

RULES AND REGULATIONS
OF
CANYON CREEK ESTATES
HOMEOWNERS ASSOCIATION

INCLUDING THE LAST AMENDMENT DATED MAY 15, 2014

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RULES AND REGULATIONS OF THE CANYON CREEK ESTATES HOMEOWNERS ASSOCIATION

I. INTRODUCTION

Pursuant to certain authority granted in the governing documents for the Project, the Board of Directors of the Association (hereafter "Board of Directors") may pass rules and regulations governing the Owners and the operation and use of the Common Property. These Rules and Regulations have been adopted and implemented to protect your investment and to enhance the value of homes in Canyon Creek Estates. These Rules and Regulations may be revised, modified and amended pursuant to Section 2.2.3 and 7.2.3 of the Declaration.

II. RESTRICTIONS ON ANIMALS AND PETS.

1. Enforcement of Local Ordinances. The Association, gives it express approval to the animal warden and other authorized personnel of Garfield County, Colorado, to enforce county ordinances, rules and regulations related to animal control on the common property.
2. General Rules. Regulations and Policies. The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any home or upon the common property, except that the keeping of orderly domestic pets, (e.g., dogs, cats or caged birds) is permitted subject to these rules and regulations; provided, however, that such pets may not be kept or maintained for commercial purposes or breeding.
3. Specific Rules. Regulations and Policies.
 - a. Pets shall not be permitted upon the common property unless accompanied by an adult and unless carried, leashed or under the direct control of the owner.
 - b. Any owner, resident, or guest, who brings or allows any pet upon the common property shall be deemed to have indemnified and agree to hold the Association free and harmless from any loss, claim or liability of any kind or character whatever arising on the common property by reason of keeping or maintaining of such pet.

- c. Owners are encouraged to register all pets with the Board of Directors or Managing Agent of the Association. Further, all pets shall otherwise be registered and inoculated as required by law.
 - d. The Board of Directors may establish reasonable fees for registration of pets not to exceed the additional costs incurred by the Association resulting from the presence of such pets.
 - e. No pet or animal shall be leashed to any stationary object on the common property.
 - f. Pet owners are responsible for any property damage, injury and disturbance their pet may cause or inflict.
 - g. Every female dog while in heat shall be kept confined in a building or secure enclosure by its owner in such a manner that she will not be in contact with another dog (except for intentional noncommercial breeding purposes) nor create a nuisance by attracting other animals.
 - h. Owners are responsible for the removal of waste of their animal or pet from the common property.
4. Horses. No owner or resident may maintain or board horses on their property or within the Project. Horses are allowed upon the Project, but in no event may horses be boarded or maintained overnight and in no event may horses graze upon the common property.
5. Enforcement. Any owner, resident or managing personnel, observing an infraction of any of these rules, regulations or policies shall discuss the infraction in a neighborly fashion with the pet owner in an effort to secure voluntary compliance. If the complaint is not satisfied voluntarily, an owner or resident shall write to the Board of Directors or Managing Agent of the Association relating the incident or incidents and the efforts made to secure voluntary compliance.

III. UNAUTHORIZED IMPROVEMENTS, REPAIRS, REPLACEMENTS, MODIFICATIONS, OR ADDITIONS.

1. Restrictions. No owner shall in any manner improve, repair, replace, or in any way modify the exterior appearance of any home without the prior written approval of the Architectural Control Committee, if any, or the Board of Directors, except that emergency repairs of essential services to an owner's home may be made by a qualified or, where required by law, a licensed craftsman when under the circumstances obtaining such advance approval would be impracticable.

2. Procedures for Construction, Alteration or Improvement of Homes. If any owner desires to construct, alter or improve their home in any manner, the owner shall employ the following procedure:
 - a. Three detailed sets of the plan specifications for the improvement or alteration, shall be provided to the Architectural Control Committee.
 - b. The Architectural Control Committee shall meet and consider the proposal.
 - c. The Architectural Control Committee shall either (1) give its recommendation to the Board of Directors in writing, or (2) give written disposition of the request directly to the owner.
 - d. If the Architectural Control Committee makes a recommendation to the Board, the Board of Directors shall give written disposition of the request to the owner.
 - e. Upon receipt of written approval by the Architectural Control Committee or the Board of Directors, the owner may implement the alteration.
 - f. Thereafter, the owner must maintain the improvements.

IV. MOTOR VEHICLES

1. Vehicle Regulations. No damaged or unsightly vehicles shall be parked or stored anywhere at or upon Canyon Creek Estates for a period in excess of 14 days.
2. Parking of Motor Vehicles
 - a. Each owner is encouraged to park all their motor vehicles in their garage.
 - b. The Association assumes no responsibility for damage to or theft of any motor vehicle or its contents while parked on the common property.
 - c. Vehicles are prohibited from parking on the common property, easements or roads except for the designated pull offs.
3. Speed Limit. All motor vehicles shall abide by the speed limit of 25 m.p.h. while driving on the roads, and shall abide and observe such other traffic and parking regulations as may be posted in the streets, parking areas and on driveways.
4. Motor Vehicles Prohibited on Common Areas except Roads. Motor Vehicles, of any type, are prohibited from the common areas including easements and the shoulders of the roads.
5. Vehicle Access to Owners Lots. All motor vehicles shall gain access to owners lots by designated and approved driveways only.

V. MISCELLANEOUS RULES

1. Garbage and Refuse:

- a. Garbage and refuse shall be kept in sanitary containers on lots; provided that they do not interfere with the overall beauty of the Project. All Storage containers and equipment shall be kept in a clean and sanitary condition. Garbage and refuse for pick up or disposal shall not be placed out overnight, but rather shall only be placed out on the day of pick up or disposal.
- b. All occupied or completed homes shall be required to utilize the trash service contracted for by the Association. The Association Dues shall include a charge for the trash service. Those home owners who were exempted from this regulation as of January 1, 1995, and are on file with the Association's Management Agency, shall maintain their exemption from trash collection and the corresponding additional charge on the dues. This exemption shall expire upon sale or rental of their home. Then the new owners or tenants shall be required to utilize the Association's trash service. No other trash service is permitted travel on Association's roads or make trash pickups at Canyon Creek Estates.

2. No Interference with Ditches. No Owner, resident or guest shall interfere with any water or irrigation ditches within the Project. These ditches belong to and provide water for third parties (i.e., ranchers, farmers, etc.) and for the Association. Any party interfering with these ditches will be held liable and responsible by the third parties having rights in the ditches. Each owner, resident and guest agrees to and hereby indemnifies the Association from liability and responsibility for any claim or loss resulting from interference with these ditches.

3. Swimming or Wading Prohibited in Ponds. The Ponds in the common area are designed for the enhanced beauty of Canyon Creek Estates. Owners, residents, and guests are prohibited from swimming or wading in the ponds. Each owner, resident and guest agrees to and hereby indemnifies the Association from liability and responsibility for any claim or loss resulting from wading or swimming in the ponds.

VI. WATER AND WASTEWATER SYSTEM RULES AND REGULATIONS

1. Meter Testing - Fees and Costs. Any Owner who feels his water meter is not in proper working order may call for an inspection and test of said meter. If the meter is found to be defective, the Owner will bear all costs of materials and labor to inspect and repair said meter unless said defect is caused by the Association, in which case the Association will bear all costs of inspection, testing, labors and materials for the repair of aid meter. If the Association has reason to believe that a meter is defective, it may inspect the meter and require that the meter be repaired forthwith by the Owner.

2. Inspection. The Superintendent or his or her agent shall have the right of full and free access at all reasonable hours to all parts of the Property to read meters.
3. Interference with Water or Wastewater Systems or Meters. It is a violation of these rules and regulations for any person, unless authorized by these rules and regulations, to trespass upon the water and wastewater systems or facilities or the grounds upon which the same are constructed or to injure or to any way damage or interfere with any property or appliance constituting or being a part of the water or wastewater systems or any fence, guard rail, box cover, or building or any other structure construed or used in connection with the water and wastewater systems, or to obstruct or injure the action of any water meter or install a valve or connection or pipe around the meter or to break the seal on any meter or use any scheme or device to avoid the accurate registering of water use.

4. Maximum Water Usage:

Month:	Permitted Usage:
January	12,000
February	12,000
March	12,000
April	15,000
May	28,000
June	30,000
July	35,000
August	33,000
September	25,000
October	15,000
November	12,000
December	12,000
 Total Annual Usage:	 241,000

5. Water rates for usage above permitted amounts. In the event that a homeowner uses water above the amounts listed above, the excess usage will be billed at a rate established annually by the Board of Directors. These rates will be based upon budgeted amounts to maintain, operate and repair the water system and the total annual permitted usage per lot of 241,000 gallons of water.
6. Maximum water usage allowed: The maximum amount permitted per lot per month will be 15,000 Gallons above that months permitted usage. Usage above the 15,000 gallons will be a violation of these Rules and Regulations and will be handled as any other violation.

7. Usage of water income: The funds and penalties collected for usage above the Permitted Usage will be placed in a separate account. These funds will be used exclusively to make improvements to the water system.

VII. CONFLICT OF INTEREST POLICY

1. A conflicting interest transaction means a contract, transaction, or other financial relationship between the Canyon Creek Homeowners Association ("Association") and a member of the Association Board of Directors ("Board"), between the Association and a party related to a Board member, or between the Association and an entity in which a Board member is a director or officer or has a financial interest.
2. A party related to a Board member means a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which a Board member or a party related to a Board member has a beneficial interest, or an entity in which a party related to a Board member is a director, officer, or has a financial interest.
3. An interested Board member shall disclose all material facts giving rise to a conflict of interest to the remaining disinterested Board members including facts as to the Board member's relationship or interest and as to the involved conflicting interest transaction. The disclosure shall be made at a meeting of the Board and prior to any discussion or action on any matter relating to the involved conflicting interest transaction. The disclosure shall be documented in the minutes for the meeting.
4. When a conflict of interest is disclosed, the remaining disinterested Board members may optionally request the interested Board member leave the meeting during discussion of the conflicting interest transaction or allow the interested Board member to remain during the discussion so as to be able to answer questions and/or provide a brief statement of position on the conflicting interest transaction.
5. A Board member having a conflict of interest may not vote on any matter relating to the conflicting interest transaction. However, the Board member having the conflict of interest may be counted in determining the presence of a quorum at a meeting of the Board which approves the conflicting interest transaction.
6. Any conflicting interest transaction entered into in violation of this Policy shall be deemed void and unenforceable unless with knowledge of the material facts as to the interested Board member's relationship or interest and as to the conflicting interest transaction, the conflicting interest transaction is ratified by either the disinterested Board members or the Association members.

VIII. ASSESSMENT COLLECTION POLICY

1. Assessments

a. Annual Assessments

The fiscal year for the Association begins on October 1 and ends on the following September 30. The annual assessments of the Association are payable in quarterly installments and are due and payable within the first 10 days of the respective quarter. Payments must be received in the office of the Association's accountant within 10 days from the time the assessment is due and payable. Payments not received within the 10 day period are considered past due and subject to a late payment fee as set forth in paragraph 2.

b. Special Assessments

Special assessments established by the Association shall be in statement form mailed to the Association members and shall set forth in detail the various expenses or emergency for which the special assessment is being made. Any such special assessment is due and payable within 10 days of the date of mailing of the statement for the assessment or within 10 days after a specified due date set forth in the statement, whichever is later. Payments not received within the 10 day period are considered past due and subject to a late payment fee as set forth in paragraph 2.

c. Other Assessments

Assessments shall further include fees, charges, late payment fees, attorney fees, fines, interest charges, returned check charges, and costs for collections and enforcements imposed by the Association on any owner. Payments not received for these assessments within 10 days after the date when due and payable shall be considered past due and subject to a late payment fee. If any common expense is caused by the misconduct of any unit owner, the Association may assess that expense exclusively against such owner's unit.

2. Late Payment Fee/Other Charges

If any assessment or portion thereof owed to the Association is past due according to the provisions of paragraphs 1.a, 1.b and 1.c, a late payment fee of \$20 will be further assessed each month any amount is past due. The first such late payment fee shall be assessed at the time any assessment or portion thereof becomes past due. In the event that a check is returned for insufficient funds, returned check charges will also be assessed to the owner.

3. Notice to Delinquent Owners

a. Monthly Statement – A statement will be mailed monthly at the first of each month to each owner having a past due account itemizing the amounts owed including the assessed late payment fees and any returned check charges.

- b. First Letter – If any owner account is past due for a period of 60 days, a letter will be mailed to the owner by first class registered mail. This letter will include a detailed listing of the amount owed and will request the owner commit in writing to a date the amount will be paid. The letter will further state that if the owner is unable to make a firm commitment for payment, the owner should provide in writing to the President of the Board of Directors detailed reasons for continuing delinquency and suggested payment arrangements. The Board may at its sole discretion accept or reject any date for payment and suggested payment plan arrangements provided by the owner.
- c. Second Letter – If any owner account is past due for a period of 90 days or after the expiration of a prior committed payment date provided by the owner pursuant to paragraph 3.a and agreed to by the Board of Directors, whichever is later, a second letter will be mailed to the owner by first class registered mail. This letter will include a detailed listing of the amount owed and will inform the owner that the Association Board of Directors will consider the option of filing a lien against the property and/or terminating water/garbage services, if payment is not received within 30 days. The Association Board of Directors may consider other options to the Second Notice based on the reasons for delinquency stated in a letter received from the owner pursuant to paragraph 3.a. Further, if the Association Board of Directors deems that the owner is making a “good faith” effort to pay the balance on the account, filing a lien or initiating any other action for collection may be delayed at the Board’s sole discretion.
- d. Failure To Send Notices – Failure of the Association to send notices as outlined in Paragraphs 3.a, 3.b and 3.c above does not relieve any owner of his/her obligation for the charges assessed.

4. Collection Activity

In the event a past due balance is not paid in full, the Board of Directors at its sole discretion may, through the Association attorney, cause a notice of assessment lien to be recorded against the real property subject to the assessment obligation or may initiate any other action for collection, including a foreclosure action and/or termination of water/garbage services. All costs of whatever nature incurred for filing a lien or for taking any other action for collection shall be charged as a further assessment against the owner’s account. The Association will be entitled to all costs of collection, including but not limited to late fees, penalties, attorneys’ fees, interest and court costs.” In the event foreclosure action is commenced, it will be commenced when the balance of the assessments and charges secured by the lien equals or exceeds six (6) months of common assessments. The association board must vote on an individual basis to proceed with foreclosure on any specific unit. Owners who are delinquent will have a one-time opportunity to enter into a payment plan to bring their account current, and the payment plan must be for a minimum of six (6) months. The owner must make the payments under the plan as well as pay their current monthly assessment obligations. If the owner fails to make these payments, the association may proceed with collections.

5. Payment Application

All payments in less than the full amount owed to the Association shall be applied in the following order:

- 1st – Late fees
- 2nd – Attorney fees, legal fees and costs
- 3th – Fines
- 4th – Special assessments
- 5th – Annual assessment payments beginning with the oldest unpaid assessment.

6. Waivers

Failure of the Association to require strict compliance with this Collection Policy shall not be deemed a waiver of the Association's right to require strict compliance and shall not be deemed a defense to payment of assessment fees or other charges, late payment fees, fines, attorney fees and costs as described and imposed by this Collection Policy and authorized in the Declaration, Articles of Incorporation, By-Laws and Rules and Regulations.

7. Disputes

Any owner having a dispute with the Association arising under this Assessment Collection Policy may request a hearing with the Board of Directors in order to resolve the dispute informally. The owner will be notified of the time, date and place of the hearing, not less than 5 days before the scheduled hearing date. See the Covenant, Rules and Regulation Enforcement Policy for explanation of the written policies regarding imposition of fines, and dispute resolution process.

IX. COVENANT, RULES AND REGULATION ENFORCEMENT POLICY

1. Architectural Control Committee

The Board of Directors shall appoint an Architectural Control Committee of three or more persons having the responsibility and authority to oversee and enforce the covenants, rules and regulations as imposed by the provisions of the Association's governing documents.

2. Identification of Violations

- a. The Architectural Control Committee through its enforcement activity may identify alleged violations of the Association's governing documents or complaints of such violations may be brought to the attention of the Committee by any owner or resident. While verbal complaints may be considered, it is recommended and the Committee may in its sole discretion require that complaints of violations be brought to the attention of the Committee in writing or by email clearly indicating the nature of the violation, the date, time and location of the violation and the names(s) or address of the accused violator.

- b. The Architectural Control Committee shall investigate each alleged violation to determine if there is a valid basis for further proceedings. Only those members of the Committee who will not receive a greater benefit or detriment from the outcome of an investigation than the general membership of the Association may participate in the investigation or determination of a valid basis for further proceedings.

3. Notice of Violation

- a. When the Architectural Control Committee determines a valid basis for initiating enforcement exists, a notice letter will be sent to the owner providing:
 - specific details of the alleged violation and the action needed to abate the alleged violation,
 - notice that if the violation is not corrected within 30 days, a fine may be imposed,
 - notice that if the owner disputes the alleged violation, he/she has a right to appeal to the Board of Directors by requesting a hearing with the Board, in writing to the President of the Board, within 30 days of the date of the notice letter and that failure to do so will be construed as an admission of the violation and the right to an appeal will be deemed waived forever,
 - notice that only impartial Board members would participate in the hearing, and
 - a schedule of fines that may be imposed for failure to correct the violation.
- b. Failure to appeal to the Board of Directors within the 30 day period will be construed as an admission of the violation and the right to an appeal will be deemed waived forever.
- c. The Committee may also send a notice of violation to a non-owner resident of a home and/or to a complaining party, but is not required to do so.
- d. The alleged violator, complaining party and the Architectural Control Committee are encouraged to resolve disputes relating to alleged violations informally without the need for appeal to the Board of Directors or further action. In the event that the dispute is unable to be resolved informally, a fair and impartial process fact finding process is outlined in paragraph 4 below.

4. Appeal

- a. If the owner requests a hearing with the Board of Directors, the owner will be notified of the time, date and place of the hearing, not less than 5 days before the scheduled hearing date. The Board, in its sole discretion, may grant continuances for good cause.

- b. To provide an impartial hearing, only those members of the Board of Directors may participate in the hearing who do not have a direct personal or financial interest in the outcome of the investigation and hearing and will not receive a greater benefit or detriment from the outcome of an investigation than the general membership of the Association. No Board Member deemed to have a conflict of interest may participate in the investigation or hearing. See Conflict of Interest Policy for more details regarding what constitutes a conflict of interest.
- c. The purpose of the hearing is to determine if the violation actually occurred and whether the owner is the one who should be held responsible for the violation. At the hearing, the owner and Architectural Control Committee will be allowed to speak and present evidence, testimony and witnesses if so desired. If, as a result of the fact-finding process, it is determined that the unit owner should not be held responsible for the alleged violation, the association shall not allocate to the unit owner's account with the association any fees or costs incurred with asserting or hearing the claim. In the event that the parties are not able to resolve the dispute, the Board can initiate a collection action for the violation as is further set forth in paragraph 5.b below. A decision by the Board to reverse or modify the decision of the Architectural Control Committee will require a two-thirds vote of the Board present at the hearing. The decision of the Board of Directors will be sent to the owner within 15 calendar days of the date of the hearing.

5. Fines, Damages and Costs

- a. Once an owner has waived his/her right to a hearing or the Board of Directors has determined, after a hearing, that a violation is occurring or has occurred, the Architectural Control Committee may assess fines according to the following schedules:

For a continuing violation or repeat of a violation within	
30 days after notice letter:	\$ 50.00
60 days after notice letter:	an additional \$100.00
90 days after notice letter:	an additional \$250.00
After each additional 30 days:	an additional \$250.00

- b. Any violation shall entitle the Association through its Board of Directors to seek recovery of damages resulting from the violation, to seek injunctive relief and to recover from the owner or violator or both, all costs including, reasonable attorneys' fees, court costs and fees, interest, and any other expenses, regardless of whether or not litigation is instituted.
- c. All fines, damages and costs shall be charged as a further assessment against the owner's account.

6. Immediate Action

If the Board of Directors determines that immediate action is necessary to protect the safety or property of the residents of the Association, the Board may seek immediate injunctive relief to enforce the Association governing documents.

7. Rights of other Owners

All rights and remedies set forth in this Enforcement Policy shall be in addition to, and not in lieu of, any other rights and remedies which any owner may have to personally enforce the Association governing documents.

8. Records

The Architectural Control Committee shall maintain written records of all matters considered by it and all actions taken by it.

9. Failure to Enforce

Failure by the Association or any owner to enforce any violation of the Association governing documents shall in no event be deemed a waiver of the right to do so thereafter.

10. Conflict

In the event of any conflict between this Enforcement Policy and the Association governing documents or Colorado law, the Association governing documents and/or Colorado law shall prevail.

X. ADMINISTRATIVE

1. Interpretations. Should any rule or regulation be susceptible to two interpretations, one of which would render the rule or regulation valid under the law and the other which would render it void, the interpretation rendering the rule or regulation valid shall apply as the interpretation intended between the owner and the Association. Should any rule or regulation be held void as a matter of law by any court or administrative agency of competent jurisdiction only that rule or regulation shall be rendered void and all other rules and regulations shall remain valid and enforceable.

2. Right to amend. The Board of Directors reserves the right to amend, repeal or add to these rules and regulations from time to time as may be deemed necessary.

3. Hierarchy of Governing Laws Rules and Regulations. The bodies of the Association's governing laws, in descending order of supremacy are: (1) the "Declaration of Covenants, Conditions and Restrictions," (2) the "Articles of Incorporation"; (3) the "Bylaws"; and (4) these "Rules and Regulations." If two bodies of the governing laws are in conflict, the conflict will be resolved by applying the law which is the more supreme of the two bodies.