

**Cedar Mesa Ranches HOA
Board of Directors Meeting
February 9, 2004
Ludemann Residence**

In attendance: Nancy Schaufele, Lisa Liljedahl, Terri Montoya, Susan Bryson, Steve Ludemann and Terry Micheal.

Meeting called to order at 7:05 pm.

Nancy reminded everyone that this meeting will be dedicated to the discussion of “roads” but first we had a few business items to discuss.

Approval of January Minutes: Susan made a motion to approve the January 5, 2004 minutes as written. Terri seconded the motion. Motion passed.

Financial Report: Steve handed out the February Financial Report and announced that our accounts receivable has gone down by approximately \$600. We still have the issue of overdue 2003 dues and failure to pay the road assessment fee.

Susan read from an article recently published in the Durango Herald that spoke to the issue of HOA organizations turning to Collection Agencies to pursue back dues. Apparently homeowners in Nevada, California, Florida and Texas have lost their homes/lots over sums as small as \$81 because of foreclosures by aggressive collection agencies. The Bylaws state we are entitled to collect penalty interest in the amount of 9% annually in addition to costs and reasonable attorney’s fees to collect past due funds. Lisa mentioned that quite some time ago she had some business dealings with Durango Credit and Collection Agency. Steve volunteered to look into the costs associated with hiring a Collection Agency. We would still like some guidance from legal counsel as to a recommended procedure for collecting past due funds.

Annual Meeting in March: Nancy will draft a letter to be sent to all lot owners placing them on notice of the Annual Meeting, time, and location. Susan will prepare address labels and provide envelopes. Terry offered to stuff the envelopes and get the letters in the mail within the next week or so.

Covenants: Susan has been following a story published in the Durango Herald involving a local HOA (Forest Lakes Property Owner’s Association). The HOA filed a lawsuit against a property owner for violation of neighborhood covenants. The covenants were challenged on some technical issues and the lawsuit was eventually dismissed. However, of significant importance is that the property owner was allowed to use the defense that other residents were in violation of the same covenant and that the covenant was invalid because it had not been enforced by the HOA. In a similar lawsuit filed in 1996 by a Shenandoah

subdivision homeowner who accused a neighbor of violating the covenants, the judge ruled that the covenants were invalid because they were not being enforced. To hold that such covenants are unenforceable because they were not being enforced requires enforcement of every provision no matter how insignificant the infraction in order to preserve validity. This puts an impossible burden on the HOA and seems to defeat the purpose of the covenants – adding significant value to a lot/home protected by some element of assurance that certain rules/procedures will be followed.

Nancy hasn't had any success reaching the lawyers that were recommended. Hence, she will contact the HOA attorney mentioned in the above referenced article(s) and see if he would be willing to counsel and advise us on how to proceed with enforcement of our covenants.

Additionally, it was suggested that perhaps we should maintain an ongoing list of violators because obviously we cannot be arbitrary in our enforcement.

Design Review Board: Terri mentioned that she spoke with the owners of lot 94 and they are aware of the easement on their land accessing public BLM land. They are very cooperative and willing to work with the HOA to highlight this access point.

Terri mentioned that another lot owner was questioning our position on modular homes. She asked Susan to send her a copy of the October minutes defining a mobile home – essentially anything that arrives on wheels is considered a mobile home.

Terri received plans/drawings from the owner of lot #106 and recommended we approve them for compliance of covenant issues. The same for Lot #72 and Lot #105 – recommended approval. A motion was made for approval. The motion was seconded and approved.

The owners of Lot #60 and Lot #93 have not submitted their plans/drawings for review by our DRB.

Roads: After considerable research Lisa was able to prepare a hand-out showing the projected road repair/maintenance figures for the subdivision. We're looking at approximately \$60,000 to simply get the roads up to county specifications. We're faced with another annual cost of approximately \$7,000 to grade the road six times/year. And, every three years we are looking at yet another \$25,000+ to gravel Road 35 & K.3.

Some lot owners have suggested we asphalt the top section of Road 35. The estimate for asphaltting this small section is \$253,000. If we were to chip seal this same section the cost would be approximately \$200,000.

Lastly, for the safety and protection of those driving down the "hill" we are considering the possibility of erecting guardrails at a cost of approximately \$5,000. This work would be done after the snow thaws.

We have 139 lots in this subdivision. Our current annual HOA dues are \$150 per lot. If everyone pays each year our revenue is \$20,850 annually.

The Bylaws state that the board is responsible for establishing and maintaining a working capital and contingency fund in an amount to be determined by the Board of Directors. In other words, Lisa suggested that the Board has a fiscal responsibility to make sure that we can adequately maintain our roads. The Board believes that we have four options that must be considered:

1. Increase the HOA dues from \$150/year to \$300/year
2. Assess impact fees
3. Incur a debt and pay off the debt over time
4. Continue to impose annual road assessment fees until the road is repaired to specifications

Terri said that some lot owners will question what we did with their road assessment fee. The fee was \$300 x 139 lots = \$41,700. To date we have spent \$51,210 on road repair/maintenance and this DOES NOT include the cost for snow removal.

In conclusion the Board agreed that the road issue is not going away any time soon and as a governing Board we need to make some very hard decisions in the near future.

Long-Term Vision: Terry mentioned that it might be worth our while to at least look at the possibility of purchasing one of the lots adjacent to the water tank to build a clubhouse of sorts, parking area for all the equipment, bus stop, mailbox access and a meeting location. It will be a costly endeavor for the HOA but should be considered as a visionary possibility.

Snow Removal of Driveways: Lisa spoke with the local fire department and confirmed that they WILL NOT even attempt to save a burning home if the owner has failed to clear the driveway of snow. Hence, it is very important for all lot owners, regardless of whether or not you live here full-time; to clear your driveway and allow access should an emergency arise.

Next meeting will be our Annual Meeting and Election of Officers on March 4, 2004 at 7:00 pm at Absolute Bakery in Mancos.

Meeting adjourned at 8:55 pm.

Respectfully submitted,

**Susan Bryson,
CMR HOA
Secretary**