

### **Shield-O Terraces Homeowners' Association**

#### **Association Rules – Adopted September 27, 2006 Amended and Restated on September 25, 2007**

Shield-O Terraces Homeowners' Association (SOTHA or Association) is governed by its Declaration of Protective Covenants, originally created by Snowmass Development Company as described in Book 235, Page 137 et seq. in the office of the Pitkin County Recorder of Deeds, to govern the common interest of all properties within the subdivision.

SOTHA, its Architectural Committee, and Protective Covenants for the Subdivision were created by its predecessor, Snowmass Development Company, by document dated May 9, 1968 and recorded June 24 1968, in the deed records of Pitkin County in Book 235, Page 137.

SOTHA, originally an unincorporated Association, became a not-for-profit corporation under Colorado Law on June 10, 2000, pursuant to authority conferred in the original Declaration.

On May 27, 2003, by requisite majority of its Members, on behalf of its Members, SOTHA created and filed with the Pitkin County Recorder, Reception 483213, Amended and Restated Declaration of Protective Covenants and Restrictions. Item 2.6 of the Amended and Restated Declaration of Protective Covenants and Restrictions states in part:

The Board may adopt, amend and repeal rules and regulations to be known as the Association Rules. These rules may address all matters that are of mutual concern to the Members in the use and enjoyment of their property and the Road, including but not limited to: annual assessments, special assessments, collection costs and interest on delinquent assessments, and collection procedures for delinquent assessments.

Relative to the authority conferred upon the Board by Section 2.6, Amended and Restated Declaration of Protective Covenants and Restrictions, the Board repeals RULES FOR USE AND MAINTENANCE OF SHIELD-O ROAD, as was created at its regular annual meeting on January 6, 1992, thence filed in Pitkin County Records on May 29, 1992, Book 678, Page 994.

Each Homeowner has received a set of the covenants and other agreements that have been made with Pitkin County concerning Shield-O Terraces subdivision. These covenants have been incorporated in the rules by reference. If Homeowners need additional copies of the covenants, please notify the Board. The Board is required to and will enforce these covenants when necessary to achieve their purposes.

Under authority conferred upon the Board by Section 2.6, Amended and Restated Declaration of Protective Covenants and Restrictions, the Board adopts the following Association Rules for fair governance of the Association. These rules may be amended or supplemented from time to time, as the Board considers necessary, and copies of revised rules will be furnished to all Homeowners and lot owners. These rules will be enforced by fines detailed below.

Fines will be imposed after the violating Homeowner has received at least one warning concerning a violation from the Board or a committee of the Board. Unpaid fines will be turned into liens on a Homeowner's property.

#### 1. Assessment of Members

(a) Property owners within the Shield-O Terraces Subdivision are automatically Members of the Shield-O Terraces Homeowners' Association. The original Declaration of Protective Covenants, originally created

by predecessor Snowmass Development Company as described in Book 235, Page 137 et seq. in the office of the Pitkin County Recorder of Deeds, contains metes and bounds describing the boundaries of Shield-O Terraces.

(b) The Association shall present to its Members at least once annually, a Budget for operations for the next fiscal year or operating period. Assessments required for effective administration of the Budget shall be clearly shown within that Budget. The Association shall assess each Member for the expenses of the Association on a pro-rata basis and present a billing to each Individual Member for the annual assessment. The Association, through its Board, may issue special assessments to Members for special projects, improvements, repairs, or other expenses related to the common interests of the Association.

(c) If a Member has published an email address with the Association, the email address may be used to issue any billings, notices, or other communication as long as the email contains sufficient tracking information to assure its delivery to the member. In instances of Members not having email addresses, the Association shall send the billings by regular mail to the Members' addresses of record as shown on the Pitkin County Assessor's Records.

(d) Payment of Assessments:  
The Association strictly forbids payments of checks or other drafts containing notations or restrictive endorsements thereon and, at its discretion, may refuse any such check or other draft of payment. Such payments may not be credited to the Member's account and the account shall remain due and payable. Proper payments by Members shall be credited to their respective accounts using standard accounting principles: payments shall first be credited against the oldest posting in the sequential order of interest, service charges, then principal.

#### 2. Unpaid assessments

(a) The Association may charge an administrative late fee of ten dollars (\$10.00) per month for any assessment that is not paid within 30 days of the billing date. Additionally, the Association reserves the right to impose interest or finance charges at a rate not to exceed twenty-one percent (21%) APR for assessments that are unpaid or outstanding beyond 30 days of the billing date.

(b) By Resolution unanimously adopted by the Board of Directors at its September 25, 2007 meeting, any Association Member that is in arrears and has not fully paid the Association assessments in a timely manner shall not be permitted to vote on any matters before the Association. Voting rights shall be immediately and automatically reinstated by the Member-in-Arrears paying the account in full.

#### 3. Collection of Unpaid Assessments

After a period of ninety (90) days from the billing date, the Association may assign any officer, director, or other qualified person to undertake any reasonable action to cause collection of unpaid assessments. Although Officers and Directors of the Association serve in a volunteer capacity, such collection effort by said Officer or Director shall be deemed as extraordinary and beyond the regular activity as an Officer or Director, and therefore be compensable to the Officer or Director at the rate of \$75.00 per hour. The Association shall assess the Member in Arrears, in addition to the pro-rata annual or special assessment, for any and all amounts payable for time and costs to the Officer, Director, or other qualified person in the collection effort. If the Officer or Director determines that the services of an Attorney at Law are required or are advisable, the fees charged to the Association for the services of said Attorney shall be assessed to the Member in Arrears at the billed rate of said Attorney, PLUS A 10% ADMINISTRATIVE CHARGE by the Association.

4. Member Liability for Assessments

Each Member is liable for assessments made against such Member's property during the period of ownership of such property. No Member/Owner may be exempt from liability for payment of the assessments by waiver of the use or enjoyment of any of the common elements or by abandonment of the property against which the assessments are made.

5. Fines

Given the value of the homes and the resources of the Homeowners within Shield-O Terraces Subdivision, the Board believes that fines must be significant in order to accomplish their purpose. Accordingly, the Board has established the following fines for a violation of the rules after a Homeowner has received a warning, had an opportunity for a discussion or a hearing with the Board, and the Board has reaffirmed its position that a violation has occurred or is continuing:

1. First violation after Board reaffirmation: \$1000
2. Second violation: \$2000
3. Third violation: \$5000

In certain cases, violations of these rules that are continuing after a warning (for example, the use of a temporary building as a residence) result in a fine on a daily basis for each day that the violation continues after a warning and opportunity to discuss the matter with the Board. These fines have been set at \$100 per day.

6. Use of Roadways within Shield-O Terraces

Shield-O Road and any of its tangents within Shield-O Terraces subdivision are Private Roadways with use of said roadways limited and restricted to Members of the Association, their personal and business guests. The Board will determine and assess Members road use fees. The maximum speed limit on any subdivision roadway is fifteen (15) miles per hour.

7. Board Meetings

Board Meeting may be called with due notice to conduct the business of the Association. In any event of a Board Meeting called to occur within less than ten (10) days notice to Board Members, said meeting shall not be duly organized unless non-attending members execute a Waiver of Notice of said meeting. Attendance shall sufficiently constitute a Waiver of Notice. Notice of all Board Meetings shall be posted on the Association website. Any Association Member that wishes to discuss a concern at the Board meeting shall first notify the Board in writing as to the scope of the concern. Otherwise, Association members that attend a Board meeting shall remain as observers only and may not participate unless directly requested by the Board.

8. Adoption of Association Rules

These Association Rules were originally adopted at a Special Meeting of the Board on Wednesday, September 27, 2006, said Rules becoming permanently attached to the Minutes of the meeting, thence Amended and Restated at a Board meeting on September 25, 2007.

9. Accordance

These Association Rules are intended to be in accordance with the Amended and Restated Declaration of Protective Covenants and Restrictions. If any portion of these Rules is found to conflict with the Amended and Restated Declaration of Protective Covenants and Restrictions, then the Amended and Restated Declaration of Protective Covenants and Restrictions shall prevail.

10. Interpretation.

The Board shall determine the meaning of any provisions of these Association Rules and in doing so may seek the advice of legal counsel. Any interpretation made by the Board shall be final and binding on all concerned and interested parties unless a court of competent jurisdiction shall determine otherwise.

11. Severability.

If a court of competent jurisdiction shall finally determine for any reason that one or more provisions of these Association Rules is contrary to law and unenforceable, such determination shall not affect or invalidate in any way the remaining provisions of the Association Rules which shall remain in full force and effect.

Rules for New Construction

12. General Goal

Construction and landscaping shall maintain an aesthetic low impact alignment with the high alpine geography of the Shield-O community that considers the importance of harmony with the neighborhood.

13. Placement on Lot

Whenever possible, the house shall be placed no closer than 50 feet from the roadway and 30 feet from property lines. Placement and style of the house must respect neighbors' views, space, and privacy, and conform as much as possible to contours of the lot. The Architectural Control Committee shall inspect the site when preliminary staking is in place and plans are at hand in order to determine whether the plans are suitable for the site.

14. Size

The Architectural Committee restricts that a house shall total neither more than 5,750 nor less than 1,600 square feet. This includes basement, garage, and outbuildings. Height must be compatible with contours of the lot.

15. Landscape and Watering

In the event of water shortages, droughts or other emergencies, the Board reserves the right to regulate or prohibit landscape irrigation. All construction cuts shall be seeded and repaired. Plans that involve cutting into hillside shall be submitted and approved before construction.

16. Considerations of use of road, placement of equipment, and construction parking

Construction traffic shall not exceed a speed of 15 mph and shall not impede normal Subdivision traffic. All construction vehicles and machinery shall be parked on the building site. No vehicles and machinery shall be parked on any road without prior written approval by the Architectural Control Committee. Dumpsters, port-a-pots, and building materials shall be located on building site. All food-related garbage shall be removed from the job site daily or kept in a bear-proof container.

17. Development Fee

The Association assesses a development fee of \$1.00 per square foot. This fee is assessed all new construction anywhere in the subdivision and is used to fund the architectural review of one's construction plans and for road impact repair caused by construction vehicles.

18. Building Approval

Prior to the Architectural Control Committee Issuing written approval, the parcel owner's account with the Association must be in good standing and all assessments and fees must have been paid.

19. Disputes or Grievances


In accordance with CCIOA - 38-33.3-124. Legislative declaration - alternative dispute resolution encouraged - policy statement required, any Dispute or Grievance relating to the Association, Members of the Association, its Officers or Directors, shall be tendered in writing to the Board of Directors as follows:

Email: SOTHA@comcast.net  
USPS Mail: Board of Directors  
Shield-O Terraces Homeowners' Association  
85 Casey Court  
Snowmass, CO 81654-9106

The written dispute or grievance shall set forth the detail thereof, and the Complainant's plea for resolution or reparation.

Within thirty (30) days of receiving said dispute or grievance, the Board shall notify all parties to the matter and, within sixty (60) days of receipt of the dispute, convene a special meeting for the purpose of hearing the dispute or grievance. At the special meeting, the Complainant(s) shall have opportunity to state the dispute or grievance and the Defendant(s) shall have opportunity to offer rebuttal. If the Board is unable to mediate a resolution between the Complainant(s) and Defendant(s), the Board, after deliberation and decision by a majority vote, shall render a decision in the matter and relate said decision to all parties to the matter. The decision of the Board shall be final.

Shield-O Terraces Homeowners' Association

  
Michael A. Vernon  
President

Michael A. Vernon, President of Shield-O Terraces Homeowners' Association, personally known to me, appeared before me on September 25, 2007, signed this document and affirmed that this document truly and correctly delineates the Action taken by the Board of Directors of the Association at its September 25, 2007 meeting.

  
Eric Hansen, Notary Public

