

**RULES, REGULATIONS AND RESPONSIBLE GOVERNANCE POLICIES**  
**OF**  
**THE TELLURIDE LIVERY CONDOMINIUM ASSOCIATION, INC.**  
Effective Aug. 18, 2016

These RULES, REGULATIONS AND RESPONSIBLE GOVERNANCE POLICIES (“**Rules**”) are adopted by and for Telluride Livery Condominium Association, Inc., a Colorado nonprofit corporation (“**Association**”) pursuant to section 8.17 of the Declaration and section 4.3.B. of the Association’s Bylaws, both as amended and supplemented. Unless otherwise defined herein, capitalized terms shall be defined as set forth in the Declaration and/or Bylaws.

A. **LAUNDRY.** It is prohibited to hang laundry, rugs and similar items such that they are visible from the Unit’s exterior.

B. **TRASH.** No unsightliness shall be permitted and it is prohibited to throw garbage, or refuse or other debris outside of the common trash area provided for such purposes.

C. **EXTERIOR INSTALLATIONS.** No Unit Owner, resident or lessee shall install wiring, cable, satellite dishes, or other equipment or mechanical system outside of, or which protrude beyond, their Unit boundaries except as expressly authorized by the DRC.

D. **ANIMALS.** In addition to the provisions of section 8.04 of the Declaration, the following rules shall apply to all animals, birds, and reptiles (collectively “animals”) within the Livery Condominiums:

1. Short-term tenants (less than 3 months) shall not be permitted to have animals at the Livery Condominiums. Long-term tenants may have animals if approved in writing by the Board.

2. No undomesticated animals, livestock, chickens or rabbits shall be permitted and no animal, reptile, bird or insect may be kept or bred for any commercial purpose.

3. Owners shall be responsible for all costs associated with damage caused by their animal(s) and those of their tenants and invitees. The repair costs shall be assessed against the Unit of the Owner whose animal, or whose tenants’ or invitees’ animal, causes the damage as determined by the Association.

4. Owners, their tenants and invitees must immediately remove and properly dispose of their animals’ waste, regardless of time of day, season or weather. Any Owner who violates, or whose guest or invitee violates, this rule, as determined by the Association, shall be assessed the cost of cleanup.

5. All dogs must be on a leash at all times when not within the interior of a Unit or exterior deck, or balcony of a Unit. Unleashed dogs and otherwise unattended animals are subject to removal by the Association, the Association’s manager and/or Town of Telluride law enforcement.

6. No animal may threaten or unreasonably disturb other occupants of the Livery Condominiums or otherwise be a nuisance. Nuisance animals are subject to removal by the Association, the Association's manager and/or Town of Telluride law enforcement.

7. In addition to any fines, an Owner who violates, or whose tenant or invitee violates, these rules shall be assessed the cost of enforcement by the Association, including but not limited to all attorney fees and court costs necessary to obtain an injunction or other remedy.

E. STORAGE AND PARKING AREAS. The following rules and regulations shall apply to storage and parking areas in the Livery Condominiums Common Element areas:

1. There shall be no construction, service, repair or cleaning of motor vehicles on the premises of the Livery Condominiums.
2. No Owners shall store any materials or items (such as skiing equipment, bicycles, kayaks, etc.) outside of their Unit, including without limitation exterior decks and balconies, other than in those Common Elements areas designed and designated specifically for storage.
3. Unit Owners shall not park or permit their tenants or invitees to park in areas other than said Unit Owner's assigned parking space.

F. COMMERCIAL UNITS. Commercial Units shall be operated so as to be free from noxious, annoying or disturbing odor, smoke, noise or disorder. No Commercial Unit may be used or operated other than as set forth in the Declaration, without the prior written consent of the Board. The Board shall respond in writing within ten (10) days of the Commercial Unit Owner's written request to use or lease their Commercial Unit for activities other than professional offices or as a retail store and the Board shall not withhold approval unless the proposed use is not permitted under local, state or federal law, would, in the Board's sole discretion, be incompatible with other uses in the Livery Condominiums, and/or would disturb other occupants of the Livery Condominiums.

G. MEETINGS; UNIT OWNER PARTICIPATION. Association meetings, whether Board meetings or Unit Owner meetings, are open to all Unit Owners and to any person designated by a Unit Owner as the Unit Owner's representative. The provisions of Part 2 of Article 128 of the Colorado Revised Nonprofit Act, in effect from time to time, shall govern procedures for meetings. Except in the case of an emergency, courtesy copies of Board meeting notices shall be provided to the Unit Owners via email or posted on the Association's website, if any, the day before the Board meeting. Unit Owners must be given a reasonable opportunity to offer comments to the Board on any matter affecting the Association at any meeting.

H. CONFLICTS OF INTEREST

1. Definition. A “conflicting interest transaction” is a contract, transaction, or other financial relationship between the Association and a Board Member, or between the Association and a party related to a Board Member, or between the Association and an entity in which a Board Member is a Board Member or officer or has a financial interest.

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

b. An “officer” means any person designated as a Board Member or other officer of the Association and any person to whom the Board delegates responsibilities including, without limitation, a managing agent, attorney, or accountant employed by the Board.

2. Disclosure Required. Any Board Member involved in a conflicting interest transaction must disclose such conflict in an open meeting.

3. Loans Prohibited. Loans by the Association to a Board Member or to an Association officer are prohibited. Any Board Member who assents to or participates in the making of any such loan will be liable to the Association for the amount of such loan until repaid.

4. When Conflicting Interest Transactions May Be Allowed. No conflicting interest transaction will 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 Unit Owner or by the Association (i) solely because the conflicting interest transaction involves a Board Member or party related to a Board Member or an entity in which the Board Member is a Board Member or officer or has a financial interest, or (ii) solely because the Board Member is present or participates in the meeting of the Board of Board Members that authorizes, approves, or ratifies the conflicting interest transaction, or (iii) solely because the Board Member’s vote is counted if:

a. The material facts as to the Board Member’s relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board, and the Board in good faith authorizes, approves or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested Board Members, even though the disinterested Board Members are less than a quorum; or

b. The material facts as to the Board Member’s relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Unit Owners entitled to vote on the matter, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Members entitled to vote on the matter; or

c. The conflicting interest transaction is fair to the Association.

All Board Members, including Board Members involved in conflicting interest transactions, may be counted in determining the presence of a quorum at a meeting of the Board that authorizes, approves, or ratifies the conflicting interest transaction.

I. ENFORCEMENT; FINES; NOTICE AND HEARINGS. Upon taking title to their Unit, all Unit Owners are deemed to understand and have accepted their obligations to pay all Common Expense Assessments, special assessments and late charges and interest, attorney fees and collection fees charged by the Association. Accordingly, this Section I shall not apply to any such monetary obligations.

Whenever the Board believes that a Unit Owner has violated or is violating any non-monetary covenant, restriction or other obligation under any of the Association's governing documents, or has reason to assess a fine against a Unit for this type of violation, the Board shall send written notice to the offending Unit Owner ("**Notice of Violation**") to the Unit Owner's address of record with the Association. The Notice of Violation shall describe the violation and any fine to be assessed and shall provide the Unit Owner with an opportunity to be heard. The Unit Owner must request the hearing within twenty (20) days of the date on the Notice of Violation. Upon receipt of such request, the Board shall schedule a Board meeting to take place within thirty (30) days of the date on the Notice of Violation. At the Board meeting, the Board shall conduct an informal, but fair and impartial, fact-finding process to determine whether or not, in its best judgment, the alleged violation actually occurred and, if so, whether it believes the accused Unit Owner is the party responsible and/or liable for the alleged violation.

If a hearing is not timely requested, or if the matter cannot be resolved at the hearing to the Board's satisfaction, then the Board may thereafter pursue any legal or equitable remedies, assess fines not to exceed \$100 per day per violation and/or take other action it deems necessary and/or property (including without limitation, recovery of legal fees or other costs of the hearing) pursuant to the governing documents and law.

No Board member may participate in the fact-finding process if he or she is the accused Unit Owner or otherwise has a conflict of interest. The Board may determine that it is in the best interest of the Association to appoint a committee consisting of no less than three (3) members to conduct the fact finding and hearing.

J. DISPUTES. Except as set forth below, in the event of any dispute between the Association and a Unit Owner that may result in litigation, neither the Association nor any Unit Owner shall be permitted to file or pursue any formal judicial proceedings before first submitting the matter to a hearing process (with a Notice of Violation and/or request for hearing and hearing as set forth in Section I above). Notwithstanding the foregoing, no hearing shall be required for monetary violations as set forth in Section I above or shall serve in any manner to delay or hinder the Association's rights or remedies regarding and emergency or similar circumstances requiring immediate relief.

K. LONG TERM LEASES. Unit Owners shall provide the Association with a copy of each long-term (more than 3 months) lease for their Unit, together with contact information for all of their tenants. Each long-term lease shall contain the language required by Section 8.13 of the Declarations, as may be amended, which provides that all long-term leases shall expressly state that the lease is subject to the terms of the Association's governing documents and that the failure of the tenant to comply therewith shall constitute a default under the lease and the governing documents and such default shall be enforceable by either or both the Association and the lessor Unit Owner.

