

ECHO CANYON ESTATES HOMEOWNERS ASSOCIATION

POLICIES AND PROCEDURES

August 12, 2009

Revised August 1, 2011

The following Policies and Procedures were adopted by the Board of Directors of the Echo Canyon Estates Homeowners Association ("the Association") pursuant to Colorado Revised Statute ("C.R.S.") 38-33.3.209.5.

1. **Collection of Unpaid Assessments**

The following procedures shall apply to the Association's collection of sums due from the Owner.

a. **Due Date and Late Fees**

Assessments are due and payable in accordance with Article 4 of the Declaration of Covenants, Conditions, and Restrictions for the Echo Canyon Estates Homeowners Association ("the Declaration"). Assessments not received within the prescribed period will be considered delinquent and subject to the described penalties.

1. **Payment Date:** Payments will be posted on the day that the payment is received by the management company.

b. **Delinquent Accounts**

1. **Late Charges on Delinquent Assessments:** The Association will impose, on a monthly basis, a late fee equal to 10% of unpaid balance for each owner who fails to timely pay his/her assessment within 30 days of the due date.
2. **Personal Obligation for Late Charges:** The late charge shall be the personal obligation of the owner(s) of each unit for which such assessment is unpaid. All late charges shall be due and payable immediately, without notice, in the manner provided by the Declaration for payment of assessments.
3. **Attorney & Collection Fees on Delinquent Accounts:** As an additional expense permitted under the Declaration and by Colorado law, the Association shall be entitled to recover its reasonable attorney fees and/or collection costs incurred in the collection of assessments or other charges due the Association from a delinquent owner. The reasonable attorney fees or other collections fees incurred by the Association shall be due and payable immediately when incurred, upon demand.

4. Application of Payments: When an account has been turned over to the Association's attorney, all sums collected on such delinquent account shall be remitted to the Association's attorney until the account is brought current. All payments received on account of any owner or the owner's property shall be applied to payment of any and all legal fees and costs.

5. Collection Process

- a. After the annual assessment or other charges due to the Association becomes more than 30 days late, the management company shall send a written notice of non-payment, amount past due, notice of late fees that have accrued, and shall request immediate payment.
- b. Late fees shall accrue for no more than 90 days. At that time, if payment in full (assessment plus late fees) has not been received by the Association, the Association or the Association's attorneys shall file a lien and send a letter to the delinquent owner demanding immediate payment for past due assessments or other charges due. The Association's attorney may, upon further review, file a lawsuit. If a judgment or decree is obtained, this judgment shall include reasonable attorney's fees together with the cost of the action (certified mail), and any applicable late fees and interest. The Association also has the right to submit the account to small claims court or a collection agency, and collect all fees associated with the claim.

6. Collection Procedure Time Frame

Due Date (date payment is due)	January 1
Past Due Date (date payment is late)	Thirty (30) days from due date (February 1)
Notice that late charges have been posted to account (March 1 and April 1)	Every 30 days up to a total of 90 days
Delinquent account turned over to Association's attorneys; lien filed, demand letter sent; or submit the account to small claims court or a collection agency.	90 days after due date

7. Partial Payments

Any payments of less than the full amount owed to the Association shall be applied to pay from the oldest to most recent in the following order:

- a. to attorney fees and legal costs;
- b. to Association's costs and other legal charges;
- c. to late fees and interest;
- d. to special assessments;
- e. to annual assessments

8. Certificate of Status of Assessment

The Association or the Association's management company shall furnish to an owner or owner's designee upon written request, a written statement setting forth the amount of unpaid assessments currently levied against the owner's property for a fee of \$25.00, or other reasonable fee determined by the Board of Directors.

9. Referral of Delinquent Accounts to Attorneys

The Association's attorney shall take all appropriate action to collect accounts referred. The account will remain with the attorney until the account is settled, has a zero balance, or is written off. The attorney, in consultation with the Association's manager, is authorized to take whatever action is necessary and determined to be in the best interest of the Association including but limited to:

- a. Filing a suit against the delinquent owner for a money judgment;
- b. Instituting a judicial foreclosure action of the Association's lien;
- c. Filing necessary documents, claims, and motions in bankruptcy court in order to protect the Association's interests, and;
- d. Filing a court action seeking appointment of a receiver.

10. Waivers, Deviations, and Amendments

- a. The Association is authorized to extend the time for filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association shall determine appropriate under the circumstances.
- b. The Board may deviate from the procedures set forth in this resolution if, in its sole discretion, such deviation is reasonable under the circumstances.
- c. This Policy may be amended from time to time by the Board of Directors.

2. Conflicts of Interest Involving Board Members

Any conflicts of interest involving Board members shall be handled in accordance with Article II of the By-Laws of the Echo Canyon Estates Homeowners Association.

3. **Conduct of Meetings**

Each meeting of the members of the Association shall be called in accordance with Article I of the By-Laws of the Echo Canyon Estates Homeowners Association ("the By-Laws"). This includes meeting of the members and meeting of the Board of Directors.

4. **Enforcement of Covenants and Rules**

The following procedures shall apply to a violation of the Declaration of Covenants, Conditions and Restrictions (CCR's), By-Laws, or the Policies and Procedures of the Echo Canyon Estates Homeowners Association ("the governing documents").

a. **Informal Resolution**

Any member or agent of the Association may directly request that a member or resident cease or correct any act or omission which appears to be in violation of the governing documents. It is the preference of the Board that members of the Association attempt informal resolution prior to seeking formal resolution.

b. **Formal Resolution**

The Association adopts the following formal procedures to be followed when enforcing the covenants and rules of the Association:

1. **Reporting Violations**

Complaints regarding alleged violations may be reported by an owner or resident within the community, a group of owners or residents, the Association's management company, Board members, or committee members (Covenant Enforcement Committee) by submission of a written complaint. All complaints should be sent to the Board of Directors.

2. **First Violation/Courtesy Letter (First Notice of Non-Compliance)**

A complaint must clearly indicate the specific nature of the alleged violation, the date, time, and physical address of the alleged violation, and the name(s) of the member making the complaint. The name of the member(s) making the complaint will not be divulged to persons other than the Board of Directors and the Covenant Enforcement Committee. A letter of non-compliance (first violation) will be prepared by the Association's manager and delivered by U.S. Mail to the owner of the offending property (or designated person). If the alleged violator does not come into compliance within 48 hours of the date of the Courtesy Letter, it will be considered a second violation.

3. **Second Violation (Second Notice of Non Compliance)**

If an alleged violator has not come into compliance after receiving a Courtesy Letter, a second letter shall then be sent to the alleged violator. If a violation is found to still exist, a fine will be imposed pursuant to the schedule of violations adopted by the Board of Directors. The letter shall further state that the homeowner (or designated person) is entitled to a

hearing on the merits of the matter provided that such hearing is requested by the alleged violator in writing within seven (7) business days of the date of the second letter of non-compliance. Request for a hearing does not preclude correcting the violation. Owner must still correct the violation prior to the hearing.

4. Third Violation (Third Notice of Non-Compliance)

If the alleged violator has not come into compliance, and has not requested a hearing, it will be considered a third violation for which a fine will be imposed following notice to homeowner (or designated person) that a hearing has been scheduled by the Board of Directors. The date, time of the hearing, and location of hearing will be included in the notice.

5. Hearing Procedure

- The Board, through its Chairperson, shall direct the proceedings at the hearing or may appoint a Hearing Board and Chair as needed.
- The Chair will poll all members of the Board requiring that any members of the Board that cannot be impartial in the determination of this matter recuse themselves from the hearing.
- The hearing will be conducted informally under the control of the Chair of the Hearing Board or the Board of Directors. The accused will be given the opportunity to be heard, if present. If the alleged violator fails to attend or request a hearing within seven (7) business days of the date of the notification, (third notice of non-compliance) the Board of Directors will make a decision with respect to the alleged violation based on the complaint, results of the investigation, and any other available information.
- If a violation is found to exist, the alleged violator will be assessed a fine pursuant to these Policies and Procedures.
- After all testimony and other evidence have been presented at the hearing, the Board of Directors shall render its written findings and decision, and impose any fines within seven (7) business days of the date of the hearing. A decision, either a finding for or against the owner, shall be by a majority of the Board of Directors present at the hearing. If the Hearing Board determines that a violation has occurred, it will then:
 - a. Determine what corrective action shall be required of the violator including a time frame to complete the corrective action;
 - b. Assess an appropriate fine based on the Association's fine schedule below, and
 - c. Determine the date payment of the fine is due.

- The violator may file a written appeal to the Board of Directors of any adverse decision within seven (7) business days of the decision.

In the event the owner fails to pay the fine consistent with the notification, the fine will be subject to the following schedule:

First Notice of Violation	Courtesy Letter
Second Notice of Violation (of same covenant or rule) This also includes violation of the Grand Valley Irrigation Company watering schedule.	\$50
Third Notice of Violation (of same covenant or rule)	\$75
Continuous Violations (of the same covenant or rule) [See #6 below]	\$ 50 a day

6. Continuous Violations

A continuous violation is defined as having received one or more non-compliance letters within a calendar year for the same Covenant or Rule. If an owner is determined as having a continuous violation, in accordance with the terms of this Policy and Procedure, such owner shall be subject to a fine of \$50 per day depending on the violation, following a notice and opportunity for a hearing as set forth above.

[Example – Owner has received three notices of non-compliance (1st, 2nd, 3rd notice) for RV* parking, has had or waived a hearing, and continues to violate Section 7.13 of the CCRs. Owner will then be fined \$50 per day until the violation is corrected.]

*RV shall mean any trailer, camping trailer, boat, boat accessories, trailer carrying recreational devices, snowmobiles, all terrain vehicles, motor cycles, trucks or commercial vehicles larger than one (1) ton, or similar vehicle equipment.

7. Waiver of Fines

The Board may waive all, or any portion, of the fines, if, in their sole discretion, such waiver is appropriate under the circumstances. Additionally, the Board may conditionally waive the entire fine, or any portion thereof, upon the violator coming into and staying in compliance with the Articles, Declaration, By-Laws, or Policies and Procedures.

8. Deviations
The Board may deviate from the procedures set forth in this resolution if, in its sole discretion, such deviation is reasonable under the circumstances.

9. Legal Reimbursement of Fees
The Association may hire an attorney for collection of fees and may seek reimbursement of its attorney fees and costs in accordance with Article II, Section 2.12 of the Declaration, and Sections 1a; 1.b.3; 1.b.4; 1.b.5; 1.b.7; and 1.b.9 of these Policies and Procedures.

5. Inspection of Association Records

The following procedure shall apply to the inspection and copying of the Association's records. Most records will be available to homeowners on the HOA website maintained by the management company. Hard copies may also be requested through the management company.

- a. Financial records sufficiently detailed to enable the Association to establish the amount of unpaid assessments, late fees, interest, fines, and other legal charges for each lot subject to the Declaration.
- b. Minutes of meetings of the membership.
- c. Minutes of meetings of the Board and committees of the Board.
- d. Records of all actions taken by the members of the Board by written ballot or written consent in lieu of a meeting.
- e. Any waivers of notice of the members, the Board, or committees of the Board.
- f. Records of the names and addresses of each member within the Association as well as each member's voting power as established by the Declaration.

In addition, the Association shall maintain and/or post on its website via the management company, the:

- a. Articles of Incorporation
- b. By-Laws
- c. Declaration of Covenants, Conditions, and Restrictions
- d. Plat
- e. Association owned or grated easements or other ownership rights such as water rights.
- f. Resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of members of the Association.
- g. Minutes of all member meetings, and records of all actions taken by the members without a meeting for the past three years.
- h. All written communication within the past three years to the members by the Board.
- i. A list of names and home addresses of its current directors and officers.
- j. A copy of its financial statements, 990 tax return, audits, and review for periods ending during the last three year from the property management company.

Without the consent of the Board of Directors, a membership list or any part thereof may not be obtained or used by any person:

- a. for any purpose unrelated to a homeowner's interest.
- b. to solicit money or property unless such money or property will be used solely for the benefit of Echo Canyon Estates.
- c. for any commercial purpose.
- d. to be sold or purchased by any person or entity outside the community.

6. **Investment of Reserve Fund**

The Association, acting through the Board of Directors, shall exercise business judgment in the investment of funds designated as reserve funds. The Board of Directors shall invest based on a reasonable investigation of the options available for investment of some or all the reserve funds. Emphasis will be placed on the preservation of principal.

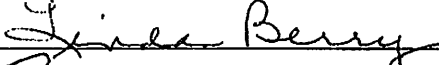
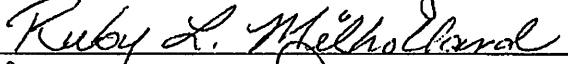
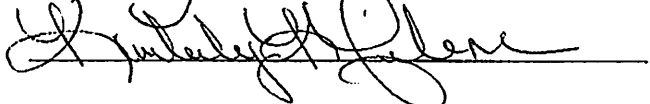
7. **Procedures for Adoption of Amending Policies, Procedures, and Rules**

- a. The Board, in its sole discretion, shall determine and adopt or modify policies, procedures or rules it considers to be beneficial to the Association.
- b. The Board may provide notice to the members of the issue and the proposal(s) to address the issue by policy, procedure, or rule.
- c. The Board may seek the comment of the members prior to voting on adopting the policy, procedure, or rule.
- d. The policy, procedure, or rule shall become effective 30 days after the policy, procedure, or rule is adopted by the Board and published to the members of the Association. All policies, procedures, and rules will be published on the management company's website and available in hard copy at the request of any member by calling the management company's office.

In the case of any conflict between the Articles of Incorporation, the By-Laws, or the Declaration of Covenants, Conditions, and Restrictions, and these listed "Policies and Procedures" such provisions of the Articles, By-Laws, and the Declaration of Covenants shall take precedence and supersede any provisions of these "Policies and Procedures."

This resolution was adopted by the Board of Directors, August 12, 2009 and was revised on August 1, 2011.

ECHO CANYON ESTATES HOMEOWNERS ASSOCIATION

 _____	President
 _____	Secretary
 _____	Treasurer