

VILLAS AT VALLEY COUNTRY CLUB
HOMEOWNERS ASSOCIATION, INC.

RULES OF CONDUCT

FOREWORD

Article IV, Paragraph 4.12.10 of the Declaration Of Covenants, Conditions And Restrictions Of Villas At Valley Country Club ("Declaration") and Article VII, Paragraph 1(a) of the Bylaws Of Villas At Valley Country Club ("Bylaws") authorizes the Executive Board to adopt and publish Rules and Regulations governing the use of the Units, the Common Interest Community, and the personal conduct of the members and their guests, and to establish penalties for the infraction thereof.

Whereas certain matters of common concern are not specifically addressed in the Bylaws or the Declaration, the Board of Directors of the Villas At Valley Country Club Homeowners Association, Inc. ("Association") has therefore made and ordered these Rules Of Conduct. The cited portions of the Bylaws and Declaration remain unaltered and in effect.

The Rules Of Conduct were established by Resolution of the Board of Directors. The Management Agent for the Board of Directors ("Management Agent") is empowered to take such actions as are proper, legal and necessary to assure or obtain compliance with these Rules Of Conduct.

Certain violations of the Rules Of Conduct are deemed to cause unusual costs for the Association attributable to specific residents thereby necessitating assessments against the residents causing such costs. The amount and nature of such assessments are set forth in the Rules of Conduct. The Rules of Conduct, and the assessments, are necessary for the maintenance of the public health, safety, and welfare of the Association, and necessary for the Board of Directors and the Association to fulfill their responsibilities as stated in the Bylaws and Declaration.

The Rules Of Conduct may be modified, amended and enlarged from time-to-time by the Board of Directors.

Unless otherwise indicated, the capitalized terms employed in the Rules Of Conduct shall have the meaning set forth in the Declaration.

RULE 1

(Adopted January 6, 1997 and amended March 10, 1997)

PETS

a. No dog or other domestic pet owned by an Owner or kept at the Owner's Unit (hereafter the "Pet") may be allowed to run loose or under voice control on the Common Elements or the Limited Common Elements. No Pet shall be permitted to bark, yelp or howl so as to cause an annoyance or inconvenience to another Owner or to persons playing golf at the Valley Country Club.

b. A violation of this Rule shall occur each time that an Owner or the Managing Agent for the Association reports:

i. a Pet is permitted to run loose,

ii. a Pet is under voice control,

iii. a Pet leaves droppings on the Common Elements or the Limited Common Elements, or

iv. a Pet by frequent, habitual or continued barking, yelping or howling shall cause an annoyance or inconvenience to a another Owner or to persons playing golf at the Valley Country Club.

c. Notwithstanding the provisions of paragraph b. above, no violation of subparagraphs (b.) (i.), (b.) (ii.) and (b.) (iii.) of this Rule shall occur if the Owner has constructed an enclosed fenced area to contain the Pet in which event the conduct set forth in subparagraphs (b.) (i.), (b.) (ii.) and (b.) (iii.) shall not constitute a violation so long as the conduct occurs within the enclosed fenced area. An Owner may only erect an enclosed fenced area with the prior consent of the Architectural Review Committee and consistent with the provisions of the Bylaws and the Declaration.

d. Violations of this Rule shall be reported to the Managing Agent for the Association. Violations must be reported in writing. The Managing Agent shall maintain a written report of violations including the date, time and place of the violation(s), the Owner reporting the violation(s), the date and time that an Owner reported the violation(s), and any other pertinent facts concerning the violation(s).

e. Each time that a violation is reported shall constitute a separate violation of this Rule. If more than one Pet owned or kept by an Owner is reported to have violated this Rule, then each Pet's conduct shall be a separate violation of this Rule.

f. The penalty for the first violation of this Rule shall be \$25.00. The penalty for the second violation of this Rule shall be \$50.00. The penalty for the third and subsequent violations of this Rule shall be \$100.00. All penalties shall be deemed part of the Regular Assessments, and collectable in the same manner as Regular Assessments.

g. Upon receipt of a report from an Owner that a violation of this Rule has occurred, the Management Agent shall notify in writing the Owner accused of the violation. The Management Agent shall transmit a copy of the written complaint to the Owner accused of a violation. The written notice shall advise the Owner of the specific nature of the violation and shall advise the Owner of the amount of the penalty under this Rule to be paid in the manner of Regular Assessments at the next periodic monthly assessment.

h. If an Owner denies liability for one or more penalties which have been assessed against him or her under this Rule, such Owner shall present a written denial to the Board of Directors not less than fifteen (15) days after the date of the written notice received from the Management Agent. The denial will be considered by the Board of Directors at its next regularly scheduled meeting. The Board of Directors will hear all parties and consider all facts on the matter. The decision of the Board of Directors shall be binding and final.

i. The penalties provided in this Rule shall not preclude the Association and its Board of Directors from exercising other remedies, including but not limited to, denying voting privileges or instituting legal action. If the Association and its Board of Directors are required to retain legal counsel to enforce the provisions of this Rule, then the Owner who has violated this Rule and is the subject of such legal action shall be responsible for the Association's reasonable legal fees, costs and expenses in enforcing the provisions of this Rule.

j. Nothing in this Rule shall prohibit or limit the right of an Owner or the Management Agent to report a Pet to the City of Aurora or the County of Arapahoe for violations of rules, regulations and statutes adopted by these government units.

RULE 2

(Adopted February 3, 1997 and amended March 10, 1997)

REGULAR ASSESSMENTS

a. The Declaration provides that Owners shall pay Regular Assessments.

b. Regular Assessments shall be due and payable at the Management Agent's office on the first day of each calendar month, and deemed delinquent on the first day of the next following month.

Regular Assessments, include but are not limited to, penalties assessed under Rule 1 of the Rules Of Conduct.

c. A late charge of ten percent (10%) of the balance due or \$10.00, whichever is greater, will be assessed against the Owner by the Association each time a delinquency is created for failure to pay timely a monthly Regular Assessment.

d. Funds received by the Management Agent for Regular Assessments shall be credited to the oldest debt first. For example, if the Regular Assessment for the month of May is received on or after June 1, the May Regular Assessment is delinquent, and a late charge will be assessed which is due on or before the last day of June. If only the normal June Regular Assessment is received for the month of June, the payment first will be applied to the late charge thereby creating another deficiency because the June Regular Assessment will have not been paid in full resulting in the assessment of another late charge. This pattern will continue until all Regular Assessments and late charges are paid in full.

e. Collection procedures for delinquent accounts are as follows:

i. First day of the month: Regular Assessments are due.

ii. First day of the following month (one month in arrears): Regular Assessments due for the prior month are delinquent and a late charge is assessed.

iii. First day of the following month (two months in arrears): The Management Agent will write a letter to the delinquent Owner advising of the delinquency and advising of the Association's intent to file a lien against the Owner's Unit for unpaid Regular Assessments.

iv. First day of the following month (three months in arrears): The Management Agent, on behalf of the Association, will file a lien against the title to the delinquent Owner's Unit, unless a substantial amount has been paid against the unpaid Regular Assessments and late charges. The Board of Directors shall in its sole discretion determine what constitutes a substantial payment, and said amount may vary from case to case. A copy of the lien will be sent by the Management Agent to the delinquent Owner, the Board of Directors and the attorney for the Association.

v. Upon receipt of a copy of the lien, the attorney for the Association will send a final demand letter to the delinquent Owner advising that if the unpaid Regular Assessments and late charges are not paid in full within ten (10) days, then legal action will be taken to foreclose the Association's lien on

the Owner's Unit. The delinquent Owner shall be liable to the Association for all reasonable attorney fees, costs and expenses incurred by the Association in collecting the unpaid Regular Assessments and late charges.

vi. Once a lien has been recorded, the Management Agent will not accept any further payment from the delinquent Owner, and will return all funds received. From that time, all actions, correspondence and payments must be addressed to the Association's attorney. Legal action to collect will not be terminated until all Regular Assessments, late charges, legal fees, filing fees, costs and expenses have been paid in full.

vii. Upon full payment to the Association's attorney of all amounts due, the Association's attorney will disburse funds and authorize a release of the lien. The recorded release will be mailed to the Owner by the Arapahoe County Clerk and Recorder's Office.

viii. In addition to the other penalties stated in this Rule, if a check issued to the Association by an Owner for Regular Assessments is returned from the Owner's bank for any reason (e.g. no account, N.S.F., etc.), the Owner will be subject to a charge of \$20.00 penalty for handling which shall be considered a Regular Assessment for the purpose of this Rule.

RULE 3
(Adopted March 10, 1997)

FRONTAGE ROAD PARKING

a. A frontage road ("Frontage Road") exists on the South side of Caley Avenue running East and West from Unit No. 21 to Unit No. 32.

b. Owners are encouraged to park in their garages, and where that it is not possible, to park in their drives in front of their garages or on Caley Avenue. Owners are encouraged not to park on the Frontage Road.

c. Overnight parking shall not be permitted on the Frontage Road.

d. Parking shall not be permitted on the Frontage Road at any time when snow accumulation exceeds one inch to facilitate snow removal from the Frontage Road.

e. Only short term parking (five minutes or less) shall be permitted around and near the mail box kiosk located at the East end of the Frontage Road. No long term parking shall be permitted at any time around and near the mail box kiosk. In particular, no long term parking shall be permitted at any time on the Frontage

Road east of the mail box kiosk.

f. Unauthorized parking on the Frontage Road will subject the vehicle to ticketing and/or towing at the vehicle owner's expense. A written warning will be given prior to the ticketing and towing of any vehicle.

RULE 4
(Adopted July 14, 1997)

LANDSCAPING

a. Common Elements means any portion of Property together with all Improvements thereon owned by the Association. See: Article I, Paragraph 1.1.10 of the Declaration Of Covenants, Conditions And Restrictions Of Villas At Valley Country Club ("Declaration"). Improvement means any structure and all appurtenances thereto of every type and kind including without limitation landscaping. See: Article I, Paragraph 1.1.18 of the Declaration.

b. There shall be no construction, excavation or alteration which in any way alters the exterior appearance of an Improvement, or removal of any Improvement without the prior approval of the Architectural Review Committee. See Article III, Paragraph 3.1.11 of the Declaration.

c. There shall be no removal or planting of shrubs, bushes, plants, trees and the like on the Common Elements without the prior written approval of the Architectural Review Committee, provided however that an Owner may plant and maintain plants and shrubs in the rock areas immediately adjoining the Owner's Unit, and provided that the mature maximum height of such plants and shrubs shall not exceed five (5) feet.

RULE 5
(Adopted July 14, 1997)

GARAGE SALES

a. Each Unit Owner may conduct one (1) garage sale per calendar year.

b. The garage sale shall not exceed two calendar days in length.

c. The items to be sold at the garage sale shall not be displayed on the Common Elements, including but not limited to, the driveway and the grassy areas in front of the Owner's Unit. All items to be sold must be kept inside the Owner's garage or inside the Owner's Unit.

d. A Unit Owner may advertise a garage sale subject to the following limitations:

i. One sign advertising the garage sale may be placed on the Common Elements directly in front of the Unit Owner's residence. No other signs or advertisements shall be posted on the Common Elements. No other signs or advertisements shall be posted on or around the Unit Owner's residence.

ii. A sign may be posted for a period commencing one day prior to the garage sale and continuing through the last day of the garage sale. The sign shall be removed immediately after completion of the garage sale.

iii. A sign shall not exceed three feet in width and three feet in height.

e. Common Elements means any portion of Property together with all Improvements thereon owned by the Association. See: Article I, Paragraph 1.1.10 of the Declaration Of Covenants, Conditions And Restrictions Of Villas At Valley Country Club ("Declaration").