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HERITAGE PARK OWNERS ASSOCIATION (HPOA)
RULES AND REGULATIONS

Note:

The pages that follow have been compiled as a draft document since a formal *Rules and Regulations* document does not exist. The current Executive Board intends to solicit input from and develop consensus on the Rules with former Board members. The Board intends to request input from owners that want to submit written requests for consideration to include in this document before signing an official document. Following this review and discussion at the next annual owners meeting, the Board will sign the last page of the revised document as the current Rules and Regulations enacted by Board resolution for managing the Association that all owners must comply with.

If there is a conflict or discrepancy between this document and existing governing documents (Covenants, Bylaws, Articles of Incorporation, or State of Colorado laws), the governing documents will prevail.

Owners may submit written requests for consideration at any time to include in this document to the HPOA address:

Heritage Park Owners Association
P.O. Box 883233
Steamboat Springs, CO 80488

The Executive Board will review suggestions periodically (at least annually) and revise the document in conjunction with notification to owners. A current copy of the *Rules and Regulations* will be maintained at the Association's web site located at www.associationonline.com.



Lee Pierson
President, HPOA Executive Board

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Purpose & Background Information

The purpose of the Rules and Regulations (the “Rules”) are to manage Association activities in conjunction with the provisions of the *Declaration of Protective Covenants* (the “Covenants”), the *Bylaws* (the “Bylaws”), and the *Articles of Incorporation* (the “Articles”). The Rules include those enacted at annual owner meetings and approved by the Executive Board (the “Board”) to ensure compliance with the legal documents of the Association and State of Colorado statutes under title 38, article 33.3, the *Colorado Common Interest Ownership Act*, as amended (the “Act”).

The Executive Board of the HPOA (the “Board”) is elected by Association members that attend the annual meeting. They are unpaid volunteers that donate their time to manage the Association. The Executive Board has made available the full text of the Association’s governing documents, architectural forms (see “Forms” section of web site) and other useful information at its intranet website located at www.associationonline.com.

The Executive Board’s powers and duties are specified in Article VIII of the Bylaws. The Board’s principal purpose, noted in paragraphs (a) and (b) of Article VIII, is:

- (a) “To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration”, and
- (b) “To establish, make and amend rules, regulations, provisions and resolutions as may be necessary, convenient or proper for the management, operation, use or occupancy of the Subdivision, the Lots (but not the Parcels), and all real and personal property owned or leased by the Association for common use, and to enforce compliance therewith pursuant to the Declaration, including (without limitation) the right, power, and authority to establish penalties for the infraction thereof and to assess fines in favor of the Association for specific violations of any regulation, provision, rule, or resolution, each such fine to be a special assessment against the Lot of the Owner who or whose guests, invitees, agents or tenants violated such rule, regulation, provision or resolution...”.

Rules are often created from Association member recommendations to the Board or those established by a majority vote of the members at the Association’s annual meeting. The Board does not have the authority to change the Covenants. Covenants can only be amended through the formal written agreement and consent process that requires approval by 67% of the Lot Owners and 60% of the Membership Parcel A-D Owners as stipulated in paragraph thirty (30) of the Covenants.

The following Rules have been compiled from annual member meetings and from previous Executive Board resolutions and decisions to manage the Association in compliance with the Covenants and other governing documents. Some Rules emphasize certain provisions of the governing documents, and in the event of any discrepancies, the governing documents prevail.

1. Member/Owner Responsibilities

- a. Compliance with Covenants, governing documents and Rules - Association members must understand and comply with the Association’s Covenants, Bylaws, Articles and Rules. They may direct any questions regarding compliance with the governing

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documents or Rules to the Executive Board.

- b. Current mailing address - Members must provide the Executive Board with a current mailing address upon purchase of a lot and any subsequent change in mailing address to retain voting rights and maintain a good standing, as specified in Article XIV of the Bylaws.
- c. Knowledge of information available at intranet website – Members should develop the ability to access and view information or submit e-mail requests to the Board via the www.associationonline.com website. A listing of documents and other information is posted at the website and otherwise available upon request.
- d. Disputes with other owners - The Board encourages development of a cooperative spirit and a sense of community by all members. This includes an effort by all members to understand and comply with the Covenants to avoid potential conflicts and disputes.
 - i. Property disputes between members should be resolved in a neighborly fashion or through the use of professional services, such as surveyors, to verify lot lines.
 - ii. The Routt County Sheriff's Department may be contacted or utilized if property damage occurs.
 - iii. The Routt County Sheriff's Department may be contacted if animals / pets exhibit aggressive behavior.
 - iv. Covenant violations may be directed to the Board to address to another owner if provided via a written or e-mail request for action. Adequate documentation of alleged violation, such as a digital photo, should also be provided to the Board, if possible. The originator can request that the Board maintain confidentiality and not disclose their identity to the owner violating the covenant.

2. Financial Rules & Governance Policies

- a. Fiscal year – The calendar year from January 1 through December 31 is the designated fiscal year for income tax purposes and financial reporting.
- b. Common expense (dues) assessments & late fees – Common expense assessments (i.e. - owner dues) for a calendar year are based on a proposed budget ratified by Association members at annual meetings. Following the annual meeting, an invoice for the subsequent year's dues is sent to each lot owner of record with payment due no later than December 31 of the year invoiced.
 - i. Late fees for each past due assessment period are \$50.00 for past due amounts as of January 1 of each year and \$25.00 as of April 1, July 1 and October 1 of each year. Late fees are used to encourage timely payment of all annual assessments. The Board may waive a late fee if an owner provides a written request for waiver with a legitimate reason for not paying on time.
 - ii. Failure to pay assessments by June 30 following the original due date will result in suspension of voting privileges.

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- iii. Failure to pay within one calendar year following the original due date may result in a lien placed upon the property in the amount of past due assessments, interest, penalties, and the costs of recoveries.

- c. Current assessments – The current common expense assessment for each lot is \$150.00 for the period from January 1, 2006 through December 31, 2006 and approved by members at the September 27, 2005 annual owners meeting. Invoices for the 2006 assessment period were mailed in November 2005 with payment due by December 31, 2005. The annual common expense assessments include a provision to build the Association's capital reserve fund to cover anticipated future expenditures for improvements to the common area roads and property and potentially avoid a need for special capital assessments.

- d. Investment of capital reserve funds – The Executive Board will review the amount of funds in Association accounts and those received from common expense assessments that are available to invest in conservative, secured investment vehicles (such as Certificates of Deposit, U.S. Treasury Bills, etc.) at the end of each spring's snow plowing season. The Board will manage capital reserve funds to avoid investment risk and also maintain adequate funds in the Association's checking account to cover operating & maintenance expenses.

- e. Annual financial disclosure – The Board shall prepare and distribute an annual report at the end of the first quarter of each year for the prior fiscal year that includes the financial statements (balance sheet and statement of operations) prepared in accordance with Generally Accepted Accounting Principals (GAAP).

- f. Audit or review – The Board will secure the services of either a Certified Public Accountant (CPA) or qualified individual to perform an audit or independent review of the financial records to ensure that they represent the financial condition of the Association. To comply with the Act, this review will occur no later than January 1, 2008 and once every two years thereafter.

- g. Tax returns – Federal income tax returns are filed by the March 15 filing deadline immediately following the end of each fiscal year.

- h. Disbursement of funds – Any single expenditure greater than \$150.00 requires two Board member signatures. A Board member cannot approve reimbursement of his/her office/business expenses incurred on behalf of the Association, regardless of the amount, to ensure that a review of disbursements by another Board member occurs.

- i. Revision of Rules - The Board should review and update this document, as needed, to keep the information current and timely. Revisions should be communicated to all members as soon as possible.

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3. Architectural Guidelines and Approval of Construction Plans

- a. Submittal of Dwelling Construction Plans for Approval - As stipulated in the Covenants (paragraph 6), an owner must submit plans to the HPOA Executive Board and receive Board approval (within 30 days of plan submittal) before beginning to alter, excavate or construct any permanent structure on a Lot. A permanent structure includes, but is not limited to, a single family residential or duplex structure (on an authorized duplex lot), a garage, a driveway, parking area, deck, outbuilding/shed, or fence.
 - i. The “Plan Review Checklist” form (available at the “Architectural Control” section of the web site) should be prepared by the owner and submitted with two copies of such plans to the Executive Board.
 - ii. The \$150.00 review fee submitted with the plans may be utilized by the Board if consulting services are required to evaluate plan submittals. Otherwise, the fee will be returned to the owner with the Board’s “Plan Submittal Report”.
- b. Board Review - A “Plan Submittal Report” will be completed by the Board within 30 days following receipt of the “Plan Review Checklist” form and related plans. Plan deficiencies must be corrected by the owner before approval is granted. Final approval is contingent on a page 2 “owner acknowledgement” to comply with Covenant requirements and acceptance of conditions placed on the owner by the Board.
- c. Stop Work Order - The Board may issue a “Stop Work Order” and take other actions, as needed, following an owner’s failure to comply with any provisions of the process or violation of the Covenants.
- d. Water Conservation - Landscaping and irrigation plans should be in compliance with Covenant paragraph 19 (as amended in 1999). The Board will encourage the use of “xeriscape”, or the application of the principles of landscape planning and design, soil analysis and improvement, and the selection and location of turf grasses / sod, plants, and other materials to promote water use efficiency and water saving practices per the Act.
- e. Fences, Outbuildings, and Other Structures – an owner may submit for Board approval a sketch (without an architectural drawing) after a dwelling is constructed on their Lot indicating the dimensions, relationship to existing structures, and set-backs. Fences may not exceed a height of six feet in relation to the property’s grade. Thus, fence structures should not be raised by retaining walls over the six foot height limit. The perimeter fencing is HPOA property and should not be altered in any way without Board approval.

4. Weed Control

- a. Owner Responsibility - Control of weeds is each owner’s responsibility and the height of

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weeds is not to exceed 6” on any property for the period from May 1 through September 30 each year. Under State Law, some weeds must be managed in Routt County to prevent the spread of noxious weeds, such as whitetop, spurge, toadflax, etc. (Please see the Routt County Weed Department information at www.co.routt.co.us for more information. Control of these and other weeds on each property will minimize the time and maintenance expense incurred by the Association and other HPOA owners.)

- b. Association Property and Vacant Lots - The Board will contract for weed control services on Association property and shoulders as part of the common expenses for all Association owners. The Board will also contract for weed control services and bill vacant lot owners for maintenance performed on their behalf to keep the growth below the 6” maximum height and to minimize the spread of noxious and other weeds in the Subdivision.

5. Communication and Meetings

- a. Public Meetings - All regular and special meetings of the Association’s Executive Board, or any committee thereof, shall be open to attendance by all members of the Association or their representatives.
 - i. Agendas - Agendas for meetings of the Executive Board shall be made reasonably available either at the mailbox kiosk or via the website at www.associationonline.com.
 - ii. Public Input - All owners or designated representatives shall be permitted to attend, listen and speak at an appropriate time during deliberations & proceedings, except for deliberations or discussions expressly authorized so by a majority of the quorum of the Board.
 - 1. The Board may place reasonable restrictions (such as a three minute limit) on those speaking on unscheduled items during the meeting, but shall permit such before the Board takes formal action on an item under discussion.
 - 2. The Board shall provide for a reasonable number of persons to speak on each side of an issue.
 - iii. Attorney-Client Privilege - The Board may elect attorney-client privilege for any matter for which the Board received legal advice or that concerns pending or contemplated litigation.
 - iv. Conflicts of Interest
 - 1. Any contract, decision or action taken by or on behalf of the Executive Board that would financially benefit any Board member or relative is a

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conflict of interest.

2. Such conflict should be declared before discussion or action on that issue by that Board member, who may participate in discussion but not vote on that issue.
 3. Any contract entered into where a conflict of interest exists is a violation and is null and void.
- v. Minutes – minutes of all meetings should briefly outline and describe key decisions and pertinent discussion to provide meaning to HPOA members not in attendance. In the absence of the Secretary, a designated note taker should perform that function.
- vi. Committees and Subcommittees – Volunteer participation on committees are an important contribution to improve the operations and decisions made by the Association. Their functions include:
1. Coordinate all activities with the Board – decision authority affecting Association property or interests rests with the Board.
 2. Make their meetings open to and solicit input from other Association members or interested parties.
 3. Coordinate communication to other Association members or interested parties with (or through) the Board.
 4. Strive to represent the majority of Association members while developing recommendations for the Board to consider.

6. Covenant Compliance

- a. Enforcement - The Board will attempt to enforce the covenants in a timely and consistent manner. Board actions may include issuing covenant violation notices, conducting hearings and levying fines for violations, and suspension of member voting rights, as authorized in the HPOA governing documents.

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Approved and amended by the Heritage Park Executive Board of Directors:

President

Date

Treasurer

Date

Secretary

Date