LINCOLN COMMONS TOWNHOME OWNERS ASSOCIATION, INC. RULES AND REGULATIONS

INTRODUCTION

These Rules & Regulations have been taken from the Declaration of Restrictive and Protective Covenants and ByLaws, as presented in Appendix 5 of the Public Offering Statement. The Statement was given to all unit owners for attorney review prior to closing. This document is a summary of those rules, which have been re-organized and replaced in a way, which we believe, makes them easier to understand and refer to. In the event of a conflict, the provisions of the declaration and Bylaws govern.

Each Unit Owner is subject to the Rules & Regulations, the Declaration of Restrictive and Protective Covenants, Bylaws, and the Deed. The purpose of these documents is to ensure the continuance of a quality residential community by imposing a set of uniform restrictions on all homeowners. The goal is to preserve and improve the character of the residential Lincoln Commons Community and for the protections of the value of each townhouse unit, common grounds and facilities. To enjoy living in our Lincoln Commons Community, we encourage each Unit Owner to become familiar with these Rules & Regulations, the Declaration, and the By-Laws. Unfortunately, disciplinary action is sometimes necessary when a community. The Board of Directors has the power to make Rules & Regulations as may be necessary to carry out the intent of the restrictions in the Declaration and ByLaws. The Board may take disciplinary action against any member of the association in breach of any covenant. (See By-Laws, Article 7, Section 1, Clause b).

It is the hope of the Board of Directors and the Covenants Committee that all unit Owners will look upon these Rules & Regulations as positive guidelines that will ensure Lincoln Commons to be a safe and pleasant community to live in.

WHEN IN DOUBT ASK

Write, call, or email our property management company

LINCOLN COMMONS HOMEOWNERS ASSOCIATION RULES AND REGULATIONS Note: The letters "BL" refer to the Bylaws.

I.COMMON PROPERTY

1.1 The sidewalks and entrance areas must not be obstructed or used for any purpose other than ingress and egress to and from your unit. These areas should not be used for the storage or temporary placement of anything. This includes toys, bicycles, etc.

1.2 Common property shall be used in accordance with the Rules & Regulations promulgated by the Board.

1.3 In the interest of safety, the Association does not allow the use of bicycles, skateboards, roller blades, etc. in or on the Maintenance Area (which are generally the front yards) or alleys. All such items must be walked or carried out of the community for use and are to be stored out of public view.

1.4 No owner or occupant shall plant flowers, plants, gardens or shrubbery outside of their individual deck areas, except plants for which they have received prior written approval from the Board. Existing plantings and landscaping in the Maintenance Area shall not be changed without prior written approval of the Board. Owners are responsible for the upkeep and maintenance of their deck area. Landscape must be completed within 6 months from the date of occupancy.

II.GENERAL

2.1 Nothing shall be done or maintained in any unit or upon Common Elements, which would be in violation of the Covenants, conditions, or restrictions set forth in the Deed, BL, Declaration, or Rules & Regulations.

2.2 No person shall put to any use, or permit to be put to any use, that persons Unit, or do or allow to be done any act, that may, or in fact does, disturb, annoy, or endanger the health, safety or welfare of any person in the townhouse or the immediate surrounding neighborhood.

III. PARKING

3.1 No vehicle is permitted to park overnight on the common property except on those areas specifically designated for parking.

3.2 No vehicle is permitted to park on the access drives and streets within the development at any time. This prohibition shall not apply to those streets, which are dedicated to Lincoln Commons, which are subject to municipal regulations on this subject.

3.3 No vehicles other than passenger automobile, pick-up truck with cap, or pick-up truck with lettering on its sides, and passenger vans shall be authorized to park on the common property or units lots (driveways).

3.4 Other vehicles, including motorcycles with flat-based kick plates and bicycles, can park in area(s) specifically designated by the Board, if the Board chooses to authorize such parking areas.

3.5 Vehicles parked in the community in violation of the Declaration of Covenants or these Rules shall be subject to immediate removal at the owner's expense. In addition to the removal

of the vehicle, or as an alternative remedy, the Board may impose fines against the offending owner.

IV. PETS

4.1 Residents shall be permitted to have not more than two dogs (not to exceed an adult weight of 50 pounds), or two cats, or one of each, so long as all are bona fide household pets and not kept for commercial purposes, do not make objectionable noises, or otherwise constitute a nuisance or inconvenience to any residents, and are kept in compliance with all applicable ordinances.

4.2 Residents shall not permit any pet to run loose around the buildings or about the grounds. No resident shall permit any pet to be outside the unit unless on a leash in the hand of a responsible person. Pets shall not be left unattended on the patio areas.

4.3 Pets shall not be permitted to defecate on the patio/deck areas, walks, driveways, or landscaped areas in or about the buildings and in the event such shall occur, the pet owner must immediately pick up after the animal.

NOTE: The Homeowners Association does provide a pickup service, but this is only used to make sure the community looks pleasant, and acts as a last resort. It is still the homeowner's responsibility to pick up after their pet.

4.4 Dog houses and outdoor shelters are prohibited as are any pet enclosures or pet runs.

4.5 No animals, livestock or poultry of any kind shall be raised, bred, or kept in any unit.

4.6 Any pet that is determined to be, in the sole opinion of the Board, an unreasonable nuisance to the community due to either noise or odor shall be subject to removal from the community.

4.7 Pet owners are responsible for any damage that is caused by their pet(s), the repairs for which shall be made by the Association and assessed to the unit owner.

4.8 Patios, decks and fenced in yard areas shall not be used to house pets during the day or night for extended periods of time.

4.9 No feeding of wild birds or pigeons is allowed.

4.10 The Association may adopt rules in the future to regulate or even prohibit any of the above types of pets.

V. RENTING OR SELLING YOUR PROPERTY

5.1 No unit may be rented for less than six months.

5.2 No unit can be utilized for hotel or transient purpose.

5.3 No less than the entire unit may be leased.

5.4 When leasing for six (6) months or more, the lease must be in writing andmade subject to all provisions of the Declaration and BL. The Unit Owner must provide a copy of the Rules and Regulations to the tenant. The Rules and Regulations must be made a part of the lease.
5.5 Upon leasing their property, the Owner is required to notify the management company of Lincoln Commons, along with providing the tenants name(s) and the Owner's mailing address
5.6 No leasing shall, however, relieve a Unit Owner from his/her obligation and he/she shall remain primarily responsible for adhering to the restrictions by the Declaration, Rules and Regulations, and BL.

5.7 Unit Owners are responsible for payment of dues to the Homeowners Association.

VI. TRASH & GARBAGE

6.1 No unit or unit lot shall be used or maintained as a dumping ground for rubbish.

6.2 Trash, garbage and other waste shall be kept in a sanitary covered container supplied by this association. Each unit will be supplied with one (1) tote dumpster supplied by Bestway Disposal. Each unit will have the option to purchase a recycle bin at the owners cost.

6.3 All refuse must be placed in a covered tote. All recycling bins must have a weight over the papers to avoid scattered and blowing trash. All totes and recycle bins shall be stored inside the garage. Trash should be put out no later than 7:00 a.m. on days of collection and should be returned to the garage no later than 7:00 a.m. the following day.

6.4 All additional refuse that does not fit into the provided containers shall be the sole responsibility of the resident for removal and shall not be charged to the Association (i.e., furniture, appliances, carpet, etc.). Boxes should be broken down and secured from high winds.

VII. MAINTENANCE ISSUES

7.1 All patio and entry lights shall be maintained by the Owners

7.2 No patio/deck shall be modified in any way unless specifically approved by the Board7.3 No unit owner or occupant shall put solar film or similar products on any windows in the unit without the prior written consent of the Association.

7.4 Window air conditioners and fans, which protrude past the screen area of the window of a unit are prohibited.

7.5 Some convenience or decorative items may be attached to the outside of a unit or fence. Included are: garage door keypads, peephole in front door, small plant hangers, seasonal decorations, small outdoor thermometers. If a resident is uncertain about any item, he/she should contact the Board prior to installation. The Board is concerned about installations that are unsafe or placed on common areas.

7.6 Owners are responsible for the maintenance of unit entry doors, doors and windows, including hardware, screens and glass. Screens should be kept in good repair and attached to the window. Window treatments, visible from the exterior of the unit should be a neutral white or pastel color.

7.7 Holiday lighting or decorations are encouraged. Seasonal decorations and lighting should be displayed no sooner than 30 days prior to the holiday and taken down no later than 15 days after the holiday. Decorations should be hung using plastic holders that are removable and do not cause damage to exterior building surfaces.

VIII. ARCHITECTURAL REVIEW

8.1 No buildings, fence, wall, or other structure shall be constructed or maintained until plans are approved by the Board of Directors (or an architectural committee, if applicable). No owner shall enclose by means of screening or otherwise, any common element including any balcony, patio or porch, without prior approval from the Board. No garage can be finished for additional living space.

8.2 Decisions of the Board of Directors on the approval or denial of an owner's application for architectural or landscaping changes shall be made in accordance with the standards and procedures set forth in these Rules, the Declaration, and the Bylaws.

8.3 Any owner who does not get prior written approval from the Board of Directors for improvements, alterations, etc. pursuant to the Covenants shall be charged an administrative fee of not less than \$25.00, following a hearing, if requested.

8.4 Each owner will be responsible for any damage to a building resulting from any attachments or installations to the interior or exterior of their unit, whether approved in advance by the Board of Directors or not, and shall be responsible for repairing the building to its original condition upon removal of attachment or installation should damage be caused. Failure to make repairs will result in action by the Board to make the repairs and assess the costs to the owner.

8.5 During periods of building maintenance (painting, re-roofing, etc.), it may be necessary to remove attached and installed items. If after notice requesting removal, action is not taken by the owner, then the cost of removal and reattachment may be assessed to the owner by the Board. The Board will not be liable for any damages to items removed.

8.6 It shall be prohibited to install, erect, attach, paste, apply, screw, nail, build, alter, remove, construct, or place any object in, over, under or to make changes or otherwise alter the exterior of any Unit, including any alteration in color, except as required by law, without the prior written consent of the Board of Directors.

8.7 Nor shall anything be hung, painted or displayed on the outside walls or outside surfaces of any of the dwellings. Wind chimes and pinwheels of any size are not permitted outside the unit.

IX. PATIO/DECK AREAS

9.1 Patios/decks may not be used as storage areas, nor in any way detract from the appearance of the building. Any storage box or container shall be out of sight of other residents and shall have a color compatible with the exterior of the building (light earth tone). Storage boxes are restricted to three (3) feet in height.

9.2 Residents shall not dry or air clothes on the decks or patio areas, or on lines or poles or attached to the building.

9.3 Cooking shall be done only on stoves and in ovens installed for that purpose. Propane tanks must be less than two pounds. When in use, all grills MUST be away from the siding of the units.

9.4 All residents and occupants shall use care that items or fixtures kept on deck or patio areas are not blown or fallen down.

9.5 No awnings or other projections shall be attached to the outside walls of the building, and no blinds, shades or screens shall be attached to, hung, or used in conjunction with any deck, patio, window, or door of the unit without the prior written consent of the Association.

X. SIGNS AND DISPLAYS

10.1 No sign, decoration, advertisement, notice or other lettering shall be displayed, exhibited, inscribed, painted or affixed by any owner or occupant on any part of the unit or displayed in the window or door of any unit. One "For Sale" or "For Rent" sign may be placed in an interior window.

10.2 No flags are permitted to be posted or hung in Common Areas or on the siding of the unit. 10.3 The display or use of items visible in the interior of any dwelling from the exterior thereof, is subject to the Rules & Regulations of the Association.

XI. INSURANCE

11.1 The comprehensive project policy DOES NOT cover the contents of your unit or liability growing out of guests on the premises. Each Townhome owner and/or occupant should arrange for insurance coverage for all losses and risks growing out of the ownership and/or occupation of the premises.

11.2 If any owner files a claim against the Association's insurance policies, that Owner shall be responsible for paying the deductible on that insurance policy as provided by the Association documents and further shall be responsible for any costs or loss as well as any costs of collection and reasonable attorney fees to the Association if the Owner, guest, or tenant of the Owner is responsible for the cause of the loss, resulted from any equipment or item located within the Owner's unit.

11.3 In order to assist in keeping the Association's insurance premiums down, it is requested that all Owners contact the Association--either its manager or Board members--prior to filing any claim on the Association's insurance policy.

11.4 Individual Owners are responsible for obtaining insurance on their own units to cover the interior of the unit and all personal belongings, which coverage is commonly known as an "HO6/Condominium Unit Owners Policy." An HO6 policy typically covers those items that can be easily removed from a unit, like personal belongings, clothing, drapes, and electronics equipment. In addition, each Owner shall be responsible for obtaining any liability insurance for injuries within that Owner's unit and any other insurance desired by the Owner or otherwise required. Owners must consult with their own insurance agents as to appropriate coverages.
11.5 All damages resulting from the acts or omissions of the owner or any other person in the community with the permission of or under the authority of the owner are the responsibility of the owner and for which the owner shall be liable. In cases where such damage subrogated claims by the insurance company. The Board shall determine whether the damage is the responsibility of the owner, but the owner may request a hearing before the Board for reconsideration of this determination.

XII. NO NUISANCES

12.1 Owners and/or occupants shall not create any situation wherein their actions or conduct, as determined by the community manager or the Board, represents a nuisance or disturbance to other residents. This includes but is not limited to: noise, loud music, late-night parties, offensive cooking odors, etc.

12.2 Owner and/or occupants shall not store or keep flammable fluids, solvents or toxic materials of any kind in the unit.

12.3 The kitchen and bathroom fixtures shall not be used for purposes other than those for which they are designed and no improper materials, substances or articles shall be put therein.12.4 Other than the rental of a unit for residential purposes, no unit shall be used for any business, manufacturing or commercial purpose. If prior written approval of the Board is

obtained, an owner may use a designated portion of a unit as a home business office, which approval may thereafter be withdrawn or terminated by the Board at any time. This rule is not intended to prohibit those business activities in which an individual has an office in their home, but is intended at prohibiting activities which draw the general public to the community.

XIII. ANTENNA

13.1 No owner or occupant shall erect or have erected any form of aerial, antenna, poles, wires or similar objects or unsightly objects of any kind for the purpose of radio, television, or hi-fi reception on any balcony, roof or building exterior without the prior written approval of the Association. Satellites for television services however, are permitted so long as they are on the unit owner's roof, and not on the ground.

13.2 No visible form of antenna, aerial, pole or wire for the purpose of receiving or transmitting a signal shall be erected on the exterior of any unit, unless plans and specifications have been submitted in advance to the Board of Directors.

13.3 The installations must be professionally installed in accordance with manufacturers specifications and comply with applicable city codes.

13.4 The installation must blend in with the surroundings (painted to match surroundings, and wiring concealed as much as possible).

13.5 Each owner shall be responsible for any damage to a building caused by the installed item and shall be responsible for repairing the damaged area to its original condition.

13.6 Installations are prohibited in the Association's Maintenance areas.

13.7 Installations should be in a location with the least visual impact on surrounding properties and where an acceptable signal can be obtained.

LINCOLN COMMONS HOMEOWNERS ASSOCIATION

VIOLATIONS, PENALTIES, AND ENFORCEMENT

The Declaration of Restrictive and Protective Covenants contain penalties for certain infractions. In addition, Article XI of the BL describes the Enforcement Powers of the Board. In addition to Article XI in the BL the following article of the covenants will be for purposes of enforcement of covenants and BL.

VIII ENFORCEMENT OF ASSOCIATION BY-LAWS

Section 1. ENFORCEMENT POWERS. In order to secure compliance with the BL of the association and the Rules and Regulations as adopted by the Board of Directors of the Association, the following powers and procedures are hereby granted to the board of directors additional powers of enforcement of said BL, Rules and Regulations.

- (a) The Board of Directors may take disciplinary action against any Member of the Association for breach of any By-law, Rules or Regulations of the Association, as provided herein.
- (b) Disciplinary action authorized hereunder may consist of any or all of the following:

(i) A fine not to exceed \$500.00 for breach of any provision of in the BL, Rules or Regulations (if permitted under Colorado law).

(ii) Suspension of the Right to use any of the community facilities operated or managed by the Association for periods not to exceed 3 days, for each such breach.

(c) Prior to any disciplinary action, the Member against whom such action is proposed to be taken, shall be entitled to hearing before the Covenants Committee. Said hearing shall be held at least five (5) days after mailing of written notice of the time and place thereof and the nature of the breach charged against said Member of the Association shall have the right to appear at said hearing in person and to be represented by counsel and present evidence on his/her behalf.

(d) At the conclusion of the hearing and in any event not later than ten (10) days thereafter, the decision of the Covenants Committee shall be rendered in writing, a copy to be delivered personally or by certified mail to the Member involved, setting forth the determination of the Covenants Committee with respect to the breach of the BL, Rules or Regulations, as charged, and the disciplinary action to be imposed, if applicable.

(e) Failure to pay any fine within five (5) days after the imposition thereof shall constitute a separate offense. Fines not paid shall be added to the unit owner's account, and if unpaid, thereafter, shall be subject to the same collection efforts as unpaid maintenance fees.(f) In addition to the remedies specified herein, a Member shall be liable to the Association for reasonable attorney's fees incurred in enforcing the BL, Rules or Regulations, of the Association.

LINCOLN COMMONS HOMEOWNERS ASSOCIATION RULES AND REGULATIONS

Section 2. ENFORCEMENT POWERS. The association has the right under the Homeowners Association BL to levy fines on the Homeowners as part of the disciplinary action to secure compliance with the Declaration of Restrictive and Protective Covenants. Prior to the levying of fines, the Homeowner has the right to request a hearing before the Covenants Committee. The Enforcement Procedure is as Follows:

- 1. The Homeowner shall receive one written warning (first Notification of Violation) where possible.
- 2. Failure by the Homeowner to comply shall result in the assessment of a fine (Second Notice of Violation)
- 3. If the Homeowner wishes to appeal the fine by requesting a hearing before the Covenants Committee, the Homeowner shall notify the Property Manager to this effect within 10 days of the date of the Second Notice of Violation.
- 4. The Homeowner may take a further appeal to the Board of Directors as a final step. This appeal must be made within 10 days of the notification of the Covenants Committee ruling.
- 5. Homeowner must make arrangements to pay fines by calling the Property Manager. Fines must be paid within 5 days of the date of the Second Notice of Violation. In the event of an unsuccessful appeal, the Homeowner shall pay the fine within 5 days of the date of the Covenants Committee or the Board of Directors ruling.
- 6. If the Homeowner ignores the fines, the fines shall accrue within interest (at the prevailing bank prime interest rate) and shall be applied to the Homeowner's monthly assessment fee.
- 7. If the Homeowner fails to pay any outstanding fines after a period of 3 months, a lien shall be placed on the Homeowner's property.
- 8. Any and all legal fees associated with the resolution of a violation or payment of fines shall be borne by the Homeowner.
- 9. There shall be no hearing or appeal process for repeat violations of the same Rule.

LINCOLN COMMONS HOMEOWNERS ASSOCIATION RULES AND REGULATIONS

Section 3. SCHEDULE OF FINES

NOTE: The following schedule is not intended to be an exhaustive list of all possible violations of the Declaration of Restrictive and Protective Covenants. In general violations are classified as "single event-based" or as "ongoing" and are grouped accordingly:

 "Single event" violations follow the schedule of: 1st violation: Warning (where possible)
 2nd violation: \$25.00 fine
 Repeat violations: \$50.00 fine for each occurance

"Ongoing" violations follow the schedule of:
1st violation: Warning
2nd violation: \$25.00 fine
Repeat violations: \$10.00 per day until corrected

Violations of Covenants not listed below will follow this schedule of Fines, unless otherwise designated by the association COVENANT RULE VIOLATION FINE

Single Event Violations

- Pets shall not run free at any time: 4.2
- Pet droppings shall be picked up: 4.3
- Overnight Parking: 3.1
- No parking on the access drives and streets: 3.2
- All other prohibited parking: 3.3, 3.4, 3.5

1st: Warning Notice 2nd: \$25.00 Repeat: \$50.00/each occurence

- Unauthorized vehicles...
- In tow-away zone, 3.5

1st: towed at owner's expense

Ongoing Violations

Disturbing noises, flag attached to siding of unit, attachments to exterior of dwelling, garbage cans stored outside, trash not in containers... 12.1, 10.2, 6.3, 6.2 1st: Warning Notice 2nd: \$25.00 Repeat: \$10.00 per day until corrected

CONFIDENTIAL VIOLATION REPORT FORM AND SAMPLE LETTERS USED TO NOTIFY VIOLATOR

The letter written to the alleged violator will relate to the violation cited on the Confidential Violation Report Form submitted by a Unit owner. A copy of the Confidential Violation Report Form and samples of letters to alleged violators are presented on the following pages.

TOWNSENDE HOMEOWNERS ASSOCIATION CONFIDENTIAL VIOLATION REPORT FORM

Mail to:

Complainant's Name:
Address:
Phone (Home):
Violator's Name:
Address:
Date Violation Took Place:
Description of Violation:

Complainant's Signature & Date:

NOTE: Complainant's name will be held in confidence unless a formal hearing becomes necessary, at which time the complainant may be asked to appear before the Covenants Committee and/or the Board of Directors.

LINCOLN COMMONS HOMEOWNERS ASSOCIATION First Notification of Violation From:

Date (Name and Address of Violator)

Dear

Reference is made to the ______ that you have placed on the common elements the rear of your unit.

Please be advised that under the Rules governing this Association,

Placement of items upon the common eler	nents is not permitted. (Please refer to Rule 2.1)
Please remove	no later than 10 days from the date of this letter.
Failure to do so will result in a fine being le	vied upon you. The Association will proceed to have
this item removed and shall charge your ad	ccount for the labor in doing so.

Thank you for your cooperation in the matter. Very truly yours,

Property Manager Cc: Covenants Committee Lincoln Commons Homeowners Association Sent via Certified and Regular mail. Date:_____ LINCOLN COMMONS HOMEOWNERS ASSOCIATION Second Notification of Violation From:

Date (Name and Address of Violator)

Dear

As a result of your failure to comply with the Rules of the Association, specifically, for your noncompliance with the enclosed Rule prohibiting (summarize violation), for which you have been previously notified, our account shall be charged \$ (identify violation and dates). Please be advised that you have the right to request a hearing before the Covenants Committee relative to the above if you dispute these allegations. If you intend to request a hearing, you must do so, in writing within 15 days from the date of this letter. Mail your request to:

You shall be notified of the date and time the hearing will take place. You have the right, if you choose, to retain legal counsel and have someone present with you at this hearing.

Thank you for your cooperation in the matter. Very truly yours,

Cc: Covenants Committee Lincoln Commons Homeowners Association Sent via Certified and regular mail. Date:_____ LINCOLN COMMONS HOMEOWNERS ASSOCIATION HEARING NOTICE From:

Date (Name and Address of Violator)

Re:

Dear

You are hereby notified that a hearing shall be held before the Townsende Association Covenants Committee at ______ on _____, 20XX at ______p.m. relative to the notices of violation sent to you. You must be present at the hearing. You have the right, if you choose, to have legal counsel present with you at this hearing. If you fail to appear at the hearing, the Committee shall render its decision and the notices of violation shall be enforced. You have the right to further appeal any decisions made by the Covenants Committee to the Townsende Trustees within ten (10) days of that decision. Very truly yours,

Cc: Covenants Committee Lincoln Commons Homeowners Association Sent via Certified and regular mail. Date:_____