

INTERIOR UNIT BUILDING DESIGN AND CONSTRUCTION RULES AND REGULATIONS

HERITAGE CROSSING AT THE GONDOLA CONDOMINIUMS

These Interior Unit Building Design and Construction Rules and Regulations (the "Rules") have been adopted and implemented by the Association to protect the investment of Owners and to enhance the value of the Community. Unless otherwise defined herein, capitalized terms used herein have the meaning ascribed in the Declaration of Grants, Covenants, Conditions and Restrictions for Heritage Crossing at the Gondola (the "Declaration"). References herein to the "Community" mean Heritage Crossing at the Gondola Condominiums.

Introduction

There are many reasons for regulation of various aspects of development, including regulation of the design and finish-out of the interior of the Units in the Community. Substantial regulation of development is already exercised by federal, state and local authorities with jurisdiction over the Property on the basis of public health and safety and protection of the environment, including through the Town of Mountain Village Design Guidelines, the Land Use Ordinance and the Uniform Building Code. These Rules are adopted to protect and enhance the investment of all Unit Owners and the Community by (i) establishing a consistent high quality of architectural design and construction, and (ii) controlling and minimizing negative impacts. The authority for these Rules is the Declaration and the other Community Documents, and the Rules shall be administered by the Architectural Review Committee of the Association ("ARC"). The Rules have not been arranged in order of priority; all rules are important.

Section One Design Rules

Each Unit Owner, at its cost and expense, shall be responsible for undertaking completion of finish-out to its Unit. Each Owner shall construct its finish-out in accordance with the Community Documents and these Rules.

- 1.1 Each Owner shall be responsible for obtaining any required permits and approvals, and for paying all applicable fees (including, without limitation, fees and approvals with respect to plan review, permitting and inspection) relating to Unit finish-out. Prior to commencing finish-out of its Unit, each Owner shall (i) submit to the ARC a complete application for ARC construction approval in the form promulgated by the ARC (the "Application") and the corresponding application fee, if any; (ii) three (3) complete sets of Owner's proposed plans and specifications for interior Unit finish-out which comply with any submission guidelines adopted by the ARC, applicable Laws and the Community Documents (the "Proposed Owner Plans"), and (iii) receive written ARC approval of the Application and Proposed Owner Plans. Each Application submitted by an Owner shall (a) either (1) contain a statement signed by the Owner certifying that the Proposed Owner Plans comply with applicable Laws, the Town of Mountain Village Design Review Board design guidelines, if any (the "Guidelines"), the Building construction plans approved by the Town of Mountain Village

and Declarant (the "Building Plans"), and these Rules, or (2) specifically identify any deviation from applicable Laws, the Guidelines, the Building Plans and/or these Rules and the requested variance(s); and (b) identify any Limited Common Elements, Parking Unit(s) and staging area(s) Owner proposes to use for construction staging and describe the temporary improvements to be made in such area(s) during Unit construction.

- 1.2 The ARC may grant, condition, withhold or delay approval or other action with respect to any Owner Application and Proposed Owner Plans in the ARC's reasonable discretion (and any approval, conditional or otherwise, granted in writing by the ARC is herein referred to as the "ARC Approval"); provided, so long as the Application and Proposed Owner Plans (i) do not contemplate or allow penetration or other modification of structural elements or mechanical components of the Building or any Common Elements, or allow the removal or relocation of demising walls within the Building (which are prohibited without the written consent of the ARC in its sole discretion), or modify the exterior of the Building, and (ii) comply with applicable Laws, the Guidelines, Building Plans and these Rules, it is not the ARC's intent or purpose to review or approve Proposed Owner Plans with respect to materials to be installed, or work to be performed, within Units (including, without limitation, matters relating to the type, texture, color and quality of floor coverings, cabinetry, window coverings, paint and wall coverings), and such materials and work shall be installed or performed in Owner's sole discretion. The Association assumes no responsibility for the safety of Owner or Owner Related Party equipment, materials or personnel at the Community during any period of Unit construction or renovation, regardless of any ARC Approval relating thereto.
- 1.3 Penetration or other modification of the Building exterior or of any structural element or mechanical component of the Building in which the Unit is located ("Building") or any Common Element is prohibited without the express, prior written consent of the ARC, in its sole discretion.
- 1.4 All Unit improvements visible from the exterior of the Unit shall conform with the Guidelines, Building Plans and design standards (if any) adopted by Declarant. By way of example and not limitation, each exterior door and deck shall be conform to Building standards relating to materials, design and color).
- 1.5 No partition or demolition of forms or materials installed by Declarant shall take place in a Unit without the prior written consent of Declarant, which consent may be granted, withheld or delayed by Declarant in its sole discretion, and, if applicable, the ARC; provided, drywall (but not interior partitions) may be removed to install additional plumbing or electrical fixtures.
- 1.6 No penetrations shall be made in demising walls between Units or, as applicable, a Unit and any Common Element.
- 1.7 Speakers to be placed along or within a demising wall shall be placed in a furred-out area approved in writing by the ARC such that no penetration of a demising wall shall occur. Speakers shall be located so that no contact is made with a demising wall, and soundproofing

materials acceptable to the ARC shall be placed around speakers, and between any demising wall and the speakers, in a manner which minimizes the transfer of sound to any adjoining Unit or Common Element area. The ARC may require corrective action with respect to any speaker installation which fails to reasonably minimize sound transfer.

- 1.8 No grout material, gypcrete, tile-setting material or other cementitious material in solid or diluted form shall be disposed of in Unit drains or a sanitary sewer or storm drainage system serving the Community.
- 1.9 Upon notice by the Association, each Owner shall require its contractor to limit the number of vehicles in Community parking areas to only those vehicles transporting supplies, tools and other materials necessary for Unit finish-out, and the Association may limit such use to (i) periods of loading and unloading, and (ii) require that employees and subcontractors of Owner's contractor park outside of the Community.
- 1.10 No woodstaining or other work process which generates strong odors or noxious chemical emissions shall be performed in any Common Element area. Such work shall be performed within the Unit, the authorized staging area, if any, or outside of the Community.
- 1.11 Each Owner shall be responsible for repairing any damage to Community property or another Unit caused by such Owner or an Owner Related Party.
- 1.12 Subject to applicable Law, prior to commencement of construction within a Unit, each smoke detector shall be detached and an alternate form of heat-sensing device shall be installed in its place. The same shall be maintained in good working order throughout Unit construction and, upon substantial completion thereof, all such devices shall be removed and original or replacement smoke detectors shall be re-installed in accordance with applicable Laws.
- 1.13 Trash and construction debris shall be placed only in disposal containers provided by the Association, if any. Otherwise, trash and construction debris shall be removed from the Unit and disposed of outside of the Community in accordance with applicable Law. Each Owner shall ensure that trash and construction debris from the job site, including blowing debris, is collected and disposed of on a daily basis. If an Owner or Owner Related Party fails to do so, the Association may cause the same to be collected and disposed of at Owner's cost and expense.
- 1.14 Each Owner other than Declarant and the Association shall deposit, or require its general contractor to deposit on Owner's behalf, the sum of \$6,000.00 with the Association within ten (10) days of the date of the ARC Approval (and in all events prior to commencement of construction of Unit finish-out or other work). The Association may, but need not, place the deposit in an interest-bearing account.
 - 1.14.1 \$1,500.00 of said \$6,000.00 shall be non-refundable and shall be retained by the Association and used for the purposes stated herein. Each Owner shall pay the Association a fee of \$500 per month for each month or portion thereof that such Owner is undertaking finish-out or other construction work. Such fee shall be payable

in advance on the first day of each month during which Owner is undertaking finish-out or other construction work within the Community. Subject to available funds on deposit, from the refundable portion of the deposit, each Owner authorizes the Association on the date due to collect such fee from the funds on deposit with the Association.

- 1.14.2 The non-refundable portion of the deposit and the \$500 per month fee shall be payable to the Association to reimburse it for costs relating to administration of Owner construction, the provision of amenities for Owner and Owner Related Party use during construction (which amenities shall be provided by the Association in type, quantity and location, if at all, its sole discretion), including, without limitation, portable toilet facilities and trash dumpsters, and other Common Elements costs of construction, repair, maintenance or replacement.
 - 1.14.3 Subject to the provisions of the Declaration requiring notice and an opportunity to cure, the Association may use any portion of the refundable deposit to repair damage to Community property or other Units occasioned by Owner's or an Owner Related Party's negligent acts or omissions or willful misconduct.
 - 1.14.4 The Association may require an Owner to deposit additional amounts with the Association upon reasonable ARC determination that the refundable funds on deposit are inadequate to fund fees payable to the Association hereunder and/or are inadequate to pay costs and expenses for which an Owner is responsible pursuant to Subsection 1.14.3 above and/or Subsection 1.14.5 below.
 - 1.14.5 If deemed reasonably necessary by it, the ARC may retain experts (such as, without limitation, architects, engineers and surveyors) to assist it in ARC review of matters relating to Owner-proposed construction (including, without limitation, the removal or relocation of demising walls and/or impacts to structural elements or components of the Building, Common elements or mechanical systems), in which event such Unit Owner shall reimburse the ARC's actual, out-of-pocket costs for such assistance within fifteen (15) days of the ARC's written request therefor. Each Owner authorizes the ARC to collect such costs from funds on deposit with the Association pursuant to this Section 1.14.
 - 1.14.6 Except for the non-refundable portion of the deposit and fees paid to the Association pursuant to Subsection 1.14.1 or 1.14.5 above, upon completion of an Owner's finish-out or other work, the Association shall refund to the Owner any remaining funds, plus interest accrued thereon, if any, held by the Association pursuant to this Section 1.14.
- 1.15 Unless otherwise expressly agreed in writing by Declarant or the Association, each Owner shall pay all utilities costs related to its finish-out or other construction work, and use of Community Common Element utilities is prohibited.

- 1.16 Each Unit Owner shall cause its contractor and/or other applicable Owner Related Party to:
- 1.16.1 Place and maintain a protective covering over any carpeted or decoratively improved Common Element during the duration of such Owner's construction or other work.
 - 1.16.2 Use as a construction staging area only the area(s) designated in the ARC Approval. Staging area use shall be prioritized as follows: (i) the interior of the Unit, (ii) any Limited Common Elements designated for exclusive use by the Owner of such Unit, (iii) the Parking Unit(s) owned by such Residential Unit Owner, and (iv) any staging area approved in writing by the ARC, and use of any staging area other than an area described in (i), (ii) or (iii) above shall be available on a first come, first served basis and use shall be subject to payment of any third party fee charged to the Association. As part of its Application, each Owner shall present to the ARC a layout and legal description (except for the Unit and any Parking Unit(s) owned by such Residential Unit Owner) of such Owner's proposed staging area(s) which addresses, without limitation, temporary improvements (i.e., temporary fencing or other improvements designed to enclose or secure construction equipment and materials relating to Unit finish-out, provided temporary fencing may only be installed within Parking Units), material and equipment storage, trash storage, job office location, contractor and supplier parking, and Unit and Community ingress and egress during construction.
 - 1.16.3 Utilize protective padding on the elevator walls each and every time an elevator is used to transport materials or supplies that may, upon contact therewith, damage elevator walls or ceiling. Owner or Owner's contractor shall keep and maintain its own padding.
 - 1.16.4 Insure that equipment operation and the generation of loud noises does not occur between 6:00 p.m. and 7:30 a.m. each day and that no construction work takes place on Sunday.
 - 1.16.5 Obtain a temporary electrical power source within the Unit (and each Owner Application shall specify such source and any conditions of use).
- 1.17 Unless otherwise approved in writing by the Board, Owner shall initiate and complete construction of finishes to the Unit within six (6) months after the date of Unit purchase. Unit finish-out may be deferred upon written approval of the Board, and it is contemplated that Commercial Unit finish-out may occur from time to time (i.e., with respect to remodel or new tenant finish-out) and/or require longer than six (6) months for completion.
- 1.18 Owner shall be the responsible for hiring, retaining, supervising and promptly paying all Owner Related Parties involved in interior Unit finish-out construction and other work at the Unit. Owner shall supervise the Unit finish-out, review construction progress, insure compliance with applicable Laws, obtain all necessary permits and inspections, pay all costs, fees and expenses relating to interior finish-out and other work at the Unit (including, without limitation, sums due for taxes, tap fees, permit fees, filing and review fees, and inspection fees) and generally insure appropriate and timely Unit finish-out. Declarant, ARC

members and their designees may inspect the Unit from time to time during Unit finish-out or other construction to determine the status thereof and compliance with the ARC Approval, these Rules, the Community Documents and applicable Laws, and shall endeavor to conduct such inspections at a pre-arranged time agreeable to Owner.

- 1.19 Owner shall not allow any liens to be placed against the Unit or Community property, and Owner shall indemnify the ARC and the Association from and against any liens or other claims relating to Owner's or an Owner Related Party's work at the Unit in accordance with applicable provisions of the Declaration. In the event the Association is advised that a lien or other claim has been made against the Association, Community property or another Unit as a result of Owner's or an Owner Related Party's acts or omissions relating to work at the Unit, within ten (10) days after the ARC's written request therefor, Owner shall provide the ARC with copies of paid invoices, canceled checks, lien waivers or other satisfactory evidence of Owner's payment for, or other claim resolution relating to, work at the Unit (and, in all events, Owner shall obtain the release of any lien or other claim prior to the foreclosure thereof).
- 1.20 Owner shall obtain and maintain general liability and casualty insurance and name the Association an additional insured party in accordance with applicable provisions of the Declaration and, if applicable, the ARC Approval.

Section Two

Conferences; Variances

- 2.1 If requested by the ARC (i.e., as a result of an Application and/or Proposed Owner Plans which do not comply with applicable Laws, the Guidelines, the Building Plans and/or these Rules), the Owner, the Owner's contractor and the Owner's architect, if applicable, and ARC members shall attend an informal conference and site visit prior to ARC action with respect to the Application. Such conference is an informal work session, the purpose of which is to acquaint the Owner with the ARC review process and with the general requirements for construction in the Community. The meeting will address, as applicable: (i) these Rules, (ii) local construction requirements, and (iii) if desired by the ARC, the Proposed Owner Plans. Such conference shall be scheduled as promptly after ARC request as is reasonably practicable, but in no event later than ten (10) days thereafter.
- 2.2 The ARC may request a conference and/or site visit with the Owner and/or the Owner's contractor and/or architect, if applicable, at any time during the Application review process or, subsequent to ARC Approval, at any time prior to completion of Unit finish-out or other work. Such conference shall be scheduled as promptly after ARC request as is reasonably practicable, but in no event later than ten (10) days thereafter.
- 2.3 In its sole discretion, the ARC may specify abbreviated procedures and Owner Plans submission requirements, and generally will do so for work which does contemplate any modification listed in Section 1.2(i) above.

- 2.4 The Board may authorize variances from compliance with these Rules. Owner requested variances shall be specified in detail in the Application. Board approval of any variance shall be subject to Owner compliance with applicable Laws and shall be conditional on such Owner's compliance therewith and the terms of the subject Board approval, and an Owner's failure to comply with applicable Laws and/or any condition of variance approval shall subject the Owner, in the Board's discretion, to a work stop order, fine assessment and/or revocation of the conditional approval.

Section Three

Plan Review

- 3.1 The ARC plan review process will address the matters specified in the Application, including, without limitation, floor plan design, materials, construction specifications, mechanical facilities and lighting.
- 3.2 The ARC will review the Application and Proposed Owner Plans and notify the Owner in writing of the ARC determination as promptly as practicable. In the case of each Application which purports to comply with applicable Laws and the Guidelines and which otherwise complies with the Building Plans and these Rules, the ARC shall act within ten (10) business days after ARC receipt of the complete Application (provided, such period shall be extended by the ARC as reasonably necessary to accommodate for, without limitation, events of force majeure, Owner-caused delays and plan conferences).
- 3.2.1 If an Owner Application is rejected or conditionally approved, the Owner may (i) resubmit the Application (revised to address matters relating to rejection or conditional approval or, if applicable, for purposes of reconsideration) within thirty (30) days of the date of the ARC rejection or conditional approval, or (ii) appeal such rejection or conditional approval to the Board within thirty (30) days of the date of the ARC rejection or conditional approval.
- 3.2.2 Upon appeal, the Board will review the ARC determination and either affirm such determination or modify the same to reflect the Board's findings.
- 3.2.3 If an Owner Application is approved, the ARC will notify the Owner in writing of the ARC Approval and any conditions relating thereto and return one (1) set of the Owner Proposed Plans to the Owner, signed and dated on behalf of the ARC to indicate such approval.
- 3.3 Unless the Board acts in writing to extend any ARC Approval, the same shall lapse and become void and of no further effect one (1) year following the date of such ARC Approval if the subject work has not then been substantially completed, as determined by the ARC in its sole but reasonable discretion. The foregoing shall not operate to extend the date for Unit completion set forth in Subsection 1.17 above and, in the event an Owner fails to timely complete construction of Unit finish-out, the Association may fine the Owner in accordance with the Declaration and, at the Association's election, halt work at the Unit until the Owner

thereof reasonably satisfies the Association that the work will be promptly completed in accordance with the ARC Approval.

Section Four

Inspection and Approval

- 4.1 Within ten (10) business days after substantial completion of the Unit finish-out or other work in accordance with the ARC Approval, the Unit Owner shall provide the ARC with copies of mechanical and electrical inspections reports applicable to the improvements.
- 4.2 The ARC or its designee will inspect the Unit and applicable work promptly after receipt of the inspection reports provided pursuant to Subsection 4.1 above which confirm substantial completion of Unit finish-out or other work pursuant to the ARC Approval. Such inspection shall occur within thirty (30) days of such receipt, subject to events of force majeure or Owner-caused delays.
 - 4.2.1 If the subject work is rejected or conditionally approved, the Owner may (i) correct the same and request re-inspection and approval within thirty (30) days of the date of the ARC rejection or conditional approval, or (ii) appeal such rejection or conditional approval to the Board within thirty (30) days of the date of the ARC rejection or conditional approval.
 - 4.2.2 Upon appeal, the Board will review the ARC determination and either affirm such determination or modify the same to reflect the Board's findings.
 - 4.2.3 The Board will notify the Owner in writing of its approval, disapproval or conditional approval.

Section Five

Miscellaneous.

- 5.1 Failure by the Association, the Board or any person to enforce any provision of these Rules shall in no event be deemed to be a waiver of the right to do so thereafter.
- 5.2 The provisions of these Rules shall be deemed to be independent and several, 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.
- 5.3 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.

5.4 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 President of the Association, certifies these Rules were adopted by the Board of Directors on _____.

By: _____, President

ATTEST:

_____, Secretary

Rules in accordance with the Declaration, Bylaws, applicable Law and the provisions hereof.

XXXIII. MISCELLANEOUS.

A. Failure by the Association, a member of the Association Board or any person to enforce any provision of its 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 shall be deemed to be independent and several, 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 and subsections, as applicable, 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 rules or the intent of any provision hereof.

IN WITNESS WHEREOF, the undersigned, as President of the Association, certifies these Rules were adopted by the Board of Directors on _____, 200_.

By: Tish Kung, President

ATTEST:

_____, Secretary