

ENCHANTMENT RIDGE RULES AND REGULATIONS

Adopted this the 24th day of June, 2005, by the Board of Directors of the Enchantment Ridge Homeowners Association, a Colorado Non-Profit Corporation.

1. **STATEMENT OF PURPOSE AND AUTHORITY:** These Rules and Regulations are intended to protect and enhance the quality, value, desirability and attractiveness of all property in the Enchantment Ridge Homeowners' Association and to assist in the enforcement of the Association's Declaration of Covenants Conditions and Restrictions, By-laws, and Articles of Incorporation. These rules are adopted under the authority of Article IV of the Bylaws, Article IV Section (9) of the Declaration, and pursuant to Colorado law.
2. **DEFINITIONS:**
 - 2.1. "**Architectural and Building Restrictions**" are those restrictions on improvements to property within the association under the Governing Documents, including those provided in Article X of the Declaration and the Architectural Standards and Design Guidelines.
 - 2.2. "**Architectural Standards and Design Guidelines**" means the "Enchantment Ridge Homeowners' Association Architectural Standards and Design Guidelines" which are the rules and regulations promulgated by the Association's Architectural Standards Committee.
 - 2.3. "**Association**" means the Enchantment Ridge Homeowners' Association.
 - 2.4. "**Articles**" means the articles of incorporation of the Association.
 - 2.5. "**Board**" or "**Executive Board**" means the Board of Directors of the Association.
 - 2.6. "**Bylaws**" means the bylaws of the Association.
 - 2.7. "**Common Expense Assessments**" are as defined in Articles 2.14 and 2.15 of the Covenants.
 - 2.8. "**Declaration**" means the declaration of covenants conditions and restrictions of the Association recorded in the real property records of the Clerk and Recorder of Larimer County, Colorado at reception number 2005-0021282.
 - 2.9. "**Governing Documents**" means the Association's Declaration, Bylaws, Articles, Rules, and Architectural Standards and Design Guidelines.
 - 2.10. "**Managing Agent**" means any person or entity engaged in professional property management services whom the Association has retained to assist in the management of the association.
 - 2.11. "**Property Management Company**" has the same meaning as "managing agent".
 - 2.12. "**Rules**" or "**Rules and Regulations**" refers to these rules as they may be amended from time to time by the Board.
 - 2.13. "**Use Restrictions**" are those restrictions on the use of property within the Association under the Declaration, including those set out in Article IX of the Declarations.

3. COLLECTION OF ASSOCIATION ASSESMENTS:

3.1. Frequency of Common Expense Assessments:

3.1.1. **Common expense assessments** (dues) will be collected on a quarterly basis and will be due on the 15th day of January, the 15th day of April, the 15th day of July, and the 15th day of October of every year beginning April 15, 2005 and continuing thereafter.

3.2. Collection of Other Assessments:

3.2.1. **Remedial assessments** (fines) shall be levied upon homeowners as determined under these rules and regulations, section 6 of the Architectural Standards and Design Guidelines, and as otherwise provided under the Governing Documents and Colorado law. Remedial assessments may be collected at any time after they are assessed pursuant to these rules and section 6 of the Architectural Standards and Design Guidelines.

3.2.2. **Other assessments**, including but not limited to special assessments for capital improvements, shall be assessed as provided for under the Declaration, Bylaws, and Articles.

3.3. Delinquent Assessments:

3.3.1. 10 days or more after any assessment is due, notice of delinquency may be given to the homeowner in arrears by the Board or the property management company. Such notice shall indicate a fine may be assessed if payment is not received and grant the homeowner the opportunity to request a hearing before the Board to contest the delinquency.

3.3.2. 30 days after any assessment is due, and if the homeowner has not requested a hearing, the Association or property management company may assess a fine as provided under section 5.1 of these rules. Such fines shall continue and accumulate *each month* the assessment is in arrears.

3.3.3. 45 days after any assessment is due, the board of directors or the property management company, in its discretion, may take any action provided for under these rules, the covenants, the bylaws, and Colorado law to collect the delinquent assessment. Such actions may include, but are not limited to turning the matter over to an attorney; recording a lien for assessments; commencing a lawsuit to obtain a personal judgment against the homeowner; and/or foreclosure.

3.3.4. In the event a homeowner requests a hearing to contest an alleged delinquency, the Board shall schedule a hearing as soon as practicable, but in no event later than 60 days after the homeowner's request is received. The homeowner shall be permitted to present evidence and argument relevant to the alleged delinquency subject to any reasonable time limits that may be set by the Board. The Board shall consider this information along with the billing records of the association and any other relevant information brought to its attention and render a decision in writing and deliver the decision to the homeowner. In the event a fine is assessed, the fine shall go into effect immediately upon the decision of the board and shall continue and accumulate on a monthly basis until the delinquent assessment is paid. The

Association may collect the delinquent assessment and fines as set out in section 3.3.3.

- 3.4. **Application of Partial Payments to Amounts Past Due:** Payments of less than the full balance of delinquent Association assessments shall first be applied to delinquent assessments, then to remedial assessments (fines), and finally to assessments for the current period.

4. PROCEDURE FOR ASSESSING REMEDIAL ASSESSMENTS (FINES):

- 4.1. **Generally.** If a homeowner is in violation of any of the Governing Documents, the Board of directors or the Association's property management company or attorney may:

4.1.1. **First Notice and Opportunity to Request a Hearing.** The Association shall provide the homeowner with a written notice as provided in section 10 of these rules describing the violation and the applicable provisions of the Governing Documents and the Board shall set a deadline of no less than 15 days for the homeowner to remedy the violation or take other action specified by the board of directors. The notice shall grant the homeowners the opportunity to request a hearing before the Board to contest the alleged violation. The Board may, in its discretion, set longer deadlines to remedy violations in its sole discretion or as may be negotiated with the homeowner and/or send additional notices of delinquency.

4.1.2. **Second Notice.** After the deadline in section 4.1.1 expires, and if the homeowner has not requested a hearing, the Board shall send a notice that fines shall be assessed according to the fine schedule in section 5 of these rules. Nothing in this section should be construed to preclude the Board of Directors, in its discretion from making attempts to negotiate an agreement regarding a violation of the Governing Documents.

4.1.3. **Hearing (if requested) and Written Decision of the Board --**

Enforcement. In the event a homeowner requests a hearing to contest an alleged violation, the executive board shall schedule a hearing as soon as practicable, but in no later than 60 days from the date the homeowner's request was received. The homeowner may present evidence and argument relevant to the alleged violation, subject to any reasonable time limits set by the board. Any other interested homeowner and/or the professional management company may also present evidence and argument relevant to the alleged violation, subject to any reasonable time limits set by the board. The Board shall consider this information along with any other relevant information brought to its attention and shall render a decision in writing and deliver that decision to all effected homeowners. If fines are assessed those fines shall go into effect immediately upon the decision of the board and shall continue and accumulate on a monthly basis until the violation is remedied. The Association may also take any other appropriate legal action to remedy the violation.

4.1.4. **Fines Accumulate After Assessment.** Continuing violations of the Governing Documents are subject to ongoing fines which will automatically accrue on an monthly basis until the violation is remedied without further

notice other than monthly notice that the violation in question has not been remedied and fines continue to accrue. This section shall not be construed to prevent the Association from taking any other legal action to remedy the violation.

- 4.2. **Delinquent Assessments.** Remedial Assessments (fines) for delinquent assessments are addressed as provided in section 3.3 of these Rules.
- 4.3. **Other Legal Action.** Nothing in these rules shall be construed to prevent the Association from taking other legal action authorized under the Governing Documents or Colorado law as may be deemed necessary, in the discretion of the Board, to enforce the Governing Documents or protect the Association. Such action may include, but is not limited to, seeking injunctive or declaratory relief, commencing an action for monetary damages, or seeking any other legal remedy.

5. SCHEDULE OF REMEDIAL ASSESMENTS (FINES):

- 5.1. **Delinquent Common Expense Assessments:** A fine of \$25 per month is authorized for delinquent Common Expense Assessments.
- 5.2. **Fines for Violations of Use Restrictions:** A fine of no more than \$150 per month may be assessed by the Board of Directors against Homeowners who have violated of restrictions on uses of their property, including those set out in article IX of the Covenants, as well as other use restrictions in the Governing Documents. Any fine assessed for violation of a use restriction shall be reasonable in relationship to the nature of the violation. *Once assessed, fines automatically continue to accumulate on a monthly basis until the violation is remedied.*
- 5.3. **Fines for Violation of Architectural, Building, and Landscaping Restrictions:** Fines for violations of architectural, building, or landscaping restrictions in any of the Governing Documents may be assessed by either the Board of Directors or the Architectural Standards Committee as provided in the Declaration and in the Architectural Standards and Design Guidelines. The following schedule of maximum fines from section 6(f) of the Architectural Standards and Design Guidelines shall apply to all violations of Architectural and Building Restrictions:
 - 5.3.1. Failure to obtain approval for structural improvements to a dwelling: \$ 500.00
 - 5.3.2. Failure to timely complete landscaping: \$100.00
 - 5.3.3. Failure to obtain approval for other improvements: \$ 50.00
 - 5.3.4. Violations of restrictions on landscaping materials: \$ 20.00

Any fine assessed for violation of an architectural, building, or landscaping restrictions shall be reasonable in relationship to the nature of the violation. *Once assessed, fines automatically continue to accumulate on a monthly basis until the violation is remedied.*

6. **ANNUAL DISCLOSURES.** The association will provide to all unit owners, at least once a year, a written notice indicating (A) that Enchantment Ridge Homeowners'

Association is a common interest community under Colorado law; (B) the name of the Association's designated agent or management company; (C) a valid physical address and telephone number for the Association and any property management company or managing agent; and (D) shall also contain the phrase "***Declaration of Covenants, Conditions, Restrictions and Easements for the Enchantment Ridge Homeowners' Association recorded March 17, 2005 at Reception No. 2005-0021282 in the records of the Larimer County Clerk & Recorder.***" The notice may consist of a post card, assessment notice insert, or other written communication distributed in the manner required in section 10.

- 7. RECORD RETENTION AND INSPECTION POLICIES.** To facilitate good governance, the Association has adopted the following policies regarding record retention and inspection policies. These policies are in addition to the requirements of the Colorado Revised Non-Profit Corporation Act and are intended to be consistent with the requirements of the Colorado Common Interest Ownership Act and with the specific requirements of C.R.S. § 38-33.3-317.

7.1. Record Retention.

7.1.1. Maintenance of Records. All records shall be maintained in writing or in a form that allows for conversion into writing within five business days of any request by a party entitled to inspect those records. If the Association has retained a property management company, the property management company shall be responsible for maintaining all Association records. Otherwise, the Board of the Association shall be responsible for maintaining Association records.

7.1.2. Records to be Retained Permanently. The association shall keep as permanent records all of the following records either in written form or in another form capable of conversion into written form within a reasonable amount of time:

7.1.2.1. Minutes of all meetings of unit owners and the executive board.

7.1.2.2. All actions taken by the units or executive board by written ballot or written consent in lieu of a meeting.

7.1.2.3. The record of all actions taken by committee of the executive board in place of the executive board on behalf of the association.

7.1.2.4. A record of all waivers of notices of meetings of unit owners and of the executive board or any committee of the executive board.

7.1.3. List of Current Unit Owners. The Association shall maintain a record of current homeowners and lot owners sufficient to allow the preparation of list of the names and addresses of all homeowners as well as the number of votes each homeowner has.

7.1.4. Records to be Maintained at the Principal office of the Association. A copy of the following records shall be maintained at the principal office of the Association:

7.1.4.1. General information about the Association, including but not limited to, the date the fiscal year of the Association begins and a list of the Association's current assessments, including regular and special assessments.

- 7.1.4.2. Resolutions adopted by the executive board relating to the characteristics, qualifications, rights, limitations, and obligations of unit owners or any class or category of unit owners.
- 7.1.4.3. The association's operating budget for the current fiscal year.
- 7.1.4.4. Annual financial statements including any amounts held in reserve for the three fiscal years immediately preceding the current annual disclosure.
- 7.1.4.5. The Enchantment Ridge Rules and Regulations.
- 7.1.4.6. The Enchantment Ridge Homeowners' Association Architectural Standards and Design Guidelines.
- 7.1.4.7. The By-Laws of the Enchantment Ridge Homeowners' Association.
- 7.1.4.8. The Articles of Incorporation of the Enchantment Ridge Homeowners' Association.
- 7.1.4.9. The Declaration of Covenants, Conditions and Restrictions for the Enchantment Ridge Homeowners' Association.
- 7.1.4.10. A list of the names and business or home address of its current directors and officers.
- 7.1.4.11. The minutes of the executive board and member for the three fiscal year immediately preceding the current annual disclosure.
- 7.1.4.12. All written communications within the past three fiscal years to unit owners generally as units owners.
- 7.1.4.13. The results of any financial review or audit as may be required by C.R.S. § 38-33.3-303(4)(b) conducted in the previous three fiscal years.
- 7.1.4.14. A list of all association insurance policies, including, but not limited to, property, general liability, association director and officer coverage, and fidelity policies. The list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed.

7.1.5. **Other Records.** Other records of the association shall be retained and disclosed in the discretion of the Board, consistent with the Colorado Revised Non-Profit Corporation Act, the Colorado Common Interest Ownership Act, and Colorado law.

7.2. Inspection and Reproduction of Records by Homeowners.

7.2.1. **Records to be Made Available to Homeowners on Demand.** The Association and/or its property management company shall maintain the records listed in sections 7.1.4.1 through 7.1.4.9 at the principal office of the Association for inspection by homeowners or their authorized agents during normal business hours. Any homeowner or authorized agent who wishes to inspect these records shall provide identification sufficient for the Board or the Association's property management company to confirm the individual is a homeowner in the association.

7.2.2. **Records to be Maintained and Made Reasonably Available to Homeowners.** In addition to the records listed in sections 7.1.4.1 through 7.1.4.9, the records listed in sections 7.1.2.1 through 7.1.2.4, section 7.1.3 and sections 7.1.4.10 through 7.1.4.14 shall be maintained at the principal offices of the Association and made available during business hours within

five business days after a *reasonable request for inspection*. A request for inspection is reasonable if the requesting homeowner completes and signs a written form (provided by the Association) indicating the name of the requesting homeowner; the homeowner's address or lot number; the purpose of the request; the records requested; whether copies are required; *and the responses on the form demonstrate: (A) the request is made in good faith and for a proper purpose; (B) the request describes with reasonable particularity the records sought and the purpose of the request; (C) and the records sought are relevant to the purpose of the request.*

7.2.3. **Reproduction of Records.** Any record which may be inspected by a homeowner may be reproduced by photocopying or other means at the expense of the requesting homeowner.

7.2.3.1. Copies or reproductions shall be made by the Board or the Association's property management company. In order to prevent the loss of or damage to the records of the association, *homeowners shall not be permitted to remove records from the offices of the association or its managing agent or management company under any circumstances.*

7.2.3.2. The homeowner may be charged for the actual per page cost of generating the copies or reproductions.

7.2.3.3. Copies or reproductions shall be made available during normal business hours within five business days of the homeowners request.

8. **RESPONSIBLE GOVERNANCE POLICIES.** The following responsible governance policies to promote responsible governance in accordance with C.R.S. § 38-33.3-209.5:

8.1. **Accounting Records.** The Association shall maintain accounting records using generally accepted accounting principles.

8.2. **Unpaid Assessments.** The Association shall collect unpaid assessments pursuant to the provisions of section 3 of these rules and regulations.

8.3. **Conflicts of Interest.** If any contract, decision, or other action taken by or on behalf of the executive board would financially benefit any member of the executive board or any person who is a parent, grandparent, spouse, child, or sibling of a member of the executive board, or a parent or spouse of any those persons, that member of the executive board shall declare a conflict of interest for that issue. The member shall declare the conflict in an open meeting, prior to any discussion or action. After making such declaration, the member may participate in the discussion *but shall not vote on that issue.*

8.4. **Parliamentary Procedure for Meetings—Notice of Meetings.** Meetings shall be conducted pursuant to Robert's Rules of Order and all applicable Colorado law, subject to the following additional requirements:

8.4.1. **Notice of Homeowner Meetings.** In addition to other methods of notice provided for by the Governing Documents, notice of meetings of the homeowners will be posted in a conspicuous place reasonably calculated to impart the date, time, location and subject matter of the meeting.

8.4.2. *Open Meetings Policy.* Meetings of the homeowners, the Board, and any Committee of the Board are open to every homeowner or their authorized representative (as shown in a writing signed by the homeowner). All homeowners or their authorized representatives will be permitted to speak and address the board on any matter on the agenda before action is taken on that item, subject to reasonable time limits imposed by the Board. To ensure orderly meetings the following requirements also apply:

8.4.2.1. A homeowner wishing to speak must sign in at the beginning of the meeting and indicate his or her desire to address the Board or the Homeowners on a matter on the agenda so that sufficient time is reserved. The Board may waive this requirement.

8.4.2.2. A reasonable number of individuals shall be allowed to speak on each side of an issue under consideration, but the Board may reasonably limit the number of individuals permitted to speak in the interest of bringing an issue to resolution in a reasonable amount of time.

8.5. *Enforcement of Covenants, Rules and Regulations, and Architectural Standards and Guidelines.* Enforcement of the covenants and rules shall be as provided for in section 4 of these rules, except that nothing shall preclude the board, association's agent or management company, or attorneys from engaging in additional communication and negotiation to attempt to resolve disputes without resorting to the assessment of fines or resort to legal action. Nothing in this paragraph, however, shall preclude the Association, Board, the Association's agents or property management company, or the Association's attorney from taking action as provided for in rule 4 or from taking any other legal action consistent with Colorado law.

8.6. *Inspection and Reproduction of Association Records.* Association records may be inspected by unit owners upon reasonable notice to the Association as provided in C.R.S. § 38-33.3-317(2) through 38-33.317(4), Section 7 of these Rules, and the Colorado Revised Non-Profit Corporation Act.

8.7. *Investment of Reserve Funds.* Reserve funds shall be invested with FDIC insured institutions.

8.8. *Procedures For the Adoption or Amendment of Policies, Procedures, Rules.* These rules and regulations may be amended by the majority vote of a quorum of the Board. Notice of any new or amended policy, procedure, or rule (whether in these Rules or in the Architectural Standards and Guidelines) shall be provided to all homeowners within 30 days of its adoption and no rule shall go into effect until 15 days after the notice was transmitted to the homeowners.

9. **ANNUAL OWNER EDUCATION.** On an annual basis, Enchantment Ridge will provide education to unit owners at no cost regarding the general operations of the association and the rights and responsibilities of home owners, the Association, and the Board under Colorado law. The executive board shall determine the content of these educational programs, the provider, and the dates and times on which the education will be provided.

10. NOTICES: It shall be sufficient notice under these rules to provide written notification of any violation or assessment of a fine by first class mail or hand delivery to the address of the homeowner's property or any other mailing address that the homeowner may provide to the association from time to time. The Association will provide notices of meetings and other general notices via e-mail if an owner requests the Association to do so in writing and provides the Association with a valid e-mail address (for management efficiency, billing statements will not be sent electronically). Notice shall be effective upon mailing or upon hand delivery.

11. DELEGATION TO PROFESSIONAL PROPERTY MANAGER. The Board, in its discretion, and as provided in Article IV of the Bylaws may delegate the enforcement of all or part of these rules to a professional property manager or the Association's attorney.

12. AUTHORIZATION AND NOTICE OF TRANSFER FEES. Any property management company hired by the Association is authorized to charge a reasonable transfer fee to defray the costs incurred by the manager when property located in the Association is purchased or otherwise transferred.

13. POLICIES RELATING TO PATRIOTIC DISPLAYS AND POLITICAL EXPRESSION. In recognition of the public policy of the state of Colorado as expressed by the General Assembly, the Association will not adopt or attempt to enforce any restrictions:

13.1. On the display of the American Flag more restrictive than those permitted by C.R.S. § 38-33.3-106.5(1)(a). Except that exterior displays of the American Flag larger than 3 feet by 6 feet and the size and location of any flag pole larger than two inches in diameter or eight feet in height may be subject to the reasonable review and approval of the Association.

13.2. On the display of a U.S. military service flag of a homeowner or immediate relative of a homeowner serving on active or reserve military duty during a time of armed conflict more restrictive than those provided for in C.R.S. § 38-33.3-106.5(1)(b).

13.3. On the display of political signs for the period 45 days before through 7 days after any government election as permitted in C.R.S. § 38-33.3-106.5(1)(c). Except that no one sign may exceed 3 feet by 4 feet in dimensions and the number of signs may not exceed the number of ballot issues or political offices in the election and no more than one sign per office or issue may be displayed. Political signs shall not be posted in common areas.

14. POLICY REGARDING CERTAIN EMERGENCY VEHICLES. Emergency vehicles equal to or less than 10,000 pounds gross vehicle weight may be parked on driveways, public streets, and any other legitimate parking area, provided that :

14.1. The vehicle is required as a condition of the homeowners employment with an emergency service provider or membership with a volunteer fire department or similar volunteer emergency service provider.

- 14.2. The vehicle has a visible official emblem or markings designating it as an emergency vehicle.
- 14.3. The vehicle does not block access by other homeowners to their lots, public streets, or common areas; or otherwise interfere with the reasonable needs of homeowners and other residents to use public streets and private driveways.
- 15. SEVERABILITY:** Any portion of these Rules and Regulations invalidated in any manner whatsoever shall not be deemed to effect in any manner the validity, enforceability, or effect the remainder of these Rules. In such event that any portion of these Rules are invalidated, all of the other provisions of these Rules shall continue in full force and effect as if such invalid provision had never been included herein.