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1. Purpose

1.1 This policy is established to give guidelines for assessments levied by resolution of the Board of Directors.

2. Assessments

2.1 Annual assessments will be determined by the Board of Directors and set in the month of October each year. Assessment amounts will be determined based on a Board of Director approved budget and used to cover anticipated operating expenses for the following water year.

2.1.1 Invoices will be sent to all shareholders and to assessed landowners. Invoices will be prepared by November 1st with a due date of December 1st of each year.

2.1.1.1 Class A assessments are levied for the company’s general operating and project costs.

2.1.1.2 Acreage assessments are levied as special assessments to cover system operating costs and/or loan payments for specific system projects.

2.1.1.3 Any outstanding expenses due by a shareholder will also be included in their annual assessment invoice.

2.2 Within the city system there are city lots and city-acre assessments which are assessed at different rates. City-acres are typically ground that is primarily used for agricultural use. If at any time city-acre’s primary use is changed from agricultural use to residential or industrial use its assessment will be converted to the city lot rate.

2.3 The Board of Directors may at its discretion assess Class B stock. If a class B stock assessment is levied it would be for no less than 10% of class A stock. Class B stock may only be assessed if water is specifically delivered to class B shareholders.

- 2.3.1 Water would only be delivered to class B shareholders when all class A shareholders are being delivered as much water as can be used and there is excess water available within HIC water rights.

3. Delinquencies

- 3.1 Assessments not paid by the due date will incur a late fee of \$35.00 or 3%, whichever is higher, plus an additional 3% each consecutive month on outstanding balances not paid.
- 3.2 Accounts that are not paid in full by March 15th may be subject to a public auction of the shareholders' stock sufficient to pay the account in full. All stock sales for the payment of delinquent assessments, notices thereof, and sale expenses will be accomplished in accordance with the statutes of the state of Utah, and:
 - 3.2.1 Sufficient shares will be sold to pay the delinquent assessment, to cover the costs of advertising, plus \$100 per each share sold for the expense of holding the sale.
 - 3.2.2 After any delinquency sale the related stock certificate becomes void and must be surrendered to Horseshoe Irrigation Company so that, if applicable, a new valid certificate may be issued to the delinquent shareholder.
 - 3.2.3 If there is any money left over from a stock sale the balance will be forwarded to the delinquent owner(s). Any remaining balance will be mailed to the address on file of the stockholder once an adjustment to the stock certificate has been made.
 - 3.2.4 Delinquent accounts will be subject to a stock sale when the account balance is over \$100.00 (not including late fees) or if the account is delinquent for two consecutive assessment periods, whichever occurs first.
- 3.3 If a shareholder has not paid their account in full by the beginning of the water year, they may not use any water until the account is paid in full and:
 - 3.3.1 Their risers/taps may be capped to assure no water use. A reconnect fee of \$100.00 will be charged, for each riser/tap capped. The account must be paid in full to reestablish water access.

3.3.2 If shareholders' water is delivered through a ditch system, they will not be scheduled for a water turn until their account is paid in full and a new ditch turn schedule is published.