

RULES AND REGULATIONS
AND
POLICIES AND PROCEDURES
OF
THE PALMYRA
AT TELLURIDE MOUNTAIN VILLAGE

TABLE OF CONTENTS

1.	<u>Background/The Context of the Association</u>	1
2.	<u>Service and Maintenance Policy Standards</u>	1
	(a) <u>In General</u>	1
	(b) <u>Specific Policies</u>	2
	(i) <u>Buildings--Exterior</u>	2
	(ii) <u>Buildings--Interiors</u>	2
3.	<u>Owner Work Requests</u>	4
4.	<u>Pets Prohibited</u>	4
5.	<u>Restrictions on Parking and Storage</u>	4
	(a) <u>Parking Within Boundaries</u>	4
	(b) <u>Registration</u>	4
	(c) <u>Garages and Garage Cabinets</u>	4
	(d) <u>Idling of Engines</u>	4
6.	<u>Occupancies Rules and Rules on Leasing or Overnight Occupancy of Units</u>	4
7.	<u>Maintenance and Repair</u>	5
8.	<u>Cleanliness</u>	5
9.	<u>Lint Filters on Dryers; Filters and Screens</u>	5
10.	<u>Obstructions</u>	5
11.	<u>Deliveries and Refuse</u>	5
12.	<u>Storage Restrictions/Storage Lockers and Storage Areas</u>	5
13.	<u>Long-Term Storage of Rubbish Prohibited</u>	6
14.	<u>Hazardous Waste</u>	6
15.	<u>Increased Risks, Damage</u>	6
16.	<u>Electrical Devices or Fixtures</u>	6
17.	<u>Decorative Displays Outside of Units</u>	6

18.	<u>Directory Listings</u>	7
19.	<u>Signs/Exterior Displays</u>	7
20.	<u>Alterations, Additions or Improvements to Common Elements</u>	7
21.	<u>Proper Use</u>	7
22.	<u>Annoyance or Nuisance</u>	7
23.	<u>Compliance With Law</u>	8
24.	<u>Collection Procedures</u>	8
	(a) <u>Due Dates</u>	8
	(b) <u>Invoices</u>	8
	(c) <u>Late Charges Imposed on Delinquent Installments</u>	8
	(d) <u>Interest</u>	8
	(e) <u>Attorney Fees on Delinquent Accounts</u>	8
	(f) <u>Collection Letters</u>	8
	(g) <u>Use of Certified Mail/Regular Mail</u>	9
	(h) <u>Liens</u>	9
	(i) <u>Referral of Delinquent Accounts to Attorneys</u>	9
	(j) <u>Referral of Delinquent Accounts to Collection Agencies</u>	9
	(k) <u>Sign Removal</u>	9
	(l) <u>Ongoing Evaluation</u>	9
25.	<u>Returned Check Charges</u>	9
26.	<u>Policies and Procedures for Fines</u>	10
27.	<u>Application of Payments Made to the Association</u>	10
28.	<u>Enforcement and Attorneys' Fees</u>	10
29.	<u>Modification, Amendments, Repeal and Re-Enactment</u>	10
30.	<u>Miscellaneous</u>	10

**RULES AND REGULATIONS
AND POLICIES AND PROCEDURES
OF THE
PALMYRA CONDOMINIUMS**

These Rules and Regulations and Policies and Procedures have been adopted and implemented to protect the investment of the members and to enhance the values of the properties subject to regulation by the Association.

1. Background/The Context of the Association.

Board of Directors. The governing body of the Association is the Board of Directors or Executive Board (the "Board"), which is comprised of three directors. The officers are the President, the Vice-President, and the Secretary/Treasurer.

Meetings. Periodic Board meetings are normally held by conference call. Any owner who wishes to address the Board may do so at that time. Contact a Board member or the management company for the time and/or location of the meeting.

The annual owners' meeting is held at a time and place selected by the Board. Notice of the meeting is mailed to each owner. All owners who are in good standing with the Association may vote at this meeting, either in person or by proxy. At this meeting, the members transact any business that properly comes before the Association, including discussion of finances and the election of one or more directors.

Management. The Palmyra is managed by a professional management company under contract to the Association. The management company is the Association's agent. The management company employs a property manager and all related support personnel necessary to conduct the affairs of the Association and oversee contractors. The property manager reports to the Board.

All Association records and documents, including budget, financial statements, minutes, Declaration, Articles of Incorporation, and Bylaws, are kept at the management company's office and are available for inspection by owners during normal business hours. Copies are available at a nominal charge.

2. Service and Maintenance Policy Standards.

(a) **In General.** These policy statements define the diverse responsibilities of the Association to the Unit Owners with regard to services of the Association and maintenance of individual Units and Common Elements. The standards below, which are to be considered a measure of the responsibility of the Association, are to be interpreted in the sole discretion of the Association.

The Association shall endeavor to maintain the Common Elements and portions of Units, if any, which are the responsibility of the Association in a manner consistent with the Governing Documents. The Association is responsible for outdoor maintenance of the exterior of buildings and Units. Inside maintenance and repair is generally the responsibility of the Unit Owners. A Unit Owner assumes responsibility for inside maintenance upon purchase. It is the policy of the Association to maintain the exterior of the buildings and the elements which are a part of the Common Elements in a condition comparable to that which existed when the Declaration was recorded. Cycle periods have been established for items which require maintenance at regular intervals. Areas outside of the building boundaries are to be maintained by other associations or owners, such as Metro Services.

(b) Specific Policies.

(i) Buildings--Exterior.

Painting. Exterior surfaces that are painted or stained will be painted or stained on a periodic basis.

Doors. Exterior doors, doors wholly within Common Elements and weather doors are the responsibility of the Association and will be weatherstripped as required.

Roofs. The Association will repair or replace damaged or loose portions of the roofs. Snow and ice will be removed as determined by the Association's manager. If weather conditions result in an ice dam formation or blockage of roof drains which causes water to enter a Unit, damage will be repaired when weather permits this work to be done.

Windows and Glass Doors. Windows and glass doors will be considered the responsibility of Unit Owners, and Unit Owners will be billed for the cost of replacement. Window operating mechanisms are the responsibility of the Unit Owner. Glass exteriors above the ground or retail floor will be cleaned by the Association no less than once a year. More frequent cleaning of glass exteriors above the ground or retail floor is at the option and responsibility of Unit Owners. Glass exteriors and doors on the retail or ground level are the cleaning responsibility of the Owners of those Units.

(ii) Buildings--Interiors.

Common Electrical Wiring and Plumbing. If repair is required to plumbing or electrical wiring common to more than one (1) Unit, the Association will perform the repair and will restore the structure as closely as possible to the original standard condition. Any additional cost will be the responsibility of the Unit Owner. The Association has the right to determine responsibility for any given repair and to make that repair.

Unit Electrical and Plumbing Fixtures. The electrical and plumbing fixtures within the Unit, serving that Unit, are considered part of the Unit and the property of the Unit Owner.

Repair or replacement is the responsibility of the Unit Owner. Fixtures include, but are not limited to, the following: light switches, outlets, sconces, sinks, appliances, faucets (within the Unit) and electrical appliances.

Walls, Floors and Ceilings. Walls, floors or ceilings damaged as a result of water entering the building from outside the building, except where caused by an Unit Owner, will be repaired by the Association and restored as closely as possible to the original standard condition.

Doors. Repair and replacement of Unit interior and Unit entry doors will be at the cost of the Unit Owner.

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

Floor Covering. All carpet and floor covering in the Unit is the property of the Unit Owner. No maintenance responsibility is assumed by the Association.

Insects. In the case of an infestation, the Association will treat for insect or other vermin extermination in a building at the expense of the Unit Owner of the Unit infested, unless the infestation was caused from another Unit, in which case it will be at the expense of the Unit Owner from which the infestation emanated. Insects of any type will not be treated by the Association. An infestation is defined as a swarm of insects.

Dryer Vents. Dryer vents will be cleaned by the Unit Owner unless they become clogged, in which event the Association will clean the vents and charge the Owner.

Corridors. Corridors are to be vacuumed weekly or as otherwise determined by the Board or Association manager. Carpets in corridors will be shampooed on a yearly basis or as otherwise determined by the Board or Association manager. Replacement of carpet which is worn or torn will occur when the carpet becomes unsightly, when backing shows, when tears present a walking hazard, or as otherwise determined by the Board or Association manager. Painting of corridors will be as determined by the Association.

Trash. Residential Unit Owners and the Penthouse Unit Owner receive trash removal service via a trash chute and trash compactor. These services will be provided to those Unit Owners by the Association and are to be reimbursed by the Unit Owners as an expense attributable to those Units and Unit Owners.

Retail and Commercial Unit Owners may receive trash services from the Association, by their own separate contract or arrangements with providers or from Metro Services. If provided by the Association, the expense for these trash services shall be allocated among the Retail and Commercial Unit Owners.

3. Owner Work Requests.

Work designated as the responsibility of the Owner may be arranged through the Association by means of a written work request. The cost of this work, including materials, labor and overhead, will be billed to the Unit Owner by the Association, with service charges, all at such rates and terms as the Association may obtain. No payment or gratuity should be made directly to employees of the manager or the Association for any work performed during regular working hours.

4. Pets Prohibited.

No animals, livestock, poultry or insects of any kind, including dogs, cats, birds or bees, shall be raised or kept in the Common Interest Community.

5. Restrictions on Parking and Storage.

(a) Parking Within Boundaries. All vehicles and automobiles (including trailers, camping trailers, boat trailers, boats, hauling trailers, running gear, or accessories thereto, motor driven cycles, trucks, self-contained motorized recreational vehicles, vans, or other types of vehicle or vehicular or recreational equipment), parked or stored in the Common Interest Community shall be parked or stored, at any one time, wholly within the boundaries of a Garage Unit or within any area authorized for vehicular parking as designated by the Association.

(b) Registration. The Association may require vehicles occupying a Garage Unit to be registered with the Association. The number of the Garage space may be indicated on an identification sticker or parking pass affixed to each vehicle, exhibited on the dashboard, etc.

(c) Garages and Garage Cabinets. Garage Units are limited in use to storage of vehicles and certain accessory storage. Installation of new cabinets in a Garage Unit or other parts of the garage area are prohibited without prior written approval by the Board. Any prior approvals of Garage cabinets are not transferable and do not transfer with change of ownership or rental occupancy. Upon a change of ownership, any installed cabinets may be removed at the expense of the Owner or Unit with the exclusive use of that cabinet.

(d) Idling of Engines. Motor vehicles shall not be "warmed up" or their engines be allowed to idle within the garage area to prevent the buildup of noxious fumes.

6. Occupancies Rules and Rules on Leasing or Overnight Occupancy of Units.

Residential Units are limited to occupancy by persons. For other use and occupancy restrictions, please see the Declaration. Pursuant to the terms of the Declaration, the Association has the authority to designate one or more management companies as the companies through which Owners may make Residential Units available for overnight or short term occupancy. All overnight and short term occupancies must be placed by Owners through those companies, once

designated. Owners desiring to make Residential Unit available for overnight or short term occupancy, are advised to contact the Association to obtain the designated management companies.

7. Maintenance and Repair.

A Unit Owner will take good care of their Unit (as it affects the Common Elements) and will make all necessary repairs to the Unit.

8. Cleanliness.

Unit Owners shall keep their Units in a good state of preservation and cleanliness.

9. Lint Filters on Dryers; Filters and Screens.

All dryer vents shall have lint filters, which will remain installed and prevent lint from accumulating in the vent duct. All such filters and screens will at all times be used and kept clean, and in good order and repair by the Unit Owner.

10. Obstructions.

There shall be no obstruction of corridors or of the Common Elements, nor shall anything be stored outside of the Units without the prior written consent of the Executive Board, except as expressly provided. Patio furniture, consisting of all-weather chairs and tables, will be allowed on the deck and patio, provided that they remain in good condition and repair. Barbecue grills are prohibited.

11. Deliveries and Refuse.

Unit Owners shall not permit any merchandise, freight, personal property or refuse to accumulate on the sidewalks or near the entrances, corridors, passageways, service areas, loading docks, and lobbies outside of their Unit without the express written permission of the Association.

12. Storage Restrictions/Storage Lockers and Storage Areas.

Storage on any deck, patio or visible area from the Common Elements is restricted. Unightly or unsafe furniture, fixtures, devises, articles or other items or things, including, but not limited to, bicycles, sporting equipment, appliances, automobile parts and tires, cardboard boxes, newspapers, or anything flammable, may not be stored on any deck or patio or area visible from the Common Elements.

Storage of materials in the Common Elements, in the Limited Common Elements or other areas designated by the Executive Board will be at the risk of the person storing the materials.

13. Long-Term Storage of Rubbish Prohibited.

To prevent endangering health and safety, or the spread of vermin, long term storage of rubbish within the Units or Common Elements is forbidden. All storage of rubbish, garbage or other debris within the Units will be in a manner which prevents the spread of vermin and unnecessary fire hazards.

14. Hazardous Waste.

All hazardous or medical waste must be stored within the Unit in accordance with current applicable laws and administrative regulations. Hazardous and medical waste must be removed directly to appropriate removal service vehicles and may not be left or stored on Common Elements.

15. Increased Risks, Damage.

Nothing shall be done or kept in or upon a Unit or upon the Common Elements, or any part thereof, which would result in the cancellation of the insurance as maintained by the Association, without the prior written approval of the Association. Nothing shall be done or kept in or upon any Unit or in or on the Common Elements, or any part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit, or other imposed requirement of any governmental body. No damage to, or waste of, the Common Elements or any part thereof, shall be committed by any Unit Owner, or any member of the Owner's family, or by any guest, invitee or contract purchaser of any Owner. This specifically refers to, but is not limited to, the storage of flammable liquids in any Unit or on the Common Elements.

16. Electrical Devices or Fixtures.

No electrical device which creates electrical overloading of standard circuits may be used without written permission from the Executive Board. Misuse or abuse of appliances, circuits, or fixtures within a Unit which affects other Units or the Common Elements is prohibited. Any damage resulting from this misuse shall be the responsibility of the Unit Owner from whose Unit it was caused. Total electrical usage in any Unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

17. Decorative Displays Outside of Units.

Unit Owners shall not cause or permit anything other than conventional draperies, curtains and holiday decorations to be hung, displayed or exposed at or on the outside of windows or outside of Units without the prior written consent of the Executive Board or the committee, if any, established by the Executive Board which has jurisdiction over these matters.

18. Directory Listings.

The Association may make space available on a directory board, at the entrances or other locations, for the names of the firms, companies, corporations or other entities. The Declarant and the Executive Board will control and approve lettering size and style and number of listings on directory boards and lobby or corridor doors. The Executive Board may authorize additional names to be added, for a fee. A directory of tenants may be maintained by the owners of Units entrances to the building, at the sole cost and expense of the owners of Units. The design, size and location of such directory must be approved by the Association prior to installation.

19. Signs/Exterior Displays.

Signs and decoration of entrances around doors, including exterior displays, will be permitted in areas on the exterior of the building as approved by the local government, the Mountain Village Design Review Board or any successor agency or authority. No other signs or exterior displays will be permitted to be displayed on the exterior of the building, from windows or hung or placed on walls or doors.

20. Alterations, Additions or Improvements to Common Elements.

No alterations, additions or improvements may be made to the Common Elements without the prior written consent of the Executive Board. Any alterations to Unit interiors made by Unit Owners must not adversely affect the structure, must comply with all applicable building codes and permit requirements, and must be at the Unit Owner's expense.

21. Proper Use.

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

22. Annoyance or Nuisance.

No noxious, offensive, dangerous or unsafe activity shall be carried on in any Unit, or the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants or which may interfere with their peaceful enjoyment of the Common Elements for the purposes for which they were designed. No Unit Owner or occupant shall make or permit any disturbing noises or nuisance activities or do or permit anything to be done that will interfere with the rights, comforts or convenience of other Unit Owners or occupants. No Unit Owner or occupant shall play, or suffer to be played, any musical instrument or operate, or suffer to be operated, an engine, device, phonograph, television set or radio at high volume or in any other manner that shall cause unreasonable disturbances to other Unit Owners or occupants.

23. Compliance With Law.

No immoral, improper, offensive or unlawful use may be made of a Unit or of the Common Elements. Unit Owners shall comply with and conform to all applicable laws and regulations of the United States and of the State of Colorado, and with all local ordinances, rules and regulations. The violating Unit Owner shall hold the Association and other Unit Owners harmless from all fines, penalties, costs and prosecutions for any violation or noncompliance.

24. Collection Procedures.

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

(a) Due Dates. The annual assessment as determined by the Association and as allowed for in the Declaration shall be due and payable in twelve (12) installments due on the first day of each month. Assessments or other charges not paid to the Association by the 15th day of the beginning month in which they are due shall be considered past due and delinquent.

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

(c) Late Charges Imposed on Delinquent Installments. A monthly installment of the annual assessment shall be past due and delinquent if not paid by the 15th day of the month in which it is due. The Association shall impose a Twenty-Five Dollar (\$25.00) late charge on the outstanding or past due balance then due the Association. The late charge shall be a "common expense" for each Owner who fails to timely pay their monthly installment of the annual assessment by the 15th day of the month in which the installment was due.

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

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

(f) Collection Letters. (i) After a monthly installment of the annual assessment or other charge due the Association becomes sixty (60) days past due, the Association may cause, but shall not be required to send, a collection or dunning letter to be sent to the Owners who are delinquent in payment; (ii) additionally, the Association may, but shall not be required to send

a letter to the Owner advising that their account has been referred to the Association's attorneys for collection.

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

(h) Liens. The Association may file a Notice of Lien against the property of any delinquent Owner in accordance with the terms and provisions of the Declarations, Articles and Bylaws.

(i) Referral of Delinquent Accounts to Attorneys. The Association may, but shall not be required to refer delinquent accounts to its attorneys for collection. Upon referral to the attorneys, the attorneys shall take all appropriate action to collect the accounts referred.

(j) Referral of Delinquent Accounts to Collection Agencies. The Association may, but shall not be required to refer delinquent accounts to one or more collection agencies for collection. Upon referral to a collection agency, the agency shall take all appropriate action to collect the accounts referred.

(k) Sign Removal. If a Retail or Commercial Owner is delinquent in paying assessments or other sums due the Association, the Association may temporarily or permanently remove the sign or signs of that Owner or their tenant and the charge therefor shall be an additional obligation of the delinquent Owner.

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

25. Returned Check Charges.

In addition to any and all charges imposed or allowed under the Declaration, Articles or Incorporation, Bylaws or these Rules and Regulations, a Twenty-Five Dollar (\$25.00) fee shall be assessed against a Unit Owner, in the event any check or other instrument attributable to or for the benefit of such Owner or Owner's property is not honored by the bank or is returned by the bank for any reason whatsoever, including but not limited to insufficient funds. Such return check charge shall be due and payable immediately, upon notice thereof, in the same manner as provided for payment of assessments under the Declaration. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law.

26. Policies and Procedures for Fines.

Notice shall be provided to the applicable Unit Owner as soon as reasonably practicable following discovery by the Board of a violation for which the Board desires to impose a fine. All fine assessments shall be due and payable immediately upon imposition and notice of such fine. The Board may also, at its option, provide a copy of such notice to any non-owner violator. The notice shall describe the nature of the violation.

27. Application of Payments Made to the Association.

The Association reserves the right to apply any and all payments received on account of any Unit Owner or the Owner's property (hereinafter collectively "Owner"), to payment of any and all legal fees and costs (including attorneys' fees), expenses of enforcement and collection, late fees, return check charges, lien fees, and interest owing or incurred with respect to such Owner pursuant to the Declaration, Bylaws, Rules and Regulations of the Association prior to application of the payment to the special or general assessments due or to become due with respect to such Owner.

28. Enforcement and Attorneys' Fees.

It is hereby declared to be the intention of the Association to enforce the provisions of the Governing Documents by any and all means available to the Association at law or in equity, and to seek recovery and reimbursement of all attorneys' fees, Association expenses and costs incurred by the Association in connection therewith.

29. Modification, Amendments, Repeal and Re-Enactment.

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

30. Miscellaneous.

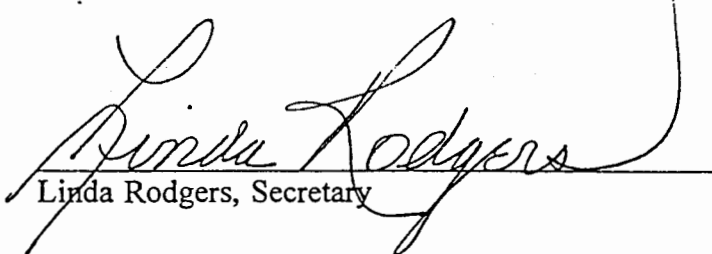
(a) Failure by the Association, the Board or any person to enforce any provision of these Rules and Regulations shall in no event be deemed to be a waiver of the right to do so thereafter.

(b) The provisions of these Rules and Regulations shall be deemed to be independent and severable, and the invalidity of any one or more of the provisions hereof, or any portion thereof, by judgment or decree of any court of competent jurisdiction, shall in no way affect the validity or enforceability of the remaining provisions, which provisions shall remain in full force and effect.

(c) Unless the context provides or requires to the contrary, the use of the singular herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include all genders.

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

IN WITNESS WHEREOF, the undersigned, as Secretary of the Association, certifies these Rules and Regulations and Policies and Procedures were adopted by the Executive Board on October 11, 1995.


Linda Rodgers, Secretary