

RULES, REGULATIONS, POLICIES AND PROCEDURES OF THE BEAR CREEK LOFTS CONDOMINIUMS

These First Amended and Restated Rules and Regulations ("**Rules**") have been adopted and implemented to protect the investment of the members and to enhance the values of the properties subject to regulation by The Bear Creek Lofts Condominiums Owners Association, Inc., a Colorado nonprofit corporation ("**Association**").

These Rules are promulgated in accordance with the authority of the Association as provided for in the Declaration for The Bear Creek Lofts Condominiums recorded on August 31, 2006 in Reception No. 386490 as amended ("**Declaration**"). Terms which are defined in the Declaration shall have the same meaning herein, unless defined otherwise in these Rules.

1. **COLLECTION PROCEDURES.** The Association has adopted the following procedures and policies for the collection of assessments and other charges of the Association.

1.1. **Due Dates.** The annual assessment as determined by the Association and as allowed for in the Declaration shall be due and payable quarterly due on January 1, April 1, July 1 and October 1. Assessments or other charges not paid to the Association by the 15th day of the beginning month in which they are due shall be considered past due and delinquent.

1.2. **Invoices.** The Association may, but shall not be required to invoice an Owner as a condition to an Owner's obligation to pay assessments or other charges of the Association. If the Association provides an Owner with an invoice for monthly installments of the annual assessments, although invoices are not required, the invoice should be mailed or sent to the Owner between the 15th and 20th day of the month preceding each due date.

1.3. **Late Charges Imposed on Delinquent Installments.** A quarterly installment of the annual assessment shall be past due and delinquent if not paid by the 15th day of the month in which it is due. The Association shall impose a fifteen-dollar late charge on the outstanding or past due balance then due the Association. An additional fifteen-dollar late charge shall accrue during each and every subsequent 15-day period that the assessment remains unpaid.

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

1.5. **Attorney Fees on Delinquent Accounts.** As an additional expense permitted under the applicable law, Declaration, Articles and Bylaws, the Association shall be entitled to recover its reasonable attorney fees incurred in the collection of assessments or other charges due the Association from a delinquent owner.

1.6. **Collection Letters.**

1.6.1. After a monthly installment of the annual assessment or other charge due the Association becomes 60 days past due, the Association may cause, but shall not be required to send, a collection letter to be sent to the Owners who are delinquent in payment.

1.6.2. Additionally, the Association may, but shall not be required to, send a letter to the Owner advising that their account has been referred to the Association's attorneys for collection.

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

1.8. **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 Declarations, Articles and Bylaws.

1.9. **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.

1.10. **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.

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

2. **SERVICE AND MAINTENANCE POLICY STANDARDS.**

2.1. **In General.** The diverse responsibilities of the Association to the Owners with regard to the maintenance of individual Units and Common Elements are stated in the Declaration and as may be stated in further detail in these Rules. It is the policy of the Association to maintain those portions of the exterior of the building, as stated in the Declaration, and those elements that are a part of the Common Elements in a condition comparable to that which existed when the Declaration was recorded. The Owner of a Unit shall undertake maintenance of their Unit and any Limited Common Elements assigned to them for maintenance and repair in the Declarations using the same standard. Cycle periods will be established by the Association for items which the Association is required to maintain, which shall be undertaken at regular intervals.

2.2. **Maintenance Service - Specific Policy.**

2.2.1. **Building--Exterior.**

(a) **Painting.** Exterior wood doors and trim will be painted or stained every five years or as reasonably necessary. Entrances and doorsills will be stained or painted at least as often as the trim.

(b) **Doors.** Repair and replacement of Unit interior and entry doors will be at the cost of the Owner. Exterior doors, doors wholly within Common Elements and not serving a common element, and weather doors are the responsibility of the Association and will be weather-stripped as required.

(c) **Yards and Open Spaces.** Maintenance of the building and landscaped General Common Element areas will be the responsibility of the Association.

(d) **Roofs.** The Association will repair or replace damaged or loose

roof tiles. Snow and ice will not be removed. If weather conditions result in an ice dam formation or blockage of roof drains which causes water to enter a Unit, damage will be repaired when weather permits this work to be done. Icicles, which form over general common elements that pose a potential safety hazard, will be removed by the Association.

(e) **Windows and Glass Doors.** If, within exterior Unit or Limited Common Element, a glass is broken, the Owner will be considered responsible and will be billed for the cost of replacement. Window operating mechanisms are the responsibility of the Owner. Glass exteriors will be cleaned by the Association no less than once a year. Broken windows and glass doors within the General Common Elements are the responsibility of the Association unless the damage has been caused by an Owner. In that event, the Owner will be considered responsible and will be billed the cost of replacement.

2.2.2. **Building-Interiors.**

(a) **Alterations.** Any alterations to Unit interiors made by Owners must comply with the Declaration and all applicable land use codes and building codes and permit requirements and must be at the Owner's expense. Alterations are also subject to reasonable Association approval.

(b) **Common Electrical Wiring and Plumbing.** If repair is required to plumbing or electrical wiring common to more than one Unit, the Association will perform the repair and will restore the structure as closely as possible to the original standard condition. Any additional cost will be the responsibility of the Owner.

(c) **Unit Electrical and Plumbing Fixtures.** The electrical and plumbing fixtures within the Unit, serving that Unit, are considered part of the Unit and the property of the Owner. Repair or replacement is the responsibility of the Owner. Fixtures include, but are not limited to, the following: light switches, outlets, scones, sinks, appliances, faucets (within the Unit) and electrical appliances.

(d) **Walls, Floors and Ceilings.** Walls, floors or ceilings, including any in-floor heating and snowmelt systems in a Unit or a Limited Common Element assigned to the Unit shall be maintained by the Owner of the Unit. No maintenance responsibility is assumed by the Association.

(e) **Exterior Light Fixtures.** Exterior light fixtures within the Units and/or the Limited Common Element assigned to the Unit are the responsibility of the Owner of the Unit. All other exterior light fixtures, including the replacement of light bulbs, are the responsibility of the Association.

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

(g) **Heating and Air Conditioning.** Unless a part of the Common Elements, the heating and air conditioning systems are the responsibility of the Owner. Other maintenance should be performed by the service representatives of the manufacturer and is the responsibility of the Owner served by those systems.

(h) **Floor Covering.** All carpet and floor covering in the Unit is the

property of the Owner. No maintenance responsibility is assumed by the Association.

(i) **Dryer Vents.** Dryer vents will be cleaned by the Owner.

(j) **Fireplaces.** Owner will maintain any fireplace in the Unit according to the manufacturer's instructions.

(k) **Corridors.** Corridors (whether Limited Common Elements or General Common Elements) will be vacuumed weekly or as necessary. Carpets in corridors will be shampooed when necessary, but not less than once a year. Replacement of carpet that is worn or torn will occur when backing shows or when tears present a walking hazard. Cost of carpet replacement will be assessed against all Units proportionately. Painting of corridors will be done not less than once every three years.

2.3 **Miscellaneous.**

2.3.1 **Fire Protection.** Each Owner, tenant or occupant will have and maintain at least one fire extinguisher in each Unit. This extinguisher should be of the dry chemical or similar type which would be suitable for use in combating electrical as well as other kinds of fires. Smoke detectors, which will be installed by the Declarant, will be maintained by Owners.

2.3.2 **Trash Collection.** Trash is collected from the areas designated on a regular schedule by the Association. Certain materials must be segregated and left in designated containers for recycling.

2.3.3 **Snow.** The Association will endeavor to clear snowfalls prior to 9 a.m. on the next day following the snow or sooner if required by applicable law. In major storms, interim clearing will be provided. Primary walkways in front and to the side of building will be cleared first. Secondary walkways at the rear of building will be cleared on a time-available basis only.

2.3.4 **Elevators.** As provided for in the Declaration and the Map, there are certain elevators located within the Community which serve individual Units. The Owner of the Unit to which the elevator is designated as either part of the Unit or as a Limited Common Element shall be responsible for causing the elevator to be inspected and for obtaining necessary permits to operate the elevators. In addition, the Owner shall also be responsible for obtaining insurance, cleaning, maintaining, repairing, replacing and improving all elements and features of the elevator at its costs and expense.

3. **PETS.** Owners of pets must be registered with the Association. Owner shall comply with the requirements of the Declaration regarding Pets. Dogs must be on a leash and supervised at all times. Owners are responsible for cleaning up after their pets. Any damage or bodily harm caused by any such pets will be the responsibility of the Owner and the Association will be held harmless.

4. **MOTOR VEHICLES/PARKING.**

4.1. All requirements of the Declaration concerning the operation and parking of motor vehicles in the Community are hereby incorporated.

4.2. The Association shall allow one additional tandem parking space in the garage for each residential unit subject to the overall length of the combined cars safely fitting in the garage with the door closed, both the designated and the tandem space shall only be occupied by cars under the same ownership and/or use and control, and that neither car shall block adequate pedestrian access or vehicular

access into and out of the garage and/or to the rest of the building.

4.3. The Association shall not interpret the Declaration in a manner that restricts the right of an Owner or Occupant to park an otherwise allowable vehicle in a parking space designated for the Unit owned by Owner, provided that the vehicle is both licensed and operational. The intent of this clause is to prevent abandoned or inoperable vehicles from being stored in the Community.

4.4. **Motor Vehicle Fines.** In the event of any violation of the Declaration or these Rules concerning the presence, use, operation, parking and/or maintenance of motor vehicles in the Community, then in addition to all rights and remedies provided by the Declaration, a reasonable fine assessment may be imposed, after notice and hearing, as follows:

4.4.1. **First Offense/Violation.** Written notice of intent to tow may be given to the Owner/vehicle owner or posted on subject vehicle. If the vehicle in violation is not removed within 72 hours after notice of intent to tow (except in emergencies), the Association shall be entitled to tow the subject vehicle and the Owner and vehicle owner (if different) shall be jointly and severally liable for all expenses, costs and fees incurred in such towing and/or storage.

4.4.2. **Second Offense/Violation.** A \$100.00 fine may be assessed against the Owner. Additionally, if the vehicle in violation is not removed within 72 hours after notice of intent to tow, the Association shall be entitled to tow the subject vehicle and the Owner and vehicle owner (if different) shall be jointly and severally liable for all expenses, costs and fees incurred in such towing and/or storage.

4.4.3. **Third Offense/Violation.** A \$500.00 fine may be assessed against the Owner. Additionally, if the vehicle in violation is not removed within 72 hours after notice of intent to tow, the Association shall be entitled to tow the subject vehicle and the Owner and vehicle owner (if different) shall be jointly and severally liable for all expenses, costs and fees incurred in such towing and/or storage.

4.4.4. **Fourth and Subsequent Offense(s)/Violation(s).** A \$1000.00 fine may be assessed against the Owner. Additionally, if the vehicle in violation is not removed within 72 hours after notice of intent to tow, the Association shall be entitled to tow the subject vehicle and the Owner and vehicle owner (if different) shall be jointly and severally liable for all expenses, costs and fees incurred in such towing and/or storage.

5. **INCREASED RISKS, DAMAGE.** Nothing shall be done or kept in or upon a Unit or upon the Common Elements or any part thereof, which would result in the cancellation of the insurance as maintained by the Association, without the prior written approval of the Association. Nothing shall be done or kept in or upon any Unit or in or on the Common Elements, or any part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit, or other imposed requirement of any governmental body. No damage to, or waste of, the Common Elements or any part thereof, shall be committed by any Owner, or any member of the Owner's family, or by any guest, invitee or contract purchaser of any Owner. This specifically refers to, but is not limited to, the storage of flammable liquids in any Unit or on the Common Elements. In the event of any violation of this Section of these Rules concerning increased risks and damage, in addition to the rights and remedies available under the Declaration, a reasonable fine may be assessed, after notice and hearing.

6. **APPORTIONMENT OF LIMITED COMMON EXPENSES.** Consistent with the Declaration, the Association, through the Board, shall assess the cost and expense incurred by the

Association in maintaining, repairing and replacing Limited Common Elements against the Owners of the Units benefited by the particular Limited Common Element, each in equal allocations. For example if a particular Limited Common Element serves two Units, the costs shall be allocated 50% to each Unit. If a particular Limited Common Element serves three Units, the costs shall be allocated 33.33% to each Unit.

7. **ELECTRICAL DEVICES OR FIXTURES.** No electrical device which creates electrical overloading of standard circuits may be used without written permission from the Board of Directors. 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 this misuse shall be the responsibility of the Owner from whose Unit it was caused. Total electrical usage in any Unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

8. **AIR CONDITIONING.** An Owner may install air conditioning within their Unit, provided that the Owner pays all costs associated with the installation of the air conditioning. To the extent that the air conditioning system requires the placement or installation of compressors, vents and other components of the system within or on the Common Elements, the Association shall review the proposal and determine if the system will impact the Community structurally or aesthetically and in the manner provided for in the Declaration and if the impacts are acceptable, the Association shall approve the system and if not acceptable, the Association shall deny the system.

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

10. **COMPLIANCE WITH LAW.** No immoral, improper, offensive or unlawful use may be made of the Property. 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. The violating Owner shall hold the Association and other Owners harmless from all fines, penalties, costs and prosecutions for any violation or noncompliance.

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

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

13. **FINE ASSESSMENTS.** All fine assessments shall be due and payable immediately upon notice of such fine or assessment, as described below. Notwithstanding anything to the contrary in these Rules, the Association shall be entitled to take such action and perform such work as specified in these Rules or as otherwise permitted or required by law, the Declaration or the Bylaws, prior to, in the absence

of, or during the pendency of any hearing. If any fine assessment is not paid within ten days after the due date, a late charge in the amount of \$100 shall be assessed to compensate the Association for the expenses, costs and fees involved in handling such delinquency. Owners shall be personally, jointly, and severally liable for all fines/penalty assessments. In the event a fine assessment is not paid within ten days, the Association may thereafter commence an action at law, or in equity, or both, against any Owner personally obligated to pay the same, for recovery of said assessment plus late charges, as aforesaid. The prevailing party shall be entitled to recover its reasonable attorneys' fees and associated costs and expenses incurred in connection with such legal proceedings.

14. **FINE SCHEDULE.** In instances where the Association determines that an Owner or their tenants (short or long-term) are in violation of the Rules, the Association shall provide the Owner with a written notice calling for compliance in a reasonable period of time which may be adjusted for the seriousness of the violations. If the Unit does not come into compliance within the timeframe provided for in the written notice, a fine in the amount of \$100 shall be assessed against the Unit for each day that the Unit shall continue to be in violation, following the expiration of the cure period stated in the notice. Each day that the violation remains uncured shall constitute a continuing violation and the fine shall be assessed for each day that the violation continues. All fines constitute a Reimbursable Assessment against the Owner and may be collected in accordance with the Declaration.

15. **FURTHER ENFORCEMENT OF THE RULES.** In addition to the imposition of the fines, the Association may enforce these Rules in the manner that the Association may enforce violations of Declaration in the manner provided for in the Declaration.

16. **PROCEDURES CONCERNING THE ENFORCEMENT OF THE RULES.**

16.1. **Notice of Violation.** The Board shall notify an Owner of the Board's determination of a violation ("**Notice of Violation**") under the Rules or the provision of the Declaration, Map or Bylaws to the applicable Owner as soon as reasonably practicable following discovery. The Board may also, at its option, provide a copy of such notice to any non-owner violator. The Notice of Violation shall describe the nature of the violation and shall further state that the Board may seek to protect its rights as they are specified in the governing legal documents. The fine assessment is due and payable immediately upon receipt of Notice of Violation, unless a hearing is requested, in which case the payment of the fine will be delayed pending the outcome of the hearing.

16.2. **Request for Hearing.** In the event any Owner desires to challenge or contest any alleged violation and possible fine stated in the Notice of Violation, said Owner must, within fourteen days from receipt of the Notice of Violation, request such hearing by notifying the Association, in writing, of such hearing request. In the even a proper and timely request for a hearing is not made as provided herein, the right to a hearing shall be deemed forever waived. If a hearing is requested within the aforementioned 14 day period, the Board shall convene a hearing as provided for below. In requesting a hearing before the Association, an Owner shall state and describe the grounds and basis for challenging or denying the alleged violation as well as such other information the Owner deems pertinent.

16.3. **Board to Conduct Hearing.** If a hearing is timely requested by an Owner, the Board shall hear and decide cases set for hearing pursuant to these Rules. The Board shall send a notice of hearing ("**Notice of Hearing**") to the Owner indicating the time, place and location of the hearing. The Board may appoint an officer or other Owner to act as the presiding officer (the "**Presiding Officer**") at any of the hearings.

16.4. **Conflicts.** It shall be incumbent upon each Board member to make a

determination as to whether he/she is able to function in a disinterested and objective manner in consideration of each hearing before the Board. Any Board member incapable of objective and disinterested consideration on any hearing before the Association shall disclose such to the President of the Association prior to the hearing on the case, if possible, or, if advance notice is not possible, then such disclosure shall be made at the hearing, and said Board member shall be disqualified from all proceedings with regard to the hearing. If disqualification of any Board member(s) results in an even number of remaining Board members eligible to hear a case, the Presiding Officer shall appoint an Association member, in good standing, to serve as a voting member of the hearing board.

16.5. **Hearing.** Each hearing shall be held at the scheduled time, place and date stated in the Notice of Hearing, provided that the Presiding Officer may grant continuances for good cause. At the beginning of each hearing, the Presiding Officer shall explain the rules, procedures and guidelines by which the hearing shall be conducted and shall introduce the case before the Board by reading the Notice of Hearing. The general procedure for hearing shall consist of opening statements by each party; presentation of testimony and evidence, including cross-examination of witnesses by each party; and closing statements by each party. Notwithstanding the foregoing, the Board may exercise its discretion as to the specific manner in which a hearing shall be conducted and shall be authorized to question witnesses, review evidence and other take such reasonable action during the course a hearing of which it may deem appropriate or desirable to permit the Board to reach a just decision in the case. Neither the complaining parties, nor the Owner, must be in attendance at the hearing in order for the hearing to proceed. However, the decision of the Board at each hearing shall be based on the matters set forth in the Notice of Violation, request for hearing, and such evidence as may be presented at the hearing. Unless otherwise determined by the Board of Directors, all hearings shall be open to attendance by all members of the Association. The Board and the Owner may participate by phone. The hearing shall be open to all Owners in the Community.

16.6. **Decision.** After all testimony and other evidence have been presented to the Board at a hearing, the Board shall render its written decision thereon within twenty days after the hearing. A decision, either a finding for or against the Owner, shall be by a majority of the Board. The Board shall issue written findings of fact and conclusions, and, if applicable, shall impose a reasonable fine as provided in the Association's Rules and assess costs, expenses and fees, including attorney fees incurred by the Association in conducting the hearing and issuing the fines. The Board may also issue and present for recording with the Clerk and Recorder of San Miguel County, Colorado, a Notice of Finding of Violation. Upon satisfactory compliance with the Association's governing documents, the Notice of Violations may be released by the Association issuing and recording a Release of Notice of Findings of Violations.

17. **MISCELLANEOUS.**

17.1. In the event of a specific conflict between the Declaration and the Rules, the Declaration shall prevail.

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

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

17.4. The provisions of these Rules shall be deemed to be independent and several, 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.

17.5. 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.

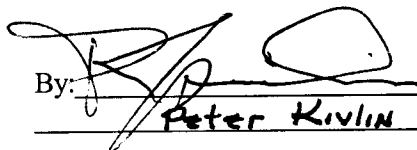
17.6. The captions to the sections are inserted herein only as a matter of convenience and for reference, and are in no way to be construed so as to define, limit or otherwise describe the scope of these policies and procedures or the intent of any provision hereof.

APPROVAL AND EXECUTION

The foregoing First Amended and Restated Rules and Regulations are hereby adopted by the Association as of October 3rd, 2006.

ASSOCIATION:

Bear Creek Lofts Homeowners, Inc.
a Colorado nonprofit corporation

By:  _____
Peter Kivlin, President

Date: 10-3-06