

**RULES
AND
REGULATIONS
OF
LA RIVA DEL LAGO
CONDOMINIUMS**

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**RULES AND REGULATIONS
OF
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These Rules and Regulations (“Rules”) have been adopted and implemented to protect the investment of the Members of the Association and to enhance the values of their properties subject to regulation by the Association. Except as otherwise expressly stated, the following rules and regulations apply to all Owners and their families, lessees, employees, agents, invitees and guests with respect to the use of the condominium units and any other portion of the La Riva del Lago Condominiums.

1. BACKGROUND / CONTEXT OF THE ASSOCIATION.

(A) Executive Board. The governing body of the Association is the Executive Board (“Board”). The officers of the Association are the President, the Vice-president, and the Secretary / Treasurer.

(B) Management. The Association may employ a professional management company, under contract to the Association, to manage the affairs of the Association. The management company is the Association’s agent. The management company employs a Managing Agent and all related support personnel necessary to conduct the affairs of the Association and oversee contractors. The Managing Agent reports to the Board.

(C) Meetings. The Association meets on a periodic basis. Board meetings are open to attendance by all Owners or their proxied representative. Any Owner who wishes to address the Board may do so during the portion of Board meetings designated for Owner comments. Contact a Board member, the Building Manager, or the management company for the time and / or location of the Association meetings.

(D) Annual Meeting. The annual Owners’ meeting is held at a time and place selected by the Board. Notice of the meeting is provided to each Owner. All Owners who are in good standing with the Association may vote at this meeting, either in person or by proxy. At this meeting, the Board members transact any business that properly comes before the Association, including discussion of the budget or budgets, finances and the election of one or more directors.

(E) Documents and Records. All Association records and documents, including budget, financial statements, minutes, Declaration, Articles of Incorporation, and Bylaws, are kept at the management company’s office and are available for inspection on reasonable notice by Owners, as set forth in the Colorado Revised Nonprofit Act, during normal business hours. Copies are available at a nominal charge.

2. INTERPRETATION OF THE RULES & REGULATIONS.

(A) Executive Board as Sole Interpreter. The interpretation of the Rules will be in the sole discretion of the Board.

(B) Failure to Act. No failure of the Board to insist on the strict adherence to any provision of the Rules shall constitute a waiver of such provision. Failure to enforce any provision shall not prevent the Board from exercising any of the remedies found in these Rules for a subsequent breach.

3. RESPONSIBILITY FOR COMPLIANCE.

(A) Unit Owners. In all cases, Owners shall be responsible for infractions and / or violation of these Rules.

(B) Family and Guests. It shall also be the responsibility of Owners to ensure that family members and guests are apprized of and follow these Rules.

(C) Lessees. It shall be the further responsibility of Owners who lease / rent their Units to provide their lessees with a copy of these Rules and to ensure that such Lessees are apprized of and follow these rules.

4. OCCUPANCY RESTRICTIONS.

Units are limited to occupancy by persons, subject to applicable zoning. Parking spaces and Garage Units are limited to occupancy for the storage of vehicles. For use and occupancy restrictions, please see the provisions of the Association's Declaration.

5. RENTALS AND LEASED UNITS.

(A) General Provisions. Owners may rent or lease their units in conformity with local zoning laws, ordinances and regulations. Leases shall be in writing.

(B) Identification of Lessee. Residential and Commercial Unit Owners who lease their Units will be required to provide the Building Manager with the name(s) of their lessee(s) and a means, (preferably a telephone number) that can be used to contact them in case of emergency.

(C) Obligation of Lessee. Residential and Commercial Unit Owners shall be required to furnish lessees with a copy of these Rules and Regulations and make compliance with the terms of the Governing Documents of the Association, including these Rules and Regulations, a provision of any lease of a Commercial or Residential Unit and that failure by lessee to comply with the terms of the Association governing documents shall be considered default under the lease. In the case of short term rentals of less than one (1) month, in lieu of furnishing a copy of these Rules and Regulations directly to such short term lessee, a copy of these Rules and Regulations may be left on

file with the management company so long as the short term lessee is notified that a copy of these Rules and Regulations will be provided on request.

6. MOVE-IN / MOVE-OUT PROCEDURES.

(A) Elevator Reservations. Advance arrangements for the use of the elevator must be made with the Building Manager. Reservation of the elevator may be made only by Owner(s) or named tenant. Moves in or out of the building may not take place until such reservation has been approved by the Board or the Building Manager. Reservation of the elevator is permitted Monday through Friday from 8 a.m. to 5 p.m.

(B) Responsibility for Damages. In the event of damage, cleaning, or other claims, the party causing such damage/claim, or the owner of the unit to which such party is associated, shall immediately pay the Association for the costs of repair (or reasonable estimate thereof). If the Association performs cleaning service, costs shall be assessed at a rate of sixty dollars (\$60.00) per hour, subject to a minimum charge of sixty dollars (\$60.00).

(C) Checklists. The Association may develop and maintain an appropriate checklist to facilitate these moving procedures.

(D) Time Limits. Moves shall be completed between 8:30 a.m. and 6:00 p.m., Monday through Saturday and Sunday 9:00 a.m. to 6:00 p.m.

7. KEYS AND ENTRY DEVICES.

(A) General. No resident may allow someone unknown to them to accompany or follow them through the doors or garage doors of the building. Neither may Owners or residents give, loan, or transfer keys or other entry devices to anyone not associated with the resident's Unit.

(B) Duplicate Keys. Unit Owners will be required to provide the Building Manager with a duplicate key to their Unit. A coding system will be developed and maintained for the safe storage of duplicate keys. Duplicate keys will be kept under lock and key separate from the coding system. It will be the responsibility of Owners to provide their lessees with keys and other entry devices needed to access to building. If a lock on any door is changed by an Owner, the Owner shall immediately provide the Building Manager with a new key.

(C) Emergency Access to Units. Except in cases of extreme emergency, no person shall enter a Unit unless the Building Manager or Managing Agent accompanies them.

(D) Change of Locks and Keys. No Unit Owner or resident shall change or replace locks without first providing the Building Manager with a duplicate key for such changed lock. The Replacement locks will have to be in keeping with the character of the building.

(E) **Garage Entry.** Entry devices, if any, for the garage may be obtained from the Building Manager. Association Garage entry devices will be made available only to those authorized to park in the garage (one entry device per assigned space). There will be a nominal charge for the replacement of garage entry devices. It will be the responsibility of Owners to provide their lessees with garage entry devices.

(F) **Cost of Keys and Entry Devices.** Any costs associated with the purchase of entry devices will be passed on to the Owner or resident.

8. ACCESS TO THE BUILDING AND COMMON ELEMENTS.

Systems and / or personnel may limit access to the building. Such Owner and resident, or occupant, is required to comply with the requirements of such systems or personnel. Corridors and those portions of the Common Elements that provide access to Units are to remain open and unobstructed for the benefit of Owners and residents.

9. SHOWING OF UNITS.

Owners may show their Units to prospective purchasers and lessees at any hour, so long as such activity does not cause a disturbance or annoyance to other residents. Any licensed real estate broker / agent, employee of a licensed real estate broker / agent, or co-op broker / agent may show an Owner's Unit, pursuant to proper written authorization. Showings shall be by appointment only. No open house signs may be displayed on Common Elements. The involved Owner and / or their agent shall meet each prospect and then take them back to and out of the front door. Management personnel will provide keys to agents only if they have been furnished to the Association by an Owner or agent and placed in that Unit's file for that specific purpose. The Developer shall be permitted to place open house signs on Common Elements for period of twelve (12) months following issuance of Certificate of Occupancy.

10. SERVICE AND MAINTENANCE POLICY.

(A) **General.** These policy statements define the diverse responsibilities of the Association to the Unit Owners with regard to services of the Association and maintenance of individual Units and Common Elements. The standards below, which are to be considered a measure of the responsibility of the Association, are to be interpreted in the sole discretion of the Association.

(B) **Common Elements.** The Association shall endeavor to maintain the Common Elements and portions of Units, if any, which are the responsibility of the Association in a manner consistent with the Governing Documents. Except as otherwise provided in the Governing Documents, the Association is responsible for outdoor maintenance of the exterior of the building. It is the policy of the Association to maintain the exterior of the building and the elements which are a part of the Common Elements in a condition comparable to that which existed when the building was completed. Cycle periods have

been established or are to be established for items which require maintenance at regular intervals. Maintenance and repair of the interior of the Unit is generally the responsibility of the Unit Owners. A Unit Owner assumes responsibility for inside maintenance upon purchase.

(C) Exterior Maintenance Policies.

- i. Doors. Exterior doors of the building and doors wholly within Common Elements doors are the responsibility of the Association.
- ii. Windows and Glass Doors. Windows and glass doors will be considered the responsibility of Unit Owners. Window operating mechanisms are the responsibility of the Unit Owner. If replacement is made by the Association, Unit Owners will be billed for the cost of replacement.
- iii. Cleaning. The Association on a periodic basis may clean glass exteriors above the ground floor. The cleaning of glass exteriors and doors on the ground level are the responsibility of the Owners or occupants of those Units.
- iv. Balconies; Decks and Patios. Unit Owners shall be responsible for keeping their exclusive balcony, deck and/or patio in clean and attractive condition, including keeping such area free of snow, leaves, and other debris. In no event shall Unit Owners be permitted to remove snow, leaves, or other debris from their exclusive balcony, deck and/or patio in a manner which causes a hazard or is otherwise reasonably determined by the Executive Board to be a nuisance. Specifically, Unit Owners shall be prohibited from clearing snow, leaves, and other debris from exclusive balcony, deck and/or patio by moving such snow, leaves or other debris onto any Common Element, public sidewalk or other public right-of-way.

(D) Interior Maintenance Policies.

- i. Common Electrical Wiring and Plumbing. If repair is required to plumbing or electrical wiring common to more than one Unit, the Association will perform the repair and will restore the structure as closely as possible to the original standard condition. Any additional cost will be the responsibility of the Unit Owner. The Association has the sole right to determine responsibility for any given repair and to make that repair.
- ii. Unit Electrical and Plumbing Fixtures. The electrical and plumbing fixtures within the Unit, serving that Unit, are considered part of the Unit and the property of the Unit Owner. Repair or replacement is the responsibility of the Unit Owner. Fixtures include, but are not limited to, the following: light switches, outlets, sconces, sinks, appliances, faucets (within the Unit) and electrical appliances.

- iii. Walls, Floors and Ceilings. Walls, floors or ceilings damaged as a result of water entering the building from outside the building, except where caused by an Unit Owner, will be repaired by the Association and restored as closely as possible to the original standard condition.
- iv. Doors. Repair and replacement of Unit interior and Unit entry doors will be at the cost of the Unit Owner.
- v. Appliances. All appliances and fixtures in Units are the property of the Unit Owner. The Association assumes no maintenance responsibility for appliances.
- vi. Floor Coverings. All carpet and floor covering in the Unit is the property of the Unit Owner. The Association assumes no responsibility for the maintenance of floor coverings.
- vii. Dryer Vents. Dryer vents are to be cleaned by the Unit Owner unless they become clogged, in which event the Association may clean the vents and charge the Owner.
- viii. Corridors. Corridors are to be vacuumed as determined by the Board or Building Manager. Carpets in commercial corridors will be shampooed on a periodic basis or as otherwise determined by the Board or Association manager. Replacement of carpet which is worn or torn will occur when the carpet becomes unsightly, when backing shows, when tears present a walking hazard, or as otherwise determined by the Board or Building Manager. Painting of corridors will be as determined by the Board.
- ix. Trash - Residential Units. At the election of the Board, Residential Unit Owners may receive trash removal service. If provided by the Association, the expense for these trash services shall be reimbursed by the Unit Owners as an expense attributable to those Units and Unit Owners.
- x. Trash - Commercial Units. Commercial Unit Owners may receive trash services from the Association, by their own separate contract or arrangements with providers or from the Association. If provided by the Association, the expense for these trash services shall be allocated as determined by the Association among the Commercial Unit Owners.
- xi. Unit Maintenance and Repair. Owners shall keep their Units in a good state of preservation and cleanliness. Unit Owners are also to take good care of their Unit and are to make all necessary repairs to the Unit.

11. UNIT ALTERATION AND REMODEL.

(A) General. All architectural changes and Unit renovations are subject to the provisions of the Governing Documents, specifically including, but not limited to, Articles 6 and 18 of the Declaration.

(B) Alterations to the Common Elements. Except as otherwise provided in the Governing Documents, no alterations, additions or improvements may be made to the Common Elements without the prior written consent of the Executive Board. Alterations to Unit interiors made by Unit Owners must not adversely affect the structure, must comply with all applicable building codes and permit requirements, and must be at the Unit Owner's expense.

(C) Summit County Building Code. All work must comply with Summit County Building Code. Owner assumes full responsibility for compliance with all relevant building codes.

(D) Shutdown of Building Systems. Under no circumstance may smoke detector or building intercom speakers be removed or taken apart without prior Association approval. The Building Manager must be given forty-eight (48) hours advance notification if Unit alterations require the shutting-off of water. Except in cases of emergency, water is not to be shut-off for more than two hours at a time.

(E) Notification. The Building Manager must be given a schedule estimating the time involved in completing the project and contacted no less than seventy-two (72) hours prior to the commencement of work. The Building Manager must also be given seventy-two (72) hours notice if the project will require the shutting off of any building system. No building system may be shut off for more than two hours at a time.

(F) Use of Outside Contractors. All contractors performing work must be licensed and insured. The Owner must provide to the Building Manager complete information on the contractor including name, address, and contact information. Owners are responsible for any damage caused by their actions as well as the actions of their contractors and agents.

(G) Contractor Insurance. Before a Contractor may begin work in any Unit, the Contractor must furnish adequate proof of liability insurance and workmen's compensation coverage.

(H) Posting of Notices, Permits, etc. Prior to the commencement of work, the Unit Owner must post on the front door of the Unit copies of all permits required by Summit County or the Town of Dillon, and copy of the contractor's insurance.

(I) Working Hours. Owner and contractor work hours are from 8:00 a.m. to 5:00 p.m., Monday through Saturday only. No resident or contractor construction activity is

allowed in the building on Sunday. Contractors, sub-contractors and their employees must check-in with the Building Manager before entering the building.

(J) Tools and Materials. No tools or materials of any kind may be taken through the front doors or lobby. Materials, tools, etc., shall all be brought to the elevators via the garage, stairway, dock area or other appropriate area.

(K) Reservation of Elevator. An elevator should be reserved at least twenty-four (24) hours in advance for large movements of materials, etc. It is the responsibility of the resident or his contractor to make such advance reservations with the Building Manager. Failure to obtain a confirmed reservation may result in significant delay in obtaining access to an elevator. Unnecessary or excessive reservations are not permitted.

(L) Clean-up. All excess materials, debris and trash must be hauled away by the Owner or contractor. No materials, debris or trash may be thrown down central trash-chutes (if any), in the Association dumpster, or other Association trash receptacles. Appropriate clean up shall be the responsibility of Owners and their contractors. Any dirt, sawdust, or other construction material left or spilled in elevator or on hallway carpeting must be cleaned up immediately. Also, all involved hallways, garage, elevator, loading dock, lobby or other common areas must be cleaned up at the end of each day. Exterior Unit doors must be kept closed when work is being done in a Unit.

(M) Responsibility for Alterations and Renovation of Units. Whether Unit alterations are undertaken by Owners or the personal contractors, Owners assume full responsibility for:

- i. Compliance with the Association's Declaration.
- ii. Damage to the common areas or other Association costs.
- iii. Obtaining confirmed reservations for the use of an elevator.
- iv. Obtaining confirmed approval for use of personal contractors.
- v. Contacting the Building Manager or Managing Agent, or having contractors and other workers check with the Building Manager or Managing Agent to clarify any questions about Rules regarding Unit alterations before work begins and having permits as necessary.

(O) Penalties. Violation of these rules may result in the assessment of penalties against the Unit Owners and contractors including, but not limited to, the suspension or termination of a contractor's further access to the building.

12. WINDOW AND GLASS COVERINGS.

In order to preserve a more uniform and aesthetically pleasing appearance of the exterior of the building, all draperies and window coverings installed and maintained by Owners on windows, doors or glass areas of the Units shall be limited to show only white, off-white, or beige. Interior facing draperies or coverings need not be white, off-white, or beige, but all draperies and coverings as visible from the exterior of the building must be white, off-white, or beige.

13. DECORATIVE DISPLAYS.

Unit Owners shall not cause or permit anything other than conventional draperies, curtains and holiday decorations to be hung, displayed or exposed at or on the outside of windows or outside of Units without the prior written consent of the Executive Board.

14. SATELLITE DISHES AND TV ANTENNA.

So long as the Association may provide television or video channels by master means of distribution or otherwise, and, so long as the Association may provide other electronic means of communication or service, as allowed under federal law, Owners are not permitted to install their own satellites or other antenna. In any event, the right of Owners to install and maintain any satellite or antenna is limited to the maximum extent permitted under applicable federal law. Nothing herein shall be construed as creating an obligation for the Association to provide television or video service.

15. STORAGE OF ITEMS ON PATIOS, BALCONIES, DECKS, ETC.

Appropriate and well maintained and aesthetically pleasing (as determined by the Board) patio furniture, consisting of all-weather chairs and tables, will be allowed on patios, balconies, decks and terraces provided that these items remain in good condition and repair. Such furniture shall be of a style and color which blends with the architectural character of the building. Charcoal burning barbecue grills are prohibited. Storage on any patio, balcony or deck or visible area from the Common Elements may be restricted. Unsightly or unsafe furniture, fixtures, devices, articles or other items or things (including, but not limited to, bicycles, sporting equipment, appliances, automobile parts and tires, cardboard boxes, newspapers, or anything flammable) may not be stored on any patio, balcony or deck or area visible from the Common Elements. The patios, balconies, decks, terraces, stairways and windows shall be used only for the purposes intended, and shall not be used for drying or hanging garments, hanging signs, cleaning of rugs, or storing other objects. Doghouses, hammocks, patio enclosures, awnings and bicycles are not allowed on balconies, terraces and common areas. Except as provided above, in the Governing Documents, or as otherwise permitted by the Executive Board, nothing shall be stored on patios, balconies, and decks or outside of a Unit without the prior written consent of the Executive Board.

16. STORAGE OF ITEMS ON COMMON AND LIMITED COMMON ELEMENTS.

Storage of materials in the Common Elements is strictly prohibited. Storage of materials in the Limited Common Elements or other areas designated or allowed by the Executive Board will be done at the risk of the person storing the materials.

17. PARKING AND STORAGE.

(A) Parking within Boundaries. All vehicles and automobiles (including trailers, camping trailers, boat trailers, boats, hauling trailers, running gear, or accessories thereto, motor driven cycles, trucks, self-contained motorized recreational vehicles (e.g., snowmobiles, ATVs or jet skis), vans, or other types of vehicle or vehicular or recreational equipment), parked or stored in the Community shall be parked or stored wholly within the boundaries of assigned parking spaces or their Garage Unit. No vehicle larger than a factory specification Ford Excursion or AM General Hummer may be parked or stored in Garage Unit; nothing in this paragraph shall create the right on the part of any party to park or store any vehicle in the Community which cannot be parked or stored within the boundaries of a parking space or Garage Unit. Vehicles are parked or stored in the Community at the risk of the operator and the Association shall not be liable for any theft, loss, or damage to the same.

(B) Registration of Vehicles. The Association may require vehicles occupying any parking space or Garage Unit to be registered with the Association.

(C) Idling of Engines. In order to prevent the buildup of noxious fumes in the garage area, Owners may not “warm up” or idle their engines within the garage area.

(D) Garage Cabinets and Storage Containers. Parking spaces and Garage Units are limited in use to storage of vehicles and any accessory storage permitted by the Association. Installation of cabinets in or at a parking space or Garage Unit or other parts of the garage area is prohibited without prior written approval by the Board. Unit Owners are put on notice that items are stored in the Storage Units at their own risk and the Association shall not be liable for any theft, loss or damage to the same.

(E) Vehicles using the parking structure, driveways and ramp may not exceed a speed of five miles per hour. Illegally parked vehicles and derelict vehicles will be towed or booted at the vehicle owner’s expense, with or without notice.

18. DELIVERIES.

Deliveries of any kind requiring the use of an elevator shall be completed between 8:00 a.m. and 5:30 p.m., Monday through Saturday. Advance arrangements for use of an elevator must be made with the Building Manager. Damages to Common areas or other Association expense caused by a Delivery shall be assessed to the involved Unit.

19. SMOKING.

Cigarette and related smoking is permitted in individual Units and on the balconies, patios or decks of a Unit. Smoking materials are to be disposed of in appropriate receptacles. Smoking in or on the Common Elements is prohibited.

20. ANIMALS AND PETS.

(A) Written Permission Required. Pets, including cats, dogs, birds, reptiles and other animals may be kept and maintained by occupants within their Unit if the animal, in each instance, is expressly permitted in writing by the Managing Agent or by the Board. No more than two animals per Unit. No animals in excess of one hundred (100) pounds are permitted.

(B) Removal of Pets. Where written permission is granted, such permission is revocable if the animal becomes obnoxious to other Owners or occupants. In that event, the Unit Owner or person having control of the animal shall be given a written notice to correct the problem or, if not corrected, the Unit Owner or occupant, upon written notice, may be required to remove the animal from the Community. The written notices provided for herein shall be issued by either the Building Manager and / or the Managing Agent.

(C) Pets for Commercial Purposes. Animals may not be kept on the premises for any commercial purposes.

(D) Clean Up After Pets. Owners or persons having control of an animal, shall, while the animal is in the Community, be responsible for cleaning up after their animal and shall be deemed to hold the Association harmless from any claim resulting from any action of their animal and any costs incurred by the Association.

(E) Other restrictions. Pets are not permitted to run free outside of an Owner's Unit at any time. When outside of a Unit, pets should be on leashes at all times when being walked by their Owners. All pets must be kept off the non-paved areas at all times. Owners of pets must pick up the waste created by their pets immediately. Owners are responsible to prevent pets from damaging any landscaping, hallways, elevators, lobbies, buildings or property owned by others. Pets may not be tethered to any of the common elements or limited common elements.

21. BICYCLES.

Bicycles of residents may not be taken or stored in individual Units or on balconies. Bicycles are to be stored in the garage or in an Owner's storage area.

22. HAZARDOUS WASTE AND MATERIALS.

All hazardous or medical materials and waste must be stored within the Unit in accordance with current applicable laws and administrative regulations. Hazardous and medical waste and materials must be removed directly to appropriate removal service vehicles and may not be left or stored on Common Elements. No hazardous materials may be stored in any Residential Unit without the prior express written consent of the Executive Board. No hazardous materials including flammable or toxic materials, such as, but not limited to, paint, stain, thinners, gasoline, and medical waste, shall be placed in the Association trash chutes or trash dumpsters.

23. INCREASED RISKS AND DAMAGE.

Nothing shall be done or kept in or upon a Unit or upon the Common Elements, or any part thereof, which would result in the cancellation of the insurance as maintained by the Association, without the prior written approval of the Association. Nothing shall be done or kept in or upon any Unit or in or on the Common Elements, or any part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit, or other imposed requirement of any governmental body. No damage to, or waste of, the Common Elements or any part thereof, shall be committed by any Unit Owner, or any member of the Owner's family, or by any guest, invitee or contract purchaser of any Owner. This specifically refers to, but is not limited to, the storage of flammable liquids or fireworks in any Unit or on the Common Elements.

24. TRASH, RUBBISH AND REFUSE.

In order to prevent endangering health and safety, long term storage of trash or rubbish within the Units or Common Elements is prohibited. All storage of rubbish, garbage or other debris within the Units will be in a manner which prevents the spread of vermin and unnecessary fire hazards. Neither shall Unit Owners permit any merchandise, freight, personal property or refuse to accumulate on the sidewalks or near the entrances, corridors, passageways, service areas, loading docks, and lobbies outside of their Unit without the express written permission of the Association.

25. ELECTRICAL DEVICES / FIXTURES.

No electrical device, which creates electrical overloading of standard circuits, may be used without written permission from the Executive Board. Misuse or abuse of appliances, circuits, or fixtures within a Unit which affects other Units or the Common Elements is prohibited. Owners wishing to use or install such devices must make written application to, and receive written approval from, the Board prior to the use and / or installation of such devices. Any damage resulting from this misuse shall be the responsibility of the Unit Owner from whose Unit the damage was caused. Total electrical usage in any Unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

26. WASHING MACHINE RULES AND PROCEDURES.

(A) Turning Off Water. It will be the responsibility of residents to turn off water when not using their washing machines during periods of absence in excess of one (1) week.

(B) Hose Replacement. Owners are responsible for periodic repair, maintenance and replacement of washing machine water hoses. This will help limit damage for broken or failed water hoses, to an Owner's Unit and to other property. Owners may be fined or held responsible for damages from any water hose.

27. WATER HEATER REPAIR / REPLACEMENT.

Unit Owners are responsible for periodic repair, maintenance and replacement of water heaters. Owners may be held responsible for damages caused by failure of their Unit water heater to other Units, Limited Common Elements, or the Common Elements.

28. HOME BUSINESS POLICY.

(A) General. Recognizing that advances in technology have enabled more people to work out of their homes, the Association has adopted the following policy regarding home business.

(B) Disturbance to the Building. Residents may use their Residential Unit for business purposes provided such business does not disturb other residents of the building, does not increase substantially the flow of traffic in the building, and such business is reasonably undetectable.

(C) Signage. Under no circumstance may signs be displayed indicating that the home business is being conducted in the Unit

(D) Business Licenses and Permits. Any resident operating a business in the building must obtain, if required, any town home occupation license, permit, etc. and must follow and comply with any rule or regulation governing that business.

(E) Termination: If any of the above conditions are not met, Board may require that the resident terminate the business activity. Determination as to whether the above conditions exist will be at the sole discretion of the Board.

29. DIRECTORY LISTINGS.

The Association may make space available on a directory board, at the entrances or other locations, for the names of the firms, companies, corporations or other entities. The Declarant and the Board will control and approve lettering size and style and number of listings on directory boards and lobby or corridor doors. The Board may authorize additional names to be added, for a fee. A directory of tenants may be maintained by the Owners of Units at entrances to the building, at the sole cost and expense of the Owners of Units. Prior to installation, the Board must approve the design, size and location of such directory.

30. EXTERIOR SIGNS AND DISPLAYS.

Signs and decoration of entrances around doors, including exterior displays, will be permitted in areas on the exterior of the building as approved by the local government, the Declarant or the Board. No other signs or exterior displays will be permitted to be displayed on the exterior of the building, from windows or hung or placed on walls or doors.

31. USE OF COMMON ELEMENTS.

Common Elements shall be used only for the purposes for which they were designed. No person shall commit waste on the Common Elements, interfere with their proper use by others, or commit any nuisances, vandalism, or damage on or to the Common Elements.

32. RULE ON ANNOYANCE OR NUISANCE.

No noxious, offensive, dangerous or unsafe activity shall be carried on in any Unit, or the Common Elements. Neither shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants or which may interfere with their peaceful enjoyment of the Common Elements for the purposes for which they were designed. No Unit Owner or occupant shall make or permit any disturbing noise or nuisance activities or do or permit anything to be done that will interfere with the rights, comforts or convenience of other Unit Owners or residents. No Unit Owner or occupant shall play, or suffer to be played, any musical instrument or operate, or suffer to be operated, an engine, phonograph, television set, radio, or other device in any other manner that shall cause unreasonable disturbances to other Unit Owners or occupants. No immoral, improper, offensive or unlawful use may be made of a Unit or of the Common Elements. No Owner shall make or permit any disturbing noise within his Unit or on the Limited Common Elements by himself, his family, guests, invitees, employees, agents or lessees, nor do or permit to be done anything that does or may interfere with the rights, comforts or convenience of other Owners or occupants. Quiet hours for radios, stereos, etc. are from 11:00 pm to 8:00 am.

33. COMPLIANCE WITH LAW.

Any Unit Owner in violation of applicable laws and regulations of the United States, the State of Colorado, the Town of Dillon, Summit County, or any governmental agency with authority shall hold the Association and other Unit Owners harmless from all fines, penalties, costs and prosecutions for any violation or noncompliance. No person shall do or permit anything to be done within the Project, or bring or keep anything therein which would conflict with health and safety laws or with any insurance policy of the Association or with any rules of the Association or with any of the rules, regulations or ordinances of any governmental or quasi-governmental authority having jurisdiction over the Project.

34. BARBEQUES, GRILLS, ETC.

Barbeques, grills, etc. inside units or on balconies, above the first floor, are prohibited with the following exceptions:

- (A) If the barbeque is powered by electricity.
- (B) LP-gas burners having an LP-gas container with a LP-gas capacity of twenty (20) pounds or less.
- (C) If the barbeque is properly installed and supplied by the building's natural gas system (if any).
- (D) As otherwise permitted under the Lake Dillon Fire Protection District Fire Code.

35. Minimum Heating Requirement. The Owner of each Condominium Unit in the Project shall heat such Unit so as to maintain a minimum temperature in the Unit of no less than 55 degrees Fahrenheit from August 1st of each year to May 31st of the following year in order to minimize any damage which could result from the freezing of pipes, both individual and common, which pass near or through individual Units within the Building. This minimum heating requirement must be met even when the Unit is vacant.

36. COLLECTION PROCEDURE.

The Association has adopted the following rules, procedures and policies for the collection of assessments and other charges of the Association.

- (A) **Due Dates.** The annual assessment as determined by the Association and as allowed for in the Declaration shall be due and payable in twelve (12) installments due on the first day of each month. Assessments or other charges not paid to the Association by the tenth (10th) day of the beginning month in which they are due shall be considered past due and delinquent.

(B) Invoices. The Association may, but shall not be required to invoice an Owner as a condition to an Owner's obligation to pay assessments or other charges of the Association. If the Association provides an Owner with an invoice for monthly installments of the annual assessments, although invoices are not required, the invoice should be mailed or sent to the Owner between the tenth (10th) and fifteenth (15th) day of the month preceding each due date.

(C) Late Charges. A monthly installment of the annual assessment shall be past due and delinquent if not paid by the tenth (10th) day of the month in which it is due. The Association shall impose a fifty dollar (\$50.00) late charge on the outstanding or past due balance then due the Association. The late charge shall be a "common expense" for each Owner who fails to timely pay their monthly installment of the annual assessment by the tenth (10th) day of the month in which the installment was due.

(D) Interest. Delinquent assessments, fines or other charges due the Association shall bear interest at the rate set forth in the Declaration.

(E) Collection Letters.

- i. After a monthly installment of the annual assessment or other charge due the Association becomes sixty (60) days past due, the Association may cause, but shall not be required to send, a collection or dunning letter to the Owner who is delinquent.
- ii. Additionally, the Association may, but shall not be required to, send a letter to the Owner advising them that their account has been referred to the Association's attorneys for collection.

(F) Certified / Regular Mail. In the event the Association shall cause a collection or dunning letter or notices to be sent to a delinquent Owner by regular mail, the Association may also cause, but shall not be required to send, an additional copy of that letter or notice by certified mail.

(G) Liens. The Association or its attorney may file a Notice of Lien against the property of any delinquent Owner in accordance with the terms and provisions of the Declarations, Articles and Bylaws of the Association and the Laws of the State of Colorado.

(H) Referral to Attorney. The Association may, but shall not be required to refer delinquent accounts to its attorneys for collection. Upon referral to the attorneys, the attorneys shall take appropriate action to collect the accounts referred.

(I) Attorney's Fees. As an additional expense permitted under the Declaration, Articles and Bylaws, the Association shall be entitled to recover any reasonable attorney fees incurred in the collection of assessments or other charges due the Association from a delinquent Owner.

(J) Referral to Collection Agencies. The Association may, but shall not be required to refer delinquent accounts to one or more collection agencies for collection. Upon referral to a collection agency, the agency shall take all appropriate action to collect the accounts referred.

(K) Commercial Unit Sign Removal. If a Commercial Unit Owner is delinquent in paying assessments or other sums due the Association, the Association may temporarily or permanently remove the sign or signs of that Owner or their tenant and the charge therefore shall be an additional obligation of the delinquent Owner.

(L) Ongoing Evaluation. Nothing in this procedure shall require the Association to take specific actions other than to notify Owners of the adoption of these procedures. The Association has the option and right to continue to evaluate each delinquency on a case by case basis.

37. RETURNED CHECK CHARGES.

In addition to any and all charges imposed or allowed under the Declaration, Articles of Incorporation, Bylaws or these Rules and Regulations, a twenty-five dollar (\$25.00) fee shall be assessed against a Unit Owner, in the event any check or other instrument attributable to or for the benefit of such Owner or Owner's property is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds. Such return check charge shall be due and payable immediately, upon notice thereof, in the same manner as provided for payment of assessments under the Declaration. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law.

38. POLICIES AND PROCEDURES ON FINES.

(A) Notice of Violation. Notice shall be provided to the Unit Owner as soon as reasonably practicable following discovery, and approval, by the Board of a violation for which the Board desires to impose a fine. All fine assessments shall be due and payable immediately upon imposition and notice of such fine. The Board may also, at its option, provide a copy of such notice to any non-Owner violator. The notice shall describe the nature of the violation.

(B) Schedule of Fines. The imposition and amount of any fine will be at the sole discretion of the Board or their designated agent. In general, the Schedule of Fines will be as follows:

- i. 1st Step: Warning letter or posted notice.
- ii. 2nd Step: Fifty dollar (\$50.00) fine for the next infraction regardless of its nature.

- iii. 3rd Step: One hundred dollar (\$100.00) fine for the next infraction regardless of its nature.
- iv. 4th Step: Two hundred fifty dollar (\$250.00) fine regardless of its nature. Assessments levied to cover the cost to repair and / or replace any damaged property belonging to the Association will be in addition to the Schedule of Fines.

(C) Board Discretion regarding Imposition of Fines. The Executive Board may, in its sole discretion, determine that an infraction is such that it would warrant skipping any Step in the Schedule of Fines. The imposition of a fine, which shall be at the sole discretion of the Executive Board, shall require a majority vote by the Executive Board.

(D) Appeals. Owners who have been fined shall be permitted adequate time to file an appeal with the Board. In general, appeals shall be brought to the Board’s attention, preferably but not necessarily in writing, by no later than the next regularly scheduled meeting of the Association. Should an Owner fail to file an appeal, the facts surrounding the issue will be taken to be true as presented and any fines imposed by the Board will remain in effect.

39. APPLICATION OF PAYMENTS MADE TO THE ASSOCIATION.

The Association reserves the right to apply any and all payments received on account of any Unit Owner or the Owner’s property, to payment of any and all legal fees and costs (including attorneys’ fees), expenses of enforcement and collection, late fees, return check charges, lien fees, and interest owing or incurred with respect to such Owner pursuant to the Declaration, Bylaws, Rules of the Association prior to application of the payment to the special or general assessments due or to become due with respect to such Owner.

40. ENFORCEMENT AND ATTORNEYS’ FEES.

It is hereby declared to be the intention of the Association to enforce the provisions of the Governing Documents by any and all means available to the Association at law or in equity, and to seek recovery and reimbursement of all attorneys’ fees, Association expenses and costs incurred by the Association in connection therewith.

41. MODIFICATION, AMENDMENT, REPEAL AND RE-ENACTMENT.

Notwithstanding anything to the contrary contained in these Rules, the Association hereby reserves the right, at any time and from time to time hereafter, to modify, amend, repeal and / or re-enact these Rules and Regulations in accordance with the Declaration, Bylaws and applicable law.

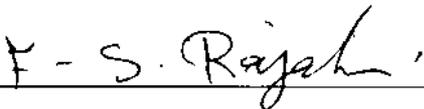
42. **MISCELLANEOUS.**

(A) **Rules as Independent and Severable.** The provisions of these Rules shall be deemed to be independent and severable, and the invalidity of any one or more of the provisions hereof, or any portion thereof, by judgment or decree of any court of competent jurisdiction, shall in no way affect the validity or enforceability of the remaining provisions, which provisions shall remain in full force and effect.

(B) **Use of Singular and Plural.** Unless the context provides or requires to the contrary, the use of the singular herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include all genders.

(C) **Captions to Sections.** The captions to the sections are inserted herein only as a matter of convenience and for reference, and are in no way to be construed so as to define, limit or otherwise describe the scope of these policies and procedures or the intent of any provision hereof.

IN WITNESS WHEREOF, the undersigned certifies that these Rules & Regulations were adopted by the Executive Board on January 25th, 2007.



F. S. Rajabi, Secretary