

**Cedar Mesa Ranches HOA
Board of Directors Meeting
Annual Meeting
March 4, 2004
7:00 – 8:30 pm**

BUSINESS MEETING: 6:00 – 7:00 pm:

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

Meeting called to order at 6:05 pm.

Approval of February 2004 Minutes: Susan made a motion to approve the February 9, 2004 minutes as written. Terry seconded the motion. Motion passed.

Nancy wanted to let everyone know about the two conference calls she and Susan had with Bill Rasure, the attorney retained by the HOA to assist with covenant and collection issues.

Summarization of Conference Call with Attorney Bill Rasure: Nancy highlighted the following comments:

- We will be adding a clarification to the current Covenants that provides the Colorado law interpretation of mobile homes. This is not an amendment but merely a clarification or definition of what “mobile home” entails.
- The Board has been addressing the issue of mobile homes for over a year now and has thorough documentation (Terry will compile a documentation trail) that lot owners have been well informed that mobile/modular homes are not allowed in this subdivision.
- The established HOA took over from the developer in May 2002. The mobile/modular homes that were here previous to May 2002 were improperly allowed by the developer and the attorney recommended we “grandfather” them into the covenants.
- The Covenants are a legal document that runs with the property.
- This subdivision is a “planned community” and if you purchased land in Cedar Mesa then you are obligated to follow the Covenants.
- The Covenants (paragraph 32) are unclear as to who is the “Grantor” and Mr. Rasure suggested that this paragraph is a long way away from identifying the procedures for amending the document. Hence, it is his recommendation that we secure 100% membership approval to add an amendment suggesting 2/3-3/4 membership approval for modification.
- We should be identifying all “reasonable and practical” Covenant violations and after sending a certified return receipt letter or two to the lot

owner, we should be filing a written Notification of Covenant Violation with the county recorder.

- The Bylaws clearly set forth the provisions to collect unpaid fees/dues. Again, we should be sending written notice and if we still have non-compliance, file a Notice of Lien that is recorded with the County..
- As an HOA Board of Directors we have an obligation to enforce the Covenants. Our mission is to protect and enhance the planned community. We have a lot of out-of-state lot owners who aren't here year-round and the most efficient way to enforce the Covenants is through the HOA.
- Mr. Rasure suggested that the cost to pursue litigation against the developer for the sub-standard roads is \$100,000 to \$200,000. More than likely Redstone was bonded, but if the county approved the specifications, it could be difficult to prove a negligence case against the developer. And, more than likely the county is protected by sovereign immunity.
- Combined attorneys fees in the very public Shenandoah subdivision case were \$500,000. Litigation is very costly.
- We would like to tighten the Covenant language with respect to fire mitigation on vacant land. This issue would involve more than a "clarification" and instead would need a vote for amendment.
- The attorney will be assisting us with the following:
 1. Clarification language of mobile/modular homes.
 2. Notice of Covenant Violation (he will complete the first document and then we can do it internally from here on out).
 3. Notice of Lien (again, he will assist with the first lien and then we will complete the document from here on out).
 4. Legal language for the proposed amendment.

Legal Assistance: Susan mentioned that two out of state lot owners (John Cameron & Torin Andrews) who are real estate attorneys by profession, have offered their assistance as a resource to the HOA. The board concurs that it is great to use their services as a "resource" and feel that we should still have an independent attorney on retainer.

Design Review Committee: Terri handed out the documents prepared by the owners of Lot #93. They are interested in erecting a "yurt" and living in the structure for up to three years while building a home. The board discussed the definition of a "yurt" and suggested that it was in fact a nomadic tent-like structure. The board agreed that the structure looked nice. Lisa even offered that she had built and lived in a yurt for three years and understands the design concept. Unfortunately we as a Board of Directors must enforce the Covenants and cannot be selective. It was the opinion of the board that a yurt was a "tent" and a temporary structure and as long as the lot owner did not exceed the 9 month requirement then they could live in such a structure. However, we agreed to review the legal definition of a "yurt" before ruling that it was in violation.

Additionally, the question was raised about the proposed septic and Terri didn't have that answer.

(Immediately following the meeting Terry looked up the legal definition of a yurt: "A circular domed TENT of skins or felt stretched over a COLLAPSIBLE lattice framework and used by pastoral peoples of inner Asia.")

We also discussed paragraph 14 of the Covenants as they relate to "earth tone" colors. We all agree that most colors could be considered "earth tone" and feel that as long as the exterior color isn't something gaudy such as bright purple, we would prefer to stay far removed from the selection of exterior or roof color. Beauty is very subjective and certainly in the eyes of each beholder!

Easement to BLM (public) land: Susan mentioned the easement between Lots #94 and #95 as addressed in previous minutes; however she asked about the second easement between lots #104 and #105 (recently identified by lot owner John Cameron). The other board directors are aware of these two easements. We are also aware that these easements are designed for the use by other HOA owners but with over 2,000 acres of subdivision land we are still concerned about possible parking issues. These concerns will need to be addressed.

Contingency Fund: The bylaws clearly state that the Board has an obligation to set aside "working capital and a contingency fund." Terri said that a client of hers recently mentioned that in her subdivision in Arizona the board is required to reserve \$70,000 for such a fund. We discussed our concerns around this issue and the undesirable need to raise dues.

ANNUAL MEETING: 7:00 – 8:30 pm.

Nancy Schaufele asked everyone to introduce themselves and tell folks which lot they own. The attendance sheet is attached. We had approximately 28 people in attendance.

Highlights of Year 2003: Nancy presented the following highlights and there was some discussion with each update.

- The HOA as we all know it was established in May 2002. The Board of Directors is a volunteer position.
- **Mailboxes** – We are required to have one central mailbox for each lot, or 139 boxes. We don't have near that many currently erected near the front of the subdivision but in the near future the post office will be enforcing this requirement. The Mancos Postmaster is assigning boxes.

- **Noxious Weeds** – We sprayed once in 2003 and have budgeted for two sprays this year. The HOA is required to mitigate noxious weeds in and around the road. We are able to reach approximately 15-20 feet on either side of the road (setback area). Weed spraying is the responsibility of each and every lot owner. Our Covenants identify this mandate and so does the County. It is the law in this County to mitigate your noxious weeds and anyone in violation could be turned into the county and prosecuted. Thistle is our biggest problem but we also have Toadflax and Cheat Grass. Terry offered to make sure that our next Newsletter has information about noxious weed identification. Lisa also mentioned that she can do all the work possible on her lot but if her neighbor doesn't mitigate it is almost futile. Please take responsibility for this very important work.
- **Newsletter** – The Board agreed to produce a bi-annual Newsletter; one in the spring (following our Annual Meeting) and another in the fall (October). Producing a Newsletter is terribly time consuming. The Secretary sends out electronic copies of the minutes each month and if you are interested in receiving copies, please be sure that she has your e-mail address.
- **Fire** – We did receive a very small grant for fire mitigation and will be meeting as a committee to discuss the work proposed in the grant. The grant essentially stated that we would select a prominently displayed lot and complete mitigation work on that lot so that other owners and area residents can view what a defensible space lot should look like. The owner will need to pay a match (\$) to complete the work. We haven't yet identified how a lot will be selected and need to have the process be fair and equitable. Additionally there is some money built into this grant for slash removal. We will be providing more information in the months to come. Additionally, we will be focusing on fire evacuation plans this year.
- **Roads** – Steve and Lisa co-chair this committee and have done a marvelous job getting our roads repaired and maintained. As most of you know, we had one road assessment fee and collected approximately \$40,000. However, last year we spent nearly \$52,000 repairing the roads, building bar ditches, installing culverts and simply maintaining what we have. We have been following all the recommendations of a licensed engineer hired to give us his list of priorities for our roads and the money still isn't enough. Several unanticipated drainage issues have been identified. The water is simply eroding our roads. In one storm alone in 2003, we received over 3" of water in less than an hour.

Roads are the biggest concern and the largest expense. We have received competitive bids for all the major work that has been done and it is simply an expensive endeavor. The current pothole condition that exists is something that occurs on all dirt roads throughout this area. It's

simply a condition of living in the country and having extreme weather conditions.

Speed is a huge concern. Folks travel Road 35 at mach ten and it tears up our roads. We've considered erecting signs that say, "Drive Slow, and Protect our Roads." A lot of the problem with excessive speed is with contractors who are building but don't live here. PLEASE tell your contractors to slow down while traveling our roads.

We addressed the possibility of filing a lawsuit against the developer and the county. See comments mentioned in the Business Meeting. Additionally, it was suggested that we should approach our County Commissioner and see if something can be done. The County hasn't accepted any responsibility for the condition of our roads (they are un-maintained County Roads). One lot owner suggested perhaps we should file a lawsuit just to protect the statute. Another lot owner said that the County never required the developer to build the roads to specifications for those roads leading to Tracts. And yet another lot owner suggested we all take some time to fill potholes and personally work on the roads adjacent to our homes.

Lisa mentioned the risk of losing your home to fire if you fail to snow plow your driveway and recommended that all homeowners, regardless of whether you live here full-time or not, take personal responsibility for plowing their driveways. A fire allowed to burn makes us all susceptible to danger.

- **Covenants** – Nancy reminded folks that we, as an HOA, did not exist until May of 2002. We took over as an official HOA when 75% of all the lots were sold. The Covenants are a part of your land and we cannot control the real estate agent or the developer for their failure to incorrectly mention items contained in the Covenants. It is each and every lot owner's responsibility to become familiar with the Covenants. This is a Planned Community Development and the majority of people purchased here because of the Covenant restrictions. It is the responsibility of the HOA to see that the Covenants are protected and enforced to maintain the property values and integrity of this community.

We have received legal opinion on the definition of a mobile home which also includes modular homes. The Covenants clearly state that mobile/modular homes are not allowed in this subdivision. We have been told by legal counsel that the existing mobile homes (brought here before May 2002) can be grandfathered in. The attorney is currently drafting language clarifying this definition and the fact that mobile home and modular home are interchangeable and one in the same.

Ron Gallagher, owner of Tract R, brought up the Colorado Common Interest Ownership Act, a sixty page document stating that if the covenants are not written in accordance with this Act, they are largely unenforceable.

Cindy Swan, owner of Lot #108 asked if we could essentially change the HOA Covenants and Bylaws to only include responsibilities for the road (common issues). The opposition stated that they purchased property in this subdivision because of the Covenant restrictions and offered that they would never vote for such a change.

The HOA Board of Directors has retained legal counsel to address Covenant amendments.

The three hot topics on the Covenant Committee's radar screen are:

1. Mobile/modular homes
2. Temporary structures
3. Enforcement of Covenants

- **Financial Report** – Steve Ludemann reviewed the expenditures in 2003 and the 2004 budget. He provided the following summary:
 - As of March 2004 we have approximately \$6,400 in outstanding accounts receivable. There are provisions in the bylaws that allow us to file liens and we are taking steps to do just that.
 - We have budgeted \$25,000 for road maintenance and as you've heard this amount is dramatically low and simply unrealistic. We cannot budget anymore than that and still maintain a balanced budget. Our annual dues are only \$150. We continue to struggle to find ways to maintain and repair the roads and must ask ourselves, 'is our income stream big enough?'
 - The February Board Minutes give some projected costs for the future maintenance and repair of our roads.
 - Rollin Lunders, owner of Tract Q, said that all of us should be questioning our mill levy tax. The tax should reflect that we as lot owners are responsible for the maintenance of county roads. The tax should be reduced because of that and he suggested you all call the Assessor's office.
 - The HOA is required to maintain working capital and a contingency fund.

- **Election of New Board Officers** – Nancy announced the proposed slate of Officers:

○ President	Terry Micheal
○ Vice-President	Lisa Liljedahl
○ Treasurer	Steve Ludemann
○ Secretary	Susan Bryson

- At Large
- At Large

Nancy Schaufele
Terri Montoya

Nancy asked for nominations from the floor. After some fun arm twisting we had one additional nomination for Suzanne Duke (lot owner #25). A motion was made naming the proposed slate, including Ms. Duke, as the 2004 Board of Directors. A vote was taken. There was no opposition. Vote passed unanimously.

- **NEW BUSINESS** – Terry Micheal asked if there was any New Business to discuss:
 - Update on Fire Station – It is a volunteer fire station housing an ambulance and a couple of engines. Lisa reminded folks that for an annual fee of \$25 to the Mancos Fire and Rescue Department, the ride in the ambulance is free.
 - Identifying the easements to BLM (public) land is on our radar screen in 2004.
 - We should consider “slow down” speed signs.
 - Suzanne Duke asked if anyone was interested in high speed internet access and she offered to do some research and get back to the community.
 - This is the best time of the year to take a proactive approach to fire mitigation.
 - One lot owner mentioned her disappointment of an exterior color selection of a newly constructed home in the subdivision and questioned the HOA’s authority to mandate color selection. Please refer to the earlier notes from the Business Meeting wherein we intend to shy away from this issue unless the color is completely intrusive and in violation of the Covenants.

A motion was made and seconded to adjourn. Motion unanimously passed. Meeting adjourned at 8:30 pm.

Respectfully submitted,

Susan Bryson
Secretary, CMR HOA