

***DRAFT November 12, 2018 DRAFT***

**Marked to Show Changes to Rules and Regulations As Previously Adopted**

**RULES AND REGULATIONS  
OF  
BLUE 52 TOWNHOMES  
(12/12/2017)**

These Rules and Regulations (the “**Rules**”) have been adopted and implemented to protect the investment of the Members of the Blue 52 Townhomes Association, a Colorado nonprofit corporation (the “**Association**”), and to enhance the values of their Townhomes in the Blue 52 Townhomes (the “**Community**”) subject to regulation by the Association.

**1. BACKGROUND/CONTEXT OF THE ASSOCIATION.**

**A. Definitions.** All terms beginning with a capital letter and not otherwise defined herein shall have the same meanings given them in the Declaration of Covenants, Conditions, and Restrictions of the Blue 52 Townhomes (the “**Declaration**”), the Bylaws of the Blue 52 Townhomes Association (the “**Bylaws**”), the Articles of Incorporation of Blue 52 Townhomes Association (the “**Articles of Incorporation**”), or the Residential Housing Restriction and Notice of Lien For “Blue 52 Townhomes,” Town of Breckenridge, Summit County, Colorado recorded \_\_\_\_\_ of the records of the Clerk and Recorder of Summit County, Colorado (the “**Deed Restrictions**”), as applicable. The Declaration, the Bylaws, the Articles of Incorporation and the Deed Restrictions together with these Rules are hereafter referred to as the “**Governing Documents**.” In the event of a conflict between these Rules and the Governing Documents, the Governing Documents shall control.

**B. Management.** The Association may employ professional management under contract to the Association to manage its affairs (“**Managing Agent**”). A 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 Executive Board.

**C. Meetings.** The Association meets on a periodic basis in accordance with the procedures set forth in the Bylaws. Executive Board meetings are open to attendance by Owners or their proxied representative, as provided in the Bylaws. Any Owner who wishes to

1 address the Executive Board may do so during the portion of Executive Board meetings  
2 designated for Owner comments. Contact a Director or the management company for the time  
3 and/or location of the Association meetings. The Executive Board may limit the amount of time  
4 any one Owner addresses the Owners at any meeting of the Owners for the purpose of giving  
5 other Owners an opportunity to speak. Owners should, and the Executive Board may require  
6 them to, restrict their remarks to the agenda item under discussion. Courteous behavior is  
7 required; no unruly conduct including, without limitation, personal attacks or derogatory  
8 remarks, cursing, or shouting, shall be tolerated. Upon failure of an Owner to cease and desist  
9 from unruly conduct after warning by the Executive Board, the Executive Board has the  
10 authority to (i) order an Owner to leave a meeting; (ii) adjourn the meeting; (iii) or summon law  
11 enforcement to remove the Owner from the meeting if the Owner refuses to leave voluntarily.

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

18 **E. Documents and Records.** All Association records and documents,  
19 including budgets, financial statements, minutes, and the Governing Documents are kept at the  
20 management company's office and are available for inspection by Owners, as set forth in the  
21 Bylaws and the Colorado Nonprofit Corporation Act, during normal business hours. Copies are  
22 available for a charge equal to the Association's actual cost of making such copies.

23 2. **INTERPRETATION OF THE RULES AND REGULATIONS.**

24 **A. Executive Board as Sole Interpreter.** The interpretation of these Rules  
25 will be at the reasonable discretion of the Executive Board.

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

30 3. **RESPONSIBILITY FOR COMPLIANCE.**

31 **A. Owners.** In all cases, Owners shall be responsible for infractions and/or  
32 violation of these Rules.

33 **B. Family and Guests.** It shall also be the responsibility of Owners to  
34 ensure that family members and guests are informed of, and follow, these Rules.

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1                   **C. Tenants.** It shall be the further responsibility of Owners who lease/rent  
2 their Townhomes to provide their tenants with a copy of these Rules and ensure that such tenants  
3 abide by the Governing Documents as they may be amended from time to time.

4                   **4. OCCUPANCY RESTRICTIONS.** Townhomes are limited to occupancy by  
5 persons, subject to applicable zoning. Garages are limited to occupancy for the parking of  
6 vehicles, except as otherwise expressly permitted by the Declaration. For use and occupancy  
7 restrictions, please see the provisions of the Declaration and the Deed Restrictions.

8                   **5. RENTALS AND LEASED UNITS.**

9                   **A. Leases.** All leases shall be subject to the terms and conditions of the  
10 Governing Documents and Owners who lease their Townhomes will be required to provide the  
11 management company or the Managing Agent with a legible copy of the lease agreement. The  
12 Schedule of Fines (as set forth in Section 30.C below) notwithstanding, the following  
13 consequences shall be imposed for failure to provide the Association with a copy of the lease:

14                   i.       Step 1: Written warning informing the Owner that they are  
15 required to provide the Association with a copy of the lease by a date certain.

16                   ii.       Step 2: \$20.00 fine if the lease is not provided within seven days  
17 after the date certain.

18                   iii.       Step 3: \$50.00 fine if the lease is not provided within seven days  
19 after Step 2.

20                   iv.       Step 4: \$100.00 fine if the lease is not provided within seven days  
21 after Step 3.

22                   v.       Further Infractions: \$100.00 for each seven day increment  
23 thereafter during which the lease is not provided.

24                   **B. Identification of Lessee.** Owners who lease their Townhomes will be  
25 required to provide the management company or the Managing Agent with the name(s) of their  
26 lessee(s) and a means (preferably both a telephone number and an email address) that can be  
27 used to contact the tenants in case of emergency.

28                   **C. Duration of Lease.** Townhomes may not be leased for less than thirty  
29 (30) days duration.

30                   **6. ACCESS TO THE COMMUNITY AND COMMON AREAS.** Systems and/or  
31 personnel may limit access to the Community. Owners and tenants are required to comply with  
32 the requirements of such systems or personnel. Those portions of the Common Areas that

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1 provide access to the Townhomes are to remain open and unobstructed for the benefit of all  
2 Owners and tenants.

3 7. **SHOWING OF TOWNHOMES.** Owners may show their Townhomes to  
4 prospective purchasers and tenants at any hour, so long as such activity does not cause a  
5 disturbance or annoyance to other residents. Any licensed real estate agent may show an  
6 Owner's Townhome, pursuant to proper written authorization, but only between the hours of  
7 8:00 a.m. and 8:00 p.m. Showings shall be by appointment only. No solicitation for the sale or  
8 lease of any Townhome may occur on any Common Areas. No "for sale," "for lease," or other  
9 advertising or brokerage signs may be displayed on Common Areas without prior approval by  
10 the Executive Board.

11 8. **SERVICE AND MAINTENANCE POLICY.**

12 **A. General.** These policy statements define the responsibilities of the  
13 Association and the Owners with regard to the maintenance of individual Townhomes and  
14 Common Areas. The standards below are to be interpreted in the sole discretion of the  
15 Association.

16 **B. Common Areas.** The Association shall endeavor to maintain the  
17 Common Areas and portions of Units, if any, that are the responsibility of the Association in a  
18 manner consistent with the Governing Documents. The Association is responsible for  
19 maintenance of the exterior of the Community and the Common Areas. It is the policy of the  
20 Association to maintain the exterior of the Community and the Common Areas in a condition  
21 comparable to that which existed when the Community was completed. Maintenance schedules  
22 have been established or are to be established for items which require maintenance at regular  
23 intervals.

24 **C. Maintenance Policies.**

25 i. Doors. Exterior doors and windows are the responsibility of the  
26 Association.

27 ii. Cleaning. On a periodic basis the Association may clean glass  
28 exteriors above the ground floor, and such costs shall be shared among the Owners on a cost per  
29 window basis. The cleaning of glass exteriors and doors on the ground level are the  
30 responsibility of the Owners or tenants of those Townhomes.

31 iii. Interior Maintenance. Each Owner is responsible for cleaning,  
32 maintaining and repairing the interior of his or her Townhome and Garage, except as otherwise  
33 provided in the Declaration.

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1           9.     **UNIT ALTERATION AND REMODEL.**

2                   **A.     General.** All architectural changes and Townhome and Garage  
3 renovations are subject to the provisions of Section 10.6 of the Declaration.

4                   **B.     Alterations to the Common Areas.** No alterations, additions or  
5 improvements may be made to the Common Areas without the prior written consent of the  
6 Executive Board. Alterations to Townhome interiors made by Owners must not adversely affect  
7 the structure, must comply with all applicable building codes, permit requirements and the  
8 Declaration, and shall be at the Owner’s expense.

9                   **C.     Alteration/Remodel Requests.** Owners will be required to obtain an  
10 Architectural Review Request form prior to the start of any changes to the interior of a  
11 Townhome. “Architectural Review Request” forms may be obtained through an Executive  
12 Board member, the management company, or the Managing Agent. No architectural changes  
13 and/or Townhome renovations (including any demolition) may be started, until such time as the  
14 Owner receives written approval from the Executive Board for such work. Notwithstanding the  
15 foregoing, any interior cosmetic alteration or remodeling (e.g., floor and wall coverings,  
16 cabinetry, kitchen or bath appliances and fixtures, installation of closets, etc. that do not affect  
17 the stability or integrity of any structural element of the Townhome or any Townhome located  
18 thereon) shall be exempt from this Subsection C. Owners are required to obtain approval from  
19 the Association prior to changing any exterior locks and/or keys.

20                   **D.     Town of Breckenridge Building Code.** All work must comply with all  
21 applicable provisions of the Building Code of the Town of Breckenridge, Colorado (the  
22 “*Town*”). The Town exempts certain types of renovation/remodeling from the Building Code.  
23 While the Code may exempt certain alterations, there may be Rules which address such  
24 alterations. If there are any questions about the Building Code or Code exceptions, Owners  
25 should contact the management company, the Executive Board, and/or the Town.

26                   **E.     Shutdown of Building Systems.** Under no circumstance may smoke  
27 detectors be removed or taken apart without prior Association approval. The management  
28 company must be given 48 hours’ advance notification if Townhome alterations require the  
29 shutting-off of water. Except in cases of emergency, water is not to be shut-off for more than  
30 two hours at a time.

31                   **F.     Notification.** The management company and the Executive Board must  
32 be given a schedule estimating the time involved in completing the project and contacted no less  
33 than 72 hours prior to the commencement of work. The management company must also be  
34 given 72 hours’ notice if the project will require the shutting off of any building system. No  
35 building system may be shut off for more than two hours at a time.

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1                   **G. Use of Outside Contractors.** Owners wishing to engage the services of  
2 an outside contractor will have to complete a Personal Contractor form. Personal Contractor  
3 forms are available through an Executive Board member, the management company, or the  
4 Managing Agent. Personal Contractor forms must be completed and approved at least 72 hours  
5 prior to the start of any work.

6                   **H. Contractor Insurance.** Before a contractor or materialman may begin  
7 work in or deliver materials to any Townhome, the contractor or materialman must furnish  
8 adequate proof of liability insurance and worker's compensation coverage to the management  
9 company.

10                  **I. Posting of Notices, Permits, Etc.** Prior to the commencement of work,  
11 the Owner must post on the front door of the Townhome copies of all permits required by the  
12 Town, a copy of the contractor's proof of insurance, and a copy of the approved Architectural  
13 Review Request form.

14                  **J. Working Hours.** Owner and contractor may do work within the  
15 Community only during those hours when such work is permitted by the ordinances of the  
16 Town. Except in the case of an emergency that will result in imminent harm to person or  
17 property, no Owner or contractor construction activity is allowed in the Community on Sunday.  
18 Contractors, subcontractors, materialmen, and their employees must confirm their intended work  
19 hours with the Managing Agent before commencing any work.

20                  **K. Clean-Up.** All excess materials, debris and trash must be hauled away by  
21 the Owner or contractor. Appropriate clean-up shall be the responsibility of Owners and their  
22 contractors. All involved sidewalks, parking Townhomes or other Common Areas must be  
23 cleaned up at the end of each day. Exterior Townhome doors must be kept closed when work is  
24 being done in a Townhome.

25                  **L. Responsibility for Alterations and Renovation of Townhomes.**  
26 Whether Townhome alterations are undertaken by Owners or their tenants, Owners assume full  
27 responsibility for:

- 28                    i. Compliance with the Declaration;
- 29                    ii. Damage to the Common Areas or other Association costs;
- 30                    iii. Obtaining confirmed approval for use of contractors; and
- 31                    iv. Contacting the management company or the Managing Agent, or  
32 having contractors and other workers check with the management company or the Managing  
33 Agent to clarify any questions about Rules regarding Townhome alterations before work begins  
34 and having permits as necessary.

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1                   **M. Penalties.** Violation of these Rules may result in the assessment of  
2 penalties against the Owners and contractors, including, but not limited to, the suspension or  
3 termination of a contractor’s further access to the Townhome.

4                   10.    **WINDOW AND GLASS COVERINGS.** In order to preserve a more uniform  
5 and aesthetically pleasing appearance of the exterior of the Community, draperies and window  
6 coverings shall be installed and maintained by Owners on windows, doors or glass areas of the  
7 Townhomes. Draperies and window coverings shall be limited to show only white or other  
8 neutral color approved by the Executive Board. Interior facing draperies or coverings need not  
9 be white, but all draperies and coverings which are visible from the exterior of the Community  
10 must be white or other neutral color approved by the Executive Board.

11                  11.    **DECORATIVE/HOLIDAY DISPLAYS.** Owners shall not cause or permit  
12 anything other than conventional draperies, curtains and holiday decorations to be hung,  
13 displayed or exposed at or on the outside of windows or outside of Townhomes without the prior  
14 written consent of the Executive Board. Exterior lighting such as spot lights, security system  
15 flood lights or strobes, and low voltage lighting (along patios and balconies) may not be installed  
16 or displayed. Temporary holiday lighting **and décor** may be displayed. Temporary holiday  
17 lighting may only be displayed up to 30 days prior to the holiday and must be removed within 15  
18 days after the holiday.

19                  12.    **SIGNAGE.** Except as expressly provided herein, no sign of any kind shall be  
20 displayed to the public view on any Townhome.

21                  A sign not to exceed 12 square feet in size may be displayed in an exterior window of a  
22 Townhome for advertising the Townhome for sale or lease or indicating that the Townhome has  
23 been “sold” for a period of one week after closing.

24                  Additionally, the display of a political sign (as defined by the Colorado Common Interest  
25 Ownership Act) on an Owner’s property or in a window of the Owner’s Townhome shall be  
26 permitted, subject to the following conditions:

27                  **A.**     such political sign may not be displayed earlier than 45 days before the  
28 day of an election, and later than seven days after an election day;

29                  **B.**     such political sign conforms to the size and number requirements for such  
30 signage as mandated by the Town, but in no event shall be larger than 36 inches by 48 inches.

31                  13.    **SATELLITE DISHES AND TV ANTENNAE.** The Federal Communications  
32 Commission (the “FCC”) has adopted rules at 47 C.F.R. § 1.4000 that specifically prohibit the  
33 Association from restricting the installation of a satellite dish for the reception of television,  
34 internet, and certain other wireless communication signals on any property within the exclusive  
35 use or control of the user, where the user directly or indirectly owns the property, provided that

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1 the dish is one meter or less in diameter. The FCC’s “Over-the-Air Reception Devices Rule,” as  
2 amended, elaborates further on the CFR regulation. This right of an Owner includes the right to  
3 place a dish on the Common Areas, if such Common Areas are exclusively appurtenant to the  
4 Owner’s Townhome, and may not be used by any other Owners. Please note that the FCC has  
5 interpreted its regulations in such a way that the Association’s right to enter the Common Areas  
6 for inspection, maintenance, or repair does not mean that the Owner does not have exclusive use.

7 Subject to applicable law, including the FCC regulations, and except as may be permitted  
8 by these Rules, no exterior television or other antennae, microwave dish, satellite dish, satellite  
9 antenna, satellite earth station, or similar device of any type (an “**Electronic Device**”) shall be  
10 erected, installed, or maintained on the Common Areas.

11 The installation of an Electronic Device is prohibited if it will protrude beyond the  
12 boundaries of a limited common element (e.g., balcony or deck) into the common air space, or if  
13 the Limited Common Element is appurtenant to more than one Townhome. Further, an  
14 Electronic Device on the roof or on the sides of the Townhome not within an Owner’s exclusive  
15 use is prohibited. Any Electronic Device which is permitted by these Rules shall be painted so  
16 that it blends into the background against which it is mounted, as long as that will not interfere  
17 with signal reception or impose unreasonable costs.

18 So long as the Association may provide television or video channels by master means of  
19 distribution, and so long as the Association may provide other electronic means of  
20 communication or service, as allowed under federal law, Owners are not permitted to install their  
21 own satellites or other antenna, except to the extent and subject to such reasonable regulation as  
22 permitted under applicable federal law.

23 The Association will comply with the applicable Rules of the FCC.

24 **14. STORAGE OF ITEMS ON COMMON AREAS.** No storage of materials by  
25 Owners is allowed within the Common Areas, unless permitted in writing by the Executive  
26 Board. Storage of materials in areas designated or allowed by the Executive Board will be done  
27 at the risk of the person storing the materials.

28 **15. PARKING AND STORAGE.**

29 **A. Allocation of Surface Parking Spaces; Parking Within Boundaries.**  
30 All vehicles and automobiles parked or stored in the Community shall be parked or stored  
31 wholly inside of the Garage appurtenant or in the driveway appurtenant to each Townhome or in  
32 the designated surface parking area. Garage doors shall be kept closed except when in use.  
33 Owners shall remove vehicles from the driveways when directed by the Association to facilitate  
34 snow removal or other maintenance activities. Designated visitor parking is for use by temporary  
35 visitors. Under no circumstances shall any boat, watercraft, trailer, camper, motor home,  
36  
37  
38  
39

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1 recreational vehicles and other recreational equipment be stored or maintained by any Owner  
2 outside of its Garage. All such boats, watercraft, trailers, campers, motor homes, recreational  
3 vehicles and other recreational equipment shall be stored entirely within the Owner's Garage or  
4 offsite at the Owner's sole cost and expense.

5 **B. Assignment of Carports and Storage Closets (Limited Common**  
6 **Element).**

7 i. At the time of initial sale of Townhome Units 11, 12, and 13 the  
8 Executive Board shall assign one carport space, approximately 9' x 18' in size, for the exclusive  
9 use of the Owner to which the carport space is assigned. The carports are shown as Limited  
10 Common Elements on the plat. A carport may only be used to park an operable motor vehicle  
11 with current registration/license plates. Once assigned, the right to use a carport space transfers  
12 to each subsequent Owner of the Unit unless the Executive Board, for good cause, changes the  
13 assignment of the carport. The Association has no liability for: (a) damage to or the loss of any  
14 motor vehicle parked in a carport space; or (b) any damage, injury, or loss, of whatever kind or  
15 nature, caused by or arising from the parking of a motor vehicle in a carport space.

16  
17 ii. At the time of initial sale of Townhome Units 1,2,3,4,5,6,7,8,9,10,17,  
18 21, 25, 32, 36, 46, 47, 48, 49 50, 51, and 52 the Executive Board shall assign a storage closet,  
19 approximately 4' x 6'in size, for the exclusive use of the Owner to which the storage closet is  
20 assigned. The storage closets are shown as Limited Common Elements on the plat. A storage  
21 closet may only be used for the storage of personal and household items; provided, however, no  
22 flammable liquid or material, or hazardous waste, may be stored in a storage closet at any time.  
23 The Association has no liability for: (a) damage to or the loss of any of the contents of a storage  
24 closet or (b) any damage, injury, or loss, of whatever kind or nature, caused by or arising from  
25 the use of a storage closet. The Association may further restrict the use of the storage closets to  
26 protect the Community.

27  
28 iii. Without limiting the generality of the preceding subsections (i) and (ii),  
29 the Board makes the following assignments of carports and storage closets:

- 30  
31 • All Grove Lane residents should have two parking spaces on Grove Lane, with  
32 the exception of 29, 33 and 37 Grove Lane; These three units (29, 33 and 37) get  
33 one outdoor space and one carport space in the phase 1 carport located within the  
34 Grove Lane alley.  
35  
36 • All Floradora and McGee units that border the Floradora and McGee alley should  
37 be utilizing their garages and spaces in front of garages  
38  
39 • 502, 506, 510, 514 Floradora (phase 1 that borders the Grove Lane alley) should  
40 be utilizing their garages and space in front of garages.

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- 87, 91, 95, 75, 79 and 83 McGee Lane have 12 allocated spaces that are for the use of these addresses only.
- 514, 463, 483, 531 Floradora and 18, 68 McGee should only make use of the two spaces located behind their townhomes.

In the event of any conflict between the provisions of this subsection (iii) and the other subsections of this Section 15(B), the provisions of this subsection (iii) shall control.

**C. Parking Signs.** Owners and tenants will obey all posted signs and park only in the areas designated for vehicle parking.

**D. Vehicle Maintenance.** No vehicle maintenance or repair is allowed within the Common Areas or within the driveway. Car washing, waxing, or cleaning in the driveways of the Community is permitted only if authorized by separate agreement with the Town.

**E. Securing Vehicles.** All Owners are urged to lock their vehicles. The Association will not be responsible for any damage to vehicles or loss of property, all of which risks are assumed by the Owners.

**F. Towing.** Notwithstanding any other provision to the contrary in the Rules:

i. Removal. At any time, and with no prior notice of violation or hearing to any person, the management company or a member of the Executive Board may cause to be towed from the Community any vehicle parked or stored in the Common Areas or otherwise in a manner which constitutes a violation.

ii. Towing Fees. The Owner of the towed vehicle will be responsible for paying all towing and vehicle storage fees. Charges for towing are in addition to any fines that may be assessed. Owners and tenants shall be jointly and severally liable for all costs incurred by the Association in towing a vehicle, as if the same were fines, all as more particularly described in Section 30 below.

iii. No Liability for Damages. Excepting only the Owner of the towed vehicle, no person will be responsible for damages caused by the towing of a vehicle. Neither the association, nor any third party, shall be responsible for damages caused to any vehicle parked in a unit driveway of any other Common Area by a snow plow or any other kind of snow removal equipment.

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1 16. **SMOKING.** Cigarette and related smoking is permitted in individual  
2 Townhomes and on the balconies, patios or decks of a Townhome. Smoking materials are to be  
3 disposed of in appropriate receptacles. Smoking in or on the Common Areas is prohibited.

4 17. **ANIMALS AND PETS.**

5 **A. Written Permission Required.** Pets, including cats, dogs, birds, reptiles  
6 and other animals may be kept and maintained by Owners or tenants within their Townhome if  
7 the animal, in each instance, is expressly permitted in writing by the Association or the  
8 management company. Notwithstanding the foregoing, so long as an Owner is not otherwise in  
9 breach or default under these Rules or the other Project Documents, such Owner shall be entitled  
10 to keep and maintain within his or her Townhome no more than two (2) dogs and two (2) cats, in  
11 each case without first having to obtain the Association's or management company's prior  
12 written consent, but otherwise subject to all of the other terms, conditions and provisions of  
13 these Rules and the other Governing Documents.

14 **B. Service Animals.** Nothing in these Rules shall be construed to prohibit  
15 the keeping and maintenance of service animals by disabled, handicapped or impaired persons.

16 **C. Removal of Pets.** Where written permission is granted, such permission  
17 is revocable if the animal becomes a nuisance to other Owners or tenants. In that event, the  
18 Owner or person having control of the animal shall be given a written notice to correct the  
19 problem and, if not corrected, the Owner or tenant, upon written notice, may be required to  
20 remove the animal from the Community. The written notices provided for herein shall be issued  
21 by either the Association or the management company.

22 **D. Pets for Commercial Purposes.** Animals may not be kept within the  
23 Community for any commercial purposes.

24 **E. Control of Animals.** Animals shall not be leashed to any object within  
25 the Common Areas. All animals must be leashed or crated when outside a Townhome. Owners  
26 are responsible for the removal of waste from their animals. Owners must comply with all  
27 Town ordinances pertaining to animals.

28 **F. Clean Up After Pets.** Owners or persons having control of an animal  
29 shall, while the animal is in the Community, be responsible for cleaning up after their animals  
30 and shall be deemed to hold the Association harmless from any claim, loss, injury or damage  
31 caused by or resulting from any action of their animals and any costs incurred by the  
32 Association.

33 **18. BICYCLES, BOATS, GRILLS AND FIREPITS.** Bicycles must be  
34 stored either: (i) inside an Owner's Unit; (ii) in bicycle racks installed and maintained in the  
35 Common Elements by the Association; (iii) in an assigned storage closet or (iv) on the rear patio

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1 of an Owner's Unit. Boats must be stored inside an Owner's Townhome. Wood, charcoal, and  
2 wood pellet burning devices are prohibited within the Community.

3 19. **HAZARDOUS WASTE.** All hazardous or medical waste must be stored within  
4 the Townhome in accordance with applicable laws and governmental regulations. Hazardous  
5 and medical waste must be removed directly to appropriate removal service vehicles and may not  
6 be left or stored on Common Areas.

7 20. **INCREASED RISKS AND DAMAGE.** Nothing shall be done or kept in or  
8 upon a Townhome or upon the Common Areas, or any part thereof, which would result in the  
9 cancellation of the insurance as maintained by the Association. Nothing shall be done or kept in  
10 or upon any Townhome or in or on the Common Areas, or any part thereof, which would be in  
11 violation of any statute, rule, ordinance, regulation, permit or other imposed requirement of any  
12 governmental body; provided, however, the Association shall have no duty or obligation to  
13 undertake the enforcement of governmental laws and regulations. No damage to, or waste of, the  
14 Common Areas or any part thereof shall be committed by any Owner, or any member of the  
15 Owner's family, or by any guest, invitee or contract purchaser of any Owner. This specifically  
16 refers to, but is not limited to, the storage of flammable liquids in any Townhome or on the  
17 Common Areas.

18 21. **TRASH, RUBBISH AND REFUSE.** In order to prevent endangering health and  
19 safety, long term storage of trash or rubbish within the Townhomes or Common Areas is  
20 prohibited. All storage of rubbish, garbage or other debris within the Townhomes will be in a  
21 manner which prevents the spread of vermin and unnecessary fire hazards. Owners shall not  
22 permit any merchandise, freight, personal property or refuse to accumulate on the sidewalks or  
23 near the stairways, entrances, corridors and passageways outside of their Townhomes without the  
24 express written permission of the Association. All trash and garbage to be removed from a  
25 Townhome must be in a sealed plastic bag or covered trash container or authorized recycling  
26 containers. Shared trash enclosures will be provided and the Association will assure ongoing  
27 service through unit owner's payment of Association dues.

28 22. **ELECTRICAL DEVICES / FIXTURES.** No electrical device, which creates  
29 electrical overloading of standard circuits, may be used without written permission from the  
30 Association. Misuse or abuse of appliances, circuits, or fixtures within a Townhome which  
31 affects other Townhomes or the Common Areas is prohibited. Owners wishing to use or install  
32 such devices must make written application to, and receive written approval from, the Executive  
33 Board prior to the use and/or installation of such devices. Any damage resulting from this  
34 misuse shall be the responsibility of the Owner from whose Townhome the damage was caused.  
35 Total electrical usage in any Townhome shall not exceed the capacity of the circuits as labeled  
36 on the circuit breaker boxes.

## RULES AND REGULATIONS

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**Deleted:** Gas grills are not permitted on the front ground level decks or on any Common Element. Charcoal grills are prohibited in the Community. .

1           23.    **HOME BUSINESS POLICY.**

2           **A.    General.** Recognizing that advances in technology have enabled more  
3 people to work out of their homes, the Association has adopted the following policy regarding  
4 home businesses.

5           **B.    Disturbance to the Community.** Owner may use their Townhomes for  
6 business purposes, provided such business does not unreasonably disturb other residents of the  
7 Community, does not increase substantially the flow of traffic in the Common Areas, and such  
8 business is reasonably undetectable.

9           **C.    Signage.** Under no circumstance may signs be displayed indicating that  
10 the home business is being conducted in the Townhome.

11           **D.    Business Licenses and Permits.** Any tenant operating a business in a  
12 Townhome must obtain, if required, any license, permit, etc. required by the Town, and must  
13 follow and comply with any rule or regulation governing that business.

14           **E.    Home Child Care Businesses.** In addition to the requirements of Section  
15 D of this Section 23, the operator of any home child care business located within a Townhome  
16 shall obtain all state and local licenses, permits, and required insurance and may have a  
17 maximum of only two children per day. Each home child care business located within a  
18 Townhome shall be subject to annual review by the Board to ensure that the business is in  
19 compliance with the requirements of this Section 23 and is not creating a disturbance to the  
20 Community as described in Section 23(b), above. In making such determination the Board shall  
21 only consider the requirements of this Section 23. If the Board determines that a home child care  
22 business located within a Town is not in compliance with the requirements of this Section 23, or  
23 is creating a disturbance to the Community as described in Section 23(b), the Board may  
24 properly deny the right to continue to operate the home child care business in the Townhome.

25           **F.    Termination.** If any of the above conditions are not met, the Executive  
26 Board may require that the tenant or the Owner to terminate the business activity.  
27 Determination as to whether the above conditions exist will be at the sole discretion of the  
28 Executive Board.

29           24.    **EXTERIOR SIGNS AND DISPLAYS.** Signs and decoration of entrances  
30 around doors, including exterior displays, will be permitted, as set forth in the Governing  
31 Documents, and subject to any applicable law. No sign may be constructed, erected or placed on  
32 the Townhome above the first floor. No signs may be back lit. Lighting of signs must be  
33 mounted on the top of the sign and illuminate down. All signs shall be in accordance with the  
34 requirements of the Town. No awnings may be constructed, erected or placed on the  
35 Townhomes.

RULES AND REGULATIONS

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1           25.    **USE OF COMMON AREAS.** Common Areas shall be used only for the  
2 purposes for which they were designed. No person shall commit waste on the Common Areas,  
3 interfere with their proper use by others, or commit any nuisances, vandalism or damage on or to  
4 the Common Areas.

5           26.    **RULE ON ANNOYANCE OR NUISANCE.** No noxious, offensive, dangerous  
6 or unsafe activity shall be carried on in any Townhome or within the Common Areas. Neither  
7 shall anything be done therein, either willfully or negligently, which may be or become an  
8 annoyance or nuisance to the other Owners or tenants or which may interfere with their peaceful  
9 enjoyment of the Common Areas for the purposes for which they were designed. No Owner or  
10 tenant shall make or permit any disturbing noise or nuisance activities or do or permit anything  
11 to be done which will interfere with the rights, comforts or convenience of other Owners or  
12 tenants. No Owner or occupant shall play, or suffer to be played, any musical instrument or  
13 operate, or suffer to be operated, an engine, phonograph, television set, radio, stereo, or other  
14 device in any other manner that shall cause unreasonable disturbances to other Owners or  
15 tenants. No immoral, improper, offensive or unlawful use may be made of a Townhome or of  
16 the Common Areas.

17           27.    **COMPLIANCE WITH LAW.** Any Owner in violation of applicable laws and  
18 regulation of United States, the State of Colorado, the Town, or any governmental agency with  
19 authority shall indemnify and hold the Association and other Owners harmless from all fines,  
20 penalties, costs and prosecutions for any violation or noncompliance.

21           28.    **COLLECTION PROCEDURE.** The Association has adopted the following  
22 rules, procedures and policies for the collection of assessments and other charges of the  
23 Association.

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

28           **B.    Invoices.** The Association may, but shall not be required to, invoice an  
29 Owner as a condition to an Owner's obligation to pay assessments or other charges of the  
30 Association. If the Association provides an Owner with an invoice for installments of the  
31 Regular Assessments, although invoices are not required, the invoice should be mailed or sent to  
32 the Owner by the tenth day of the month preceding each due date. Owners are required to use  
33 Automated Clearinghouse (ACH) to make payments of Regular Assessments.

34           **C.    Late Charges.** A monthly installment of the annual assessment shall be  
35 past due and delinquent if not paid by the fifteenth day of the month in which it is due. The  
36 Association shall impose a \$50.00 late charge on the outstanding or past due balance then due

## RULES AND REGULATIONS

1 the Association. The late charge shall be a Common Expense for each Owner who fails to  
2 timely pay their installment of the Regular Assessment by the tenth day of the month in which  
3 the installment was due.

4 **D. Interest.** Delinquent assessments, fines or other charges due the  
5 Association shall bear interest at the rate of 21% per annum beginning on the tenth day after the  
6 same is due.

7 **E. Collection Letters.** After a monthly installment of the annual assessment  
8 or other charge due the Association becomes ten days past due, the Association may (but is not  
9 required to) cause a collection or delinquency letter to be sent to the Owner who is delinquent.  
10 Additionally, the Association may (but shall not be required to) send a letter to the Owner  
11 advising him/her that his/her account has been referred to the Association's attorneys for  
12 collection.

13 **F. Certified/Regular Mail.** If the Association causes a collection or  
14 delinquency letter or notice to be sent to a delinquent Owner by regular mail, the Association  
15 may also cause (but shall not be required) to be sent an additional copy of that letter or notice by  
16 certified mail.

17 **G. Suspension of Voting Rights.** Pursuant to the terms of the Declaration  
18 and Bylaws, the Executive Board may also suspend voting rights until a violation is cured.

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

22 **I. Attorneys' Fees.** As an additional expense permitted under the  
23 Governing Documents, the Association shall be entitled to recover any reasonable attorneys'  
24 fees incurred in the collection of assessments or other charges due the Association from a  
25 delinquent Owner.

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

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

## RULES AND REGULATIONS

1           29.     **RETURNED CHECK/INADEQUATE FUNDS CHARGES.** In addition to  
2 any and all charges imposed or allowed under the Governing Documents, a \$25.00 fee shall be  
3 assessed against an Owner if any check or other instrument attributable to or for the benefit of  
4 such Owner or Owner's property is not honored by the bank or is returned by the bank for any  
5 reason whatsoever including, but not limited to, insufficient funds. Such return check charge  
6 shall be due and payable immediately, upon notice thereof, in the same manner as provided for  
7 payment of assessments under the Declaration. Notwithstanding this provision, the Association  
8 shall be entitled to all additional remedies as may be provided by applicable law.

9           30.     **POLICIES AND PROCEDURES ON FINES.** Each Owner shall be  
10 responsible for his or her own violations and for the violations of Owner's tenants, family, guests  
11 and other invitees.

12                 **A.     Notice of Violation.** Prior to the levying of fines, persons liable for the  
13 payment thereof must be provided notice of the violation and an opportunity to be heard. Each  
14 violation must be substantiated by written documentation from one of the following: (i) the  
15 management company, if any; (ii) a member of the Executive Board; or (iii) an Owner and  
16 delivered to a member of the Executive Board. Notice of a violation shall be provided as soon  
17 as reasonably practicable following discovery of the violation. All fine assessments shall be due  
18 and payable immediately upon imposition after notice to the Owner and an opportunity to be  
19 heard. The notice shall describe the nature of the violation.

20                 **B.     Persons to Receive Notice.** Notice of violations required to be given  
21 shall be given to the following persons:

22                     i.     To Whom Given. In the case of a violation of these Rules by a  
23 family member, guest or invitee of an Owner, and the Owner resides at the Townhome, notice  
24 shall be given to the Owner of the Townhome. In the case of a violation of these Rules by a  
25 tenant or a family member, guest, or invitee of a tenant or Owner and the Owner does not reside  
26 at the Townhome, notice shall be given to tenant and the Owner of the Townhome.

27                     ii.    Manner of Notice. All notices required to be given under this  
28 Section 30 shall be in writing and shall be deemed given when delivered personally or when  
29 deposited into the United States mail, sent first-class postage prepaid, certified or registered mail,  
30 return receipt requested, and addressed to the receiving party as follows:

31                             a.     If to an Owner, to his or her Townhome, or such other  
32 address as may be delivered, in writing, to the President or Secretary of the Association; and

33                             b.     If to a tenant or occupant, to the Townhome where he or  
34 she resides.

## RULES AND REGULATIONS



1                   **C. Schedule of Fines.** The imposition and amount of any fine will be at the  
2 sole discretion of the Executive Board or their designated agent. In general, the Schedule of  
3 Fines will be as follows:

- 4                   i.     1<sup>st</sup> Step:       Warning letter or posted notice;  
5                   ii.    2<sup>nd</sup> Step:       \$50.00 fine for the next infraction regardless of its  
6 nature;  
7                   iii.   3<sup>rd</sup> Step:       \$100.00 fine for the next infraction regardless of its  
8 nature; and  
9                   iv.    4<sup>th</sup> Step:       \$250.00 fine regardless of its nature.

10 Assessments levied to cover the cost to repair and/or replace any damaged property belonging to  
11 the Association will be in addition to the Schedule of Fines.

12                   **D. Executive Board Discretion on Imposition of Fines.** The Executive  
13 Board may, in its sole discretion, determine that an infraction is such that it would warrant  
14 skipping any Step in the Schedule of Fines. The imposition of a fine, which shall be at the sole  
15 discretion of the Executive Board, shall require a majority vote by the Executive Board.

16                   **E. Hearing.** Notice of violation shall be given not less than seven days  
17 before action by the Executive Board to impose any fine. The notice shall provide an  
18 opportunity for the Owner to be heard at or before the next scheduled time of the meeting or  
19 hearing at which the Executive Board considers the imposition of the fine. At the hearing, the  
20 Owner or other person allegedly responsible for the violation at issue shall be given an  
21 opportunity to present any facts or evidence to the Executive Board which he/she feels help  
22 constitute a defense to or mitigate the severity of the particular violation, and the Executive  
23 Board shall inform him/her of the documentary or other evidence of the violation. At the end of  
24 the presentation of evidence, the Owner and Executive Board members shall engage in an open  
25 discourse intended to result in a negotiated settlement of the issue that is the subject of the  
26 hearing. If this discussion is not successful, the members of the Executive Board shall vote on  
27 whether a violation has actually been committed and, if so, whether to assess a fine and/or to  
28 pursue other remedies against the Owner. Notice of the Executive Board's decision shall be  
29 mailed or delivered to the Owner within three business days of the hearing. Should an Owner  
30 fail to appear or submit a written response on or before the scheduled time, the Executive Board  
31 may take the facts surrounding the issue to be true as presented and may impose any fines in its  
32 discretion.

33                   **F.** If a violation is cured prior to the hearing or within five days of an  
34 Owner's receipt of notice of an adverse hearing decision by the Executive Board, and it is the

RULES AND REGULATIONS

1 first violation of a particular Rule, no further action will be taken by the Executive Board, and  
2 any fine that has been levied by the Executive Board will automatically be deemed waived.

3           31.     **APPLICATION OF PAYMENTS MADE TO THE ASSOCIATION.** The  
4 Association reserves the right to apply any and all payments received on account of any Owner  
5 or the Owner’s property to payment of any and all legal fees and costs (including attorneys’  
6 fees), expenses of enforcement and collection, late fees, return check charges, lien fees and  
7 interest owing or incurred with respect to such Owner pursuant to the Declaration, Bylaws or  
8 Rules of the Association prior to application of the payment to the special or general assessments  
9 due or to become due with respect to such Owner.

10           32.     **RESERVE FUNDS.** Reserve funds may be invested in traditional savings  
11 accounts, money market accounts, and certificates of deposit as determined by the Treasurer  
12 upon notice and written consent by the Executive Board. The Association shall not invest in  
13 stocks or similar securities; mutual funds; futures contracts; options or other derivative  
14 instruments; floating-rate securities; real estate; or business ventures. Funds shall not be kept in  
15 any one account in excess of FDIC or comparable insurance limits. Reserve funds shall remain  
16 relatively liquid with the maturity dates for any certificates of deposit sufficiently close to dates  
17 on which cash from such certificates shall be needed for ongoing operations, so that interest  
18 penalties for early liquidation may be avoided as much as possible. Commercial financial  
19 institutions serving as depositories for reserve funds shall be approved in writing by the  
20 Executive Board. Eligible institutions must be banks, insurance companies, or other savings  
21 institutions domiciled in the United States, with accounts insured by the FDIC or comparable  
22 federal insurance program and must meet the minimum credit criteria of credit analysis provided  
23 by commercially available financial institution rating services.

24           33.     **ENFORCEMENT AND ATTORNEYS’ FEES.** In any action taken by the  
25 Association to enforce the provisions of the Governing Documents by any and all means  
26 available to the Association at law or in equity, it is the intention of the Association to seek  
27 recovery and reimbursement of all attorneys’ fees and Association expenses and costs incurred  
28 by the Association in connection therewith.

29           34.     **MISCELLANEOUS.**

30           A.     **Adoption and Amendment of Rules.** The Executive Board may adopt  
31 new Rules or amend existing ones upon consent of a majority the Directors, whereupon written  
32 notice of the new or amended Rule shall be provided to all Owners. The existing Rules shall  
33 then be updated to include the new or amended Rule and shall be published and available for  
34 inspection and copying in accordance with the Association’s policy regarding inspection and  
35 copying of Association records set forth in the Bylaws. An Owner’s failure to receive the new  
36 or amended Rule shall not be available as a defense to any attempt by the Association to enforce

## RULES AND REGULATIONS

1 the new or amended Rule or such Owner’s liability for any Default Assessment levied for a  
2 violation of said Rule.

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

8 **C. Use of Singular and Plural.** Unless the context provides or requires to  
9 the contrary, the use of the singular herein shall include the plural, the use of the plural shall  
10 include the singular, and the use of any gender shall include all genders.

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

15 **IN WITNESS WHEREOF**, the undersigned certifies that these Rules and Regulations  
16 were adopted by the Executive Board on

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Rick G. Holman, Director

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