

RULES AND REGULATIONS

OF

HAPPY SCENES WATER SYSTEM INC.

ARTICLE 1

GENERAL

1.1 **AUTHORITY.** The Happy Scenes Water System Inc. (Water System) will provide the potable water system to serve the Happy Scenes Subdivision, La Plata County, Colorado.

1.2 **WATER SYSTEM OVERSIGHT.** The Association Board will oversee the Water System in accordance with the Bylaws.

1.3 **RESPONSIBILITIES.** The Board Members (hereinafter the Board) is responsible for the operation and maintenance of the Water System including: installation, maintenance, repair and replacement of all treatment plants, water mains, distribution lines, curb valves, pumping stations, storage tanks, and other facilities owned by the Water System. The Board is not liable or responsible for lines and facilities owned by the Homeowner.

The Board shall endeavor to plan for, capitalize and build adequate capital improvements consistent with fiscal responsibility in the best interest of the water users. The Board shall set tap fees and rate schedules that will generate sufficient revenues to meet all projected operation and maintenance expenses, annual costs and reserve fund requirements.

1.4 **LIABILITY.** To the extent permitted by the laws of the State of Colorado, the Board shall be excused from any liability arising from the good faith performance of their responsibilities. The Board shall not be liable for interruptions in service or conditions resulting there from. Further, the Board shall not be liable for events beyond their reasonable control and jurisdiction.

1.5 **AMENDMENTS.** The Board shall have the power to amend these Rules and Regulations to reflect those changes determined to be necessary by the Board. The Board is not required to provide prior notice of amendments. Amendments to these Rules and Regulations may be accomplished by specific modification or by the adoption of policies or decisions by the Board at its meetings, in which event such amendments shall be evidenced by reference to the adoption of policies or decisions in the minutes of the meetings of the Board. Any amendments shall be made to the permanent set of Rules & Regulations.

1.6 **VARIANCES.** The Board reserves the right to grant variances to these Rules and Regulations when in its judgment the variance would be in the interest of fairness to the Homeowner or the interest of business practice by the Board.

ARTICLE 2 DEFINITIONS

Unless the context specifically indicates otherwise, the meaning of the terms used in these Rules and Regulations shall be as follows:

2.1 "Distribution line" means the pipeline extending from the water main to the water meter, or to the property line of the Homeowners.

2.2 "Homeowner" means any person owning property entitled to receive service from the Water System.

2.3 "Service Area" shall refer to the boundaries of the Water System as designated by the Board.

2.4 "Service line" means the pipeline extending from the water meter to the Homeowner's building or point of use.

2.5 "Tap" or "Connection" means the physical connection of the service line from the Homeowner's building or point of use to the distribution line.

2.6 "Tap fee" means the payment to the Corporation of a fee for the privilege of connecting a tap for a particular use to the water system. Physical tapping is not the criterion for the obligation of paying a tap fee.

2.7 "Water main" means a principal artery of the water system to which a distribution line may be connected.

2.8 "Water system" means all water mains, distribution lines, curb valves, fire hydrants, storage tanks, and any other water facilities owned by the Corporation.

2.9 "Immediate Family Member" shall be a parent, child, or sibling of the current member.

2.10 "Transfer Fee" shall be \$1,000 if property is sold to a non-Immediate Family Member to be due at closing.

ARTICLE 3

RESPONSIBILITIES OF HOMEOWNER

3.1 **ENTER AND INSPECT.** Homeowners agree that duly authorized agents or employees of the Board, shall be permitted to enter on their property for the purpose of inspection, observation, measurement, sampling and testing, or for any other necessary and authorized purpose, in accordance with the provisions of these Rules and Regulations.

3.2 **MAINTENANCE OF SERVICE LINE.** Each Homeowner is responsible for maintenance of the entire length of their service line. The Homeowner shall promptly repair all leaks or breaks in the service line. If the Board knows of a break or leak in a service line it shall notify the Homeowner. The Board has the right, but not the obligation, to cut the Water supply to any defective service line.

3.3 CHANGE OF OWNERSHIP. The purchaser of any property is required to notify the Board upon change of ownership of the property and to provide documentation of such transfer.

3.4 DAMAGE. The Homeowner shall be responsible for damage to meters, curb stops, vaults, and other Water System facilities not caused by ordinary wear and tear that occurs on that Homeowners' property.

3.5 WATER PRESSURE. Neither the Board nor the Water System shall be liable for damage to plumbing or other facilities of the Homeowner caused by excess water pressure, stoppage of water supply, or loss of water pressure. It is, therefore, suggested that if necessary Homeowners install pressure reducing valves and/or airvac valves.

Each Homeowner having boilers and/or other appliances on their premises dependent upon water pressure or water in pipes for a continuous supply of water shall provide at their own expense suitable safety devices to protect themselves and their property against stoppage of water supply, loss of pressure, or excess pressure.

3.6 ACCEPTANCE. By receiving water service, a Homeowner shall be deemed to have agreed to comply with the Bylaws of the Corporation and these Rules and Regulations, as amended from time to time by explicit modification or by the adoption of superseding policies or decisions of the Board.

ARTICLE 4

UNAUTHORIZED USE OF THE WATER SYSTEM

4.1 UNAUTHORIZED TAMPERING WITH THE SYSTEM. No person shall uncover, use, alter, disturb, or make any connection with or opening into any Water System water main or appurtenance without first obtaining a written permit from the Board. No person shall

maliciously or willfully break, damage, destroy, uncover, deface or tamper with any portion of the Water System.

4.2 UNAUTHORIZED CONNECTIONS. A penalty of double the tap fee shall be collected from any person tapping onto the Water System's lines without prior payment of all required tap fees in addition to approval of a valid water service contract or adequate Board inspection of Homeowner installed lines.⁴

4.3 UNAUTHORIZED USE OF SERVICE LPG. The Homeowner shall not cross connect his service line to any water source other than Water System facilities, including wells. Upon receiving notification from proper authority of an unauthorized connection, the Board shall immediately discontinue the Homeowner's water service.

ARTICLE 5

VIOLATIONS OF THE RULES AND REGULATIONS

5.1 Any person violating any of the provisions of these Rules and Regulations shall be liable to the Board for any expense, loss or damage occasioned by reason of the violation.

5.2 The Homeowner shall be responsible for any court expenses or reasonable legal fees incurred by the Board in enforcing the terms and conditions of these Rules and Regulations.

ARTICLE 6

WATER TAPS, FEES AND EASEMENTS

6.1 The Board shall establish a tap fee for reconnections or connections to the system.

6.2 The Homeowner is responsible for the payment of all equipment and construction charges related to the installation of one residential water tap/connection for each lot for use in a single residence.

6.3 Service lines from any tap shall not be carried across property lines for use outside the property initially authorized to be served.

6.4 Taps shall serve only the property where the tap was originally made and shall not be transferred to any other property.

6.5 Any assessments required to maintain, repair or construct new facilities for the Water System shall be made by the Board in accordance with the Bylaws.

ARTICLE 7

WATER LINES

7.1 **WATER MAINS.** When service to a Homeowner's property requires the extension of the Water System's water mains, the Board may require the Homeowner, at their own expense, to install a water main to the specifications of the Water System, or the Board may require the Homeowner to pay for the installation of the water main by the Water System. All water mains, whether installed by the Board or by a Homeowner, shall become part of the Water System after inspection and acceptance of the Corporation.

7.1. **HOMEOWNER INSTALLATION OF WATER MAINS.** If the Board requires the Homeowner to install the water main, the Board shall provide, in writing, specifications for the pipeline equipment and construction. The Board has the right to inspect the ongoing construction, and the Board shall give final approval of the construction. The Homeowner shall dedicate the water main to the Water System.

7.1.2 The Board may provide for reimbursement to a Homeowner as additional connections to that main line are made by other Homeowners.

7.2 DISTRIBUTION LINES. The Board shall install distribution lines and installation shall be in accordance with Board standards. All distribution lines are the property of the Water System.

7.3 SERVICE LINES. The Homeowner shall install, maintain and own their service line. The Board reserves the right to inspect service lines at any reasonable time and to require corrections where necessary. The Board shall, however, assume no responsibility for the inspection of the service line.

The service line shall meet Board standards. In installing the service line, the Homeowner shall comply with local, state and federal health laws, and applicable plumbing and other codes. If the Homeowner does not comply, the Board may discontinue the Homeowner's water service.

ARTICLE 8

DISCONTINUANCE OF WATER SERVICE

8.1 DISCONTINUANCE OF WATER SERVICE DUE TO DELINQUENCY IN PAYMENT.

Delinquent notices given in accordance with the Bylaws shall be sent by certified mail and regular mail, to the delinquent property owner. If neither the owner(s) nor the occupant of the property can be located for personal service, it shall be lawful to attach the notice to the front door of the property. The Water System reconnect fee, as set forth in the By-Laws for a discontinuance of water service because of a delinquency in payment, shall be charged for reconnection of the water service along with all other delinquent charges.

8.2 PERMANENT RELINQUISHMENT OF TAPS. A Homeowner may permanently relinquish a tap to the Water system with the approval of the Board of Directors. A Homeowner desiring to permanently relinquish a tap shall submit the following to the Board for review:

- (1) A written request signed by all persons who are owners of the property requesting the relinquishment.

- (2) Proof acceptable to the Board that the property has an alternate legal source of water.
- (3) Acknowledgement that a document will be recorded in the office of the La Plata County Clerk and Recorder providing notice that the tap has been relinquished.
- (4) payment of any fees due to the Corporation at that time and the payment of any fee imposed by the Board to process a relinquishment request.

Once relinquished, the Board shall have the authority to allocate that tap to another property desiring access to the system, on a first come first served basis.

ARTICLE 9

WATER SYSTEM RESTRICTION OF HOMEOWNER WATER USE

9.1 Whenever there is a shortage of water, caused by limitation of Water System facilities, emergency, or limitations placed on the Water System by any governmental entity, or when, in the opinion of the Board, an emergency exists, the Board has power to regulate and curtail water usage.

PASSED AND ADOPTED
on this _____ day of _____, 2018.

HAPPY SCENES WATER SYSTEM INC.

By:

Print Name:

Print Title:

