall make the determination in its discretion. Prior to the Board's determination, the Manager shall make a recommendation as to whether or not such waiver or reduction will facilitate the payment of the Delinquent Account and is in the interest of the District.

b. Neither the Manager nor General Counsel shall have the authority to waive any portion of delinquent Fees and Charges or Costs of Collections. Should a Property owner desire a waiver of such Fees and Charges or Costs of Collections, s/he shall submit a written request to the Board and the Board shall make the determination in its sole discretion. Prior to the Board's determination, the Manager and/or General Counsel shall make a recommendation as to whether or not such waiver or reduction will facilitate the payment of the Delinquent Account and is in the interest of the District.

c. Notwithstanding the above, the Manager shall be permitted to correct any account statement and waive any associated Late Fees, Interest, or Costs of Collections if it determines that said charges were incurred due to an error or omission for which the District or its agents are responsible. In such circumstances, the Manager shall promptly bring the matter to the attention of the Board. The Board shall then determine who shall be responsible for any additional costs incurred by the District due to the error or omission.

d. Any waiver or reduction of Late Fees or Interest granted pursuant to Sections 5(a-c) hereof 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 General Counsel, whether related to the Property in question or other properties within the District.

6. **Payment Plans:** The Manager shall have the authority to establish payment plans for the repayment of a Delinquent Account. Should the Property owner desire to enter into a payment plan with the District different from that established by the Manager, s/he shall first submit a written request to the Board and the Board shall make the determination in its sole discretion. Prior to the Board's determination, the Manager shall make a recommendation as to whether or not such payment plan will facilitate the payment of the Delinquent Account and is in the interest of the District.

7. **Certification of Account to County Treasurer:** Pursuant to § 32-1-1101(l)(e), C.R.S., the Board may elect to certify any Delinquent Accounts and Late Fees satisfying the criteria established therein to the County Treasurer for collection with the District's *ad valorem* property taxes. The certification process may be in addition to or in lieu of any procedures set forth in this Resolution in the Board's sole discretion. The fees for the certification process shall be in accordance with Colorado law and County policy.

8. **Ratification of Past Actions:** All waivers and payment plans heretofore undertaken by the Manager or General Counsel that would otherwise have been authorized by this Resolution are hereby affirmed, ratified, and made effective as of the date said actions 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 the orders 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 hereby replaces and supersedes the Prior Policy in its entirety. 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 imposing Fees and Charges, the term or provision in this Resolution shall prevail.

12. **Severability:** If any term of this Resolution is found to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, such invalid or unenforceable term or provision shall not affect the validity of this Resolution as a whole but shall be severed here from, leaving the remaining terms or provisions in full force and effect.

13. **Savings Provision:** The failure to comply with the procedures set forth herein shall not affect the status of the Fees and Charges as a perpetual lien subject to foreclosure in accordance with law. Failure by the Manager, General Counsel or other authorized representatives to take any action in accordance with the guidelines provided herein shall not invalidate subsequent efforts to collect the Fees and Charges.

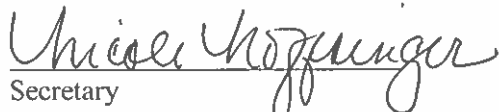
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ADOPTED this 19<sup>th</sup> day of February, 2026.

PAINT BRUSH HILLS  
METROPOLITAN DISTRICT

  
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President

ATTEST:

  
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Secretary

