

**RESOLUTION OF  
HIGHLAND ESTATES PUD, INC.  
Collection Policy and Collection Fee**

- A. WHEREAS, Highland Estates PUD, Inc., also known in the Declaration as Highland Estates Home Owners' Association (the "Association"), is a Utah nonprofit corporation; and
- B. WHEREAS, the Association is organized under and subject to the Utah Revised Nonprofit Corporation Act<sup>1</sup> (the "Nonprofit Act"); and
- C. WHEREAS, the Association governs Highland Estates P.U.D., a planned unit development and condominium project located in Cache County, Utah, under the First Amended and Restated Declaration of Covenants, Conditions, and Restrictions for Highland Estates P.U.D., recorded in the Cache County Recorder's Office as Entry No. 749107 on November 13, 2000, as amended or restated from time to time (the "Declaration"); and
- D. WHEREAS, the Declaration states that Highland Estates P.U.D. is submitted as a planned unit development with condominiums under the Utah Condominium Ownership Act (the "Condo Act"),<sup>2</sup> and the Association has previously administered its fee-disclosure schedule under Utah Code § 57-8-8.1(17); and
- E. WHEREAS, the Association's bylaws were recorded in the Cache County Recorder's Office as Entry No. 901652 on October 7, 2005, and were amended by the amendment to the Amended Bylaws recorded as Entry No. 1259512 on September 16, 2020 (the "Bylaws"); and
- F. WHEREAS, the Declaration defines "Assessment" broadly to mean any amounts levied, charged, or assessed against an Owner and/or such Owner's Unit in accordance with the provisions of the Declaration;<sup>3</sup> and
- G. WHEREAS, the Declaration defines "Common Expenses" broadly to include expenses of administration, maintenance, repair, or replacement of the Common Areas, Limited Common Areas, and Facilities, together with items, things, and sums assessed against Unit Owners under the Declaration, Articles, Bylaws, Association rules and regulations, and other lawful determinations or agreements of the Association;<sup>4</sup> and
- H. WHEREAS, the Declaration provides that annual and special assessments, together with interest, costs, and reasonable attorney fees, are a charge on each Unit and a continuing lien on the Unit, and are the personal obligation of the Owner when the assessment fell due;<sup>5</sup> and
- I. WHEREAS, the Declaration further provides that unpaid common-expense installments may bear interest and may be recovered together with all costs and expenses, including attorney fees, incurred in proceedings brought to collect unpaid common expenses;<sup>6</sup> and

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<sup>1</sup> Utah Revised Nonprofit Corporation Act, Utah Code § 16-6a-101 *et seq.*; see also Utah Code § 16-6a-302(2)(r) (corporate powers).

<sup>2</sup> Declaration, Recitals § 2 and § 3; Declaration § 2(i) (establishing Highland Estates P.U.D. as a planned unit development and condominium project); Utah Condominium Ownership Act, Utah Code § 57-8-1 *et seq.*

<sup>3</sup> Decl. § 2(a).

<sup>4</sup> Decl. § 2(g).

<sup>5</sup> Decl. § 14; Bylaws § 8.1; *see also* Decl. § 18(a).

<sup>6</sup> Decl. § 18(a).

J. WHEREAS, the Bylaws incorporate the Declaration, require all Owners and occupants to comply with the Bylaws, and authorize the Board to exercise the powers and duties of the Association, including the collection of assessments and related interest, costs, and reasonable attorney fees as provided in the Declaration;<sup>7</sup> and

K. WHEREAS, the Condo Act provides for assessment liens and for the recovery of fees, charges, interest, late charges, costs of collection, and reasonable attorney fees in connection with the collection of unpaid assessments, to the extent permitted by the Condo Act and the governing documents;<sup>8</sup> and

L. WHEREAS, Utah Code § 12-1-11 (the “Collection Statute”) permits a creditor, under the conditions stated in that statute, to require a debtor to pay a collection fee in addition to any other amount owed when the creditor contracts with a registered third-party debt collection agency or licensed attorney to collect the debt;<sup>9</sup> and

M. WHEREAS, the Collection Statute caps the collection fee at the lesser of the actual amount the creditor is required to pay the third-party debt collection agency or licensed attorney, whether stated as a specific dollar amount or as a percentage of the principal amount owed, or forty percent (40%) of the principal amount owed;<sup>10</sup> and

N. WHEREAS, the Utah Supreme Court has recognized that recorded restrictive covenants constitute a written contract between an association and its members;<sup>11</sup> and

O. WHEREAS, the Board desires to adopt this Resolution as a Board resolution and collection policy implementing the Association’s existing authority under the Declaration, Bylaws, Condo Act, Nonprofit Act, Collection Statute, and applicable law to collect delinquent accounts and recover collection-related fees, costs, and attorney fees; and

P. WHEREAS, this Resolution is not intended to create a new category of assessment independent of the Declaration, nor is it intended to constitute a rule adopted under the Condo Act except to the extent a court or other authority determines that any provision must be treated as a rule under applicable law;

Q. THEREFORE, BE IT RESOLVED that the Board hereby adopts the following Collection Policy and Collection Fee Resolution:

### **COLLECTION POLICY AND COLLECTION FEE**

#### **1. Adoption and Character of Resolution**

This Resolution is adopted as a Board resolution and collection policy implementing the Association's existing authority under the Declaration, Bylaws, Condo Act, Nonprofit Act, Collection Statute, and applicable law. This Resolution governs the Association’s financial administration and collection procedures. This Resolution does not create a new category of assessment independent of the Declaration. Rather, it implements the Association’s existing authority to collect delinquent Assessments and other amounts due to the Association and to recover interest, late fees, collection fees, collection costs, attorney fees, court costs, filing fees, and other amounts associated with collecting delinquent accounts to the fullest extent permitted by the Declaration, Bylaws, Condo Act, Collection Statute, and applicable law.

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<sup>7</sup> Bylaws §§ 1.1, 1.2, 1.3, 3.15, 3.16, and 8.1.

<sup>8</sup> Utah Code § 57-8-44, including § 57-8-44(1)(a)(i)–(iii), as it may be amended from time to time.

<sup>9</sup> Utah Code § 12-1-11(2)(a).

<sup>10</sup> Utah Code § 12-1-11(2)(b).

<sup>11</sup> Fort Pierce Industrial Park Phases II, III & IV Owners Association v. Shakespeare, 2016 UT 28, ¶ 11.

## 2. Definitions

For purposes of this Resolution, the following terms shall have the meanings set forth below. Capitalized terms used but not defined in this Resolution shall have the meanings given in the Declaration, unless the context clearly requires otherwise. These definitions apply only to this Resolution and shall not amend, replace, or alter the meaning or effect of any corresponding term in the Declaration or Bylaws.

- A. **Act, Condo.** “Condo Act” means the Utah Condominium Ownership Act, Utah Code § 57-8-1 *et seq.*, as it may be amended from time to time.
- B. **Act, Nonprofit.** “Nonprofit Act” means the Utah Revised Nonprofit Corporation Act, Utah Code § 16-6a-101 *et seq.*, as it may be amended from time to time.
- C. **Association.** “Association” means Highland Estates PUD, Inc., also known in the Declaration as Highland Estates Home Owners’ Association, or its successor.
- D. **Collection Fee.** “Collection Fee” means the collection fee imposed under this Resolution and the Collection Statute when a delinquent account or debt is assigned to a third-party debt collection agency or licensed attorney for collection.
- E. **Collection Statute.** “Collection Statute” means Utah Code § 12-1-11, as it may be amended from time to time.
- F. **Debtor.** “Debtor” means an Owner obligated or allegedly obligated to pay a delinquent account or debt to the Association. A tenant, resident, guest, invitee, or other person is a Debtor only to the extent that the person is independently obligated to pay the amount under the Governing Documents, a lease, a written agreement, a notice issued under applicable law, or another legally enforceable obligation.
- G. **Governing Documents.** “Governing Documents” means the Declaration, Plat, Bylaws, Articles of Incorporation, Resolutions, and Rules of the Association, as applicable and as amended or restated from time to time.
- H. **Principal Amount.** “Principal Amount” means the principal amount of the delinquent account or debt owed to the Association and assigned for collection, exclusive of the Collection Fee, attorney fees, court costs, collection costs, and other collection-related charges imposed because of assignment or collection. If applicable law requires a narrower calculation of principal for purposes of the Collection Fee cap, the narrower calculation required by law shall control.

## 3. Collection Authority

The Association may collect delinquent Assessments, fines, late fees, interest, reimbursement assessments, damage assessments, collection costs, attorney fees, court costs, filing fees, lien fees, foreclosure costs, trustee fees, title charges, and any other amounts due and payable to the Association under the Governing Documents or applicable law. The Association may use any lawful collection remedy available under the Governing Documents or applicable law, including account notices, demand letters, payment plans approved by the Association, suspension of privileges to the extent permitted by law, liens, judicial collection actions, nonjudicial foreclosure, judicial foreclosure, tenant rent diversion to the extent permitted by law, and referral to a third-party debt collection agency or licensed attorney.

## 4. Referral to Third-Party Collection Agency or Licensed Attorney

The Association may contract with one or more third-party debt collection agencies or licensed attorneys to collect delinquent accounts and debts owed to the Association. A third-party debt collection agency must be registered under applicable Utah law to the extent registration is required. The Board, the Association’s manager, or any person authorized by the Board may refer a delinquent account or debt for

collection in accordance with this Resolution, the Governing Documents, the Association's management practices, and applicable law.

**5. Owner Covenant to Pay Delinquent Amounts and Collection Charges**

Each Owner is deemed to covenant and agree, by acceptance of a deed or other ownership interest in a Unit, to pay all Assessments and other amounts due to the Association under the Governing Documents and applicable law, together with all related late fees, interest, fines, costs, expenses, collection costs, Collection Fees, attorney fees, court costs, filing fees, and other charges authorized by the Governing Documents or applicable law. This covenant arises under the recorded Declaration, the Bylaws, applicable law, and this Resolution as an implementing Board resolution.

**6. Collection Fee Imposed at Assignment**

If the Association assigns a delinquent account or debt to a third-party debt collection agency or licensed attorney for collection, the delinquent Debtor shall pay a Collection Fee in addition to all other amounts owed. The obligation to pay the Collection Fee is imposed at the time the delinquent account or debt is assigned to the third-party debt collection agency or licensed attorney. The Collection Fee shall be treated as a fee, charge, or cost associated with collecting an unpaid Assessment or other delinquent amount and may be collected and enforced to the fullest extent permitted by the Declaration, Bylaws, Condo Act, Collection Statute, and applicable law.

**7. Amount of Collection Fee**

The amount of the Collection Fee shall be the maximum amount permitted by the Collection Statute, as amended from time to time, but shall not exceed the lesser of: (a) the actual amount the Association is required to pay the third-party debt collection agency or licensed attorney, whether stated as a specific dollar amount or as a percentage of the Principal Amount; or (b) forty percent (40%) of the Principal Amount. The Collection Fee is in addition to, and does not replace or limit, any obligation to pay attorney fees, court costs, filing fees, trustee fees, title charges, lien fees, foreclosure costs, or other costs or charges that may otherwise be recoverable under the Governing Documents or applicable law.

**8. Tenant, Resident, Guest, and Invitee Liability**

An Owner remains responsible for amounts assessed or charged against the Owner or Unit, including amounts arising from the conduct of the Owner's tenants, residents, guests, invitees, or other occupants to the extent permitted by the Governing Documents and applicable law. No tenant of a Unit shall be liable for a delinquent amount imposed on the Owner of the Unit unless the tenant is independently liable for that amount under applicable law, a lease, a written agreement, a tenant-payment notice or rent-diversion process permitted by law, or another separate enforceable obligation.

**9. Convenience Fees Charged by Third-Party Collector**

If a third-party debt collection agency accepts payment by financial transaction card or other electronic payment method and charges a convenience fee for a transaction processed by phone, text or similar short message service, Internet, or other permitted method, the convenience fee may be charged only if the third-party debt collection agency complies with the disclosure, consent, and alternative-payment requirements of the Collection Statute and applicable law. A convenience fee charged by a third-party debt collection agency is separate from the Association's Collection Fee.

**10. Payment Application**

Unless otherwise required by applicable law, court order, settlement agreement, or written payment plan approved by the Association, the Association may apply payments received on a delinquent account in the order the Association determines appropriate, including to collection costs, attorney fees, court costs, filing fees, late fees, interest, fines, other charges, and then to unpaid Assessments or other principal amounts, or in another lawful order of application. Payments may also be applied to the oldest unpaid amounts first.

**11. Relationship to Fee Schedule Disclosure**

The Collection Fee may be disclosed in the Association’s fee schedule or other owner-facing disclosure documents for transparency and compliance purposes. Inclusion of the Collection Fee in a fee schedule or disclosure document does not characterize the Collection Fee as a late fee, interest charge, fine, rule-created fee, or fee imposed under Utah Code § 57-8-8.1. The Collection Fee is imposed, if at all, under the Declaration, Bylaws, this Resolution, the Collection Statute, and applicable law.

**12. No Waiver**

The Association’s failure to refer any account for collection, impose a Collection Fee, charge collection costs, or pursue any remedy in one or more instances shall not constitute a waiver of the Association’s right to do so in any other instance. The Association may exercise any one or more remedies cumulatively or successively to the fullest extent permitted by the Governing Documents and applicable law.

**13. Compliance With Law**

All collection activity shall be subject to applicable federal and state law, including the Fair Debt Collection Practices Act, the Utah Consumer Sales Practices Act, the Collection Statute, the Condo Act, the Nonprofit Act, and any required notices, hearing rights, lien requirements, foreclosure requirements, debt-collection restrictions, and consumer-protection requirements.

**14. Severability and Construction**

This Resolution shall be interpreted to comply with applicable law. If any provision of this Resolution is determined to be invalid or unenforceable, the remaining provisions shall remain in effect. In the event of conflict, applicable law shall control, followed by the Declaration, the Bylaws, and then this Resolution.

**15. Effective Date**

This Resolution is effective as of the date the last Trustee below signs this Resolution, unless the Board states a later effective date in the minutes or written consent approving this Resolution.

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**16. Adoption**

IN WITNESS WHEREOF, the undersigned hereby certify and attest that this Resolution has been duly adopted by the Board of Trustees of Highland Estates PUD, Inc.

*Bryan Daines* Date: 06/15/2026  
Bryan Daines, Trustee

*Yulese Lincoln* Date: 06/16/2026  
Yulese Lincoln, Trustee

*Jennifer Stevenson* Date: 06/15/2026  
Jennifer Stevenson, Trustee

*Kassie White* Date: 06/15/2026  
Kassie White, Trustee

**### END OF RESOLUTION ###**