

**WATER DANCE ON LAKE DILLON
RULES AND REGULATIONS
REVISED 7/1/06; REVISED 3/2/07; REVISED 12/7/07, REVISED 4/11/08;
REVISED 7/5/10; REVISED 12/10/10; REVISED 3/4/11; REVISED 9/9/11 (REVISED 6/13)
(REVISED 1/14) (REVISED 6/14) (REVISED 12/14)**

PETS

Only owners may have pets. If the animal becomes a nuisance to other occupants, the owner shall be given a written notice to correct the problem. Owners having animals assume full responsibility for personal injury or property damage caused by the pets. Dogs, cats or other pets may be kept, provided they are not bred or maintained for any commercial purposes. Dogs must be leashed at all times when outside a unit. Owners must pick up after their pets on a regular basis. All owners having pets must be in compliance with any Town ordinances.

VEHICLES

No vehicles are permitted to be parked on Water Dance common areas or streets overnight (midnight to 6:00 a.m.). Vehicles in violation will be subject to ticketing and/or towing at owner's expense. Vehicles are only allowed to be parked in enclosed garages or on owner's paved driveways.

Recreational vehicles, trail bikes, motor homes, snowmobiles, and campers are prohibited except within an enclosed garage. No work on automobiles shall be performed in any visible or exposed portion of Water Dance except for emergency situations.

Motorized vehicles may not be used for recreational purposes on bike paths, mountain bike trails, the Nordic trail or other common property.

NOISE

Residents shall not make or permit to be made any disturbing noise or do or permit any act which unreasonably interferes with the rights, comforts or convenience of any other occupant.

GARBAGE

Garbage and trash shall be disposed of in common dumpsters. Items such as carpet, furniture, or appliances being disposed of in dumpsters will require an extra pick up fee to be charged to the owner of such items.

FIREWORKS

Fireworks of any kind shall not be stored, carried, ignited or displayed on any part of Water Dance. Firearms shall not be discharged anywhere on Water Dance property.

GARAGE DOORS

For the purpose of security and heating, garage doors should be kept closed.

DAMAGE TO COMMON ELEMENTS

If any owner, tenant, guest or other invitee causes damage to a building or to Common Elements in any way, including by moving or carrying articles therein, said owner shall be responsible for and will be billed for the cost of repairing the damage.

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DECK STORAGE

Decks shall be used only for the intended purpose and shall not be used for open storage. Decks must be kept neat at all times. Items such as appliances, clotheslines, and storage boxes are prohibited.

UNSIGHTLY OBJECTS

Unsightly objects and materials shall not be placed upon the General Common Elements. No part of the General Common Elements may be used for storage or dumping of garbage, trash or other waste. Nothing shall be thrown or emptied by the owners or their family, friends, tenants, or other invitees out of the windows or doors or in the common areas, nor shall anything be hung from outside of the windows, on the decks, or placed on the outside window sills. Specific exceptions must be authorized in writing by the Board of Directors.

SIGNAGE

No business signs of any kind are allowed. "For Sale" signs must be green and white and a maximum of 30" X 24", one per lot.

LIGHTING APPARATUS

No owner, occupant, tenant or guest shall interfere in any manner with any portion of the lighting apparatus in or about the General Common Elements.

ANTENNAS AND DISHES

No radio or television antenna, aerial, or similar connection shall be installed by the owners or occupants outside of the respective units. Any aerial erected on the roof or exterior walls of the building without the written consent of the Board of Directors is subject to removal without notice and at owner's expense. Satellite dishes are allowed provided owners obtain Board approval before installation.

MASTER KEYS

All owners are strongly encouraged to have their unit keyed to the master key system. This will allow access in the event of an emergency situation. Any owners requesting security checks must be on the master key system.

WATER FEATURES

No swimming, wading or boating is allowed in the ponds or streams. Do not walk or play on the banks of the ponds or streams as this will cause the pond and stream liners to be damaged. Keep off the ice on the ponds. The ice is thin due to the ponds aerator operating through the winter.

COMCAST DIGITAL CABLE BOXES

All Comcast Digital Cable boxes that were added as part of the digital upgrade in 2013 are the financial responsibility of each unit owner. The HOA and the Managing Agent have no fiscal responsibility for these boxes. Should a unit sell, it is up to the buyer and seller to ensure all boxes are accounted for. The same holds true if the unit is rented and there is a change in tenancy. Owners are solely responsible for the digital cable boxes.

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IMPROVEMENTS UPON THE PROPERTY

No construction, reconstruction, refinishing, exterior painting, altering, or changing of the property or plant life may be done without the approval of the Design Review Committee. Owner landscaping is encouraged, but must be approved by the Landscaping Committee prior to any work being done. This includes planting of trees and bushes. Homeowners are not allowed to remove existing trees or branches without the prior approval of the Landscaping Committee.

OWNER MAINTENANCE RESPONSIBILITIES

The following is a guide to owner vs. HOA responsibility:

Owner Responsibility	HOA Responsibility
<ul style="list-style-type: none">• Heat tape installation & repair• Gutter repair• Animal responsibility and pest control• All doors, including garage man doors• Any interior damage, regardless of cause• Deck maintenance and repair – includes painting / staining deck floor (includes front porch)• Deck railing maintenance• Snow shoveling back deck• Maintenance of front walkway if owner has changed material from original asphalt• Outside water spigots• Broken windows• Dryer vent cleaning• Gas fireplace and furnace inspection• Garage doors (except warranty work)• Front black iron steps• Lattice under front porch• Security checks	<ul style="list-style-type: none">• Common area maintenance• Siding repairs and painting• Roofs, including snow removal• Common services – trash, cable, landscaping of common areas, etc.• Driveway crack fill and seal coat• Road crack fill and seal coat• Painting deck railings• Driveway snow removal, snow shoveling for walkways, steps and front porch• Maintenance of front walkway if original asphalt• Cleaning gutters• Exterior light fixtures• Railroad ties along front entrance

In order to further clarify the Declaration, Article VIII, the following should be noted:

Decks – Painting of the railings and spindles is the responsibility of the Homeowner's Association. Painting of the flat surfaces on decks is the responsibility of the owner. All deck repair is the owner's responsibility.

Snow Shoveling – the Association provides shoveling of entry walkways, steps and front porches. Shoveling of decks is the responsibility of the unit owner.

Roof Snow Removal – is the responsibility of the Homeowners Association. Problem areas will vary from year to year depending on snowfall/ice build up. All owners are strongly encouraged to install heat tape in order to reduce the need for roof snow removal, especially in areas prone to snow and ice build up. All gutter/heat tape installation and maintenance is the responsibility of the unit owner. When there is significant snowfall, the Board, at its discretion, may decide that roof snow removal is necessary and is empowered to have it done and paid for by the Homeowners Association.

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Front Walkways – original asphalt walks will be maintained by the Association. If an owner changes the material to stone, slate, rock, etc. maintenance will then become the owner's responsibility. Owners are reminded that they must obtain approval from the Design Review Committee before making any such changes.

Siding – repair and maintenance of the siding is the responsibility of the Homeowners Association. Outside water spigots are the responsibility of the homeowner.

Exterior repairs to units affecting one or more owners but not all owners shall be made solely at the discretion of the Board.

Effective 1/1/12, interior unit repair, regardless of cause, is the responsibility of the unit owner. This includes damage as a result of ice dams, roof leaks, etc.

NON-EMERGENCY MAINTENANCE ISSUES

Non-emergency maintenance issues where owner/HOA responsibility is not clearly defined will not be handled by the Management Company without first consulting with the Board. If an owner insists, the owner will be given the name of the contractor. The owner can then arrange for repair/service and payment. Owners may then request reimbursement if they feel the issue is an HOA responsibility.

CONFLICT OF INTEREST POLICY

The Board of Directors shall use its best efforts at all times to make decisions that are consistent with high principles, and to avoid any conflict of interest. A conflict of interest exists whenever any contract, decision or another action taken by or on behalf of the Board would financially benefit the Director or immediate family member. Any conflict of interest shall be immediately disclosed to other Directors. That Director shall not participate in any discussion, nor vote on any matter, in which they have a disclosed conflict of interest.

COLLECTION POLICY FOR UNPAID ASSESSMENTS/DUES

Per Colorado statute, a collection policy meeting all legal requirements was adopted at the 12/13/13 Board meeting and became effective 1/1/14. The policy is attached to these Rules and Regulations.

ENFORCEMENT OF RULES AND REGULATIONS

The Board of Directors has the authority to institute a schedule of reasonable charges against owners or their agents for violation of these Rules and Regulations, the By-Laws, the Declaration and the Articles of Incorporation. Reasonable procedures (including notice of alleged violations and opportunity to be heard by a grievance committee) shall be implemented by the Board. All fees, charges and penalties imposed by the Board and costs incurred by the Association in enforcing the Rules and Regulations and the By-Laws and the Condominium Declaration of the Association shall be charged to the violating owner. Each day that a violation continues after notice shall be considered a separate violation.

The Board shall have the authority to take any remedial action it deems appropriate in the event of a violation of these Rules and Regulations, the By-Laws, or the Declaration, including assessment of charges and penalties, the filing of a lien, the filing of an action for injunction or money judgment, or filing of a suit for unlawful detainer.

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The foregoing Rules and Regulations are subject to amendment by the Board of Directors.

PENALTY SCHEDULE

1 st Offense:	A written warning
2 nd Offense:	\$ 25 assessment against the unit
3 rd Offense:	\$ 50 assessment against the unit
4 th Offense:	\$100 assessment against the unit
5 th and each following Offense:	\$150 assessment against the unit

POLICY
GOVERNING THE COLLECTION OF UNPAID ASSESSMENTS
FOR WATER DANCE ON LAKE DILLON HOMEOWNERS ASSOCIATION
(Adopted December 13, 2013 – Effective January 1, 2014)

WHEREAS,

- A. The Water Dance on Lake Dillon Homeowners Association (the "Association") is the unit owner's association for Water Dance;
- B. The Association is required to adopt a written policy governing the collection of unpaid assessments pursuant to C.R.S. § 38-33.3-209.5(5) as amended effective January 1, 2014;

NOW THEREFORE, the Association adopts the following Policy Governing the Collection of Unpaid Assessments (the "Collection Policy"):

1. Use of Terms.
 - 1.1. Capitalized terms not otherwise defined in this Collection Policy have the same meaning as in the Declaration.
 - 1.2. The term "Assessment" refers to all fees, charges, late charges, attorney fees, fines, and interest imposed by the Association. Except as noted in this Collection Policy, all Assessments are treated the same.
 - 1.3. The term "Regular Assessment" refers to the periodic payments due from each Owner to the Association and is commonly known as "dues."
 - 1.4. The term "Special Assessment" refers to irregular payments due from each Owner to the Association from time to time.
2. Mandatory Nature of and Effect of Policy. The Association is required to follow this Collection Policy governing the collection of unpaid Assessments. Notwithstanding the foregoing, the Association's failure to comply with this Collection Policy shall in no event limit an Owner's liability for unpaid Assessments, which are at all times each Owner's responsibility. This Collection Policy shall supersede any provision of the declaration, bylaws, articles, or rules and regulations to the contrary. It replaces all previous collection policies that may have been adopted by the Association. The imposition of fines is governed by a separate fine policy; however, once fines are imposed, they are subject to enforcement under this Collection Policy.
3. Due Date and When Past Due and Delinquent.
 - 3.1. Each Regular Assessment must be paid to the Association on or before the first day of each month and will be considered past due and delinquent after the 10th.
 - 3.2. Each Special Assessment must be paid to the Association at a date to be fixed by the Executive Board at the time of imposing the Special Assessment.
 - 3.3. All other Assessments must be paid immediately from the time they are imposed.
 - 3.4. If an owner fails to pay any Regular Assessment when due, the Association may accelerate and call due the entire balance of Regular Assessments for the remainder of the fiscal year and require the Owner to pay them immediately. The Association may later elect to decelerate the account if desired.
4. Late Fees. The Association is entitled to impose a late fee of \$20 for each payment that is past due and delinquent.
5. Interest. The Association is entitled to impose interest of 18% per annum on unpaid Assessments compounding monthly on the first day of each month.
6. Returned-Check Charges. Any Owner whose check, draft, or order for the payment of money upon any bank, depository, person, firm, or corporation is not paid upon its presentment is liable to the Association as provided in C.R.S. § 13-21-109 (the bad check statute). For purposes of the bad check statute, the bad

check charge will be \$20.00. Nothing herein shall prevent the Association from referring the matter to the appropriate authority for criminal prosecution.

7. Collection Process.

7.1. Billing and Notice Policy. The Association will endeavor to send each Owner periodic statements. Sending statements is a courtesy only and does not affect an Owner's liability for unpaid Assessments, which are at all times the Owner's responsibility. No excuses. Statements shall be sent to the Owner's last known address and Owners are responsible for making sure the Association has current billing information. **The risk of non-delivery of notices is at all times on the Owner.** Owners may request that notices be sent to a designated electronic mail address. Otherwise, notices shall be sent by regular mail and/or certified mail.

7.2. Payments. **Payments may only be made by depositing funds to the Association's bank account.** Information about payment options may be obtained from the Association's manager. **Payment may not be delivered directly to the Association's manager at its offices or by mail and, to the extent that the Association accepts a payment delivered directly to the Association's manager, the payment will be deemed paid when actually deposited into the Association's account by the manager even if there is a delay that causes additional charges to accrue on the account.**

7.3. Notice of Delinquency. Before the Association turns over a delinquent account to a collection agency or refers it to an attorney for legal action, the Association, or its managing agent, will send the Owner at least one "Notice of Delinquency" in substantially the form attached as **Exhibit A**. The Association may send an Owner any number of Notices of Delinquency before proceeding with more formal collection action without prejudice to its collection rights. Payments will be applied as provided in the Notice of Delinquency and the Association's acceptance of less than the full amount owed shall never constitute accord and satisfaction or effect the Association's rights with respect to collection of the balance except as expressly acknowledged by the Association in writing.

7.4. Referral to Collection Agency or Attorney. If an Owner has not paid the full amount owed on a delinquent account within thirty (30) calendar days after the mailing of a Notice of Delinquency, the Association may turn over the account to a collection agency or refer it to an attorney for legal action. A delinquent Owner is liable for all collection costs, including attorney's fees, with or without suit. It shall be reasonable for the attorney to charge up to \$275 per hour for collection and/or customary flat rates. The minimum charge for attorney fees for any referral to the Association's attorney is \$300. The collection agency or attorney may pursue collection of the account using any means permitted by law, including through appointment of a receiver. Once the Association turns the account over to a collection agency or refers it to an attorney for legal action, all subsequent communications regarding the account must be handled through the collection agency or attorney until the matter is resolved.

8. Payment Plan and Forbearance.

8.1. The Association will make a good faith effort to coordinate with a delinquent Owner to set up a payment plan ("Payment Plan"), except that this section does not apply if the Owner does not occupy the unit and has acquired the property as a result of (a) a default of a security interest encumbering the unit; or (b) foreclosure of the Association's lien, or the Owner has previously entered into a Payment Plan. For purposes of this provision, an Owner does not occupy the unit, and is not entitled to a Payment Plan, if the Owner is a legal entity such as a limited liability company, corporation, partnership, or trust.

8.2. The Payment Plan will be in a form agreed by the Association and the Owner. In general terms, the Payment Plan will permit the Owner to pay the deficiency in equal installments over a period of at least six months. The Owner will be required to agree to the amount owed and to stipulate to judgment and foreclosure of the Association's lien in the event that the Owner does not pay as required by the Payment Plan. The Payment Plan will include other terms as required by the Association. In the event that the Association and the Owner are unable to agree to the final terms of a Payment Plan after a reasonable opportunity for negotiation, the Association may proceed with collection of the account through any

means permitted by law. The Association is entitled to charge the Owner for its attorney fees relating to preparation and negotiation of a Payment Plan.

- 8.3. The Association may, in its discretion, forebear enforcement of this Collection Policy, including entering into forbearance agreements with delinquent Owners, if it determines this to be in the best interest of the Association.
- 8.4. No agreement is enforceable unless reduced to a writing signed by the Association and the Owner.
9. Suspension of Voting Rights. An Owner's voting rights shall be automatically suspended during any period that the Owner is delinquent in payment of Assessments.
10. Effect of Bankruptcy. If any Owner files bankruptcy, the Owner will not be personally responsible for Assessments accruing before the Owner filed bankruptcy, but will be responsible for all Assessments accruing after the Owner filed bankruptcy. A bankruptcy filing shall not affect the Association's right to claim a lien for any unpaid Assessments. The Association may immediately turn the matter over to its attorney upon receipt of notice that an Owner filed bankruptcy.
11. Charge for Accounting. Any request for an accounting pursuant to C.R.S. § 38-33.3-316(8) shall be accompanied by payment of \$50.00 for the cost of responding to the request; the time for the Association to respond to such request shall run from when the payment is made.
12. Lien for Assessments. The Association has a lien on each unit for the full amount of unpaid Assessments. The Association is not required to record a special notice of its lien in the public records, but it may choose to do so and the delinquent Owner will then be responsible for a \$50 lien filing fee. The lien can be foreclosed to satisfy the debt in like manner as a mortgage on real estate subject to the following restrictions:
 - 12.1. The balance of the Assessments must equal or exceed six months of Regular Assessments based on a periodic budget adopted by the Association before commencement of any foreclosure; and
 - 12.2. The Executive Board must formally resolve, by a recorded vote, to authorize the filing of a foreclosure action on an individual basis. The Executive Board may not delegate its duty to act under this provision. For purposes of this provision, a "recorded vote" is one in which the individual votes of the members of the Executive Board voting for the resolution, or the fact that the vote was unanimous, are reflected in the records of the Association and/or the resolution. The resolution will be filed in the foreclosure action. The members of the Executive Board may vote concerning such resolution by electronic mail and are not required to personally sign the resolution provided that it is signed by at least one officer for the Association. Signatures may be transmitted electronically.
13. Assignment of Collection Rights. The Association may assign its collection rights to any person and that person will then have all rights and responsibilities of the Association with respect to the assigned rights. When the Association assigns its collection rights, the assignee shall receive the right to collect the Assessments as of a specified date together with all collection expenses, including attorney fees, relating to those Assessments. Assessments accruing after the date of any such assignment will be paid to the Association in the normal course and the Association will retain all collection rights with respect to them such that an Owner may be delinquent with regard to paying Assessments to the assignee and current with regard to paying Assessments to the Association. Once the Association assigns its collection rights, the Owner must deal directly with the assignee with respect to the Assessments assigned. The Association may enter into "standby" agreements whereby it agrees not to take enforcement action with respect to new Assessments until an assignee completes enforcement with respect to assigned Assessments. Enforcement of new Assessments and assigned Assessments may take place concurrently and the Association and the assignee may assert concurrent enforcement rights in a single enforcement action coordinated by them subject to an agreement concerning the final disposition of proceeds. These arrangements will not affect an Owner's obligations with respect to unpaid Assessments and are therefore not subject to challenge by Owners.

14. Effect of Prior Decisions and Business Judgment Rule. The Association is not bound to decisions with respect to one set of facts and circumstances when it comes to its decisions with regard to another set of facts and circumstances concerning the enforcement of this Collection Policy. The Association's actions are governed by the business judgment rule, which holds that good faith acts of the directors of the Association that are within the powers of the Association and exercise of honest business judgment are valid.

The
Klug Law Firm, LLC

EXHIBIT A

[Date]

[Name of Owner]

[Address]

Re: Notice of Delinquency

Dear Owner:

As an Owner of a unit in *** (name of association), you are obligated to pay common expense assessments to the Association. Our records show that your account is delinquent. Pursuant to the Association's Collection Policy and applicable law, you are hereby given Notice of Delinquency as follows:

Total amount due:

Whether the opportunity to enter into a payment plan exists:

☐ Yes, there is an opportunity for you to enter into a payment plan pursuant to the Collection Policy and applicable law. If you wish to discuss your options, please contact the Association's attorney, Noah Klug, by sending an email to Noah@TheKlugLawFirm.com referencing your name, unit number, mailing address, and phone number, and the fact that you would like information about a payment plan. Mr. Klug will then review the account and contact you with information about your payment plan options.

☐ No, there is not an opportunity for you to enter into a payment plan because:

☐ To our knowledge, you do not occupy the unit and you acquired the property as the result of a default of a security interest encumbering the unit or foreclosure of the Association's lien; or

☐ You previously entered into a payment plan with the Association.

The name and contact information for the individual you may contact to request a copy of your ledger in order to verify the amount of the debt:

*** (name and contact information)

ACTION IS REQUIRED TO CURE THE DELINQUENCY AND FAILURE TO DO SO WITHIN THIRTY (30) CALENDAR DAYS MAY RESULT IN YOUR DELINQUENT ACCOUNT BEING TURNED OVER TO A COLLECTION AGENCY, A LAWSUIT BEING FILED AGAINST YOU, THE FILING AND FORECLOSURE OF A LIEN AGAINST YOUR PROPERTY, OR OTHER REMEDIES AVAILABLE UNDER COLORADO LAW.

The method by which payments may be applied on your delinquent account:

Payments received on your account will be applied first to the oldest Assessments imposed on the account.

The legal remedies available to the Association or its assignee to collect on your delinquent account pursuant to the governing documents and Colorado law:

The legal remedies may include obtaining a money judgment against you personally and then enforcing the judgment as provide by law; foreclosing the Association's lien encumbering your unit; obtaining a receiver for your unit; suspending your voting rights in the Association; accelerating and calling due your

account; turning over your account to a collection agency; referring your account to an attorney for legal action; imposing late charges, interest, collection costs and attorney fees on your account; reporting information about your account to a credit agency; and all other remedies provided by law.

Fair Debt Collection Practices Acts Notice

FOR INFORMATION ABOUT THE COLORADO FAIR DEBT COLLECTION PRACTICES ACT, SEE WWW.AGO.STATE.CO.US/CADC/CADCMAIN.CFM.

A consumer has the right to request in writing that a debt collector or collection agency cease further communication with the consumer. A written request to cease communication will not prohibit the debt collector or collection agency from taking any other action authorized by law to collect the debt.

This is an attempt to collect a debt and any information obtained will be used for that purpose.

The amount of the debt is \$* as of ***.**

The name of the creditor to whom the debt is owed is *.**

Unless you dispute the validity of the debt, or any portion thereof, within thirty calendar days after receipt of this notice, the debt will be assumed to be valid.

If you notify us in writing within the thirty-day period that the debt, or any portion thereof, is disputed, we will obtain verification of the debt and a copy of such verification will be mailed to you.

Upon your written request within the thirty-day period, we will provide you with the name and address of the original creditor if different from the current creditor.

The provision of this notice is not to be construed as evidencing any legal status.