

After Recording Return To:

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Restated Rules & Regulations
Lulu City Condominium Association
January 20, 2010

The Board of Directors has established the following Rules and Regulations to promote a safe and pleasant environment at Lulu City. These Rules and Regulations amend and restate all prior Rules and Regulations and apply to all Owners, tenants, and their respective guests. (Reception # 410584)

1. Pool/Hot Tub. The pool and hot tub are for use by Owners, their tenants and their respective guests, subject to the following:
 - a. The hours of operation are 10:00 a.m. to 9:00 p.m. seven days a week. The pool is closed in the winter season.
 - b. The pool and hot tub may be closed for maintenance and repairs during off seasons.
 - c. There is no lifeguard on duty at any time, and those using these facilities does so at their own risk.
 - d. Violation of any of the following provisions by any Owner or tenant is subject to a \$200 per day fine.
 - i. No animals and no glass are permitted in the pool/hot tub area.
 - ii. Persons using the pool/hot tub shall not create excessive noise in consideration of other occupants.
 - iii. Children under 12 shall not allowed to use the facilities without adult supervision.
 - iv. Owners and tenants may not have more than fifteen (15) non-owner guests in the pool/hot tub area. If an owner or tenant

intends to have seven (7) or more non-owner guests in the pool/hot tub area, then the Owner must notify the association's manager at least three (3) days in advance via email to Mail@FullCircleHOA.com.

2. **Barbecues.** No barbecues, grills, or smokers are allowed on the Lulu City premises except in the pool area. This is a fire safety issue.
3. **Parking.** There is no parking on the driveway adjacent to the swimming pool/hot tub, the North side of Building 5, and the West entrance of Building 6. A loading/unloading area is designated at the West entrance of Building 6, but no overnight parking is permitted in this area. Vehicles that are in violation of this rule will be towed at the vehicle owner's expense and violators are subject to fines as set forth below.
4. **No Idling.** No vehicle may be "warmed up" or its engine allowed to idle within the garage or other parking areas. This is to prevent the buildup of noxious fumes or excessive noise. In addition, all motor vehicles must adhere to the Town of Telluride idling policy.
5. **Garage Storage.**
 - a. Bicycles of Lulu City occupants may be stored within individual units or in the bike rack located within the Building 6 garage. Bicycles are not to be stored in any other Common Element or attached to fences or poles in the community, and, if they are, then any such bicycles may be removed and disposed of by the Association and the costs thereof may be charged to the Owner.
 - b. Owners who have a parking space in the Building 5 parking garage may (1) hang a maximum of two items (bike, ladder or similar items) on the wall of their parking space, with the condition that the objects do not obstruct or interfere with vehicle parking areas, or (2) store items in an approved storage closet installed in their assigned parking space.
 - c. Other than as provided for bicycles as set forth above, no personal property may be stored in the garage and all such unpermitted personal property is subject to disposal at the direction of the Board and/or Manager.
 - d. Storage closets constructed in Building 5 garages must be approved in writing in advance by the Board and may not obstruct or interfere with

vehicle parking in that space or interfere with others' use of the rest of the garage.

- e. Additional storage closets may be available from time to time for rent from the Association.
6. **Personal Property on Common Elements.** Other than personal property owned by the Association, no personal property may be kept or stored on the Association's Common Elements and all such property is subject to removal and disposal by the Association, and the costs thereof may be charged to the Owner.
 7. **Personal Property on Decks.** Only deck furniture, consisting of all-weather chairs and tables that are in good condition and repair are allowed on unit decks. No other personal property is permitted on decks, including but not limited to bicycles, sports equipment, appliances, automobile parts and tires, cardboard boxes, newspapers, or anything flammable.
 8. **Satellites, Signs and other Restrictions.** Please refer to Section 10 of the First Amended and Restated Declaration for restrictions on satellites, signs and other use restrictions.
 9. **Trash.** All trash must be taken to the common dumpsters located in Building 6. Any large items or boxes must be disassembled. No construction trash is allowed in the common dumpster.
 10. **Dryer Vents.** Owners are responsible for keeping their dryer vents clean and free of lint.
 11. **Smoking.** Smoking is permitted in individual units and on the decks of a unit. Smoking materials are to be disposed of in appropriate receptacles. Smoking in or on the Common Elements is prohibited.
 12. **Pets.**
 - a. Owners, and tenants who have a written lease with an Owner for six (6) months or longer, may keep a) up to three (3) dogs and three (3) cats in a Unit that is 700 square feet or greater, or b) up to one (1) dog and one (1) cat in a unit that is less than 700 square feet. No rabbits, livestock, fowl, or poultry of any kind shall be raised, bred, or kept in the community, including within a unit.

- b. Owners must register with the Association or its manager any dog kept in a unit, even if temporarily. The fine for failure to register is \$100 per dog.
 - c. All dogs must wear tags with current registration information, the owner's name, and the owner's telephone number.
 - d. All dogs must be on a leash at all times when on the Common Elements.
 - e. Notwithstanding anything to the contrary, no animal may unreasonably disturb other occupants of the community or otherwise be a nuisance, and no animal may be kept, bred or maintained for any commercial purpose.
 - f. Please be a courteous pet Owner. Do not leave any pet unattended on the Lulu City premises. Do not tie dogs to railings or leave dogs unattended in the Common Elements. Everyone must pick up their pets' waste immediately regardless of season, weather or time of day.
 - g. Unattended animals are subject to removal by the Association, the Manager and/or Town of Telluride Animal Control Officer.
 - h. Owners are responsible for their tenants' dogs' compliance with these Rules & Regulations.
 - i. All Owners with dogs, and who have tenants with dogs, shall be assessed sixty dollars (\$60.00) per dog per year to reimburse the Association for the additional cost of dog clean-up bags, cleaning up after dogs, and landscape damage by dogs.
13. **Fire Alarm System.** No smoke/heat detector may be removed or disabled because it jeopardizes the safety of the entire community.
14. **Noise.** Owners are asked to respect their neighbor's need for peace and quiet. The community has less than ideal insulation, and as a courtesy to your neighbors, please keep doors closed, and try to limit excess noise from stereos and loud voices.

15. Situations Causing Damage to Units.

- a. If there is a problem causing damage to a unit and the cause is obviously another unit, then that problem is not the responsibility or obligation of the Association and should be resolved between unit Owners.
- b. If there is a problem causing damage to a unit and the cause is unclear, then the Association will investigate the problem to determine the cause and the cost of the investigation will be a common expense. The Association will promptly notify all Owners of units involved of the problem, and whether the Association has determined the cause involves a Common Element/limited Common Element for which the Association is responsible, or a unit/limited Common Element for which a unit Owner is responsible.

16. Situations Causing Damage to Common Elements.

- a. If there is a problem causing damage to the Common Elements and the cause is obviously another unit, then the Association will promptly notify the Owner of the unit causing the damage.
- b. If there is a problem causing damage to the Common Elements and the cause is unclear, then the Association will investigate the problem to determine the cause and the cost of the investigation will be a common expense. If the problem is finally determined to be caused by a unit, then the Association will promptly notify the Owner of the unit found to be causing the damage.

17. Emergency Situations. Notwithstanding anything to the contrary, in the event of an emergency, which means a situation in which an immediate or swift response will lessen damage to Common Elements, Limited Common Elements, or a Unit, or will make such damage less likely, the Association has the right, but not the obligation, to enter a unit to take reasonable steps to address the immediate cause of the emergency. In this case, the Association will as promptly as practicable notify the Owners of the Units involved, and, if the Association has taken steps to address the immediate cause of the emergency, the costs of responding to the emergency shall be assessed to the Unit causing the damage.

18. **Construction Policies.** The following applies to all construction work in the community, including Units. Owners are responsible for the activities of their contractors.
- a. **Notification of Manager; Insurance.** Prior to starting any construction that has the potential to create debris, to require cleaning of the Common Elements, and/or to damage the Common Elements, the Owner must:
 - i. Notify the Association's manager in writing when work is anticipated to start and end, the general scope of work, and who will be doing the work.
 - ii. Obtain from the Owner's contractor proof of current liability insurance and worker's compensation coverage.
 - iii. Obtain from the Town of Telluride a building permit, if applicable.
 - b. **Working Hours.** Construction hours are from 8:00 A.M. to 5:00 P.M., Monday through Saturday, exclusive of federal holidays. No construction is permitted on federal holidays, Sundays, or outside of construction hours.
 - c. **Construction Materials and Debris.** This section applies to construction materials, debris, trash, equipment and appliances (collectively, "Construction Materials").
 - i. No Construction Materials may be stored outside of a Unit, in Common Elements or public areas adjacent to the building.
 - ii. All Construction Materials intended for disposal must be promptly removed from the building. No Construction Materials may be disposed of in the community dumpsters. Construction Materials must either be hauled away or disposed of in an approved dumpster or hauled away by the Owner or contractor. No food may be put in construction dumpsters.
 - d. **Dumpsters.** Dumpsters are subject to prior board approved as to location, size and duration.

- e. **Clean Up.** Owners and contractors are responsible for prompt and thorough construction clean up. Dirt, sawdust, or other material traced or spilled on hallways and other Common Elements must carpeting must be cleaned up immediately.
 - f. **Doors.** Exterior unit doors must be kept closed when work is being done in that unit.
 - g. **Damage.** Owners are responsible for all damage to the Common Elements caused by construction work in their units.
 - h. **Association Costs.** If the Owner or the Owner's contractor fails to comply with these construction policies, then the Association may perform clean-up, dumpster removal and damage repair resulting from a unit Owner's construction and charge the unit Owner the Association's costs, including charges of the manager. All charges for the Association's Manager's time related to an Owner's construction and/or an Owner's compliance with these rules, shall be invoiced to the Owner.
19. **Unit Work Affecting Common Elements.** If any construction or repair work in a Unit affects the common elements, including a common utility (such as water), then the Owner or the Owner's Contractor must contact the Association's manager to coordinate that work. The Owner shall reimburse the Association for any costs incurred by the Association, such as, for example, costs related to shutting off common water to allow for repair work in a Unit.
20. **Moving Procedures.** All Owners and tenants must notify the Association or its manager in writing at least two (2) business days prior to moving.
- a. **Monitoring.** The Association may provide a qualified person for up to 4 (four) hours to help facilitate the move by monitoring the loading area. Fees for this service shall be promptly paid, after invoicing. For moves which require more than 4 (four) hours, the Association may collect from the Owner/lessee such additional sum as may be required to pay for additional monitor time. Sums for damage and or cleaning may also be assessed by the board.
 - b. **Time Limits.** Moves shall be completed between 8:00 a.m. and 5:30 p.m.

- c. **Responsibility for Damages.** Owners are responsible for damage, cleaning and other claims resulting from moving.
21. **Owner Contact Information.** Owners are responsible for providing the Association's manager with their address, phone number, local contact and email information upon closing on a unit, and to promptly notify the Association of any changes.
22. **Unit Keys.** Owners are expected to cooperate with the Association's conversion to a master key system.
23. **Invoicing and Collections.** The following policies apply to all Association assessments, including regular, special, and other charges to Owners.
 - a. **Invoices; Due Date.** The Association shall send out invoices by mail or email at least five (5) business days before payment is due. Payments for regular assessments are due in advance on the first of the month. All other assessments shall be due as set forth in the invoice, but in no event less than ten (10) days from the date invoiced.
 - b. **Collection of Less Than \$250.** For outstanding balances of \$250 or less that are 30 days or more past due, the Association will send the delinquent Owner one letter advising that the amount is thirty (30) days past due, that interest is accruing on the balance, and requesting payment. The letter shall also advise that, if not paid, the amount past due will be added to the delinquent Owner's next statement with interest. The Association will not charge the delinquent Owner for this letter.
 - c. **Collection of \$251 or More.** For outstanding balances of \$251 or more, the Association has adopted the following collection policy.
 - i. For balances that are thirty (30) days past due, the Association will send a collection letter to the delinquent Owner advising that the amount is thirty (30) days past due, that interest is accruing on the balance, and requesting payment. There is no charge for this letter.
 - ii. For balances that are sixty (60) days past due, the Association will send a collection letter to the delinquent Owner advising that the amount is sixty (60) days past due, that the Association intends to record a lien against that Owner's unit, that there is a

- charge of \$50 for the letter and that there will be a \$150 charge for recording the lien. The \$50 charge will be added to the delinquent Owner's account.
- iii. For balances that are ninety (90) days or more past due: the Association will send a collection letter via certified mail to the delinquent Owner advising that the amount is ninety (90) days past due, and that the Association is recording a lien against the delinquent Owner's unit, for which there is a charge of \$150 that will be added to the delinquent Owner's account. The Association will record a lien on that delinquent Owner's unit and the \$150 charge will be added to the delinquent Owner's account.
- d. **Collection of \$2,000 or More.** For outstanding balances of \$2,000 or more that are ninety (90) days or more past due, the Association has adopted the following collection policy.
- i. The Association may, through its attorney, contact the delinquent Owner's mortgagee(s) of the delinquency and request payment of outstanding amounts.
 - ii. Upon ten (10) day's written notice to be sent via certified mail to the delinquent Owner's address of record with the Association of an opportunity to the delinquent Owner to be heard by the Board, the Association may commence an action for foreclosure of the Association's lien against the delinquent Owner's Unit and for a personal judgment against the Owner and other persons liable to the Association for amounts past due.
 - iii. Costs and attorneys fees related to the foregoing will be added to the delinquent Owner's account.
- e. **Returned Checks.** There is a \$25 charge for returned checks.
- f. **Interest.** All amounts past due to the Association shall bear interest at 18% *per annum* on the outstanding balance (inclusive of collection charges and fees).
- g. **Deed Restricted Units; Special Assessment Interest.** The Board, in its discretion, may grant an owner of a unit encumbered by the Town of Telluride employee housing deed restriction, a waiver of all or a portion

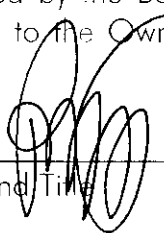
of the interest accrued on outstanding special assessments based upon of a showing by the owner of his or her good faith and diligence to pay or finance its special assessment payment, and upon a showing of hardship to the owner or difficulty in paying or financing the special assessment payment. This shall apply to special assessments due and payable prior to the effective date of these Rules and Regulations.

- h. **Attorneys Fees and Costs of Collection.** Delinquent Owners are responsible for payment to the Association of all costs of collection, including the costs of collection letters, charges by the Association's manager, reasonable attorneys fees and collection agency fees.
 - i. **Application of Payments.** The Association will apply Owner payments of outstanding balances first to collection costs, then to interest, then to the most recent invoices for assessments, and finally to the oldest balance.
24. **Policy for Disputes between Owners and the Association.** Except for claims by the Association to collect unpaid assessments, if there is a dispute of any kind between an Owner and the Association, then the claiming party shall give the other party written notice of the dispute. Within thirty (30) days of delivery of such written notice, all parties to the dispute shall engage in nonbinding mediation in person in San Miguel County, CO, before a mutually agreed mediator. The costs of mediation shall be shared equally among the parties. Mediation is not a precondition to filing suit.
25. **Handling of Conflicts of Interest Involving Board Members.** Conflicts of interest shall be subject to C.R.S. § 7-128-501 (Colorado Nonprofit Corporation Act), as same may be amended. To summarize, this section provides that:
- a. No loans may be made by the Association to its directors or officers.
 - b. Transactions and other financial relationships between the Association and a director are not void solely because the transaction involves a director or solely because the director is present at or participates in a board meeting where the board authorizes the transaction, even if that director's vote is counted, if a) material facts about the director's relationship or interest to the transaction are disclosed or known to the board, the board in good faith authorizes the transaction by an affirmative vote of a majority of the disinterested directors (even if less than a quorum), or b) material facts about the director's relationship or interest to the transaction are disclosed or known to the Owners and the

Owners specifically authorizes in good faith the transaction, or c) the transaction is fair to the Association.

- c. Interested directors may be counted in determining a quorum at a board meeting that authorizes the transaction.
- 26. **Conduct of Meetings** Board and Owner meetings shall be conducted in accordance with applicable provisions of the Colorado Nonprofit Corporation Act (C.R.S. § 7- 135-100 *et. seq.*) and the Colorado Common Interest Ownership Act (C.R.S. § 38-33.3-101 *et. seq.*).
- 27. **Enforcement of the Governing Documents.** Monetary enforcement of the governing documents is subject to the Association's collection policies. The Association will enforce nonmonetary violations of the governing documents by first giving written notice of violation to the Owner and/or tenant in violation.
- 28. **Inspection and Copying of Association Records by Unit Owners.** Owners may submit a request to the manager to copy Association records. The Owner will pay the Association's manager a reasonable fee for research and copying.
- 29. **Investment of Reserve Funds.** Reserve funds may be held either in a savings deposit account or certificate of deposit at the discretion of the board.
- 30. **Procedures for the Adoption and Amendment of Policies, Procedures, and Rules.** In the absence of a contrary provision in the declaration or articles of the Association, these policies may be amended and supplemented by a vote of the majority of the board.
- 31. **Fines.** Any Owner, tenant or guest who violates these Rules and Regulations is subject to a fine by the Association of up to \$200 per incident per day as determined by the board after at least ten (10) day's written notice of violation and an opportunity for a hearing before the board. Owners are responsible for all fines imposed on their tenants and guests, which may be assessed as a common expense against that Owner's unit.

The undersigned officer certifies that these Rules and Regulations were properly adopted by the Board of Directors at its meeting held January 14, 2010, and was mailed to the Owners on January 19, 2010, and are made effective January 20, 2010.


 _____ HOA Board Pres _____ 1/19 _____, 2010
 Sign and Title