

**RULES, REGULATIONS AND POLICIES
OF
CHARTER RIDGE ASSOCIATION, INC.**

Effective October 1, 2017

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OF
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Effective October 1, 2017

Charter Ridge Association, Inc. (“Association”) has adopted these Rules, Regulations and Policies (“Rules”) to be effective October 1, 2017, pursuant to the Declaration of Covenants, Conditions, and Restrictions of Charter Ridge Townhomes, dated January 25, 1994, as that document may be amended from time to time (“Declaration”). All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Declaration and the Bylaws. Property Manager means Bliss Property Management.

1. Purpose and Scope. The primary functions of the Association are to manage the Project and enforce the Declaration and Bylaws, including adopting these Rules in connection with such management and enforcement responsibility. The Board of Directors has adopted these Rules in order to protect the value and desirability of the Project. These Rules supplement other rules that may be found in the Articles, the Declaration and the Bylaws.

2. Unit Usage. Units are to be used as single-family dwellings. In cases of rentals, the number of occupants shall not exceed eight persons.

3. Noise and Property Enjoyment. Owners, guests, tenants, and renters shall exercise care to avoid making or permitting to be made any loud, objectionable, or other noise that may disturb occupants of other Units. Particular care should be exercised in and around hot tubs and the main driveway (Charter Ridge Court). No noxious or offensive activity shall be conducted, nor shall anything be done or placed within the Project that is or may become a nuisance or cause embarrassment, disturbance, or annoyance to others. Hot tubs may be used only between the hours of 8 a.m. and 10 p.m.

4. Fireworks. No fireworks or other incendiary devices are allowed anywhere on the Project.

5. Firearms. No firearms may be fired or otherwise discharged on the Project.

6. Leasing and Management Companies. All leasing companies and management companies, and/or Unit Owners, must provide the Association’s Property Manager with the names and contact information for renters, upon request of the Association or the Association’s Property Manager. Upon the execution of a rental agreement, rental management agreement, or lease for a Unit in the Project, all leasing companies and management companies, and/or Unit Owners must provide their emergency contact information to the Association’s Property Manager. All individuals renting or leasing any Unit in the Project must be: (1) at least twenty-five (25) years of age; (2) able to legally enter into a contract; and (3) legal citizens of the United States of America or able to provide documentation of legal status. All leasing companies and management companies, and/or Unit Owners are responsible for providing copies of these Rules

to their tenants and renters. Unit Owners are required to provide the Association with a signed copy of all leases for all rentals in excess of six (6) months in the Project.

7. Trash. Owners, guests, renters, and tenants shall dispose of all trash and garbage in the dumpster located near the Charter Ridge entrance. No hazardous waste, construction debris or large items, such as furniture, shall be placed in or around the dumpster. Owners may arrange for commercial garbage pickup during times of their residency. If commercial garbage service is used, Owners shall take care that garbage cans are not left outside after pickup. The disposal of any furniture, refrigerators, appliances, mattresses, tires, car batteries and motor oil is forbidden anywhere in the Project.

8. Pets. The keeping of pets on the Project are subject to the following:

(a) Owners may keep no more than two domesticated pets (either two dogs, two cats, or one dog and one cat) in their Unit during their residency.

(b) Guests, renters and tenants are not allowed to have pets at Charter Ridge Townhomes.

(c) Unit Owners are required to clean up after their pets, and are responsible for any damage caused by their pets.

(d) Any noise or disturbance by a pet anywhere on the Project is prohibited. No kennel or commercial pet operations are permitted.

(e) All pets on the Project must be kept on a leash when not in a Unit. The leash must be under the control of a person physically capable of controlling the pet. Any pet in an open vehicle must be tethered so the pet cannot extend beyond the confines of the vehicle. Pets may not be otherwise tethered outside of a Unit.

(f) Pets may not be left unattended anywhere in the Common Elements. The Association's Property Manager may remove any such pet at the expense of the pet owner.

(g) The Board of Directors may order removal of a pet from the Project if any of the rules set forth in this paragraph are violated.

9. Signs and Flags. No sign, notice, placard, poster, or other advertisement shall be placed or displayed on any Unit without the written permission of the Board of Directors, except as set forth in this paragraph.

(a) A Unit Owner may display an American flag on a Unit or Limited Common Element of a Unit only if the American flag is displayed in a manner consistent with the applicable sections of the federal flag code and does not exceed 36" by 48".

(b) A Unit Owner may display a service flag bearing a star denoting the service of the Unit Owner or Occupant, or a member of the Unit Owner's immediate family in the active or reserve military service of the United States during a time of war or armed conflict, on a Unit or Limited Common Element of a Unit. The maximum size of a service flag shall be 9" by 16".

10. Parking. Licensed and operable passenger automobiles and pickup trucks only are permitted on the Project. Each Unit is allowed to park two vehicles. One vehicle shall be parked in the Unit's garage and the other shall be parked on the Unit's driveway immediately in front of its garage. Vehicles shall not be parked on Charter Ridge CT (the main driveway). Motor homes, house trailers, campers, boats, trailers, snowmobiles, and motorcycles, are prohibited. Owner's vehicles in violation will be given notice of the Association's right to tow. Vehicles owned by others are subject to immediate towing. All expenses incurred from towing shall be charged to the offending vehicle owner, or to the Owner of the Unit to which the vehicle owner resides or has visited.

11. Marijuana Usage. The use of marijuana in any form outside the Units at the Project is prohibited. Owners may choose to prohibit these activities inside their Units.

12. Unit Locks. All Units shall remain on the master key system at all times so the Property Manager can enter for emergencies (such as fire, water leaks, etc.) or required maintenance (such as lift station issues). If an Owner feels a change to the locks on his Unit is needed, the Property Manager should be contacted in advance.

13. No Waiver of Rights. The omission or failure of the Association to enforce the covenants, restrictions, easements, uses, limitations, obligations, or other provisions of the Declaration, Bylaws, or the Rules and Regulations shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors or Association's Property Manager shall have the right to enforce the same.

14. Insurance Claims by Owners. Subject to C.R.S., § 10-4-110.8(5), as may be amended, a Unit Owner shall have the right to file a claim against the insurance policy of the Association. The Association's insurer, when determining premiums to be charged to the Association, shall not take into account any request by a Unit Owner for clarification of coverage. In making such a claim against any insurance policy of the Association, the Unit Owner must follow this procedure:

(a) The Unit Owner must first contact the Board of Directors in writing regarding the subject matter of the claim;

(b) The Unit Owner must give the Association at least twenty (20) days to respond in writing, and give the Association a reasonable opportunity to inspect the damage; and

(c) The Unit Owner will only be allowed to make a claim if the subject matter of such claim falls within the responsibility of an insurance policy of the Association.

15. Assessment of Insurance Deductibles. When the Association, or a Unit Owner, settles a property insurance claim with any insurance policy of the Association, the Association shall have the power to assess the negligent Unit Owners causing the loss, if any, or Unit Owners benefiting from the repair or restoration, all deductibles paid by the Association. If more than one Unit is damaged by a loss, the Association, in its reasonable discretion, may assess each Unit Owner a pro-rata share of any deductible paid by the Association. Any such deductible shall be levied and collected as an assessment against the Unit of the responsible Unit Owner.

16. Performance of a Reserve Study. The Board of Directors may, from time to time and in its discretion, cause a reserve study (“Reserve Study”) to be performed for those portions of the Common Elements of which the Association is responsible for the maintenance, repair, replacement and improvement. A Reserve Study may be based upon a physical analysis and/or a financial analysis, as determined by the Board of Directors. The Reserve Study may discuss the projected sources of funding for replacement of the Common Elements, and whether there is a current funding plan in place. The Board of Directors may perform an internally conducted Reserve Study, or may retain a reserve study analyst or specialist to complete the Reserve Study. Any Reserve Study conducted may be updated at any time in the discretion of the Board of Directors.

17. Investment of Reserve Funds and Assessment Reserves. If the Board of Directors is to invest any reserve funds or Assessment reserves to generate revenue that will accrue to the balance of such reserve funds or Assessment reserves, such investment shall be made in accordance with the following policies, listed in order of their priority:

(a) Safety of Principal. Promote and ensure the preservation of the principal of any Assessment reserves.

(b) Liquidity and Accessibility. Structure maturities to ensure availability of assets for projected or unexpected expenditures.

(c) Minimal Costs. Minimize investments costs, such as redemption fees, commissions, and other transactional costs.

(d) Diversify. Mitigate the effects of interest rate volatility upon Assessment reserves.

(e) Return. Invest funds to seek the highest level of return.

18. Resolution of Rules Violations.

(a) Violation Resolution Process. The Board of Directors hereby establishes the following policy for resolving violations of or noncompliance with the Declaration,

Articles, Bylaws and these Rules by a Unit Owner or Occupant.

(i) Any Unit Owner or Occupant may notify the Association's Property Manager or Board of Directors regarding the existence of an alleged violation. The Board of Directors shall refer any such complaints to the Association's Property Manager. In the event a member of the Board of Directors independently becomes aware of an alleged violation, he or she must promptly notify the Association's Property Manager. The Association's Property Manager must promptly proceed under subparagraph (ii) if it receives a complaint or independently becomes aware of an alleged violation.

(ii) The Association's Property Manager shall promptly investigate all alleged violations. The Association's Property Manager, in its sole discretion, may require the claiming Unit Owner or Occupant ("Complainant") to provide additional information or set forth the allegations of the violation in writing. If the Association's Property Manager is satisfied that there may be a violation, the Association's Property Manager shall promptly contact the alleged responsible Unit Owner ("Respondent") in person, by telephone, by email, or in writing regarding the possible violation. The Association's Property Manager may also, but is not required to, contact the Occupant in the Respondent's Unit, if any, regarding the possible violation. The Association's Property Manager, in its sole discretion, may require the Respondent to set forth an explanation regarding the violation in writing. Any writings collected hereunder by the Association's Property Manager shall be kept in the Association's records and shall not be reproduced or distributed unless required by the Board of Directors or law.

(iii) After evaluating the positions of the Complainant and Respondent, the Association's Property Manager shall determine, in its sole discretion, whether there has been a violation. If the Association's Property Manager determines that there has been no violation, the Association's Property Manager shall notify both the Complainant and Respondent, and place a written statement to that effect in the Association's records. If the Association's Property Manager determines that there has been a violation, it shall mail a written notice of violation ("Notice") to the Respondent in an envelope marked "URGENT – FINANCIAL CONSEQUENCES INVOLVED" by Certified Mail, Return Receipt Requested. The Notice shall set forth the date of Notice, details and date of the violation, any deadline for terminating the violation before the imposition of penalties and/or legal action, the dollar amount of any potential financial penalty, and the right to request a hearing before the Board of Directors to contest the finding of the violation or the potential financial penalty.

(iv) For purposes of this paragraph, service of the Notice on one Unit Owner shall be service on all Unit Owners of the Unit. It is the Unit Owners' obligation to keep the Association's Property Manager notified of any change of address. Failure to do so will not affect the validity of service hereunder.

(v) Subject to a Respondent’s request for hearing under subparagraph (c)(i), if the alleged violation is not corrected within the time set forth in the Notice or occurs again within the next twelve (12) months following service of the Notice, the Association’s Property Manager shall, in its sole discretion, satisfy itself that there is a repeated or continuing violation, at which time financial penalties pursuant to the Notice shall be assessed and/or the Association may initiate legal action to abate the violation.

(b) Financial Penalties.

(i) The Board of Directors hereby establishes the financial penalties for violation of or noncompliance with the Declaration, the Bylaws or these Rules by a Respondent or Occupant, as follows:

| | One-Time Occurrence | Continuing Occurrence |
|-------------------------------|--------------------------------|----------------------------------|
| First Offense | \$100 | \$50/day until resolved |
| Second Offense | \$200 | \$50/day until resolved |
| Third or More Offenses | \$300 | \$50/day until resolved |

(ii) The applicable penalty is determined by the type of violation. One-Time Occurrence penalties apply to a violation that constitutes a discrete incident (e.g., barking dog). Continuing Occurrence penalties apply to violations that are of a continuous nature, including, but not limited to, the Respondent’s refusal to remove an inappropriate item from a balcony or improper use of a Parking Space. The Association’s Property Manager may, in its sole discretion, determine that a violation is a One-Time Occurrence. The Association’s Property Manager may, in consultation with at least one (1) member of the Board of Directors, determine that a violation is a Continuing Occurrence.

(iii) Any penalty assessed, if not voluntarily paid to the Association before the next scheduled payment of dues, will be added to the next billing statement and is payable within thirty (30) days thereafter. If, after a hearing or a waiver thereof, a violation or series of violations is deemed to have occurred, the penalties shall be assessed from the date of the first violation and added to the next billing statement. Any unpaid amount shall be charged against the Respondent’s Unit and will be collectible as any other assessment charged against the Unit. In the event the assessments are not paid in a timely manner, the Board of Directors may impose charges for late payments, recover legal costs for the collection of assessments and other actions to enforce the Rules of the Association, regardless of whether an action was initiated. Nothing herein shall operate to limit the Association’s remedies.

(iv) Assessments of financial penalties may be waived in whole or in

part or adjusted downward in the sole discretion of the Board of Directors. Waiver or adjustment in a particular case will not set a precedent in any other case.

(c) Hearing Process.

(i) Any Respondent who has received a Notice of violation resulting in the assessment of a financial penalty shall have an opportunity to request a hearing for the purpose of contesting the violation or the financial penalty set forth in the Notice. The Respondent must contact the Association's Property Manager in writing within ten (10) days following the date of service of the Notice and request a hearing. The Association's Property Manager shall, within ten (10) days of receiving the request for hearing, schedule a formal hearing before the Board of Directors, who may be present in person or via teleconferencing technology. The Respondent must participate in person during the hearing and may have witnesses present. In the event a proper and timely request for a hearing is not made as provided herein, the right to a hearing shall be deemed forever waived.

(ii) The Board of Directors may act as an impartial decision maker as that term is defined in C.R.S. § 38-33.3-209.5. Any member of the Board of Directors who has a direct personal or financial interest in the outcome of a hearing and, therefore, is incapable of acting as an Impartial Decision Maker, shall disclose such interest to the other members of the Board of Directors. The remaining members of the Board of Directors not having a direct personal or financial interest in the outcome of the hearing will determine if such member is disqualified as an Impartial Decision Maker and, therefore, from participating in the hearing. A member of the Board of Directors shall not be deemed to have a direct personal or financial interest in the outcome if he or she will not, as the result of the outcome, receive any greater benefit or detriment than will the general membership of the Association. If disqualification of members of the Board of Directors results in an even number of remaining members eligible to make a decision, the Board of Directors may appoint a Unit Owner in good standing to serve as an Impartial Decision Maker. If disqualification of members of the Board of Directors results in no eligible members, the Board of Directors may appoint one (1) or more Unit Owners in good standing to serve as Impartial Decision Makers.

(iii) The Impartial Decision Makers may confer with witnesses or other members of the Board of Directors or the Association's Property Manager before rendering a decision. A final decision will be rendered at the end of the hearing. In the event there are circumstances that prevent the Impartial Decision Makers from rendering its decision at the end of the hearing, a final decision will be made within five (5) days after the hearing, and the Respondent will be notified verbally and in writing of the Impartial Decision Makers' decision at that time.

(iv) If, after the opportunity to be heard, a violation or series of violations is deemed to have occurred, the assessment of penalties shall be upheld from the date of the first violation. The Respondent shall also be responsible for all expenses, if any, incurred by both parties in completing the resolution and hearing process.

(v) If the Impartial Decision Makers overturn the assessment of penalties, the Association's Property Manager will refund any payment already made by the Respondent or, if no payment has yet been made, the assessment will be removed from the Respondent's next billing invoice. In that event, each party will be responsible for their own expenses, if any, incurred in completing the resolution and hearing process.

19. Dispute Resolution. Except in connection with a proceeding regarding the violation of the Association Documents or in connection with the collection of any past due Assessments, fines or other charges, if a dispute ever arises between an Owner and the Association, or between two or more Owners, the parties shall use the procedures set forth in the following provisions for any dispute that does not involve an imminent threat to the peace, health, or safety of the Project.

(a) Negotiation. The Owner and the Association, or the Owners, shall attempt in good faith to resolve any dispute promptly by negotiations between persons who have authority to settle the controversy ("Representatives"). Any party may give another party written notice of any dispute not resolved in the normal course of business. Within twenty (20) days after receipt of said notice, Representatives of the parties to the dispute shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved within sixty (60) days of the notice of dispute, or if the parties fail to meet within twenty (20) days, any party to the dispute may initiate mediation of the controversy as provided below.

(b) Mediation. If the dispute has not been resolved by negotiation as provided above, either party may give written notice to mediate ("Mediation Notice") and the parties shall endeavor to settle the dispute by mediation between their respective Representatives with a neutral third party mediator. If the parties encounter difficulty in agreeing on a neutral third party, each of the Owner and the Association may appoint a neutral third party, and such third parties shall appoint a neutral third party to mediate.

(c) Arbitration. Any dispute which has not been resolved by mediation as set forth above within sixty (60) days of the date of the Mediation Notice, shall be finally settled by binding arbitration conducted in accordance with the terms of this subparagraph, upon written demand for arbitration made by any party ("Arbitration Demand") provided, however, that if one party has requested the other to participate in mediation and the other has failed to participate, the requesting party may make demand for arbitration before expiration of such sixty (60) days.

(i) As soon as reasonably possible following the Arbitration Demand, but not later than fifteen (15) days after the date of such Demand, the parties, in good faith, shall attempt to select a mutually acceptable arbitrator to hear and decide the matter or matters in controversy. In the event the parties cannot agree on a mutually acceptable arbitrator within thirty (30) days after the date of such Demand, each party shall appoint an unrelated third party within forty (40) days after the date of such Demand and, within fifteen (15) days of the date of the appointment of the last of such unrelated third parties, such third parties shall appoint an arbitrator to hear and settle the dispute in accordance with the terms and provisions hereof. If any party does not appoint an unrelated third party in a timely manner or if such third parties cannot or do not appoint an arbitrator in a timely manner, then any party may make application to the District Court for Summit County, Colorado for appointment of an arbitrator.

(ii) The arbitration shall be conducted by a single arbitrator and the decision of the arbitrator shall be final, enforceable, binding and unappealable to any court or tribunal, except as otherwise may be provided by Colorado law. Such decision shall be enforceable with the same force and effect as if issued by any court of competent jurisdiction. The decision of the arbitrator shall be based upon the evidence and facts presented by the parties and shall be in accordance with Colorado law. The arbitrator is not empowered to award damages in excess of compensatory damages.

(iii) The costs of the arbitration, including reasonable attorney fees, shall be awarded to the prevailing party. If there is no prevailing party, such fees and costs may be awarded at the discretion of the arbitrator who, in making such award, shall assess the relative good or bad faith of the parties throughout the dispute.

(iv) All arbitration proceedings shall be conducted to expedite resolution and minimize cost. Disclosures shall be required and discovery shall be allowed and both shall be governed by Rules 26-37 of the Colorado Rules of Civil Procedure, as amended, except that upon application of either party, the arbitrator, in the interest of justice and efficiency, may limit discovery as such arbitrator deems appropriate.

(v) The place of arbitration shall be Summit County, Colorado.

(d) Provisional Remedies. Except as otherwise provided for herein, the procedures specified in this paragraph entitled Dispute Resolution shall be the sole and exclusive procedures for the resolution of disputes between an Owner and the Association, or between two or more Owners; provided, however, that a party may seek a preliminary injunction or other provisional judicial relief if in its judgment such action is necessary to avoid irreparable damage or to preserve the status quo. Despite such action, the parties will continue to participate in good faith in the procedures specified herein.

(e) Performance to Continue. Each party is required to continue to perform its obligations under the Declaration and these Rules pending final resolution of any dispute.

(f) Extension of Deadlines. All deadlines specified in this paragraph may be extended by mutual agreement.

(g) Costs. Each party shall pay its own costs with respect to negotiation and mediation. The prevailing party in any arbitration or provisional judicial relief shall be entitled to reimbursement from the other party for all reasonable costs and expenses, including attorney fees in connection with such arbitration or provisional judicial relief.

(h) Notices. All notices or demands under this paragraph shall be in writing and provided in accordance to the addresses required to be provided by the Association, and the address of the Owner required to be kept on file by the Association.

20. Amendment. The foregoing Rules are subject to amendment as more fully provided for in the Bylaws.

Certification

The undersigned certifies that the foregoing Rules, Regulations, and Policies were adopted by the Board of Directors of the Association as of the 21 day of July, 2017.

CHARTER RIDGE ASSOCIATION, INC.

By: 

Dan E. Butt, President