

**RULES AND REGULATIONS
OF
CANYON CREEK CONDOMINIUMS,
A CONDOMINIUM COMMON INTEREST COMMUNITY**

CANYON CREEK CONDOMINIUMS OWNERS ASSOCIATION, a Colorado nonprofit corporation (the "Association") by virtue of authority provided in the Condominium Declaration for Canyon Creek Condominiums, a Condominium Common Interest Community, recorded at File No. 556564 of the Routt County records (hereinafter called the "Declaration"), and in the Articles of Incorporation and Bylaws of the Association does hereby publish and declare the following as Rules and Regulations describing the Canyon Creek Condominiums. These Rules and Regulations apply to the twenty-two (22) Units established under the Declaration and the additional twenty-two (22) Units that will be established in Building B by amendment to the Declaration (including the Limited Common Elements) appurtenant to such Units which are situated within the real property described in Exhibit "A" to the Declaration (all of which is hereinafter called the "Common Elements"), and respecting the use and occupancy by Owners and their tenants, guests and invitees of the Common Elements (including Limited Common Elements).

1. Purpose. These Rules and Regulations are made for the purpose of promoting the best interests of Owners and occupants of Units, to protect and enhance the property values of the Units, to protect persons and property against injury or damage, and in general to promote the health, safety, morals and general welfare of the Owners and occupants of Units.

2. Definitions; Applicability.

A. Throughout these Rules and Regulations, capitalized terms shall have the definitions ascribed to such terms in the Declaration unless the context requires otherwise.

B. This instrument shall be deemed in addition to, and not in lieu of, all applicable provisions of the Declaration, Articles of Incorporation and Bylaws, which shall control in the event of any inconsistency with the provisions of this instrument.

C. Each Owner of a Unit is responsible and liable for the acts or omissions of such Owner's tenants, guests and invitees respecting compliance with these Rules and Regulations and the Declaration, Articles of Incorporation and Bylaws. The Association or its manager or managing agent will make reasonable efforts to warn Owners, tenants and guests of Units of infractions of these Rules and Regulations, but failure to so warn shall not be an excuse for or defense of such infraction. The Declaration provides that, where these Rules and Regulations provide for fines in favor of the Association for specific violations, the failure by an Owner or his guests, or tenants or invitees of a Unit to comply with such applicable Rules and Regulations shall cause, at the option of the Association and on notice to the Owner and after

hearing, such fines to be levied and to constitute a special assessment against such Owner's Unit, for which the Association shall have a lien and collection rights specified in paragraph 9 of the Declaration. Therefore, in all cases, an Owner IS LIABLE FOR ALL FINES FOR VIOLATIONS OF THESE RULES AND REGULATIONS BY SUCH OWNER AND BY THE GUESTS, TENANTS AND INVITEES OF SUCH OWNER. The Association reserves all remedies for collection of such fines as are specified in paragraph 9 of the Declaration, including foreclosure of the lien therefor against an Owner's Unit.

3. Tenants and Guests of Units. Each Owner who rents his Unit to a tenant or guest should advise the Association or its manager or managing agent in writing of such fact, so that the Association may make available to such tenant or guest, at his request, these Rules and Regulations, and so that the Association may be better able to prevent or correct violations of these Rules and Regulations. If an Owner executes a rental management agreement respecting his Unit, the Owner shall promptly notify the Association of such fact and the name and address of the rental management agent.

4. General Rules and Regulations.

A. The interior and exterior parking areas of the building and within the property made subject to the Declaration by Exhibit "A" to the Declaration shall not be obstructed or used for any purposes other than for parking of cars for Units and for ingress to and egress from Units and the Common Elements, nor shall the same be utilized for the storage of furniture, pets, plants, skis and ski equipment, boxes, bicycles, or baby carriages, or any other articles not approved in advance by the Association. No boats, campers, trailers, semi-trailers, or tractors, of whatever size, shall be stored on or allowed to remain on the Common Elements except within an underground parking space exclusively allocated to a Unit as a Limited Common Element unless approved in advance in each instance by the Association or unless placed in an area previously set aside for such purposes by the Association.

B. Owners and occupants of Units shall not play or allow to be played any musical instrument, radio, TV, hi-fi, tape recorder, video game, pinball machine, stereo or other sound-producing equipment, whether within or outside of any Unit, between the hours of 10:30 o'clock p.m. and the following 8:00 o'clock a.m., if the same shall disturb or annoy other Owners, occupants, guests, tenants or invitees of any of the other Units.

C. In order to protect pedestrian use of the Common Elements, no trash or objects shall be thrown or tossed by any Owner, occupant, tenant, guest, or invitee of a Unit off of or out of a window or door or balcony of a Unit onto the Common Elements or adjacent property below. Nothing shall be placed, stored on or hung outside of a Unit on the exterior of the Unit or from the balcony of such Unit which is not hidden entirely from view by pedestrians by the balcony railing, without the prior written consent of the Association. No signs, posters or advertisements of any kind shall be placed on the interior surface of any windows or doors of any Unit or upon the outside building walls immediately adjacent to any Unit without the prior

written approval of the Association. No spotlights shall be directed from the interior of any Unit out the windows or doors of such Unit.

E. Unless otherwise approved by the Executive Board, no pets other than tropical fish and exotic birds in cages shall be allowed or kept in any Unit, except for any pet which enters a Unit with a guest or invitee for a short duration during the visit of such guest or invitee to such Unit and except that (i) 2 dogs, (ii) 2 cats or (iii) 1 dog and 1 cat may be kept and maintained by an Owner occupying the Unit. No pet shall be kept, allowed or maintained overnight on the Common Elements or property of the Association. If an Owner violates this provision, the Owner shall be liable to the Association for fines of \$25 per day as provided in paragraph 8 herein. The written complaint to the managing agent or to any director of the Association by an Owner of any Unit, setting forth in detail the violation of these provisions by an Owner, guest, invitee or tenant of any Unit, shall require the Executive Board or managing agent to give notice to the offending Owner and, after hearing on such complaints, to assess such fines.

F. Trash and refuse shall not be stored or kept on the Common Elements or the property of the Association outside of any Unit except in trash collection containers supplied and maintained by or approved by the Association. Each Owner, occupant, tenant, and guest of a Unit is responsible for placing trash and refuse in tied plastic bags in the trash collection containers provided or approved by the Association for such Unit, or removing such trash and refuse from the Common Elements. No flammable substance shall be stored on any balcony.

G. Water shall not be left running from any faucet for any unreasonable or unnecessary length of time, except as necessary for irrigation of lawns and landscaping on the Common Elements.

H. No person shall interfere in any manner with any portion of any heating, ventilation or air conditioning systems of the building, or exterior lighting of the building, or the fireplace flues, or any Limited Common Element allocated by the Declaration and Map for use by other persons, except for the maintenance, repair, modification, or replacement by the Association or its managing agent.

I. Subject to the provisions of the Declaration, no antennae, aerial, or satellite dish shall be installed by Owners or occupants or tenants outside of any Unit, unless approved in advance by the Association or unless entirely hidden from view on a balcony of a Unit behind the balcony railing. Any such antenna, aerial or satellite dish erected on the Common Elements or Limited Common Elements without the prior written consent of the Association or hidden behind a balcony railing may be removed by the Association without notice.

J. Unless the Association gives advance written consent in each and every instance, Owners and occupants shall not use or permit to be brought into any Unit or onto the

Common Elements any hazardous substance, as such term is defined by CERCLA or RCRA or implementing regulations.

K. The Association's managing agent shall have a pass key to each Unit. No person, other than the Declarant or any affiliate of the Declarant with respect to any Commercial Unit, shall alter any lock or install a new or additional lock on any door leading into any Unit unless the Owner of such Unit has first provided the Association's managing agent with a key for such lock.

5. Parking Regulations.

A. Vehicles shall be parked only within the underground parking garage and other areas within the Common Elements as designated by the Association. Unless specifically designated by the Association or its managing agent, parking of vehicles within the parking spaces not made appurtenant to a Unit for the exclusive use of such Unit shall be on an unassigned basis. No vehicle shall be parked so as to impede or prevent ready access to the Units or other parking spaces by other persons. Abandoned cars will be removed by the Association. No inoperative vehicle shall be left or stored in parking areas, and no repairs, maintenance or lubrication of vehicles shall be performed in the parking areas.

B. Vehicles shall not be parked on Eagleridge Drive. During winter months, the Association or its managing agent may impose reasonable limitations or restrictions on hours of parking in any parking areas within the Common Elements in order to accommodate snow removal.

C. An Owner shall not use, nor shall he permit his family, guests, tenants, or invitees to use parking spaces assigned by the Association to other Owners for any purpose. Unless otherwise approved by the Association or its managing agent based on the availability of parking spaces, no more than one vehicle per Unit shall be parked in the interior garage. The Association reserves the right to remove vehicles improperly parked or left at the expense of the vehicle's Owner.

6. Pool Regulations. The Association reserves the right to regulate the hours and days of operation of the pool, the accessibility to such pool for safety purposes, and may prohibit usage of the pool during periods of maintenance or cleaning. Additionally, no glass or other breakable items shall be allowed in or around the pool. Children under the age of 13 must be accompanied by a parent or other responsible adult while using the pool. No person under the influence of alcohol shall be permitted to use the pool. Loud, raucous, and boisterous activities in or around the pool shall not be permitted.

7. Ski Lockers. Ski lockers are Common Elements, but may be allocated by the Association to the exclusive use of a Unit.

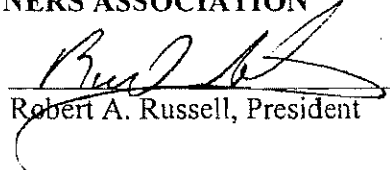
8. **Fines.** For each and every violation or infraction of any rule or regulation specified in paragraphs 4, 5 and 6 above, the fine which may be assessed by the Association on written notice to the Owner shall be \$25.00 (which sum may be adjusted upwards to reflect changes in the CPI), and where a violation or infraction is a continuing one, the continuation thereof for each day shall be deemed a separate and distinct violation and infraction resulting in a separate fine of \$25.00 (which sum may be adjusted upwards to reflect changes in the CPI). The Association shall promptly notify the Owner of a Unit in writing of the assessment of any find, and such assessment shall be promptly paid by such Owner. The Association shall have a lien upon the Unit of the Owner who, or whose tenants, guests or invitees, violated any such Rule or Regulation, to secure payment of fines assessed to such Unit, and the Association may foreclose such lien, all in the manner and as described in the Declaration.

These Rules and Regulations supersede and replace all Rules and Regulations of the Association with respect to the Units which were adopted and were effective prior to this date.

EXECUTED as of this 14th day of December 2001.

**CANYON CREEK CONDOMINIUMS
OWNERS ASSOCIATION**

By: _____


Robert A. Russell, President

**FIRST AMENDMENT OF THE RULES AND REGULATIONS
OF THE CANYON CREEK CONDOMINIUMS OWNERS ASSOCIATION**

The Rules and Regulations of the Canyon Creek Condominiums Owners Association, dated December 14, 2001, are amended by addition of the following:

9. Procedures for Adopting and Amending Rules

A. 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.

B. The Board will cause notice of the proposed rulemaking and copies of the proposed rules to be sent by regular first class mail or hand delivered to the owners at their addresses of record with the Association, such mailing or delivery to be completed no less than 30 days prior to the Board meeting at which the Board will consider adoption of the proposed rules.

C. 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.

D. 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.

E. 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.

F. The rules will be numbered and will show the date of adoption and the date on which each rule shall be effective.

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

10. **Assessment Collection Rule**

- A. Quarterly assessments (sometimes called dues or maintenance fees) are due and payable on or before 30 days after the statement date (the due date), are delinquent if not paid on the due date, and bear interest from the date of delinquency if not paid on or before 30 days after the due date.
- B. Special assessments are due on the date or dates specified in the special assessment.
- C. In addition, the owner shall pay interest on each delinquent assessment after the due date of the assessment at the rate of 18 percent per annum.
- D. When delinquency exceeds 30 days, the Association or the Manager will send a **reminder** to the owner that the assessment payment is delinquent, interest is accruing, and the owner must immediately pay the assessment, plus interest.
- E. When delinquency exceeds 60 days, the Association or the Manager will send the **first warning notice** to owner, stating the 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.
- F. When delinquency exceeds 90 days, the Association or the Manager will send **final warning notice**. The owner must pay the account current by paying all delinquent assessments, interest, and costs of collection on or before the end of the month of the date of the final warning notice, OR enter into a written payment plan acceptable to the Association, OR the account will be turned over to the Association's legal counsel for collection.
- G. From the time the owner's **account is turned over to legal counsel**, the owner must communicate only with the Association's accountant or legal counsel to pay or settle the account. The owner must pay all interest, costs of collection, and legal fees incurred by the Association.

- H. 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:
1. Attorney fees and legal costs
 2. Association costs and expenses
 3. Interest
 4. Fines (if applicable)
 5. Utilities, storage (if applicable)
 6. Assessments
- I. In the normal course of business, the Association will reject any check containing a restrictive endorsement.

11. Enforcement of Governing Documents

A. 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.

B. Regardless of the language of the governing documents, Senate Bill 05-100 states and the governing documents are superseded by the following:

1. Owners may display on their property, in their windows, or on the balconies adjoining their units American flags of no larger than 3 feet by 5 feet and install flagpoles of no greater height than 6 feet.

2. Owner(s) 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 immediate family during a time of war or armed conflict.

3. Owner(s) 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.

4. A member of a volunteer fire department, and owner(s) 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.

C. 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.

D. If an owner or resident of the community allegedly 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.

E. 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.

F. In a proper instance, the Association may consider a fine under Rule 8 above and this Rule 11 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:

G. 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 \$25.00 per day fine (which sum may be adjusted upwards to reflect changes in the CPI).
Third Notice	Notice of Hearing before Board. Advise that Board may levy up to a \$25.00 per day fine (which sum may be adjusted upwards to reflect changes in the CPI).
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). 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

CANYON CREEK CONDOMINIUMS OWNERS ASSOCIATION

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: _____, 200____
Time: _____
Location: _____

Board of Directors
Canyon Creek Condominiums Owners Association
By _____ (managing agent).

cc: Board of Directors
Tenant
Manager

12. Association Records and Information

A. 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.

B. 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.

C. 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.

D. 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.

E. These records will be maintained at the Association's principal office located at c/o Steamboat Resorts Management, Inc, 1847 Ski Time Square Drive, P.O. Box 772995, Steamboat Springs, CO 80477:

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

F. The Association shall maintain accounting records using generally accepted accounting principles.

G. Audits or reviews of the records of Association shall be done at least every two years.

1. 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.

2. Copies of audits or reviews are to be available on request to any owner 30 days after completion.

H. Annually, within 90 days after the end of each fiscal year, 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:

1. Names of the Association and the common interest community
2. Name and address of management company, if any
3. Physical address and phone number for the Association and the manager
4. Date of recording of the Declaration and recording information

I. Within 90 days after the end of each fiscal year, the Association will make the following information available to owners upon reasonable notice:

1. Date the fiscal year begins
2. Operating budget for the current year
3. List of current regular and special assessments, by unit type
4. Annual financial statements, including reserves
5. Results of any financial audit or review for previous fiscal year
6. 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
7. Association's bylaws, articles, and rules and regulations
8. Minutes of board and member meetings for prior fiscal year
9. Association's "Responsible Governance Policies (contained in bylaws and rules)

J. 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.

K. 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.

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.

13. Investment of Reserve Funds

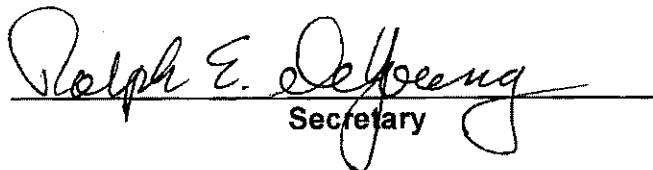
- A. Reserve funds of the Association will be invested in one or more accounts separate from the general operating account(s) of the Association. Reserve funds which may be needed in the near future may be kept in checking account(s) or money market fund(s) fully guaranteed by the U.S. government or an agency thereof. Reserve funds not needed in the near future may be invested in certificates of deposit or other funds or investments which are fully guaranteed by the U.S. government or an agency thereof. The investment of reserve funds in any other types of funds or investments, which must be in conservative accounts with a small possibility of loss to the Association, must be specifically approved by the Board at a general or special meeting, the agenda of which must indicate that investments other than those set forth above will be considered.
- B. Any and all persons who have access to the reserve funds must obtain and maintain, to the extent reasonably available, fidelity insurance covering the Association against dishonesty of such persons in the aggregate amount of not less than two months current assessments plus reserves, as calculated from the current budget of the Association.

14. **Disclosures in Purchases and Sales of Units**

- A. In accordance with CRS § 38-35.7-102, sellers of a unit must provide copies of the following documents to the buyers:
1. Bylaws and rules
 2. Declaration
 3. Covenants
 4. Party wall agreements
 5. Minutes of the most recent members' meeting for which minutes have been approved and of all board meetings that occurred within the past 6 months
 6. Association's operating budget
 7. Association's income and expense statement and balance sheet
 8. Association is to use its best efforts to accommodate requests by the seller for documents in the Association's control
- B. Sellers must provide buyers with disclosure statements in bold type stating:
1. Buyer acknowledges receipt of the documents required by C.R.S. § 38-33.3-223
 2. Buyer understands the documents are an agreement between buyer and the Association
 3. By signing, buyer acknowledges he or she has read and understood the documents
 4. 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
 5. 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. Seller must obtain the signed acknowledgment and deliver it to the Association as soon as practicable after closing

This First Amendment of the Rules was adopted under Article VIII, Section 1(b), of the Association Bylaws by majority vote of a quorum of the Board of Directors on December 8, 2005 and shall be effective on January 1, 2006.

ATTEST:


Secretary