

THE VILLAS AT SWAN'S NEST ASSOCIATION, INC.
RULES AND REGULATIONS
Revised September 2020

The Board of Directors has the authority to institute a schedule of reasonable charges against Owners or their agents for violation of these Rules and Regulations, the By-Laws, the Declaration, and the Articles of Incorporation. Reasonable procedures, including notice of alleged violations and opportunity to be heard by a grievance committee, shall be implemented by the Board and costs incurred by the Association in enforcing these Rules and Regulations, the By-Laws, and Condominium Declaration of the Association shall be charged to the violating Owner.

The Board shall have the authority to take any remedial action it deems appropriate in the event of a violation of these Rules and Regulations, the By-Laws, or the Declaration including assessments of charges and penalties, the filing of a lien, the filing of an action for injunction or money judgment, or filing of a suit for unlawful detainer.

The Rules and Regulations are subject to amendment by the Board of Directors.

Table of Contents:

1. Dispute Resolution
2. Collection Policy – Addendum #1
3. Construction/Remodel Rules – Addendum #2
4. General Rules
5. Parking Policy
6. Pet Policy
7. Storage Yard Policy
8. Hot Tub Policy
9. Lock Hardware Policy
10. Unit Occupancy – Addendum #3

1. DISPUTE RESOLUTION:

To promote an efficient and lower cost approach to resolving disputes between owners or between the Homeowners' Association and owners, all owners and the HOA shall comply with the following policy:

Negotiation: Each party agrees to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. The parties shall make every reasonable effort to meet in person for the purpose of resolving the dispute by good faith negotiation. If the dispute cannot be resolved through good faith negotiations within 60 days, then the dispute may be submitted to a recognized mediation service.

Mediation: Each owner and the Homeowners' Association agree to mediate any dispute or claim arising between owners or between an owner and the Homeowners' Association before resorting to arbitration or court action. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action or arbitration without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorneys' fees or costs of the dispute, even if they would otherwise be available to that party in any such action. If after one party requests mediation from the other party in writing, the parties cannot decide on a mediator to mediate the dispute, either or both parties may submit the matter to a recognized mediation and arbitration service and request the service assign a mediator. Disputes that cannot be settled by mediation within 60 days may proceed with arbitration.

Arbitration: Each owner agrees that any dispute or claim in law or equity arising between any other owner or the Homeowners' Association which is not settled through mediation, shall be decided by neutral, binding arbitration. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive Colorado Law. If the parties cannot, in good faith, determine an arbitrator, they shall submit the dispute to a recognized arbitration service (such as the American Arbitration Association) and the service shall assign a mediator. The parties shall have the right to discovery in accordance with all Colorado statutes allowing discovery in arbitration. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction. Interpretation of this agreement to arbitrate shall be governed by the Federal Arbitration Act.

The expense of the arbitration shall be initially borne by each party equally. The party prevailing in the arbitration shall be entitled to recover his, her, or its costs of the arbitration, including attorneys' fees.

Each party is required to continue to perform its obligations under the Declaration and Rules pending final resolution of any dispute.

This policy does not apply when there is an imminent threat to the peace, health, or safety of the community.

PENALTY SCHEDULE

(unless otherwise noted in the Rules and Regulations)

1 st Offense of any kind	A written warning
2 nd Offense of any kind	\$100.00 assessment against the unit
3 rd Offense of any kind	\$200.00 assessment against the unit
4 th Offense of any kind	\$300.00 assessment against the unit
5 th Offense of any kind	\$400.00 assessment against the unit
6 th Offense of any kind and each succeeding offense	\$800.00 assessment against the unit

If an issue is not resolved within one-week fines will be instituted as deemed necessary by the Association. Succeeding violations of any kind within a 12-month period from the date of the latest violation will result in additional fines. Fines may continue to escalate and accrue weekly. All fines assessed against a unit for violations to the Rules and Regulations will be subject to the same late fees, interest and lien procedure as noted in #2 below. Fines assessed will be due and payable on the first of the succeeding month and considered late on the 16th. Example: If a fine is assessed anytime in the month of May it is due on the first of June and late on the 16th of June. Owners are responsible for their tenants abiding by all Rules and Regulations.

The capitalized terms used in these Rules and Regulations shall have the same meaning herein as such terms have in the Declaration for the Villas at Swan's Nest, Inc. recorded in the records of Summit County, Colorado, unless otherwise defined hereunder.

Any violations to the Rules and Regulations may be reported by homeowners to a Board member, the resident manager, or the property management company.

ALL OWNERS AND NON-OWNERS, OCCUPANTS, GUESTS, RENTERS, OR RENTAL AGENCIES SHALL COMPLY WITH THESE RULES AND REGULATIONS.

2. COLLECTION POLICY:

Procedure for Collection of Unpaid Assessments/Dues: Per Colorado statute, a collection policy

meeting all legal requirements was adopted 11/14/13 and became effective 1/1/14. The policy is attached to these Rules and Regulations. Please see Addendum #1.

3. REMODEL POLICY:

Procedures and rules for exterior and interior remodels policy is attached to these Rules and Regulations. This policy was adopted October 2016 and became effective May 1st, 2017. Please see Addendum #2 (separate file) for full details and procedures.

All General Contractors, Subcontractors or Vendor who will be performing work on the property in any way are required to have proper insurance and are at minimum required to have general liability insurance. The Villas at Swan's HOA is required to be listed as an additional insured with that wording spelled out on the certificate and must include valid/current policy dates. (see Addendum #2 page 10 for example) This is a requirement of the HOA's insurance policy and cannot be waived.

4. GENERAL RULES:

Walkways, halls, corridors, stairways, sidewalks, parking spaces, driveways, and roads shall not be obstructed or used for any purpose other than ingress to and egress from a unit. Entrances may have minimal decoration providing the entrance/exit to the unit remains unobstructed. Skateboarding and in-line skating are discouraged; snowboarding is prohibited on the property.

All flower pots, hanging baskets and flower boxes on decks, balconies or patios shall conform to uniform guidelines. Flower boxes are permitted to be affixed to the top deck railings, patio tables, and retaining walls. Dead plants shall be removed promptly. Articles hung from the doors, windows, decks, balconies, or patios or placed upon the outside windowsills or fences of any Unit (including by way of example, seasonal decorations, holiday wreaths, exterior lights, flower boxes and baskets) shall be permitted, but are subject to approval by the Association. Deck coverings & privacy screens including (but not limited to) mesh, plexiglass, canvas, and cardboard, are not permitted. Seeded bird feeders are not permitted; however, suet & hummingbird feeders are permitted with a maximum of 2 per unit. Bird feeders of any type are not permitted to be placed on common areas. Bird houses & baths of any type are not permitted.

Holiday decorations are to be limited to owner's unit and unit deck and should be removed no later than 1/15. Outdoor decorative lighting of any type is not permitted outside of the holiday season (November 15 – January 15). If any such article is offensive or disruptive to a neighbor and the Owner is unable to correct the problem after written request or notice by an officer of the Association, the Owner will be required to remove it. No owner shall decorate or utilize common areas as an extension of their property. Decorative items left in common areas will be removed and discarded without notice.

No bicycles, skis, barbecues (other than gas grills), toys, electrical items, or other personal articles shall be allowed to stand in or on any balcony, deck, and patio or on any of the General Common Elements, except in areas designated by the Association. Deck and patio furniture accepted. All such areas shall be kept in a neat and sanitary condition at all times.

Owners who have signed an Exterior Encroachment Agreement with the Association must maintain the area. It is expected that gardens are well maintained, weeded, watered, and kept free of dead flowers, plants, and shrubs. Patio extensions must be maintained, weeded, and pavers that are cracked or crumbling must be replaced. Any patio extensions shall be kept level without areas of heaving or sinking.

No Owner shall make or permit any noises or smells that will disturb or annoy the occupants of any other Unit or permit anything to be done which will interfere with the rights, comfort, or convenience of other Owners or guests.

Quiet hours on property are from 10pm – 7am.

No awnings, window guards, light reflective materials, shutters, ventilators, fans, or air conditioning devices or other machinery or equipment shall be placed in such a location so as to be visible from the exterior of any Unit except as shall have been previously approved in writing by the Association, which approval may be withheld on purely aesthetic grounds within the sole

discretion of the Association.

In order to establish and maintain a uniform and aesthetic building exterior, two window coverings are approved by the Association. First, draperies with a white backing or neutral colored material. Second, wood/wood like blinds or pleated shades. All other window coverings require prior written consent of the Association.

No sign, notices, posters or advertising devices shall be inscribed or exposed on any portion of Property or any Unit therein, except such as shall have been previously approved in writing by the Association's Board of Directors. Real estate/rent signs may be installed in windows only with a maximum size of 4" x 6" (24 square inches). Decorative name signs are permitted but may not exceed 4" x 6". In accordance with SB100, political signs may be displayed provided they are not erected earlier than 45 days prior to the day of election and are removed no more than 7 days after the election. Only 1 sign is permitted per unit per political office or ballot issue that is being contested. The size of any political sign is limited to 8 sq. ft. and can only be placed in a window of the unit owner's residence. Construction signs are subject to the same restrictions as other signs unless required by law. All construction signage requires Board approval prior to being posted.

All garbage and refuse shall be properly deposited, with care, in areas designated by the Association. Do not place trash on the ground in the fenced in area. Please put trash inside the dumpster.

Garage doors are to be kept closed at all times (don't let the heat out).

No aerials or antennas of any kind shall be attached to, or hung from, the exterior of the Units, the roofs thereon, or protruded over any fence or balcony, without the prior written consent of the Association. Television dishes are allowed but it is required owners contact the Board (through the Managing Agent) regarding location. Satellite dishes should be attached on the deck railings or uprights.

The agents of the Association and any contractor or workman authorized by the Association may enter any Unit at any reasonable hour of the day for purposes permitted under the terms of the Declaration, Bylaws of the Association, or Management Agreement. Except in the case of emergency, entry will be made by prearrangement with the Owner. Within 24 hours.

The Association assumes no liability for nor shall it be liable for any loss or damage to articles stored in any common or other storage area.

Any damage to the General Common Elements or common property caused by an Owner shall be repaired at the expense of such Owner. Any unpaid amount shall be a charge and/or lien against the Unit.

The Managing Agent or, if there is no Managing Agent then the Association, shall retain a passkey (Master Key) to each Unit. No Owner shall alter any lock or install a new lock on any door leading into the unit without prior consent, and if such consent is given, the Owner shall provide hardware set to the Association's master key system for the Managing Agent's or the Association's use.

In accordance with Section 24.3 of the Declaration, exterior/detached garages may only be owned by a current owner of a VSN condominium unit and each owner of an exterior/detached garage unit may only sell, transfer or convey an exterior/detached garage unit to another VSN owner. If an exterior/detached garage unit is conveyed or transferred, voluntarily or involuntarily, in violation of the Declaration or this rule, the Association will levy weekly fines as provided in the Penalty Schedule of these Rules and Regulations. Nothing in this rule will prevent the Association from exercising other remedies available to it in law or equity for enforcement of the Declaration or this rule.

5. PARKING:

No vehicle belonging to any Owner shall be parked in such a manner as to impede or prevent ready access to or egress from another Owner's parking space or garage. All vehicles in the lot must fit into a standard parking spot of size 9 feet wide by 18 feet long and 10 feet tall. Vehicles more than these dimensions are in violation and subject to towing.

All traffic flowmarkings and signs regulating traffic shall be strictly observed. The speed limit is 10 mph within the complex and will be enforced. Speed limit signs are posted, and violators will be subject to the penalty schedule.

Each owner is authorized one exterior parking space (regardless of the number of vehicles registered by the owner). Owners not owning a garage are authorized two exterior spaces.

Garages are for parking only and not for storage. Garage parking is not considered an exterior space – owners may park one vehicle in the garage and another vehicle in their allotted exterior space. Owners who rent their units must adhere to the number of allocated parking spaces.

An owner may submit application to the Board for **one** additional designated parking space for a fee of \$50 per month. Vehicle information as stated above will be required and the monthly fee will be paid by the unit owner. There are limited additional spaces that will be considered each year beginning December 15 until they run out. Permits will be effective beginning January 1st of each year. Applications must state the length of time requested for the additional space (6 months or 12 months only – no permits will be issued for a period of less than 6 months) and payment must be sent with the application. Applications will be approved based on eligibility and first come first served basis of when payment is received. No refunds will be given once an additional parking space/permit is issued. Owners requesting an additional space for 6 months must reapply if they want to renew for another 6 months.

Parking passes issued by the manager or the association are required for parking in the exterior parking spaces. Parking passes from rental companies or other outside sources are not permitted. One parking permit will be issued to each unit (2 permits will be issued to units with no garage). Vehicles without a permit may park temporarily in an exterior space for a maximum of 30 minutes (unloading/loading). Owners/residents are not permitted to park in exterior spaces on a regular basis without a parking permit. Vehicles not displaying a valid parking permit will be subject to towing at owner expense.

Extended parking (storage of regularly operated vehicles) is permitted in the regular exterior spaces for a maximum of 30 days provided the vehicle displays the proper parking permit. Owners wishing to park/store a vehicle for longer than 30 days must have Board approval. Vehicle covers are not permitted at any time. Non-motorized campers and boats, snowmobiles, 4-wheelers stored on trailers, etc. are prohibited from parking in the exterior lot and may be parked/stored in the storage yard (see Storage Yard Policy, number 7). Motorcycles are permitted in exterior spaces provided they display the proper parking permit. The Managing Agent and the HOA assume no responsibility for vehicles parked for an extended period of time and will not be responsible for moving said vehicles for snow removal, lot maintenance, etc. Owners must make arrangements with a neighbor/friend to move the vehicle as necessary. Contact information for the person retaining the vehicle keys must be provided to the Managing Agent.

No parking permit is required for parking in the designated visitor/guest parking area in the middle of the complex between the two central dumpsters. A visitor is defined as someone who is staying at the complex for less than 48 hours. **V i s i t o r** parking is limited to 48 hours which will allow for overnight/weekend guests. If a visitor is staying for longer than 48 hours and less than 1 month, a temporary permit must be obtained from the management company. Visitors staying longer than one month must obtain a permanent pass as outlined above. Once the permit is obtained, the vehicle

can be parked in the regular lot and not the visitor one. **These spaces are for visitors/guests only and not for use by owners/renters (either long term or short term) in lieu of displaying a valid parking pass.** The spaces are to be used for regularly driven vehicles, and not storage or extended parking. Any vehicle with a permit can park in the regular lot. The visitor parking is for vehicles present for less than 48 hours.

With prior approval from the Management Company, trailers/RVs can be in the parking lot to load, unload or perform repairs for a maximum of 24 hours. The trailer/RV must not impede traffic flow or inhibit access to garages or parked vehicles. Requests for variances to the 24-hour time limit must be submitted to the Management Company and approved by the Board.

In accordance with the Declaration, Article 3, 3.5, (g)

The term “vehicle” as used herein shall include, without limitation, motor homes, boats, trailers, motorcycles, minibikes, scooters, go carts, trucks, campers, buses, vans, and automobiles. No vehicle may be left upon or within the Property, except in a garage or other area designated by the Board of Directors for vehicles.

Parking and/or storage of inoperative vehicles is prohibited. All vehicles parked on the property must have current tags/registration. Violating vehicles are subject to towing at owner expense. Any vehicle with a flat tire(s) shall be considered inoperable and is subject to towing if the tires are not repaired/replaced within 3 days.

Vehicles leaking oil or other fluids cannot be parked in the exterior spaces. Owners are responsible for cleanup of any oil or other fluid. Failure to comply will result in the Association arranging for cleanup and billing the owner for any incurred expense.

All vehicles (including those parked for extended periods/storage) must be moved for snow removal (preferably right after a measurable snowfall but at least once within 24 hours of any measurable snowfall). Vehicles must be moved to a cleared/plowed spot so unplowed areas can be cleared of snow. Vehicles not moved for snow removal may be towed immediately at owner expense.

Any violation to the parking policy will result in ticketing of the vehicle and/or towing at owner expense. Fines may also be assessed against the unit in accordance with these Rules and Regulations. Ticketing/towing of vehicles without valid parking permits will be as follows:

The first time a vehicle is seen without a parking permit, a warning ticket/sticker will be placed on the vehicle stating, “Parking by Permit Only”.

The second time the same vehicle is seen without a parking permit, an “Intent to Tow” ticket/sticker will be placed on the vehicle stating, “Intent to Tow in 24 Hours”.

If the vehicle is seen again without a permit, it will be towed without notice at owner expense.

Any vehicle that is parked illegally (fire lane, in front of a garage, blocking the dumpster, blocking any entrance, etc.) will be ticketed with an intent to tow sticker and towed ASAP.

Owners who rent their units must ensure that tenants are aware of the parking regulations and have access to the issued permits. Tenants must display the proper permit for all vehicles parked in the regular lot. If an owner has more than the allowed number of vehicles, additional parking permits/spaces must be purchased as outlined above.

6. PETS:

Only owners (as listed in the records of the Summit County Assessor) are permitted to have pets at the complex. Owner's guests that are visiting with a pet are permitted only in units that are occupied by the owner(s) and are allowed on the property for no more than two weeks. Special circumstances must be reported prior to arrival to the Managing Agent and approved by the Board. Renters (regardless of their relationship with the owner(s)) are not permitted to bring pets onto the premises at any time.

No owner may keep more than two animals generally recognized as house pets (dogs, cats, other small mammals, birds, reptiles, fish, and amphibians) on the property or within any unit without the express written permission of the Association. Pets may be off leash if the animal is in immediate control of the owner. Immediate control means control of an animal by the physical presence of a responsible person within 10 feet of the animal and such responsible person does exhibit voice control over the animal so as to prevent it from being a public nuisance or from being in violation of the Rules and Regulations or any town or county ordinance. If aggressive behavior is noted the pet may be required to be leashed at all times when outside the unit. Pets shall not be left unattended on any decks, balconies, or patios or left outside attached to a run or stationary pole, tree, etc. If a pet becomes noisy, menacing, or obnoxious and a complaint(s) is received by other residents or the resident manager, the owner shall receive a written warning. If the pet issue is not corrected by the third written warning, the owner will be required to permanently remove the pet(s) from the property. Owners are required to immediately clean up after their pet(s) on a regular basis.

The Homeowner's Association shall not be liable for any claim or harm resulting from any action of the owner's pet. The owner agrees to fully reimburse the Association for any costs incurred for damages caused by the owner's pet and/or for any actions taken to remedy a violation of the pet policy.

Pets are prohibited from the hot tub area.

The Board reserves the right to permanently remove an owner's pet privileges at The Villas at Swan's Nest.

7. STORAGE YARD POLICY:

The HOA has an RV/trailer storage yard with a limited number of spaces available to rent. There is a process in place to help manage the storage yard. The intent is to make the yard more accessible to all owners and to keep the yard cleaned up and manageable. As part of the new process the Board has implemented a monthly rental fee of \$75.

Management Process/Criteria

1. Trailers and non-motorized RV's may not exceed 28 ft (including towing gear) (note: a 28 ft Class C RV, bumper to bumper length is appr. 30 ft.). Storage spots are limited to 1 trailer per spot.
2. Trailers/RVs must maintain a current registration with the Management Company. Tags must be displayed on RV/trailer. There will be a grace period for the winter months from December 1 to April 1. If an RV/trailer does not have the proper tags, the Renter will be given 30 days to comply or remove the unit. If the RV/trailer is not compliant after 30 days, it will be towed.
3. Rentals are for a maximum of 3 years. After 3 years, the permit holder must reapply and go through the selection process again.
4. Applications will be sent by email (date stamp and time) to the Management Company no later than the date outlined by the management company. Only one application per owner (ownership is described as all persons listed on the deed as recorded in the Clerk and Recorder's Office).
5. The Management Company will review the applications and select qualified applications based on predefined criteria: Preference will be given to Owner occupied residents of Summit County first, followed by non-resident owners and finally tenants. All applicants meeting the criteria will be placed

into the lottery and notified before the annual meeting if they have been successful or not. The Management Company will run the lottery.

6. Monthly rental fee \$75 and will start on May 1st, 2021.
7. Permit Holders must sign-up for ACH with the Management Company (not bank pay or similar) or pay the annual fee upfront. If an owner sells their unit or no longer needs the storage space, the Management Company will work with the owner to issue a refund if applicable. Permit Holders are responsible for the monthly rental through the end of each month. There is no prorated monthly fee if a space is vacated before the end of a month.
8. Spaces will be assigned upon approval of application. Permit Holders must park only in their assigned location.
9. Approved applicants must sign a rental agreement which will be kept on file. The Management Company/HOA will not be responsible for damage or theft of the RV or trailer.
10. If a space is vacated before the renewal date the Management Company will notify owners that a space has opened up. If an owner is interested, they can apply for a full 3-year rental thru the same process. If a space is being vacated, the current owner needs to give the Management Company 30 days' notice.
11. Sub-leasing of spots will not be allowed.
12. The storage yard is for trailers and RVs only; other items are not allowed, such as canoes, kayaks and bicycles.
13. All RVs/trailers must stay within the confines of the space assigned.
14. Approved applicants are the only residents permitted to use the storage yard (e.g. non-motorized campers and boats, snowmobiles, motorcycles, 4-wheelers stored on trailers). No cars, trucks, or commercial trailers (those storing construction materials or equipment). are allowed.
15. No other personal items (e.g. batteries, tires, signs, tarps, etc.) may be stored around or under the stored unit. Personal items discovered by the Managing Agent will be tagged and if not removed, will be disposed of in 5 days.
16. Neither the Managing Agent nor the Association will provide snow removal in the storage yard.
17. Owners storing equipment do so at their own risk and will not hold liable the Managing Agent or the Association for any damage to their property.

8. HOT TUB POLICY:

HOURS OF OPERATION: 10:00 a.m. to 10:00 p.m. (except for cleaning and maintenance)

NO Trespassing, pets, glass, food, loud voices, oils, body lotion, unsupervised children

USE AT YOUR OWN RISK. OWNERS AND MANAGEMENT ARE NOT RESPONSIBLE FOR ACCIDENT OR INJURIES.

HEALTH CAUTIONS

Exposure may result in nausea, dizziness, fainting, or death

Pregnant women, elderly persons, and persons that have heart disease, diabetes, high or low blood pressure should not use spa without prior medical consultation

Persons alone and alcohol or drug users should not use the spa

Use reasonable limits (10-15 minutes) then cool down and use again
EMERGENCY MEDICAL NUMBER 911

9. LOCK HARDWARE:

- a. Hardware changes are considered an exterior renovation and must be approved by the HOA.

- This will require a written explanation of what is being done or asked for.
- b. ALL relative costs relative to any changes in hardware or changes in keying are the owner's cost to bear.
 - c. All hardware must be manufactured by Schlage and in the color of "Antique Bronze".
 - d. Owners are able to switch outdoor knobs for a different style, including a style with a lock. However, all locks MUST be keyed to the master.
 - e. Owners are able to change the keypad deadbolt to a WiFi system or to a traditional deadbolt without a keypad. Again, all locks MUST be keyed to the master.
 - f. In order to key to the master, you must contact SCM for locksmith referrals.
 - g. Interior locks (i.e. a chain lock) are not allowed.
 - h. Exterior storm doors either need to remain unlocked or must be keyed to the master.
 - i. The HOA/property manager/fire department are required to have access to your unit in the event of an emergency. If your unit is not on the master system, you do risk the door to the unit being broken in order to gain access.

POLICY
GOVERNING THE COLLECTION OF UNPAID ASSESSMENTS
FOR VILLAS AT SWAN'S NEST HOMEOWNERS ASSOCIATION
(Adopted November 14, 2013 – Effective January 1, 2014)

WHEREAS,

- A. The Villas at Swan's Nest Homeowners Association (the "Association") is the unit owner's association for Villas at Swan's Nest;
- B. The Association is required to adopt a written policy governing the collection of unpaid assessments pursuant to C.R.S. § 38-33.3-209.5(5) as amended effective January 1, 2014;

NOW THEREFORE, the Association adopts the following Policy Governing the Collection of Unpaid Assessments (the "Collection Policy"):

- 1. Use of Terms.
 - 1.1. Capitalized terms not otherwise defined in this Collection Policy have the same meaning as in the Declaration.
 - 1.2. The term "Assessment" refers to all fees, charges, late charges, attorney fees, fines, and interest imposed by the Association. Except as noted in this Collection Policy, all Assessments are treated the same.
 - 1.3. The term "Regular Assessment" refers to the periodic payments due from each Owner to the Association and is commonly known as "dues."
 - 1.4. The term "Special Assessment" refers to irregular payments due from each Owner to the Association from time to time.
- 2. Mandatory Nature of and Effect of Policy. The Association is required to follow this Collection Policy governing the collection of unpaid Assessments. Notwithstanding the foregoing, the Association's failure to comply with this Collection Policy shall in no event limit an Owner's liability for unpaid Assessments, which are at all times each Owner's responsibility. This Collection Policy shall supersede any provision of the declaration, bylaws, articles, or rules and regulations to the contrary. It replaces all previous collection policies that may have been adopted by the Association. The imposition of fines is governed by a separate fine policy; however, once fines are imposed, they are subject to enforcement under this Collection Policy.
- 3. Due Date and When Past Due and Delinquent.
 - 3.1. Each Regular Assessment must be paid to the Association on or before the first day of each month and is considered delinquent after the 15th.
 - 3.2. Each Special Assessment must be paid to the Association at a date to be fixed by the Executive Board at the time of imposing the Special Assessment.
 - 3.3. All other Assessments must be paid immediately from the time they are imposed.

- 3.4. All Assessments will be considered past due and delinquent if not paid by the Owner on the due date.
- 3.5. If an owner fails to pay any Regular Assessment when due, the Association may accelerate and call due the entire balance of Regular Assessments for the remainder of the fiscal year and require the Owner to pay them immediately. The Association may later elect to decelerate the account if desired.
4. Late Fees. The Association will impose a late fee of \$50 for each payment that is past due and delinquent.
5. Interest. The Association will impose interest of 18% per annum on unpaid Assessments compounding monthly on the first day of each month.
6. Returned-Check Charges. Any Owner whose check, draft, or order for the payment of money upon any bank, depository, person, firm, or corporation is not paid upon its presentment is liable to the Association as provided in C.R.S. § 13-21-109 (the bad check statute). For purposes of the bad check statute, the bad check charge will be \$20.00. Nothing herein shall prevent the Association from referring the matter to the appropriate authority for criminal prosecution.
7. Collection Process.
 - 7.1. Billing and Notice Policy. The Association will endeavor to send each Owner periodic statements. Sending statements is a courtesy only and does not affect an Owner's liability for unpaid Assessments, which are at all times the Owner's responsibility. No excuses. Statements shall be sent to the Owner's last known address and Owners are responsible for making sure the Association has current billing information. The risk of non-delivery of notices is at all times on the Owner. Owners may request that notices be sent to a designated electronic mail address. Otherwise, notices shall be sent by regular mail and/or certified mail.
 - 7.2. Payments. Payments may only be made by depositing funds to the Association's bank account. Information about payment options may be obtained from the Association's manager. Payment may not be delivered directly to the Association's manager at its offices or by mail and, to the extent that the Association accepts a payment delivered directly to the Association's manager, the payment will be deemed paid when actually deposited into the Association's account by the manager even if there is a delay that causes additional charges to accrue on the account.
 - 7.3. Notice of Delinquency. Before the Association turns over a delinquent account to a collection agency or refers it to an attorney for legal action, the Association, or its managing agent, will send the Owner at least one "Notice of Delinquency" in substantially the form attached as Exhibit A. The Association may send an Owner any number of Notices of Delinquency before proceeding with more formal collection action without prejudice to its collection rights. Payments will be applied as provided in the Notice of Delinquency and the Association's acceptance of less than the full amount owed shall never constitute accord and satisfaction or effect the Association's rights with respect to collection of the balance except as expressly acknowledged by the Association in writing.

- 7.4. Referral to Collection Agency or Attorney. If an Owner has not paid the full amount owed on a delinquent account within thirty (30) calendar days after the mailing of a Notice of Delinquency, the Association may turn over the account to a collection agency or refer it to an attorney for legal action. A delinquent Owner is liable for all collection costs, including attorney's fees, with or without suit. It shall be reasonable for the attorney to charge up to \$275 per hour for collection and/or customary flat rates. The minimum charge for attorney fees for any referral to the Association's attorney is \$300. The collection agency or attorney may pursue collection of the account using any means permitted by law, including through appointment of a receiver. Once the Association turns the account over to a collection agency or refers it to an attorney for legal action, all subsequent communications regarding the account must be handled through the collection agency or attorney until the matter is resolved.
8. Payment Plan and Forbearance.
- 8.1. The Association will make a good faith effort to coordinate with a delinquent Owner to set up a payment plan ("Payment Plan"), except that this section does not apply if the Owner does not occupy the unit and has acquired the property as a result of (a) a default of a security interest encumbering the unit; or (b) foreclosure of the Association's lien, or the Owner has previously entered into a Payment Plan. For purposes of this provision, an Owner does not occupy the unit, and is not entitled to a Payment Plan, if the Owner is a legal entity such as a limited liability company, corporation, partnership, or trust.
- 8.2. The Payment Plan will be in a form agreed by the Association and the Owner. In general terms, the Payment Plan will permit the Owner to pay the deficiency in equal installments over a period of at least six months. The Owner will be required to agree to the amount owed and to stipulate to judgment and foreclosure of the Association's lien in the event that the Owner does not pay as required by the Payment Plan. The Payment Plan will include other terms as required by the Association. In the event that the Association and the Owner are unable to agree to the final terms of a Payment Plan after a reasonable opportunity for negotiation, the Association may proceed with collection of the account through any means permitted by law. The Association is entitled to charge the Owner for its attorney fees relating to preparation and negotiation of a Payment Plan.
- 8.3. The Association may, in its discretion, forebear enforcement of this Collection Policy, including entering into forbearance agreements with delinquent Owners, if it determines this to be in the best interest of the Association.
- 8.4. No agreement is enforceable unless reduced to a writing signed by the Association and the Owner.
9. Suspension of Voting Rights. An Owner's voting rights shall be automatically suspended during any period that the Owner is delinquent in payment of Assessments.
10. Effect of Bankruptcy. If any Owner files bankruptcy, the Owner will not be personally responsible for Assessments accruing before the Owner filed bankruptcy, but will be responsible for all Assessments accruing after the Owner filed bankruptcy. A bankruptcy filing shall not affect the Association's right to claim a lien for any unpaid Assessments.

The Association may immediately turn the matter over to its attorney upon receipt of notice that an Owner filed bankruptcy.

11. Charge for Accounting. Any request for an accounting pursuant to C.R.S. § 38-33.3- 316(8) shall be accompanied by payment of \$50.00 for the cost of responding to the request; the time for the Association to respond to such request shall run from when the payment is made.
12. Lien for Assessments. The Association has a lien on each unit for the full amount of unpaid Assessments. The Association is not required to record a special notice of its lien in the public records, but it may choose to do so and the delinquent Owner will then be responsible for a \$50 lien filing fee. The lien can be foreclosed to satisfy the debt in like manner as a mortgage on real estate subject to the following restrictions:
 - 12.1. The balance of the Assessments must equal or exceed six months of Regular Assessments based on a periodic budget adopted by the Association before commencement of any foreclosure; and
 - 12.2. The Executive Board must formally resolve, by a recorded vote, to authorize the filing of a foreclosure action on an individual basis. The Executive Board may not delegate its duty to act under this provision. For purposes of this provision, a "recorded vote" is one in which the individual votes of the members of the Executive Board voting for the resolution, or the fact that the vote was unanimous, are reflected in the records of the Association and/or the resolution. The resolution will be filed in the foreclosure action. The members of the Executive Board may vote concerning such resolution by electronic mail and are not required to personally sign the resolution provided that it is signed by at least one officer for the Association. Signatures may be transmitted electronically.
13. Assignment of Collection Rights. The Association may assign its collection rights to any person and that person will then have all rights and responsibilities of the Association with respect to the assigned rights. When the Association assigns its collection rights, the assignee shall receive the right to collect the Assessments as of a specified date together with all collection expenses, including attorney fees, relating to those Assessments. Assessments accruing after the date of any such assignment will be paid to the Association in the normal course and the Association will retain all collection rights with respect to them such that an Owner may be delinquent with regard to paying Assessments to the assignee and current with regard to paying Assessments to the Association. Once the Association assigns its collection rights, the Owner must deal directly with the assignee with respect to the Assessments assigned. The Association may enter into "standby" agreements whereby it agrees not to take enforcement action with respect to new Assessments until an assignee completes enforcement with respect to assigned Assessments. Enforcement of new Assessments and assigned Assessments may take place concurrently and the Association and the assignee may assert concurrent enforcement rights in a single enforcement action coordinated by them subject to an agreement concerning the final disposition of proceeds. These arrangements will not affect an Owner's obligations with respect to unpaid Assessments and are therefore not subject to challenge by Owners.

14. Effect of Prior Decisions and Business Judgment Rule. The Association is not bound to decisions with respect to one set of facts and circumstances when it comes to its decisions with regard to another set of facts and circumstances concerning the enforcement of this Collection Policy. The Association's actions are governed by the business judgment rule, which holds that good faith acts of the directors of the Association that are within the powers of the Association and exercise of honest business judgment are valid.

EXHIBIT A

[Date]

[Name of Owner]
[Address]

Re: Notice of Delinquency

Dear Owner:

As an Owner of a unit in *** (name of association), you are obligated to pay common expense assessments to the Association. Our records show that your account is delinquent. Pursuant to the Association's Collection Policy and applicable law, you are hereby given Notice of Delinquency as follows:

Total amount due: ***

Whether the opportunity to enter into a payment plan exists:

Yes, there is an opportunity for you to enter into a payment plan pursuant to the Collection Policy and applicable law. If you wish to discuss your options, please contact the Association's attorney, Noah Klug, by sending an email to Noah@TheKlugLawFirm.com referencing your name, unit number, mailing address, and phone number, and the fact that you would like information about a payment plan. Mr. Klug will then review the account and contact you with information about your payment plan options.

No, there is not an opportunity for you to enter into a payment plan because:

To our knowledge, you do not occupy the unit and you acquired the property as the result of a default of a security interest encumbering the unit or foreclosure of the Association's lien; or

You previously entered into a payment plan with the Association.

The name and contact information for the individual you may contact to request a copy of your ledger in order to verify the amount of the debt:

*** (name and contact information)

ACTION IS REQUIRED TO CURE THE DELINQUENCY AND FAILURE TO DO SO WITHIN THIRTY (30) CALENDAR DAYS MAY RESULT IN YOUR

DELINQUENT ACCOUNT BEING TURNED OVER TO A COLLECTION

AGENCY, A LAWSUIT BEING FILED AGAINST YOU, THE FILING AND FORECLOSURE OF A LIEN AGAINST YOUR PROPERTY, OR OTHER REMEDIES AVAILABLE UNDER COLORADO LAW.

The method by which payments may be applied on your delinquent account:

Payments received on your account will be applied first to the oldest Assessments imposed on the account.

The legal remedies available to the Association or its assignee to collect on your delinquent account pursuant to the governing documents and Colorado law:

The legal remedies may include obtaining a money judgment against you personally and then enforcing the judgment as provide by law; foreclosing the Association's lien encumbering your unit; obtaining a receiver for your unit; suspending your voting rights in the Association; accelerating and calling due your account; turning over your account to a collection agency; referring your account to an attorney for legal action; imposing late charges, interest, collection costs and attorney fees on your account; reporting information about your account to a credit agency; and all other remedies provided by law.

Fair Debt Collection Practices Acts Notice

FOR INFORMATION ABOUT THE COLORADO FAIR DEBT COLLECTION PRACTICES ACT, SEE WWW.AGO.STATE.CO.US/CADC/CADCMAIN.CFM.

A consumer has the right to request in writing that a debt collector or collection agency cease further communication with the consumer. A written request to cease communication will not prohibit the debt collector or collection agency from taking any other action authorized by law to collect the debt.

This is an attempt to collect a debt and any information obtained will be used for that purpose.

The amount of the debt is\$*** as of ***.

The name of the creditor to whom the debt is owed is ***.

Unless you dispute the validity of the debt, or any portion thereof, within thirty calendar days after receipt of this notice, the debt will be assumed to be valid.

If you notify us in writing within the thirty-day period that the debt, or any portion thereof, is disputed, we will obtain verification of the debt and a copy of such verification will be mailed to you.

Upon your written request within the thirty-day period, we will provide you with the name and address of the original creditor if different from the current creditor.

The provision of this notice is not to be construed as evidencing any legal status.

ADDENDUM #3 – Unit Occupancy

All owners must submit this information to the management company.

Unit Number: _____

Owner's Name: _____

Mailing Address: _____

Cell Phone Number: _____

Home Phone Number: _____

Email Address: _____

Emergency Contact: _____

Rented Short or Long Term: _____

Tenant's Phone Number: _____

Management Company: _____

Point of Contact: _____