

**RULES AND REGULATIONS**

**OF**

**RIVERWALK AT THE FRYINGPAN CONDOMINIUM ASSOCIATION**

*Amended and restated in full,  
effective November 26, 2012*

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**RULES AND REGULATIONS  
OF  
RIVER WALK AT THE FRYINGPAN**

These Rules and Regulations have been adopted and implemented to protect the value of the property within the Community.

**1. Definitions.**

Unless otherwise defined in these Rules and Regulations, all words or terms used in these Rules and Regulations have the respective meanings set forth in the Declaration of Riverwalk at the Fryingpan.

**2. Management of the Association.**

**Executive Board.** The governing body of the Association is the Executive Board. The officers are the President, the Secretary and the Treasurer.

**Meetings.** The Board holds periodic meetings. Any Owner who wishes to address the Board may do so at that time. Any member of the Executive Board or the Managing Agent may be contacted for information on the time and location of the meeting.

The annual Owners' meeting is held at a time and place selected by the Executive Board. Notice of the meeting is mailed to each Owner at such Owner's address as it appears in the records of the Association. All Owners who are in good standing with the Association may vote at the annual meeting, either in person or by proxy. At the annual meeting, the Owners may transact such business as may properly come before the meeting, including discussion of the budget or budgets, finances and the election of one or more members of the Executive Board.

**Management.** Riverwalk at the Fryingpan may be managed by a professional management company (the "Managing Agent") under contract to the Association. The Managing Agent is the Association's agent and reports to the Executive Board.

All Association records and documents, including budget, financial statements, minutes, Declaration, Articles of Incorporation, and Bylaws, are kept at the office of the Association or, if there is a Managing Agent, at the Managing Agent's office, and are available for inspection by Owners, as set forth in the Colorado Revised Nonprofit Act, during normal business hours. Copies may be obtained upon payment of the Association's charges.

### 3. Service and Maintenance Policy Standards.

(a) In 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.

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. The Association is responsible for outdoor maintenance of the exterior of the buildings, except as otherwise specifically provided in these Rules and Regulations. Maintenance and repair of the interior of the Units is the responsibility of the Unit Owners, except as otherwise specifically provided in these Rules and Regulations. A Unit Owner assumes responsibility for inside maintenance upon purchase. It is the policy of the Association to maintain the exterior of the buildings and the elements which are a part of the Common Elements in a condition comparable to that which existed when the buildings were completed. Cycle periods have been established or are to be established for items which require maintenance at regular intervals.

(b) Specific Policies.

(i) Building--Exterior.

Doors. Exterior doors which are appurtenant to a particular Unit are the responsibility of the Unit Owner, and Unit Owners will be billed for the cost of repair or replacement, if repair or replacement is made by the Association. Exterior doors which are not appurtenant to a particular Unit are the responsibility of the Association.

Windows and Glass Doors. Windows and glass doors which are appurtenant to a particular Unit are the responsibility of the Unit Owner, and Unit Owners will be billed for the cost of repair or replacement, if repair or replacement is made by the Association. Window operating mechanisms are the responsibility of the Unit Owner. Windows and glass doors which are not appurtenant to a particular Unit are the responsibility of the Association.

Window and Glass Door Cleaning. Each Unit Owner is responsible for the exterior cleanliness of the windows and glass doors appurtenant to such Owner's Unit. Such windows and glass doors must be cleaned at least semiannually or more frequently as may be necessary to maintain a neat and clean appearance.

(ii) Building--Interior.

Common Wiring and Plumbing. If repair is required to plumbing or wiring common to more than one Unit, the Association will perform the repair and will restore each affected Unit as closely as possible to its condition existing immediately prior to damage. Any additional cost will be the responsibility of the Unit Owner. The Association has the right to determine responsibility for any given repair, to make that repair, and to assess charges for the repair against the Unit Owner or Owners, if any, who the Executive Board determines caused the damage necessitating the repair.

Unit Electrical, Gas and Plumbing Fixtures. The electrical, gas 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 of such fixtures is the responsibility of the Unit Owner. Fixtures include, but are not limited to, the following: light switches, outlets, sconces, sprinklers, sinks, toilets, bathtubs, faucets, gas fireplaces, and electrical and gas appliances.

Walls, Floors and Ceilings. Walls, floors and ceilings damaged as a result of water entering a building from outside the building, except where caused by a Unit Owner, will be repaired by the Association and restored as closely as possible to the condition existing immediately prior to damage.

Doors. Repair and replacement of Unit entry doors will be at the cost of the Unit Owner.

Appliances. All appliances and fixtures in Units are the property of the Unit Owner. No maintenance responsibility is assumed by the Association.

Floor Covering. All carpet and floor covering in the Unit is the property of the Unit Owner. No maintenance responsibility is assumed by the Association.

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.

Trash. Trash removal service will be provided to the Residential Unit Owners and Commercial Unit Owners (other than those who conduct food-related operations) by the Association and are to be reimbursed by the Residential Unit Owners and such Commercial Unit Owners as an expense attributable to those Units and Unit Owners.

Commercial Unit Owners may receive trash services from the Association or by separate contract or arrangement with their own providers, subject to prior

written approval by the Executive Board of the operating terms of such contract or arrangement. If provided by the Association, the expense for such trash services shall be allocated among the Commercial Unit Owners using the same.

**4. Unit Maintenance and Repair.**

Each Unit Owner will take good care of such Owner's Unit as it affects the Common Elements and Limited Common Elements, and will make all necessary repairs to the Unit.

Unit Owners shall keep their Units in a good state of preservation and cleanliness.

Commercial Unit Owners shall be responsible for daily upkeep of the portions of the Common Elements immediately adjacent to their Units, including sidewalk and porch walkway sweeping, removal of debris, and snow and ice removal. If a Commercial Unit Owners fails to adhere to this responsibility, the Association may perform these services and charge the cost of such services to the defaulting Commercial Unit Owner. The foregoing notwithstanding, the cost of regular maintenance by the Association and its agents may be treated as a Common Expense and not charged to individual Commercial Unit Owners.

**5. Work in Units.**

Work designated as the responsibility of the Owner may be arranged through the Association by means of a written work request submitted to the Managing Agent or, if there is no Managing Agent, to the Executive Board. THE cost of this work, including materials, labor and overhead, will be billed to the Unit Owner by the Association, with such service charges as the Executive Board shall determine. No payment or gratuity may be made directly to employees of the Managing Agent or the Association for any work performed during regular working hours.

Any alteration or improvement to a Unit which is not the subject of a written work request as described in the preceding paragraph is not permitted unless the following procedures are followed:

(a) At least 30 days prior to the commencement of the proposed work in a Unit, the Unit Owner must provide to the Executive Board detailed plans and specification for the work, the name, address and telephone number of the contractor proposed to do the work, the license number of the contractor, and the name, address and telephone number of each architect and engineer providing professional services in connection with the work. The Executive Board may require such supplementary information concerning the work as the Executive Board may deem necessary. The Unit Owner shall be responsible for all of the costs of the Association incurred in connection with the Executive Board's review of the Unit Owner's request.

(b) No work may be performed in a Unit without the prior written approval of the Executive Board, which approval may not be unreasonably withheld, and work performed in violation of this provision may be enjoined by the Association.

(c) No work may be performed in a Unit which would impair the structural stability or the building systems of the building in which the Unit is located or which would change the appearance or otherwise adversely affect the Common Elements except for such temporary increases in the use of elevators, service entries and trash removal facilities as are reasonable and necessary in view of the nature of the work and as may be specifically permitted by the Executive Board in connection with any approval granted for the work. The Unit Owner shall be responsible for any extra charges that may be incurred by the Association as a result of the work, including additional trash removal services.

(d) In granting approval for the work, the Executive Board may require such deposits or other indemnification from the Unit Owner as the Executive Board deems necessary to protect the interests of the Association and the other Unit Owners with respect to the work and any damage to the Common Elements or any other property in the Community which may result from the work.

(e) All work must comply with applicable building codes and permit requirements.

(f) The provisions of Section 9 of these Rules and Regulations shall also apply.

## **6. Animals.**

A pet may be kept and maintained in a Unit solely in accordance with this Section 6. In each instance in which a Unit Owner (or another occupant of the Unit) desires to keep and maintain a pet in such Owner's Unit, the Owner must apply to the Executive Board for written permission. IN general, written permission shall be granted for one dog or one cat for a Unit, but such permission is revocable if the animal becomes a nuisance to other Owners or occupants. If the animal becomes a nuisance, the Executive Board must give written notice to the Unit Owner to correct the problem and, if the problem is not corrected, the Owner will, upon written notice, be required to remove the animal from the Community. Animals may not be kept for any commercial purposes. While an animal is in the Community, the Unit Owner will be responsible for cleaning up after the animal and, if this responsibility is not met, the Executive Board will send written notice to the Unit Owner requiring that the animal be removed from the Community. In addition, Unit Owner shall be deemed to hold the Association harmless from any claim resulting from any action of any animal in the Owner's Unit and any costs incurred by the Association arising from such action. Service animals will be permitted in appropriate circumstances.

## **7. Restrictions on Parking and Other Vehicular Activity; Deliveries and Removals.**

(a) Parking Within Boundaries. No trailers, camping trailers, boat trailers, boats, hauling trailers, running gear, or accessories thereto, trucks longer than 19 feet, self-contained motorized recreational vehicles, vans, or other similar types of vehicles or vehicular or recreational equipment are allowed at any time in the Community, except for such vehicles and equipment incidental to permitted construction activity in the Community and except for delivery vehicles. Any parked or stored vehicle shall be parked or stored wholly within the boundaries of a

parking space or Garage Unit or within any area authorized for vehicular parking as designated by the Executive Board. No vehicle longer than 19 feet or wider than 9 feet shall be permitted to park in the Community except for temporary parking in designated delivery areas and except for vehicles incidental to permitted construction activity in the Community.

(b) Registration. The Association may require vehicles occupying any parking space or Garage Unit to be registered with the Association and to exhibit parking authorization.

(c) Use of Parking Spaces and Garage Units. Parking spaces and Garage Units are limited in use to storage of vehicles. Parking within the boundaries of the Community is solely for the benefit of the Owners, their tenants, customers and invitees, except as otherwise required for permitted construction activity in the Community. Outdoor parking spaces may not be assigned, except as necessary for construction related vehicles. Garage Units are separate Units to be used solely by the Owners thereof and their tenants.

(d) Motorcycles. Motorcycles may be parked but not driven in the Community.

(e) Deliveries and Removals. If commercial deliveries are made within the Community, such deliveries shall be made from areas designated for such purpose and only between the hours of 8:00 a.m. and 5:00 p.m. Monday through Saturday, except as otherwise expressly permitted in writing by the Executive Board. In the event a Unit Owner wishes to have furniture or other large items delivered to a Unit, the Owner shall give the Managing Agent or, if there is no Managing Agent, the Executive Board, at least 48 hours' notice of the delivery and such delivery shall be permitted only between the hours of 8:00 a.m. and 5:00 p.m. Monday through Saturday. If the Managing Agent or the Executive Board, as the case may be, determined that delivery schedules will overlap and thereby exceed the capacity of the Common Elements to accommodate such deliveries at the same time, the Managing Agent or the Executive Board shall so notify the affected Owners and develop a schedule for such deliveries consistent with the capacity of the Common Elements. Unit Owners shall be responsible for elevator padding and other protection necessary to avoid damage to Common Elements in the course of deliveries. The same notification, timing, coordination and protection procedures shall be followed in the event a Unit Owner or a tenant proposes to remove furniture or other large items from a Unit.

## **8. Leases and Subleases.**

(a) Tenant Information Form. In connection with any lease or sublease, the leasing/subleasing owner or tenant must ensure that a Tenant Information Form is submitted to the Executive Board on or before the first day that any tenant or subtenant's term. The Tenant Information Form shall be any legible form containing: (i) the name, mailing address, telephone number, and email address of each tenant; (ii) a representation that each tenant has read and agrees to abide by and be subject to the Association's Rules and Regulations, as amended from time to time; and (iii) the signature of each tenant.

(b) Owner Responsible. In the event of any lease or sublease, the Unit Owner shall

remain primarily responsible to the Association for compliance with all of the Rules and Regulations of the Association and the other Governing Documents and for payment of Assessments and any other charges of the Association. Without limiting the foregoing, the Association may take enforcement action and/or impose fines against the Owner or the Owner's tenant(s), provided that the Owner is entitled to notice of any action taken directly against a tenant that could result in a lien against such Owner's Unit (e.g. a fine).

**9. Construction Activity Guidelines.**

(a) Except as otherwise determined by the Executive Board, working hours shall be from 8:00 a.m. to 5:00 p.m. Monday through Saturday only. No resident or contractor construction activity is allowed in the buildings outside of these hours.

(b) All excess materials, debris and trash must be hauled away daily by the contractor.

(c) Appropriate clean-up is the responsibility of the Owner and such Owner's contractor. Any dirt, sawdust, or other material traced or spilled in the elevators or on hallway carpeting must be cleaned up immediately. All hallways, garages, elevators, and other common areas affected by the construction activity must be cleaned up at the end of each day.

(d) Exterior Unit doors must be kept closed when work is being done in a Unit.

(e) No smoke detectors, sprinklers or building intercom speakers may be removed or taken apart without prior Association approval.

(f) Any Owner who contracts to have work done in such Owner's Unit assumes full responsibility for:

(i) Compliance with the Declaration and these Rules and Regulations.

(ii) The cost of repair for any damage to the common areas and any other Association costs resulting from such construction activity.

(iii) Requiring workers to check with the Managing Agent or, if there is no Managing Agent, with the Executive Board, to clarify rules before work begins and further requiring all workers to have whatever permits are required for the work.

(g) Violation of the provisions of this Section 9 may result in the assessment of penalties against a Unit Owner and such Owner's contractor including, but not limited to, the suspension or termination of the contractor's further access to the buildings.

(h) Before a contractor may begin work in any Unit, the contractor must furnish to the Managing Agent or, if there is not Managing Agent, to the Executive Board, adequate proof of liability insurance and workmen's compensation coverage and any required building permits.

(i) No work may be performed on systems or items which are under general building Warranty, such as the fire sprinkler system, except by contractor authorized to do so by the Executive Board.

(j) The Executive Board may require such other undertaking and agreements from Owners, tenants and contractors relating to construction matters as the Executive Board determines to be reasonably necessary for the protection of the Association, other Unit Owners and the public.

**10. Showing of Units.**

Owners may show their Units to prospective purchasers at any hour, so long as such activity does not cause a disturbance or annoyance to other occupants. Any licensed real estate agent may show an Owner's Unit, pursuant to proper written authorization from the Owner submitted to the Managing Agent or, if there is no Managing Agent, to the Executive Board, but only between the hours of 8:00 a.m. and 7:00 p.m. Showings shall be by appointment only. No for sale or lease or open house signs may be displayed in the Community except in connection with initial marketing activity by the Declarant. Each prospective buyer must be accompanied by the Owner or by the Owner's real estate agent while on Community property.

**11. Obstructions.**

There shall be no obstruction of corridors or of other Common Elements, nor shall anything be stored outside of the Units without the prior written consent of the Executive Board, except as expressly provided. Appropriate, well maintained and aesthetically pleasing furniture, consisting of all-weather chairs and tables, will be allowed on plazas, terraces and patios, provided that they remain in good condition and repair.

**12. Refuse.**

Unit Owner shall not permit any merchandise, freight, personal property or refuse to accumulate on the sidewalks, in the parking areas or near the entrances, corridors, passageways and service areas in the Community without the express written permission of the Executive Board.

**13. Storage Restrictions.**

Storage on any deck, patio or area visible from the Common Elements is 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 plaza, terrace or patio or area visible from the Common Elements.

Storage in or on the Common Elements or the Limited Common Elements, in Storage Units or in or on other areas designated or allowed by the Executive Board will be at the risk of the

person using such areas.

**14. Long-Term Storage of Rubbish Prohibited.**

To prevent endangering health and safety or the spread of vermin or other pests, long term storage of rubbish within the Units or Common Elements is forbidden. All storage of rubbish, garbage or other debris within the Units will be in a manner which prevents the spread of vermin or other pests and any unnecessary fire hazards.

**15. Hazardous Waste.**

All hazardous or medical waste must be stored within the Unit in accordance with applicable laws and administrative regulations. Hazardous and medical waste must be removed directly to appropriate removal service vehicles and may not be left or stored in or on Common Elements. Any Owner of a Unit in which hazardous materials are proposed to be stored or used must notify the Executive Board of such proposed storage or use and receive prior written authorization from the Executive Board for such storage or use. The Executive Board may require indemnification on behalf of the Association.

**16. 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 maintained by the Association, including the storage of flammable liquids and other hazardous materials, without the prior written approval of the Executive Board. 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 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 tenant or invitee of any Owner.

**17. Electrical Devices or Fixtures.**

No electrical device which creates electrical overloading of standard circuits may be used without prior written permission of the Executive Board. Misuse or abuse of appliances, circuits, or fixtures within a Unit which affects other Units or the Common Elements is prohibited. Any damage resulting from such misuse is the responsibility of the Owner from whose Unit the damage is caused. Total electrical usage in any Unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

**18. Signs/Exterior Displays.**

Signs and decoration of entrances around doors, including exterior displays, will be permitted in areas on the exterior of the buildings as allowed for in the Declaration and as approved by the Declarant or the Executive Board, subject to the rules and regulations of the Town of Basalt. No other signs or exterior displays will be permitted to be displayed on the exterior of

the buildings, from windows or hung or placed on walls or doors without prior Board approval.

(a) Tables, racks, and brochure displays temporarily placed in the exterior space related to the corresponding unit will not be forbidden. The Association does not guarantee that The Town of Basalt will not limit this activity based on the Town rules and regulations. The displays can not impede public passage, 5' of sidewalk space for retailers must be maintained in order to access the walking area and for safety reasons. Tables and racks must be placed against the side of the building and kept in a neat, orderly manner. Displays may not be placed more than 10 feet from face of a Unit. Any signs accompanying the displays must be professionally printed. Displays are to be stored inside the unit during non-business hours.

(b) Free standing signs, such as sandwich boards, limited to special events and sales will not be forbidden. Requests shall be submitted to the Executive Board two weeks in advance. This type of sign will not be allowed to be displayed on a daily basis because they create visual discord and clutter. The present allowance in the Governing Documents for signs affixed to the building is sufficient to identify a business. The signs shall be professionally printed. The Association does not guarantee that the Town of Basalt will not limit this activity based on the Town rules and regulations.

(c) Sculptures or decorative artwork placed outside of units will not be forbidden. Requests shall be submitted to the Executive Board 30 days in advance. The applicant is responsible to conform with the Town of Basalt rules and regulations regarding outdoor sculpture and art.

(d) Anything to the contrary notwithstanding, an Owner or occupant may display one or more political signs within the boundaries of the Unit or in a window of the Unit, provided:

(i) No signs shall be displayed more than forty-five days before the day of an election nor later than seven days after an election;

(ii) Signs shall be no bigger than the lesser of (1) the maximum size allowed by any applicable city, town, or county ordinance that regulates the size of political signs on residential property, and (2) thirty-six by forty-eight inches; and

(iii) Not more than one sign shall be permitted per political office/seat or ballot issue in a pending election or vote.

**19. Access by Executive Board and Managing Agent.**

The Executive Board and Managing Agent may retain a pass key to all Units for use in emergency situations only or as expressly permitted in writing by a Unit Owner or tenant.

**20. Proper Use of Common Elements.**

(a) 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 nuisance, vandalism, or damage on or to the Common Elements.

(b) Any use of the Common Elements for commercial purposes and/or social events, other than such use as is incidental to a Member's use and enjoyment of the Common Elements or is otherwise expressly and specifically permitted by the Association documents or law, shall require prior written approval from the Board. The Board's approval may include such terms and conditions as the Board deems reasonable or necessary, in its sole discretion. The Board may approve or deny a Member's request for approval without a hearing, but if the Board denies the Member's request, then, upon the Member's written demand, the Board or a Committee thereof shall hold a hearing within seven calendar days for the purpose of permitting the Member to make a case for approval. Nothing, including prior approvals for purposes or events of a similar nature, shall require the Board to approve any use or event in the future, and, subject to specific language in the Board's written approval, any approval shall be revocable by the Board upon notice that is reasonable under the circumstances.

(c) No approval from the Board pursuant to subsection (b) shall affect a Member's responsibility for any injury or damage to persons or property occasioned by such Member or such Member's guests, licensees, or invitees, as well as trespassers attracted by such Member's activities.

**21. Annoyance or Nuisance.**

No noxious, offensive, dangerous or unsafe activity shall be carried on in any Unit or the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners and occupants or which may interfere with their peaceful enjoyment of the Common Elements or the other Units for the purposes for which they were designed. No Unit Owner or occupant shall make or permit any disturbing noises or nuisance activities or do or permit anything to be done that will interfere with the rights, comforts or convenience of other Unit Owners and occupants. No Unit Owner or occupant shall operate, or suffer to be operated, any engine, device, phonograph, television set, radio, or other sound emitting object at high volume or in any other manner that shall cause unreasonable disturbance to other Unit Owners and occupants.

**22. Compliance With Law.**

No immoral, improper, offensive or unlawful use may be made of a Unit or of the Common Elements. Unit Owners shall comply with and conform to all applicable laws and regulations of the United States and of the State of Colorado, and with all local ordinances, rules and regulations. The violating Unit Owner shall hold the Association and other Unit Owners harmless from all fines, penalties, costs and prosecutions for any violation or noncompliance and

the Executive Board may levy penalties against such Unit Owner which may become a lien against the Unit in the event of nonpayment.

**23. Collection Rules and Procedures.**

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

(a) Due Dates. Every Assessment shall be due and payable on the first day of the month following the month in which invoiced.

(b) Invoices. The Association shall mail invoices to the Owners at their respective addresses shown in the records of the Association, which invoices will be mailed not later than the 15th day of the month preceding each due date.

(c) Late Charges Imposed on Delinquent Payments. All Assessments which are not paid by the 10th day of the month in which due shall be deemed past due and delinquent as of the first day of the month in which due. The Association will impose a \$50 late charge on each past due Assessment for each month the Assessment remains past due and unpaid and each such late charge shall become an Assessment.

(d) Interest. Delinquent Assessments, fines or other charges due the Association shall bear interest at the annual rate of 24%.

(e) Attorney's Fees and Expenses on Delinquent Accounts. As an additional expense, the Association shall be entitled to recover its attorney's fees and expenses incurred in the collection of Assessments or other fees or charges due the Association.

(f) Collection Letters. After an Assessment or other charge due the Association becomes 60 days past due, the Association may, but shall not be required to, send or cause to be sent a collection letter to the Owner who is delinquent in payment.

(g) Use of Mail. In the event the Association causes a collection letter or notice to be sent to a delinquent Owner by regular mail, the Association may, but shall not be required to, send or cause to be sent an additional copy of that letter or notice by certified mail.

(h) Liens. The Association may file a Notice of Lien against the property of any delinquent Owner in accordance with the terms and provisions of the Governing Documents.

(i) Referral of Delinquent Accounts to Attorneys. 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 all appropriate action to collect the accounts referred.

(j) Referral of Delinquent Accounts 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) Sign Removal. If a Commercial Owner is delinquent in paying assessments or other sums due the Association, the Association may temporarily or permanently remove the sign or signs of the Owner or such Owner's tenant and the charge therefor shall be an additional obligation of the delinquent Owner.

(l) Ongoing Evaluation. Nothing in this procedure shall require the Association to take specific actions. The Association has the option and right to continue to evaluate each delinquency on a case by case basis.

**24. Returned Check Charges.**

In addition to any and all charges imposed or allowed under the Governing Documents, a \$25 fee shall be assessed against a Unit Owner for each check or other instrument attributable to or for the benefit of such Owner or such Owner's property which is not honored by a 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 these Rules and Regulations. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law.

**25. Policies and Procedures for Fines.**

(a) Right to Enforce; Notice. The Association shall have the right to enforce any provision of the covenants, rules, and regulations in any appropriate and legal manner, including enforcement proceedings in a court of competent jurisdiction and revoking Owner privileges of the offending member. Other than in cases of emergency, extraordinary nuisance, or similarly time-sensitive matters, Executive Board action hereunder shall require three days' notice to the offending Owner that a meeting of the Executive Board will be convened to determine whether a violation has occurred, and providing the Owner the opportunity to present a written or oral defense, except that non-payment of assessments may be conclusively determined by a statement from the Treasurer or the Association's accounting agent.

(b) Hearing. Before any owner is assessed a fine, the Association shall conduct a fact-finding hearing to determine whether the alleged violation actually occurred and whether the owner is the one who should be held responsible.

(i) The owner responsible for the alleged violation shall be given written notice of the violation and of the hearing on the violation not less than ten days prior to the hearing.

(ii) The hearing shall be in front of the property manager or a three-member

panel of the Executive Board, provided no member of the panel shall have any direct personal or financial interest in the outcome (a person has a direct personal or financial interest when that person will receive a greater benefit or detriment than the general membership of the Association as a result of the decision).

(iii) The property manager or panel shall render a written decision within forty-eight hours, or such longer time as they may reasonable require, which decision shall be made in writing and mailed to the affected owner. The decision shall state whether (i) the alleged violation actually occurred; and (ii) the owner should be held responsible. Only if both subparts are answered affirmatively shall the owner be assessed a fine.

(c) Schedule of Fines.

- (i) First offense: \$50
- (ii) Second offense: \$100
- (iii) Repeat (of same) offense: special action determined by the Board, which may include a fine of up to \$250, plus fees or costs to review and/or remedy the offense.

(d) Complaints of Owner Violations. Any Owner may submit a complaint to the Board, in writing, stating the complaining Owner's name, the Owner accused of the violation, the alleged violation, and the specific acts of the accused Owner that lead to the complaint. The Association shall notify the Owner subject to investigation of the complaint and, where not unreasonable or inappropriate considering the nature of the complaint, the name of the Owner making the complaint. The Executive Board shall review the complaint and may refer the matter to the Association manager and/or legal counsel for further investigation before the Executive Board renders a final decision. If no decision is rendered within thirty (30) days, the complaint shall be dropped. If the complaint is determined to have merit, the Executive Board shall handle the violation in accordance with subsection (a), providing ten days' notice and an opportunity to present a defense.

(e) No Waiver. For any violation of the covenants, rules, and regulations, the Association need not act with respect to an alleged or actual violation of the declaration, bylaws, or rules if the Executive Board, acting with due care, in good faith, and without a conflict of interest, concludes that a response to the violation would be impractical or excessively expensive compared to the benefit conferred. The Association's failure to act on any one occasion does not affect its right to enforce or not enforce those instruments on another occasion.

**26. 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 Unit, to payment of any and all legal fees and costs (including attorney's fees and expenses), expenses of enforcement and collection, late fees, return check charges, lien fees, and interest owing or incurred with respect to such Owner or such Owner's Unit pursuant to the

Governing Documents prior to the application of the payment to the Assessments or other charges due or to become due with respect to such Owner or such Owner's Unit.

**27. Enforcement.**

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 attorney's fees and expenses and all costs incurred by the Association in connection therewith.

**28. Modification, Amendments, Repeal and Reenactment.**

Notwithstanding anything to the contrary contained in these Rules and Regulations, the Association hereby reserves the right, at any time and from time to time hereafter, to modify, amend, repeal and/or reenact these Rules and Regulations in accordance with the Governing Documents and applicable law.

**29. Conflict of Interest Transactions.**

Conflicts of Interest transactions involving the Board shall be handled in accordance with C.R.S. §§ 38-33.3-310.5 and § 7-128-501, as amended from time to time. Specifically:

(a) Definitions.

“**Conflicting Interest Transaction**” means a contract, transaction, or other financial relationship between the Association and a member of the Executive Board, or between the Association and a party related to a member of the Executive Board, or between the Association and an entity in which a member of the Executive Board is a director or officer or has a financial interest.

A “**party related to a member of the Executive Board**” shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the member of the Executive Board or a party related to a member of the Executive Board has a beneficial interest, or an entity in which a party related to a member of the Executive Board is a director, officer, or has a financial interest.

(b) Loans. No loans shall be made by the Association to a member of the Executive Board. Any member of the Executive Board or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

(c) Valid Under Certain Conditions. No Conflicting Interest Transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a member or by or in the right of the Association, solely because the Conflicting

Interest Transaction involves a member of the Executive Board of the Association or a party related to a member of the Executive Board or an entity in which a member of the Executive Board of the Association is a director or officer or has a financial interest or solely because the director is present at or participates in the meeting of the Association's Executive Board or a committee thereof that authorizes, approves, or ratifies the Conflicting Interest Transaction or solely because the member of the Executive Board's vote is counted for such purpose if:

(i) The material facts as to the member of the Executive Board's relationship or interest and as to the Conflicting Interest Transaction are disclosed or are known to the Executive Board or the committee, and the Executive Board or committee in good faith authorizes, approves, or ratifies the Conflicting Interest Transaction by the affirmative vote of a majority of the disinterested members of the Executive Board, even though the disinterested members of the Executive Board are less than a quorum; or

(ii) The material facts as to the member of the Executive Board's relationship or interest and as to the Conflicting Interest Transaction are disclosed or are known to the members entitled to vote thereon, and the Conflicting Interest Transaction is specifically authorized, approved, or ratified in good faith by a vote of the members entitled to vote thereon; or

(iii) The Conflicting Interest Transaction is fair as to the Association.

(d) Ratification. Common or interested members of the Executive Board may be counted in determining the presence of a quorum at a meeting of the Executive Board or of a committee which authorizes, approves, or ratifies the Conflicting Interest Transaction.

(e) Review. The Board shall review the Association's policies and procedures applicable to conflict of interest transactions each year prior to the annual meeting of Owners

### **30. Alternative Dispute Resolution (Disputes Between Owner and Association).**

Alternative Dispute Resolution ("ADR") shall mean negotiation and non-binding mediation overseen by a neutral third party ADR professional, as further described below.

(a) Claims Subject to ADR. The claims subject to ADR, which shall be a condition precedent to the filing of any lawsuit for the resolution of any claim(s), shall include any demand, grievance, or dispute between the Association and an Owner relating to: (i) the interpretation, application, or enforcement of the Association's governing documents; or (ii) the rights, obligations, and duties of any officer, Board member, or association member, under the Association's governing documents.

(b) Claims Not Subject to ADR. The following shall not be considered claims subject to ADR unless all parties to the matter otherwise agree to submit the matter to ADR: (i) any suit by the Association to collect assessments or other amounts due from any member; (ii) any suit by the

Association to obtain a temporary restraining order or emergency equitable relief and such ancillary relief as the court may deem necessary to maintain the status quo and preserve the Association's ability to enforce the provisions of the Declaration concerning use restrictions and property rights of owners; (iii) any suit between members of the Association, which suit does not include the Association as a party, provided such suit asserts a claim which would constitute a cause of action independent of the Association's governing documents; (iv) any suit in which any indispensable party is not a member of the Association, a member of the Board, or an officer of the Association; and (v) any suit as to which any applicable statute of limitations would expire within 180 days after giving the notice required to initiate ADR, as set forth below, unless the party against whom the claim is made agrees to toll the statute of limitations as to such claim for a period reasonably necessary to comply with ADR.

(c) Notice of Claim. Any party asserting a claim hereunder shall give written notice to each other party and to the Board stating plainly and concisely the nature of the claim and each party's role in the claim, the basis of the claim, and the remedy sought. Any writing that complies with the foregoing shall, upon delivery to all other parties, be a "Notice of Claim".

(d) Meet and Confer. The claimant and all other parties shall make every reasonable effort to meet in person within ten (10) days of the Notice of Claim and to confer for the purpose of resolving the claim by good faith negotiation. Any or all of the parties may bring legal representation.

(e) Mediation. If the parties have not resolved the claim(s) through negotiation within ten (10) days of the Notice of Claim, the claimant shall have twenty (20) additional days to submit the claim to mediation with an entity designated by the Association, but absent agreement such entity shall be an independent agency providing dispute resolution services in the Roaring Fork Valley. The claimant shall provide the mediator with the contact information of the other parties and the mediator shall schedule the mediation after conferring with all parties as to an acceptable date and time. If the claimant fails to submit the claim to mediation within the time required hereunder, or does not appear for the mediation when scheduled, the claimant shall be deemed to have waived the claims, and the other parties shall be relieved of any and all liability to the claimant on account of the claim.

(f) Costs of Mediation. Each party shall bear its own costs of mediation, including attorney's fees, and each party shall share equally all fees charged by the mediator. Upon request by any of the parties, the mediator shall be authorized to shift the burden of the costs of mediation and the mediator to the claimant if the mediator determines that the claimant's claim(s) were substantially frivolous or groundless.

### **31. Reserves.**

The Association may but need not invest some or all of its reserves. To the extent the Association invests some or all of its reserves, the Executive Board shall make investment decisions in good faith, with the care an ordinary prudent person in a like position would exercise

under similar circumstances, and in a manner the Board reasonably believes to be in the best interests of the Association.

**32. Miscellaneous.**

(a) Failure by the Association, the Executive Board or any person to enforce any provision of these Rules and Regulations shall in no event be deemed to be a waiver of the right to do so thereafter.

(b) The provisions of these Rules and Regulations 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.

(c) 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.

(d) 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 and Regulations were adopted by the Executive Board on November 26, 2012.

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\_\_\_\_\_, Secretary