

Homestead Landowners' Association, Inc.

Policies and Procedures

July 12, 2026

Introduction: A policies and procedures document undertakes to describe association business that is not covered, or is covered only in a general way, by existing documents: by-laws, article of incorporation, and/or covenants. The policies and procedures here-in are the day-to-day workings of the Homestead Landowners' Association, Inc., known throughout as either *HLA*, or the *association*.

As such, they do not necessarily reflect the policies and procedures of the past, nor of the distant future. They are a reflection of how the association operates *now*. They may be modified by the HLA's board of directors at any time, and should be reviewed on an annual basis by both board and membership. Also, they reflect a *minimum* involvement by association members to keep HLA operating smoothly as a non-profit entity with basic land management and financial responsibilities.

A key point to remember is that everyone involved with the management, business, and upkeep of Homestead Landowners' Association, Inc., with the exception of the water operator and the bookkeeper, is a *volunteer*.

Record Keeping

All records of the HLA and Water Works business are to be kept on file in the HLA office as hard copy and electronic file as available. These records are to be kept organized for easy retrieval and review as necessary. Decisions about what materials are to be archived, and for how long, is dictated by state and federal agencies. It is the responsibility of the board of directors to ensure document retention complies with all federal tax and state legal requirements. Whether to archive documents beyond legal requirements or to dispose of older documents shall be a board decision. All permanent records are to remain in the HLA office at all times.

The following documents must be kept **permanently**: Audit reports, checks for important payments/purchases, depreciation schedules, year-end financial statements, any legal or important correspondence, records of accident reports or insurance claims, minutes of board meetings and resolutions, minutes from annual meeting of members, bylaws, articles of incorporation, declaration of agreement, any IRS or legal correspondence, all tax returns and worksheets.

The following documents must be kept for a **minimum of 7 years**: accounts payable ledgers and schedules, expense analyses/distribution schedules, inventories, invoices to customers and from vendors, payroll records and summaries, personnel files, timesheets, contracts and notes and leases, withholding tax statements.

The following documents must be kept for a **minimum of 3 years**: bank reconciliations, bank statements, general correspondence, employment applications, expired insurance policies.

Water System

Water Manager/operator: HLA contracts for a state-certified water manager, with a detailed contract itemizing responsibilities. State certification, at minimum level 2 to include provision for chlorine testing, is required by the State of New Mexico to operate a public water system. HLA pays for initial training to provide Level 1 certification, after which the water operator is responsible for his own continuing certification.

The water system is budgeted separately from the HLA budget. The water operator and bookkeeper work together to produce the monthly billing, with the water operator providing water-use readings from each meter in the system. The bookkeeper then uses the HLA-owned computer and *Intuit QuickBooks* to generate billing.

The water manager is currently paid a flat fee of \$880.00 per month, with an additional \$16.00 per hour for extra “shovel” work.

HLA works closely with the New Mexico Rural Water Association for back-up certification coverage, and is required to work closely with the New Mexico Environmental Department-Drinking Water Bureau to maintain water quality standards through a rigorous, state-approved water testing regimen.

Some HLA residents remember a time years ago when water was distributed from a single source free of charge. That is no longer the case. The state requires that all water that is distributed from HLA wells be metered and tested on a regular basis.

HLA Water System: HLA currently uses three (3) wells and a distribution system that includes chlorine treatment to provide potable water to subscribing residents.

The HLA board has approved a 10¢/gallon fee for non-potable water, sold at the frost-free near the HLA office. The water from the frost-free is potable, but because HLA cannot guarantee the customer’s transfer equipment or storage procedures, the water is sold as non-potable only. Residents currently contact the treasurer or water manager to arrange for water sales.

The board has followed a case-by-case policy of not charging for *one half* of the gallons lost through a residential water leak on private property during the first incident. Residents are encouraged to be *aware* of the workings of their own water systems, and to install and maintain appropriate valve systems to protect themselves and the HLA water system from leaks.

When property with water service is left vacant for long periods of time, the property owner’s water supply should always be shut off at the customer’s valve(s) by the property owner.

HLA offers turn off/turn on service to properties for \$25.00 for each visit. Residents may not use the HLA corporate stop, or the meter shutoff valve, as their means of controlling water delivery to their property. Residents who damage an HLA valve will be charged for its replacement, both parts and labor.

HLA does not offer plumbing services or excavation services on private property.

HLA no longer provides water to new accounts located off HLA property or on out-parcel property.

HLA provides water to commercial accounts on HLA property on an individual basis, after board negotiation with the commercial property owner.

Residential water meters are read and billed monthly. Water bills that are delinquent for more than three (3) months may result in water shut-off, with liens filed. The water operator closely monitors all water deliveries in an effort to catch leaks before they become catastrophic.

Water Provision to Commercial Ventures

Homestead Landowners’ Association, Inc. (HLA) covenants (section 5-e) allow for limited commercial activities on residential lots. However, because of limited ground water resources, the decision to supply water to a commercial venture shall be decided on a case-by-case basis. In no instance

shall water be supplied to a commercial venture that uses more water than that expected of a single family, residential lot.

For example: a commercial tax preparer might establish his/her business in a Homestead residence, with that business not expected to increase traffic flow, as per 5-e. Water service would be provided, since the consumption of excess water is not expected from such a business.

On the other hand: a resident may decide to grow a large commercial crop that requires a significant use of residential water for crop irrigation. That use would be denied, since HLA's water rights are limited for residential use.

Residents are encouraged to look to other sources for commercial watering ventures, such as roof run-off collection.

Insurance

HLA, Inc. currently carries general liability and worker's comp through the agent, Monti Hancock of Hancock-Leavitt Insurance company in Arizona. Worker's comp is insured by Markel Insurance Company, and liability is insured by Philadelphia Insurance Companies. The HLA service truck is insured with State Farm Insurance through the agent, Jose Archuleta in Raton, NM.

Internet and Communications

The HLA has no phone service, but maintains an internet connection via Starlink for board members to attend board meetings remotely. The HLA maintains a website, homesteadlandowners.org, that shall be maintained and updated regularly. The website shall serve as document control as the most current documents and fee schedules can be accessed, downloaded, and/or printed from the website. The HLA will provide periodic updates and communications with members via USPS or email if requested.

HLA Restroom/Groundskeeping/Firewising

The HLA restroom in the storage/office building is opened for use after the last threat of frost has passed. It is closed for the winter season in October. Maintenance of the restroom is on a volunteer basis. If no volunteers offer to maintain the facility, it remains closed.

General grounds keeping throughout Homestead is done on a volunteer basis, including any lawn mowing or trash pick-up.

Residents are encouraged to be active Firewise participants, clearing over-crowded stands and dead timber (with the exception of occasional wildlife trees) to reduce wildfire threat, remembering that HLA has virtually no fire-fighting protection.

Members may deposit slash (tree trimmings only—no trash) at the 'Borrow Pit' slash pile, around the pit's perimeter. The slash pile is managed by volunteers. It is the HLA Board's responsibility to maintain, modify, or cancel slash deposition policies.

HLA property is posted against hunting and trespassing. Maintenance of the signage is accomplished by volunteers.

Mapping

HLA is a square mile of properties, with 175 separate lots and more than 130 landowners. An up-to-date ownership map is a board responsibility, using the annually provided county landowner lists and board knowledge of recent land transfers. That process is, like all others, accomplished by volunteer effort.

HLA roadways

Roadwork including grading and graveling is accomplished through hired contractors, with the work organized by volunteers. The volunteer road committee works within budget restrictions to receive bids for work. The committee works with the HLA board to determine which sections of road are a priority.

Absent a road committee, the HLA board will act as a committee-as-a-whole to authorize work.

It has been the HLA policy to provide free of charge one (1) culvert for driveway easement to residential properties, should a culvert be needed. Culverts are only installed on roadway right-of-way, and become HLA property, whether originally purchased by the landowner or not.

Culverts are installed either by hired contractor, or by volunteers.

Maintenance of existing culverts is accomplished by hired contractors, or by volunteers. HLA expects that landowners will tend to the maintenance of their own culverts and to private driveway repair.

New Construction

Resident are asked to inform the HLA board of any new construction planned, including information on set-backs, water and electric lines conforming to the HLA covenants. Detailed procedures are outlined in the HLA Covenants.

General Obligations

Obligations that must be addressed in a timely manner as they are received include:

- payment of four (4) electric bills each month;
- Ad Valorem taxes: because HLA enjoys non-profit status, the organization pays no property tax on HLA property, although individual land owners in HLA do pay property taxes to the county. Tax records are archived, however.
- renewal fee for Articles of Incorporation with Secretary of State each July;
- gross receipts taxes on water sales due each December and June;
- Water Conservation Fee due to state engineer each December and June;
- Visa bill each month that includes expenditures by bookkeeper, water manager, and whomever else is authorized by the board to use the Visa card;
- Insurance payment (usually billed in January) to both Jackson-Brown and Mountain States;
- HLA membership fee to New Mexico Rural Water Association;
- Individual HLA membership dues at \$100 per lot due in July.

Utility Building

The 60x64 Mueller utility/service building was donated to HLA as a work center for water and road crews and job-related activities. The facility will be used for fabrication, and for storage of parts and

materials such as piping, plumbing supplies, culverts, and signage. Any other use that is not road/water system related is encouraged, but must be scheduled by the building manager.

- No smoking is allowed inside, or within 30 feet of the building.

- HLA residents must be 21 or older to use shop facilities with arrangements made with the building manager. Minors may use facilities if accompanied by a supervisor who is a full-time HLA resident.

- No person under the age of 25 shall operate any HLA motor vehicle, unless under the direct supervision of a full-time HLA resident.

- The 24x40 "community room" may be used for gatherings including HLA meetings, 4-H activities, youth projects, writing workshops, and similar educational meetings, provided those meetings are **scheduled in advance** and noted on the building calendar. All scheduled events will be approved by the HLA Board, through the Building Liaison. An HLA resident must be in attendance at all such meetings, and will be responsible for clean-up, supply replacement, lights on/off, and water use management.

- Should an activity be scheduled that requires the 40x60 garage area, arrangements must be made to move HLA vehicles out of the building during the duration of the event if they are in the way, and to return the machinery afterward.

- The ADA bathroom that opens only to the outside will remain unlocked at all times, unless neglect, misuse, or vandalism indicates otherwise. The remainder of the service building will be locked at all times when not in use.

- Entry keys for the service building may be obtained from the building liaison. Keys will not be general issue to HLA residents.

HLA Service Truck

The 2020 Ram 3500 water/road service truck is also a donation made to HLA.

- Safety is job-one with the HLA vehicle(s).

- The HLA truck is a 'logged' vehicle. The operations log kept in the truck will be completed after every use, including notation of maintenance needed. If needed maintenance is of a nature that would prevent usage of the vehicle, the vehicle manager will be notified.

- No smoking is allowed in the vehicle.

- The vehicle should always be stored in a 'ready' condition: gas tank full, auxiliary diesel tank full. Fuel can be purchased using the HLA credit card from the Eagle Guest.

- Operators will conduct a thorough inspection of the vehicle before each usage, as per the posted check list. Any maintenance issues will be promptly addressed.

- Because of insurance regulations, no one under the age of 25 may operate the vehicle. A valid driver's license is always required for operation.

- The vehicle may be operated by the water manager, who has priority usage, or by any full-time HLA resident 25 years old or older while engaged in HLA related service activities.

- Other than responding to emergencies, the HLA truck will be used for the sort of activities for which it is intended. It is not designed for hauling gravel or pulling stumps. The snow plow unit is reserved for pushing snow only, on HLA roads and property. It will not be used for plowing private driveways, other than the private road allowing access to Well #4.

- Anyone planning to use the HLA truck for the first time should schedule and complete a standard check ride before using the vehicle.

- If an operator cannot abide by the 20 mph HLA speed limit, he will not use the HLA truck.

- Any time the HLA truck is at a work site that requires that it be parked on an HLA roadway, all emergency equipment will be activated, and traffic cones placed fore and aft. If the work site requires water system or road repair crews to work in or near the roadway, the truck should be parked and coned in the road to most effectively block traffic, with emergency lighting activated.

-Any fuel donated for the HLA service truck (i.e., paid at the pump by a private party) should be noted in the log. All HLA Visa fuel receipts must be turned in at the end of the month to the HLA bookkeeper.

HLA 2021 LS MT2 40E Tractor with Backhoe

These policies and procedures are to ensure the safety of the equipment operators and HLA members as well as to safeguard HLA and member property. The backhoe is to be used for HLA and HLA waterworks projects only.

- While digging with the backhoe, or using any of the attached implements, the engine rpms are to be between 1500 and 2000.
- The backhoe may be operated by the water manager or by a qualified HLA resident 25 years old or older while engaged in HLA related service activities.
- Anyone planning to use the backhoe for the first time must complete a check ride to exhibit competency or be trained by a qualified operator before using the vehicle.
- Operators will properly use the seat belt at all times during operations.
- Only one person is allowed on the backhoe at a time.
- The backhoe is a 'logged' vehicle. The operations log kept on the backhoe will be completed after every use, including notation of maintenance needed. If needed maintenance is of a nature that would prevent usage of the vehicle, a board member or equipment committee will be notified immediately.
- The backhoe should always be stored in a 'ready' condition.
- Operators will conduct a thorough inspection of the vehicle before each usage, as per the posted check list including tire condition, fluids check, and brake check. Any maintenance issues will be promptly addressed.
- Because of insurance regulations, no one under the age of 25 may operate the backhoe.
- A valid driver's license is always required for operation.
- Any time the backhoe is at work, all emergency equipment will be activated. If the work site requires water system or road repair crews to work in or near the roadway, the HLA truck should be parked and coned in the road to most effectively block traffic, with emergency lighting activated.

Additions and Corrections

The policies and procedures document may be amended at any time by the HLA Board of Directors.

September, 2019: By unanimous board vote, the following was added to Policies and Procedures:

Before the board appoints an HLA resident to a board position, that person shall attend a minimum of five (5) HLA Board regular meetings, learning the workings of the board in the process.

The Board may amend the attendance requirement, depending on circumstances. For example, an HLA resident who has attending meetings off and on over the years, and is well-known to the board members, might be appointed to the board after interest is expressed. The policy is intended to apply to new residents—new to the subdivision, new to property ownership in the HLA.

Account Collections

A late fee of 10% will be charged on the monthly billed amount after 30 days.

After four months or a \$400 past due balance on your water bill or yearly association dues, you will be notified by certified letter that you have 30 days to reach out to accounting to arrange to bring your accounts current, or your water will be turned off and your meter will be locked on said date.

If you are not a water customer, after four months of past due yearly association dues, you will be notified by certified letter that a lien will be placed on your property on said date. All fees for placing and removing property liens will be charged to the property owner.

In the event that the above actions have not resulted in the past due amount being paid or a satisfactory payment agreement from the HLA member the board may utilize a collection agency to recover the past due amount.

Water Fee Schedule

The water rates are calculated to yield sufficient revenues to pay the operating expenses of the HLA water system, including the cost of pumping from the wells; chemicals to disinfect the water; to provide for the repair of water system infrastructure owned and operated by HLA; to pay labor, administrative, billing, accounting and legal expenses, and to establish a minimal financial reserve to allow HLA to eventually access grant funds for system improvements. A copy of the new Water Fee Schedule is included in this notice. It goes into effect on August billing of 2025

Homestead Landowners' Association, Inc. Water Fee Schedule

(effective August 2025)

Service	Fee
Meter Installation including shut-off valve	\$2000 plus labor, equipment, and extenuating circumstances
Meter Removal	\$250
Dormant Meter Annual Fee	\$100
Monthly Base Fee	\$35
Turn Meter Off (within 24 hours)	\$25
Turn Meter On (within 25 Hours)	\$25
Shutoff and lock for non-payment	\$50
Resume service after arrears	\$25
Emergency Meter Shutoff (ASAP)	\$70
Emergency Meter Turn On (ASAP)	\$70
Damage to HLA Equipment	Per incident, based on damage plus a \$200 fine
Returned Check Fee	Current Bank Rate
Late Fee	10%
Meter/meter box tampering fine	\$50 Per incident

Water Fees

Water Base Fee	\$35
1 to 1500 gallons	.012 per gallon
1501 to 2500 gallons	.020 per gallon
2501 to 4000 gallons	.024 per gallon
4001 gallons & above	.030 per gallon

If a customer's meter is turned dormant at all during a fiscal year, they are charged the dormant meter flat fee for that year. When a customer's meter is turned on, they are charged a monthly base fee plus usage.

A late fee of 10% is automatically incurred 30 days from the invoice date.

Emergency shut off/turn on is performed as soon as possible. Regular water shut off/turn on is done within 24 hours.