



April 30, 2024

Dear Board of Directors,

I hope this letter finds you well. First, I am writing to express our sincerest gratitude for your patience and understanding during the recent period of restructuring and operational improvements here at Colby Management.

We understand that transitions and changes within an organization can sometimes lead to uncertainty and inconvenience for our valued clients. Your patience and support throughout this period have been truly remarkable, and we cannot thank you enough for your trust in us.

The restructuring process was undertaken with the primary goal of enhancing our operational efficiencies to better serve your needs. As we move forward, I'm excited to share some upcoming changes with you.

One of the key components of this initiative is a concerted effort to reduce paper usage and streamline our processes through digital solutions. By embracing technology and digital platforms, we aim to minimize our reliance on paper-based documentation and enhance the efficiency and convenience of our services for you, our clients.

- Beginning May 2024, monthly financial packages will be delivered electronically only. Any board members that are not receiving an electronic copy and would like a copy should reach out to customerservice@colbymgt.com with their email address to ensure the list of recipients is updated and correct in our system.
- We are launching an improved, automated assessment recovery process. There are two forms attached that are required to be completed and returned. By automating this process, homeowner assessments will be collected in a more timely and transparent manner. As a homeowner's association, assessments are often the association's only form of revenue therefore, delayed collection of monthly assessments puts financial strain on cash available to operate. We have also partnered with a local attorney, Travis Law Firm, to aid in securing debts by outstanding homeowners. Our attorney partner is also offering governing document revisions at a flat rate to Colby clients to add late fee verbiage as this is required in order to assess late fees.
 - In addition to late fees, Travis Law Firm, has provided a flat rate to provide governing document revision services to better clarify association responsibility as it pertains to insurance coverage. As you are aware, insurance premiums have been increasing substantially and in some



cases, the association is over insuring building components resulting in additional increases.

- Later this year, we will be launching an online accounts payable platform for all clients. This will significantly improve payables transparency and reduce processing time and efficiency.
- Within the next month, will be performing a bank account conversion in which we will separate operating and reserve cash funds into two distinct bank accounts. Associations that already have a secondary, reserve bank account will not be impacted. The second account is better aligned with Generally Accepted Accounting Principles (GAAP) and will create a more transparent balance sheet for association financial reporting. Please anticipate association specific communication with respect to account information and funds transfer details.

Earlier this year an accounting point of contact reference sheet was distributed to all associations. This sheet outlines dedicated accountants for each association as well as accounts payable, accounts receivables, resale, etc... Please refer to this list when sending inquiries as to expedite responses from our team. If you did not receive or have misplaced, please contact frontdesk@colbymgt.com.

Most importantly, many of you have reached out with respect to board education opportunities. Colby will be hosting a Board Member Bootcamp and Legislative Update this fall. We will send invitations and provide plenty of advance notice of the upcoming event and look forward to seeing our communities participate.

Regards,

Mallorie Hall
President
mhall@colbymgt.com

LATE FEE SET-UP REQUEST

PLEASE REVIEW YOUR ASSOCIATION DOCUMENTS IN REGARD TO LATE FEES AND INTEREST CHARGES

PLEASE FILL OUT FORM COMPLETELY AS TO NOT CAUSE DELAYS IN THE LATE FEE SET UP PROCESS

ASSOCIATION NAME: _____

EFFECTIVE DATE: _____

FREQUENCY: MONTHLY QUARTERLY SEMI-ANNUALLY ANNUALLY

LATE FEE AMOUNT: FIXED \$ _____ OR _____ PERCENT

LATE FEE POSTING DATE: 10TH 15TH 20TH END OF MONTH (EOM)

MINIMUM BALANCE IN ARREARS FOR A LATE FEE TO BE CHARGED: _____

IF SPECIAL TERMS APPLY, PLEASE EXPLAIN HERE (EXAMPLE-CHARGE AFTER 45 OR 60 DAYS)

DO YOU WANT INTEREST TO BE CHARGED AT THE END OF THE MONTH? IF SO, AT WHAT PERCENTAGE RATE: _____% PER: DAY MONTH YEAR

DO YOU WANT COLBY TO SEND PAST DUE STATEMENTS AFTER CHARGING A LATE FEE? (RECOMMENDED IF MONTHLY STATEMENTS ARE NOT SENT) _____

AUTHORIZED BY: _____

TITLE: _____ DATE: _____

COLBY MANAGEMENT, INC.
17220 N Boswell Blvd #140,
Sun City, AZ 85373
(623) 977-3860 / Fax (623) 977-3577
Email to: frontdesk@colbymgt.com

FOR COLBY USE ONLY
DATE RECEIVED: _____
CALIBER : _____
UPDATE LIST: _____

COLBY MANAGEMENT

ASSESSMENT RECOVERY AUTHORIZATION

MUST BE COMPLETED AND RETURNED WITH LATE FEE SET UP REQUEST FORM

ASSOCIATION NAME: _____

The association authorizes Colby Management to perform the services listed below in an attempt to recover past due assessments owed by owners on the association's behalf.

Authorization to enter recovery program after two past due statements have been sent:

- When delinquent assessment amount reaches _____ days past due (60 DAY MINIMUM)
- When delinquent assessment amount reaches \$_____ past due

• **STEP ONE - DEMAND LETTER**

UPON THE PRESET LEVEL (ABOVE), THE ACCOUNT IS REVIEWED AND A LETTER IS SENT TO THE HOMEOWNER. THE LETTER REQUESTS THEY CONTACT US FOR PAYMENT ARRANGEMENTS OR REMIT PAYMENT IN FULL WITHIN 30 DAYS IN ORDER TO AVOID FURTHER RECOVERY PROCEEDINGS. PER STATUTE, THIS LETTER MUST BE SENT VIA CERTIFIED MAIL, RETURN RECEIPT REQUEST.

• **SELECT ONE LEVEL TWO OPTION:**

LEVEL TWO A – ADDITIONAL DEMAND LETTER OR;
THE SECONDARY DEMAND LETTER EXTENDS FURTHER PROCEEDINGS BY AN ADDITIONAL 30 DAYS. PER STATUTE, THIS LETTER MUST BE SENT VIA CERTIFIED MAIL, RETURN RECEIPT REQUEST.

LEVEL TWO B – ADDITIONAL DEMAND LETTER WITH LIEN FILING OR;
THE SECONDARY DEMAND LETTER EXTENDS FURTHER PROCEEDINGS BY AN ADDITIONAL 30 DAYS WHILE SECURING DEBTS VIA A LIEN FILED AGAINST THE PROPERTY BY A THIRD-PARTY ATTORNEY AT A FLAT RATE. LIEN FEE TO BE PAID BY ASSOCIATION. PER STATUTE, THIS LETTER AS WELL AS A COPY OF THE LIEN MUST BE SENT VIA CERTIFIED MAIL, RETURN RECEIPT REQUEST.

• **LEVEL THREE – PAYMENT ARRANGEMENT**

PAYMENT ARRANGEMENTS CAN BE APPROVED ON A PRESET BASIS OR PER OCCURRENCE. UPON BOARD APPROVAL, WE WILL SEND OUT A PAYMENT ARRANGEMENT FORM THE HOMEOWNER MUST SIGN AND RETURN. THE ACCOUNT WILL BE MONITORED TO BE SURE PAYMENTS ARE RECEIVED ON SCHEDULE.

In order to expedite an effective payment negotiation, the association gives Colby the right to:

- Waive late fees: Unrestricted (any/all late fees) Up to max \$_____
- Offer a payment plan up to: Three (3) Months Six (6) Months Twelve (12) Months

• **LEVEL FOUR – ATTORNEY**

IF NO RESPONSE FROM THE HOMEOWNER WITHIN 30 DAYS OF DEMAND OR A SECOND DEMAND LETTER, BOARD WILL DECIDE TO PURSUE FURTHER RECOVERY THROUGH AN ATTORNEY.

ALL FEES CHARGED TO THE ASSOCIATION ARE LISTED ON CURRENT EXHIBIT A AND WILL BE CHARGED TO HOMEOWNER ACCOUNT AS PART OF BALANCE DUE. THE ASSOCIATION WILL BE CHARGED FOR SERVICES AT THE TIME OF SERVICE.

AUTHORIZED BY

DATE

A. Lien Placement

1. Colby places the charge of \$220 (\$160 for the lien and \$60 for lien letter sent by Colby) on the account ledger for the delinquent owner.
 - a. Colby sends the account ledger to TLF to record a lien.
2. TLF receives lien request.
 - a. TLF prepares and records the lien.
 - b. TLF emails a copy of the recorded lien to Colby.
 - c. TLF bills \$100 fee for the Notice and Claim of Assessment Lien, include Association name, owner last name and lot number in billing. TLF bills \$60 for recording fee as disbursement.
3. Colby mails the lien with a demand letter.

B. Lien Release

1. TLF receives lien release request from Colby.
 - a. TLF prepares and records the Release of Lien.
 - b. TLF emails copy of recorded Release of Lien to Colby.

Amending Declaration – Insurance Coverage & Late Fees

The Travis Law Firm will provide the following assistance to Associations seeking to amend their Declaration to require the Unit Owners to insure the Units, the improvements and betterments installed by Unit Owners, and the Unit Owner's personal property. The Association would still be required to insure the Common Elements/Common Areas as defined by the Declaration. The amendment would state that Unit Owners must list the Association as a certificate holder on the Unit Owners' policies.

Also, due to a new law, associations must have the ability in their Declaration to charge for a late fee when a member is delinquent in their payment of an assessment.

The Firm will provide the following services for a flat fee of \$850.00 to amend the Declaration, plus the recording fee of \$30.00.

1. Review Declaration/CC&Rs
2. Draft proposed amendments to the Declaration
3. Draft meeting notice and ballot or written consent for the Unit Owners to vote on the proposed amendment
4. Email the proposed amendments, meeting notice and ballot or written consent to Manager
5. Address one set of email questions from the Board and Manager on the proposed amendments
6. Finalize proposed amendments
7. After the vote by the Unit Owners, Manager to advise Firm of results

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8. If proposed amendments pass, draft amendment to Declaration and send to Manager for Board President to sign
9. Upon return of signed amendment, record the same with the Maricopa County Recorder's office
10. Email Manager with the recorded amendment for Association to distribute to the Unit Owners.

For an additional fee of \$150.00, the Firm can draft a cover letter to the Unit Owners to accompany the meeting notice, setting forth the rationale for why the Board of Directors requests the Unit Owners vote to approve this amendment.

Please contact Chandler Travis at ctravis@travislawaz.com or Melissa Doolan at mdoolan@travislawaz.com to discuss further.

The information provided herein is for reference purposes only, is general in nature, and is not intended as legal advice. For specific questions or legal issues regarding your association, please contact us at 480-219-3633.