

RULES OF SMOKY RIDGE MAINTENANCE ASSOCIATION, INC.

(Combined Rules as adopted and amended on various dates through April 13, 2010)

1. Procedures for Adopting and Amending Rules

- 1.1. After due consideration, the Board will draft or cause to be drafted proposed rules and/or amendments of rules ("proposed rules") for the Board's proposed rule-making.
- 1.2. The Board will cause notice of the proposed rulemaking and copies of the proposed rules to be posted on the Association's website no less than 30 days prior to the Board meeting at which the Board will consider adoption of the proposed rules.
- 1.3. The notice of rule-making will both request owners' written comments on the proposed rules to the address specified in the notice, to be received no less than 10 days prior to the proposed rule-making meeting of the Board, and the owners' personal oral comments to the Board at the rule-making meeting of the Board at the specified time, date, and place of meeting.
- 1.4. At its rule-making meeting, the Board will reasonably consider the owners' written and oral comments on the proposed rules. After the Board has considered the owners' comments, the Board will act upon the proposed rules upon proper motion, second, and discussion by the Board members only (and any others only as specifically requested by the Board) to adopt, reject, amend, or otherwise act upon the proposed rules, including, among other normal procedures of the Board, to adjourn the meeting from day to day or as otherwise specified by the Board.
- 1.5. Upon adoption of the final rules, as the rules may be amended by the Board, the Board shall mail by regular first class mail or hand deliver the rules as adopted to the owners at their addresses of record with the Association.
- 1.6. The rules will be numbered and will show the date of adoption and the date on which each rule shall be effective.

The Association shall maintain the current, effective rules in an orderly manner so that owners and Board members may readily access the rules.

2. **Assessment Collection Rule**

- 2.1. Semiannual assessments (sometimes called dues or maintenance fees) are due and payable the first day of the months of January and July (the due dates), are delinquent if not paid on the due date, and incur a late charge and bear interest from the due date if not paid on or before 10 days after the due date.
- 2.2. Special assessments are due on the date or dates specified in the special assessment.
- 2.3. The owner shall pay a late charge of \$10.00 on each late semiannual or special assessment payment.
- 2.4. In addition, the owner shall pay interest on each assessment after the due date of that assessment at the rate of 18 percent per annum. Interest shall be charged only on assessments.
- 2.5. When delinquency exceeds 10 days, the Association or the Manager will send a **reminder** to the owner that the assessment payment is delinquent, the owner has incurred a late charge, interest is accruing, and the owner must immediately pay the assessment, plus late charge, plus interest.
- 2.6. When delinquency exceeds one month plus 10 days, the Association or the Manager will send the **first warning notice** to owner, stating the late charge(s) and interest, and stating that owner must pay the account current on or before the end of the month of the date on the first warning notice, OR enter into a written payment plan acceptable to the Association, OR the Association will take further collection action.
- 2.7. When delinquency exceeds two months plus 10 days, the Association or the Manager will send **second warning notice**. The owner must pay the account current by paying all delinquent assessments, late charges, interest, and costs of collection on or before the end of the month of the date of the second warning notice, OR enter into a written payment plan acceptable to the Association.
- 2.8. The Association or Manager will continue to send warning notices until the total amount due, including delinquent assessments, late charges, interest, and costs of collection exceeds \$250.00. The account will then be turned over to the Association's legal counsel for collection. At that time, the Association's legal counsel will file a lien against the owner's lot and will charge the owner's account a lien charge.

- 2.9. From the time the owner's **account is turned over to legal counsel**, the owner must communicate only with the law firm to pay or settle the account. The owner must pay all late charges, interest, costs of collection, and legal fees incurred by the Association.
- 2.10. An owner's payment of less than the full amount owed to the Association at any time shall be applied to pay the following (if applicable) in the order listed, from the oldest to most recent in each category:
 - 2.10.(a) Attorney fees and legal costs
 - 2.10.(b) Association costs and expenses
 - 2.10.(c) Late charges
 - 2.10.(d) Interest
 - 2.10.(e) Fines (if applicable)
 - 2.10.(f) Utilities, storage (if applicable)
 - 2.10.(g) Assessments
- 2.11. In the normal course of business, the Association will reject any check containing a restrictive endorsement.
- 2.12. The Resolution – Assessment(s), Charges and Fees Payment & Collection Policy adopted at the Board of Directors meeting of September 1992 is hereby revoked.

3. Enforcement of Governing Documents

- 3.1. The Rules and Regulations of the Board of Directors previously adopted and made effective January 1, 1995, as amended and made effective January 1, 1998, are hereby revoked and replaced by the within Rules.
- 3.2. The Association shall be diligent in the enforcement of the governing documents consisting of the Declaration, articles of incorporation, bylaws, and rules. Some formal resolutions of the Board and resolutions of the members, maintained in the minutes of the Association, may be considered governing documents. As stated in the governing documents, reasonable enforcement is intended to maintain the values of all the units in the community and to make the community a desirable place to live. The objective of the Association is to be fair, firm, and consistent in its enforcement.
- 3.3. Regardless of the language of the governing documents, Senate Bill 05-100 states and the governing documents are superseded by the following:
 - 3.3.(a) The governing documents cannot prohibit or limit xeriscape or require turf grass only or primarily.
 - 3.3.(b) The Association shall not enforce covenants against the owners during a period of water restrictions when the lawns have died as a result of water restrictions if the owners are complying with the restrictions.
 - 3.3.(c) Owners and residents may display on their property, in their windows, or on the balconies adjoining their units American flags of no larger than 4 feet by 6 feet and install flagpoles of no greater height than 12 feet.
 - 3.3.(d) Owners and residents may display on the inside the unit's window or door a service flag (sometimes called blue star or gold star banner) of no more than 20 inches by 30 inches indicating the military service of a member of the owner's or resident's immediate family during a time of war or armed conflict.
 - 3.3.(e) Owners and residents may display one political sign on the owner's sole property or in the unit's window for each contested election and ballot issue from 45 days before through 7 days after election up to the size and number of signs allowed by the local municipal or county ordinance. If there is no such ordinance, each sign shall be no larger than 36 inches by 48 inches.
 - 3.3.(f) A member of a volunteer fire department, and owners and residents whose emergency service provider employer (defined in C.R.S. § 29-11-101(1.6)) requires such vehicle

access, may park an emergency vehicle bearing an official emblem and weighing less than 10,000 pounds on the common interest community when it does not bar emergency access or other owners' reasonable use of streets.

3.3.(g) Owner(s) may remove trees and shrubs around the home for fire prevention purposes if the removal complies with a written defensible space plan created by a governmental entity.

3.3.(h) Owner(s) may replace cedar shake shingles with nonflammable shingles.

3.4. In the normal course of the Association's business, the Board will supervise those acting on behalf of the Association to communicate with the owners so that owners are aware of their responsibilities and the standards of behavior in the community. The communication will reasonably use such means as the Association's website (if in existence), newsletters, correspondence, email broadcast messages, and postings in areas of the community frequented by the owners to advise owners of agenda items in regular and special Board meetings. The Association will encourage any continuing developer, real estate agents, and title insurance companies to provide full packages of applicable governing documents to all new owners in the community.

3.5. If an owner or resident of the community apparently violates any of the governing documents (other than the requirement to pay assessments), the Association will promptly give notice to the owner (and resident, if a different person) of the apparent violation and request prompt compliance. The Association will set deadlines for compliance in accordance with its governing documents and the urgency of the situation.

3.6. If the owner (and resident, if applicable) fails to comply, then the Association may enforce the governing documents by any direct Association remedy of the violation provided in the governing documents and by bringing appropriate legal or injunctive action in court against the violating parties. In such enforcement actions, the Association will seek to recover all of its costs of enforcement, including direct costs to the Association charged by agents, court costs, and costs of enforcement and collection, including attorney fees.

3.7. In a proper instance, the Association may consider a fine against the owner and/or resident, after proper notice, the opportunity to be heard, and hearing before the Board on each and every fine. The Association will comply with following:

3.8. Fines are levied on a case-by-case basis by the Board of Directors to assist in the enforcement of the Declaration of Covenants, articles of

incorporation, bylaws, rules and regulations, and other governing documents of the Association.

Fining Procedure for owner's or resident's violation of Association governing documents:

First Notice	Written Warning (two weeks to respond or comply from date of notice.)
Second Notice	Notice of Hearing before Board. Advise that Board may levy up to a \$50.00 fine.
Third Notice	Notice of Hearing before Board. Advise that Board may levy up to a \$100.00 fine.
Fourth Notice	Association attorney gives notice of impending legal action for any and all remedies under the governing documents, including collection of fines as assessments under the Declaration and the Colorado Common Interest Ownership Act.

In its sole discretion, the Board may cease the fining process and take other appropriate legal or injunctive action.

The Association shall provide proper notice and the opportunity to be heard at a specific Board hearing, at a set time, date, and location specified in the notice (sample form of notice letter for violation of a section of the Declaration follows as Exhibit A and is made a part hereof by this reference). The notice shall be sent by first class mail or by certified mail, return receipt requested, as directed by the Board. If the Board assesses a fine, the fine shall be posted to the appropriate owner's ledger as an amount payable in the same manner as periodic or special assessments, with all the same Association remedies as provided for collection of assessments in the Association's governing documents.

EXHIBIT A TO RULE ON ENFORCEMENT

SMOKY RIDGE MAINTENANCE ASSOCIATION, INC.

HEARING NOTICE FOR POSSIBLE FINES BY ASSOCIATION

Date

Address

Notice of Hearing and Opportunity to be Heard

Dear Homeowner:

As a homeowner in a community subject to governing documents, you have definite responsibilities to the Association and to the other homeowners in the community. This includes compliance with covenants or agreements found in the governing documents, such as the Declaration, and certain owner obligations to maintain, repair, and/or correct the exterior of your unit, within your Limited Common Elements, or on the General Common Elements.

This is notice of a hearing on your apparent violation of **Section** _____, _____, **of the** _____ as follows:

The board will hold a hearing to determine the existence of the violation(s), whether or not you committed the violation(s), and what action the Association will take under the governing documents, including possibly levying a fine against you in the amount of \$_____. You have the opportunity to attend, to hear any allegations against you, to present your side of the story, and to be heard by the Board. Should you decide not to attend the hearing, the Board will proceed with the hearing of the matter under the violation procedures in place and take appropriate action within the Board’s power.

Board of Directors Hearing: Day of the week _____,
Date: _____, 20____
Time: _____
Location: _____

Board of Directors
Smoky Ridge Maintenance Association, Inc.
By _____ (managing agent).

cc: Board of Directors
Tenant
Manager

4. **Association Records and Information**

- 4.1. The Association will keep a record of all actions taken at meetings of owners, the Board, and all committees, plus a record of all notices of meetings and waivers of notice.
- 4.2. The Association will maintain records of owners in a form that allows preparation of a list of names and addresses. All Association records must be maintained in a form that allows conversion into written form in a reasonable time.
- 4.3. The Association will charge owners copying charges to copy association records that do not exceed actual cost per page to the Association, including all costs such as paper, copy machine supplies, parts and maintenance, and all labor costs for the copying.
- 4.4. Owners are allowed to inspect and copy records during normal business hours, on five business days' notice, if the request is made in good faith and for a proper purpose and the records are described sufficiently and are relevant.
- 4.5. These records will be maintained at the Association's principal office:
 - Declaration
 - Covenants
 - Articles of incorporation
 - Bylaws
 - Rules
 - Resolutions of the board
 - Minutes of all owners' meetings for the past three years
 - Records of all actions by owners without a meeting for the past three years
 - All written communications to owners generally for the past three years
 - List of the names and addresses of current directors and officers
 - Most recent annual report, if any
 - All audits or reviews for the past three years
- 4.6. The Association shall maintain accounting records using generally accepted accounting principles.

- 4.7. Audits or reviews of the records of Association shall be done at least every two years.
- 4.7.(a) Audits are required only if the Association has annual revenues or expenditures of \$250,000 and at least 1/3 of the members request an audit.
 - 4.7.(b) Copies of audits or reviews are to be available on request to any owner 30 days after completion.
- 4.8. Within 90 days after any change in management company, the Association will give written notice of the following items by first class mail, personal delivery, a binder at the principal place of business, or on the association's website:
- 4.8.(a) Names of the Association and the common interest community
 - 4.8.(b) Name and address of management company, if any
 - 4.8.(c) Physical address and phone number for the Association and the manager
 - 4.8.(d) Date of recording of the Declaration and recording information
- 4.9. Within 90 days after the end of each fiscal year, the Association will make the following information available to owners upon reasonable notice:
- 4.9.(a) Date the fiscal year begins
 - 4.9.(b) Operating budget for the current year
 - 4.9.(c) List of current regular and special assessments, by unit type
 - 4.9.(d) Annual financial statements, including reserves
 - 4.9.(e) Results of any financial audit or review for previous fiscal year
 - 4.9.(f) List of all Association insurance policies (property, general liability, director and officer liability, fidelity), including companies, policy limits and deductibles, additional insureds, and expiration dates
 - 4.9.(g) Association's bylaws, articles, and rules and regulations
 - 4.9.(h) Minutes of board and member meetings for prior fiscal year
 - 4.9.(i) Association's "Responsible Governance Policies (contained in bylaws and rules)
- 4.10. In the event of any damage to units or common area, owners shall first inform the Association through its managing agent and its officers so the claim may be evaluated and coordinated for most efficient handling with Association's insurance company. Owners may file claims against the insurance policy of the Association as if owners were additional named insureds.
- 4.11. The Association will provide free education annually to all owners on the general operations of the Association and the rights and duties of the

owners, the Association, and the Board of Directors. The criteria for this education shall be determined from time to time by the Board.

- 4.12. The Association encourages education on good governance for the members of the Board. Upon submission prior to the seminar or course, the Board may approve payment of expenses for education for individual members of the Board if the education is directly related to good Association operations within the common interest community.

5. Investment of Reserve Funds

- 5.1. The Board of Directors/Managers may commission a reserve study to be provided by a professional such as an engineering firm OR internally utilizing information provided by the Association's management company and the Association's contractors and vendors. The Board of Directors/Managers in accordance with the Association's governing documents may commission an updated reserve study from the providers noted above. Action to obtain reserve studies and to update such reserve studies is to be determined by the Board of Directors/Managers acting in the best interest of the Association in its entirety, in accordance with the Colorado Common Interest Ownership Act (CCIOA) and the Colorado Revised Nonprofit Corporation Act. To the extent feasible, funding for such reserve studies should be incorporated in the Association's annual fiscal budget in a section noted as "RESERVE INCOME AND EXPENSE."
- 5.2. The Association will invest reserve funds in one or more accounts separate from the general operating account of the Association. The reserve funds shall be invested in conservative accounts with a small possibility of loss to the Association. The majority of the reserve funds shall be deposited in accounts and amounts that are fully insured against loss by an agency of the U.S. government.
- 5.3. Any and all persons who have access to the reserve funds shall have fidelity insurance covering the Association against dishonesty of such persons in the full amount of the funds in those accounts.

6. Disclosures in Purchases and Sales of Units

- 6.1. In accordance with CRS § 38-35.7-102, upon request a seller of a unit shall either provide to a purchaser or authorize the Association to provide to a purchaser, upon payment of the Association's actual costs, copies of Smoky Ridge's governing documents and financial documents as listed in the most recent available version of the contract to buy and sell real estate promulgated by the real estate commission as of the date of the contract.
- 6.2 Sellers must provide buyers with disclosure statements in bold type stating:
 - 6.1.(a) Buyer acknowledges the property is located within a common interest community and is subject to the Declaration for that community
 - 6.1.(b) Buyer understands he or she will be required to be a member of the Association and will be subject to the Bylaws, Declaration, and Rules and Regulations of the Association
 - 6.1.(c) Buyer also understands he or she must pay assessments, and failure to pay could result in a lien or sale of the property to collect assessments
 - 6.1.(d) Buyer also understands any change to the exterior of the property may be subject to architectural approval and that failure to comply could result in action by the Association
 - 6.1.(e) Buyer should investigate the financial obligations of members of the Association and carefully read the governing documents of the Association

7. Energy Efficiency

- 7.1 Owners may install the following improvements after submitting a request to the Architectural Control Committee and receiving approval for the installation:
- 7.1.(a) Awnings, shutters, or other shade structures that are marketed for the purpose of reducing energy consumption;
 - 7.1.(b) Garage or attic fans with associated vents and louvers;
 - 7.1.(c) Energy-efficient outdoor lighting, including fluorescent bulbs, together with any related solar recharging panels, motion detectors, or other equipment;
 - 7.1.(d) Evaporative coolers;
 - 7.1.(e) Retractable clotheslines;
 - 7.1.(f) Solar energy devices; or
 - 7.1.(g) Wind-electric generators.
- 7.2. The installation of any of the devices listed in Section 6.1 shall be subject to the following restrictions:
- 7.2.(a) No such devices shall be installed unless a building permit is obtained from the City of Centennial, if one is required;
 - 7.2.(b) To the extent feasible, all devices shall be located in a place that is as inconspicuous as possible, preferably the back yard or on the back- yard side of the roof;
 - 7.2.(c) Evaporative coolers may only be placed in the front of a house if no other location would provide adequate cooling for the room being cooled without significantly increasing the cost or decreasing the efficiency of the evaporative cooler;
 - 7.2.(d) Retractable clotheslines must be kept retracted except when in use;
 - 7.2.(e) Wind-electric generators must meet all standards imposed by the Public Utilities Commission and cannot produce excessive sound; and
 - 7.2.(f) In considering whether to approve an application, the Architectural Control Committee may consider other aesthetic circumstances and the effect of such installation on other owners.

8. **Parking of Vehicles**

- 8.1. Article VI, Section 24 of the Declaration of Covenants requires that lots be maintained in a neat and attractive manner.
- 8.2. The Association has determined that the parking of vehicles in any place other than inside garages or on driveways, streets, or other paved parking areas makes the lots look neither neat nor attractive.
- 8.3. Parking any type of vehicle in yards or in any place other than inside garages or on driveways, streets, or other paved parking areas is therefore prohibited.
- 8.4. Any member, or the tenant of any member, of the Association shall be allowed to park a house trailer, camping trailer, boat trailer, hauling trailer, boat, or self-contained motorized recreational vehicle in the member's driveway, on the member's property, or in the street in front of the property for a maximum of forty-eight (48) hours immediately prior to and after using same, solely for the purpose of loading or unloading same.
- 8.5. No guest of any member of the Association, and no guest of the member's tenant, shall be permitted to park a house trailer, camping trailer, boat trailer, hauling trailer, boat, or self-contained motorized recreational vehicle, in the member's driveway, on the member's property, in the street in front of the property, or in any other place in Smoky Ridge. The only exception shall be if such vehicle is being parked for the sole purpose of loading or unloading, and in that instance, such vehicle shall not remain in Smoky Ridge longer than forth-eight (48) hours immediately prior to and after use of same.

9. **Alternative Dispute Resolution Policy**

- 9.1. Whenever a dispute arises between the Association and any owner, the Association and the owner are encouraged to try to resolve the dispute by methods other than court action (litigation).
- 9.2. When the Association is collecting past due assessments or dues, the Association or its Managing Agent sends warning or “delinquency letters” to the owner to inform the owner of the amount owed and to encourage the owner to pay without litigation. If the Association is enforcing its governing documents, the Association will give notice to the owner of the alleged violation in an effort to avoid litigation by having the owner comply with the governing documents.
- 9.3. If the Association and the owner agree, their dispute may be submitted to mediation before any lawsuit is filed. The written, signed agreement submitting their dispute to mediation shall state who the mediator will be, that the parties will pay their share of the mediator’s fees, and will provide a time limit for conducting the mediation. If no mediation is held within that time period, and no agreement extending the time is signed, either side is free to file suit.
- 9.4. If the dispute is resolved through mediation, the parties shall sign a written settlement agreement. The settlement agreement will usually state that the agreement will be enforceable by the courts in the event either side violates the terms of the agreement.
- 9.5. Mediation shall not be used in situations involving an imminent threat to the peace, health, or safety of the community.
- 9.6. Mediation is highly recommended but not mandatory before proceeding with litigation. If either the Association or the owner chooses not to attempt a resolution of their dispute through mediation, the party may file a lawsuit to resolve the issue.

10. **Damage to Fences**

- 10.1 The Association is responsible for maintenance, repair, and replacement of the fences along Crestline Circle, Progress Circle, Himalaya Street, and Prentice Avenue.
- 10.2 In the past, damage has occurred to those fences due to landscaping materials located on lots of the adjoining owners pushing against the fences. The Association does not believe all owners in the Community should be required to pay for repairs caused by the actions of adjacent owners.
- 10.3 After the adoption of this Rule, any damage occurring to the fences listed in section 10.1 as a result of rock or other landscaping materials on the lot of an adjacent owner pushing against those fences or as a result of the negligence of the adjacent owner will be considered a violation of this Rule. All such violations will be enforced as described in Rule 3 of these Rules.
- 10.4 In addition, the Association may add the actual cost of repair of the fence to the owner's account as an Individual Assessment in accordance with Article IV, Section 5, of the Declaration after complying with the provisions of Rule 3 regarding notice and an opportunity to be heard.

11. **Portable Basketball Hoops**

Basketball hoops not permanently attached to any buildings (“portable hoops”) are permitted in Smoky Ridge Subdivision, provided they are at no time placed on any sidewalks or in any streets. Any such portable hoops shall be maintained in good condition, and the nets must not become shredded or otherwise allowed to fall into disrepair. (All portable hoops shall be stored indoors while snow or ice is on the ground.) All persons shall use such portable hoops only during reasonable daylight hours to avoid annoying their neighbors.

12. Guidelines for Nominees to the Board of Directors

- 12.1 Be a member of the Association.
- 12.2 Maintain Association membership in good standing, i.e., non-delinquent in assessment(s), charges, interest, costs, fees, and/or damages; abide by the covenants and rules and regulations of the Association.
- 12.3 Vacate the Director position when absent from three (3) regular meetings of the Board of Directors during any one-year period.
- 12.4 Receive no compensation for any service rendered to the Association. Reimbursement of actual expenses incurred in the performance of duties shall occur upon a properly documented receipt.
- 12.5 Actively participate in and positively support the affairs of the Association.
- 12.6 Act in a prudent and business-like manner in making decisions and formulating policies for the Association, and comply with the powers and duties of the Board of Directors as set forth in the Bylaws.
- 12.7 Act in a reasonable manner in implementing decisions and operating the Association.
- 12.8 Exercise good faith, confidentiality, and discretion, and avoid conflicts of interest.
- 12.9 Administer the Association/corporation in accordance with the legal documents and local, state, and federal requirements.

ATTEST:

_____ Secretary