

OPERATIONS MANUAL

The Association has the power under the By-Laws to adopt rules and regulations regarding the operation of the Condominium. These rules and regulations are in addition to the By-Laws and Declaration and also affect the rights and responsibilities of the unit owners. The Association has prepared an Operations Manual that incorporates its interpretation of certain of the By-Laws, as well as outlining the policies it has adopted.

DANELL HEIGHTS CONDOMINIUM ASSOCIATION, INC.

2008 Operations Manual

As an owner of a Condominium unit in Danell Heights, you are also a member of the Danell Heights Condominium Association. Condominium living has some of the attributes of life in a small village. The Association serves the purpose of allowing our members the opportunity to govern some of the aspects of our community's day-to-day life. This manual has been written to provide an overview of the operation of our Association. Included are some references to the Bylaws and the procedural policies adopted by the Board of Directors for the management of the property and the Association.

This manual does not supersede the Declaration or the Bylaws of the Association. It is merely an attempt to highlight certain of the Bylaws and set forth some of the policies the Board has adopted for the management of the Association. We urge each unit owner to read all of the Disclosure Materials they have been provided and to become involved in the operation of the Association.

I. Association's Correct Name

Danell Heights Condominium Association

II. Declaration/Bylaws

Each unit owner should have a copy of the Declaration and of the Bylaws of the Association. These documents should have been delivered to the original owners who purchased their units from the developer and subsequent owners should have received their copies from the seller of their unit.

III. Annual Meeting of the Association

The Annual Meeting of the Association members is held on the second Monday of May of each year. Unit owners receive advance notice of the exact time and place of the meetings. Each unit has one vote to cast on the items discussed at the meeting.

IV. Directors

The Association has five (5) Directors who are elected at the Annual Meetings. Initially, two were elected to one (1) year terms; three (3) were elected to two (2) year terms. Successors are elected to terms of two (2) years as vacancies occur.

V. Directors Meetings

Directors meetings are usually held in one of the Director's homes on a monthly basis. The time and place may vary. Unit owners may attend a Directors meeting by contacting the Association President for the time and place of the meeting.

VI. Officers

The officers are the President, Vice-President, Assistant Vice-President, Treasurer and Secretary. The terms of office expire immediately following the Annual Meeting of the Association.

VII. Communication

All written correspondence from any unit owners to the Board of Directors should be addressed to the Secretary of the Association at the address noted in the Executive Summary.

VIII. Statements of Operating Income/Expenses

Annual statements detailing the Income and Expenses for the previous calendar year are provided to each unit owner no later than April 15th of the next year. Annual statements of projected operating income and expenses for the current year are approved at the Annual Meeting of the Association.

IX. Association Dues of Common Expenses

The Association at the beginning of each quarter bills the common expenses. These common expenses are payable by the unit owners on a quarterly basis of January 1 through March 31; April 1 through June 30; July 1 through September 30; and, October 1 through December 31 of each calendar year. DUES ARE PAYABLE NO LATER THAN THIRTY (30) DAYS FOLLOWING THE BEGINNING OF EACH QUARTER. IF DUES ARE NOT PAID AS OF THE END OF THIRTY (30) DAYS A LATE 'CHARGE OF TWENTY DOLLARS (\$20) SHALL BE ASSESSED. IF THE BALANCE REMAINS UNPAID AT THE BEGINNING OF THE NEXT QUARTER'S BILLING DATE INTEREST SHALL ACCRUE AT TWELVE (12) PERCENT PER ANNUM FROM THE ORIGINAL DATE DUE. The dues for common expenses are divided into two accounts: 1.) Dues used to pay the Association's general operating expenses; and, 2.) Dues that are deposited in a unit owner's Reserve Account.

A. Operating Expenses Paid by the Association from the General Common Expenses Collected.

1. Provide lawn care including cutting, trimming, fertilizing, weeding and cleanup.
2. Provide the spraying and pruning of all trees and shrubs as approved by the landscape maintenance committee.
3. Maintain and decorate (as appropriate) the entranceway to the subdivision.
4. Repair and/ or replacement of mailboxes and supporting posts.
5. Maintain electrical service at the entrance necessary for decoration.
6. Plow and shovel snow on driveways and walk-ways. Salt slippery areas as requested.
7. Removal of dead pre-existing trees, etc. (those natural elements that existed prior to the development of the subdivision).
8. Provide such other services as are deemed reasonably necessary for the desirable maintenance of the common areas by the Design Review or Landscape maintenance committees and approved by the Board of Directors
9. Maintain general liability, officers and directors liability, umbrella coverage, worker's compensation insurance and a fiduciary bond to protect the funds of the Association against embezzlement, etc.

B. Association Operating Expenses Paid from the Individual unit Owner's Reserve Account.

1. Any exterior repair and painting/staining of individual buildings deemed necessary by the Board of Directors under the direction of the Design Review Committee in order to maintain or correct the structural and aesthetic integrity of the units within the Association.
2. The resealing of all unit owners' asphalt driveways every third year (beginning in 2001) and any additional repair and/or resurfacing that may be required for both cement and asphalt driveways.
3. Maintenance and replacement of windows.
4. The repair and maintenance of individual unit owner(s) decks and/or patios.
5. Nameplates designating individual units.

PLEASE NOTE: Owners should direct either receipts or invoices for items 1 – 5 to the treasurer of the association for reimbursement from the individual owners reserve account. The amount reimbursed will not exceed the amount in the individual's account. All shortfalls will be the responsibility of the unit owner.

- C. All assessments, when levied, are the property of the Association. No refunds will be Given in the event of transfer of a unit.
- D. The Association will provide a prospective unit purchaser with information regarding The balance of the unit's individual Reserve Account and the expected maintenance of the unit, if any.
- E. When the development was initially declared, unit owners were allowed to assume the responsibility for some of the services provided by the Association. Because of administrative difficulties, the Bylaws were amended to remove this option. The maintenance services provided by the Association are not optional. The unit owner will be responsible for his or her share of a common expense, regardless of whether or not the unit owner decides to personally perform the work.

X. Use of the Property

For purposes of this section, "the Property" means all land and buildings in the Condominium, including the units, the limited common areas and the common areas. The following rules and regulations affect diverse areas of the Property differently. Any questions you have regarding the use of the Property should be directed to the Association. In order to provide for congenial occupancy of the Property and for the protection of the values of the units, the use of the Property shall be subject to the following limitations:

- A. The units are restricted to residential use only.
- B. The common and limited common elements shall be used only for the purposes for which they are reasonably suited and which are incidental to the use and occupancy of the units.
- C. No nuisances shall be allowed on the Property nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Property by its residents.
- D. No unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be complied with.
- E. No tree or bush shall be removed from the common or limited common areas without the prior written approval of the Association.
- F. Trash, garbage or other wastes shall be kept in closed and/or sealed sanitary containers which shall be kept in the garages of the unit owner(s) except for days of pickup.
- G. No trailer, tent, shack, garage, barn or other outbuilding shall be permitted on any part of the Property at any time. No trucks, buses, trailers, campers, snowmobiles, boats or vehicles (other than private passenger cars, station wagons, or similar private vehicles) shall be parked on the Property for more than 72 hours other than in unit garages. Exceptions are construction vehicles, containers or pods parked in the normal course of construction or moving. No animals, livestock or poultry of any kind shall be raised, bred or kept on the Property except that each unit may keep one dog or cat or one other small household pet

(such as a canary or parakeet) provided that they are not kept, bred or maintained for any commercial purpose. No pet shall be permitted which causes an unreasonable disturbance. The owner of the unit in which the pet resides shall remove any pet excrement in common or limited common areas immediately. Unit garage doors are to be kept closed as a matter of practice when their opening is not required as related to access, etc.

XI Structural Additions - Alterations or Improvements by Unit Owners

Unit owners may make additions, improvements or alterations within a unit which do not impair the structural integrity or lessen the support of any portion of the Property. No unit owner shall make any change in, nor affix anything to, the exterior of any unit or of any portion of the Property, including the planting of trees and shrubs and the installation of recreational equipment, without the written approval of the Association's Design Review Committee and the purchase of necessary Village permits.

XII. Property/Personal Insurance Responsibilities

The Association is required to obtain and maintain fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring all buildings plus any approved additions, alterations, improvements and betterments which form a permanent part of the structure, but not including furniture, furnishings or other personal property supplied or installed by unit owners, together with all heating equipment and other service machinery contained therein, and all limited common elements. This insurance shall cover the Property and shall name as insures the Association, and all unit owners and their mortgagees and land contract vendors, as their interests may appear, in an amount equal to not less than the replacement value of the buildings, without deduction for depreciation, with inflation guard endorsement, if available.

If the Property is damaged in an amount equal to or less than 20% of the replacement cost of the entire condominium, it is up to Board of Directors to arrange for the prompt repair and reconstruction of the damaged portion of the Property substantially in accordance with the original plans and specifications of the unit, including any kitchen or bathroom fixtures initially installed by the Declarant. The Board of Directors shall disburse any insurance proceeds to the contractors engaged in such repair and reconstruction as the work progresses.

Individual unit owners are responsible for insuring all other property in and around their units. The following is a list of the property protected by the Association's insurance policy and types of property that should be insured by the unit owners

Property Protected by the Association's Policy

- All buildings and approved additions, alterations, improvements and betterments, which form a permanent part of the structure.
- Furnaces
- Air conditioners
- Air cleaners (attached to furnace)
- Humidifiers (attached to furnace)
- Water heaters
- Plumbing fixtures
- Duct work (and related equipment)
- Piping (and related equipment)
- Electric wiring (and related equipment)
- Tile work -Kitchen, bath, and other cabinets affixed to walls, floors or ceilings
- Wood trim and casings
- Kitchen and bathroom fixtures
- Other items or additions that are clearly regarded as part of the building and approved by the Board of Directors

Property that should be protected under the Individual unit Owner's Policies. Such as but not limited to:

- Interior paint, wallpaper, and other such coverings
- Window curtains and shades
- Draperies
- Stoves (unless original built-in unit)
- Refrigerators
- Other portable appliances and equipment
- Carpeting and other floor coverings
- Rugs
- Furniture
- Pictures
- Statues
- Lamps (tables, etc.)
- Knickknacks
- Gardens
- Other items of personal property
- Window, door, etc. glass
- Light fixtures (installed by unit owner)
- Gazebo

PLEASE NOTE Most condominium unit owner's insurance policies provide or can provide some coverage for the condo dwelling in addition to the unit owner's personal property. It is strongly recommended that unit owners review their policies with their insurance agent and obtain "all risk" insurance coverage if available.

The Board of Directors **strongly** urge each unit owner to carefully review ARTICLE V, sections 3 and 4 of the Bylaws which describe the insurance coverage's. Each unit owner should then carefully assess his or her personal "condominium unit owner's insurance policy".

The Association's present insurance carrier has also recommended that each unit owner consider having added to their unit owner insurance policy a loss assessment endorsement with a higher limit than that given under the basic condo unit owner's policy. (The basic policy provides \$1,000.)

Grievance Procedure

It is the responsibility of the unit owners to comply with the rules of the Condominium as set forth in the Declaration of Condominium, the Bylaws of the Association and the rules formulated by the Board of Directors. Any unit owner violating these rules is subject to fines from the Association. Section 10 of the Bylaws contains details of the procedure to be followed if a unit owner believes another unit owner or the Association is in violation of the rules.

Section 10(d) of the Bylaws specifies that, if a unit owner is found to be in violation of the rules, the Board may fine the unit owner up to \$50.00 for a first violation of the rules and up to \$250.00 for a subsequent violation. If the violation is of a nature that it can be eliminated within a reasonable time frame, the Board shall allow a reasonable amount of time for correction of the problem. In the event that the unit owner fails to take the steps necessary to eliminate the violation within the time specified, the Board may fine the offending unit owner up to \$250.00 for every day that the violation continues. In the event that a unit owner is found to have committed a violation for which the Board previously fined him or her, this shall be considered a subsequent violation for the purposes of enhanced fines. These fines will be a lien against the unit.

IT IS STRONGLY RECOMMENDED THAT ALL UNIT OWNERS REFER TO SECTION 10 OF THE BYLAWS REGARDING GRIEVANCE PROCEDURES. IT IS THE INTENTION OF THE BOARD OF DIRECTORS TO ENFORCE THE RULES OF THE CONDOMINIUM FAIRLY AND EFFICIENTLY, AND TO PROVIDE ALL OWNERS WITH THE BENEFITS OF THESE RULES.

We hope that the foregoing will be of help to you in understanding the operation of our Association and some of the practical problems involved in running Danell Heights. As our area is rather unique, we have learned that many of the commonly accepted practices of other types of condominiums are not appropriate or practical for us.

To repeat what we said in the opening of this manual: What is written here does not supplant the provisions of the Declaration or the Bylaws. Hopefully it explains how we apply the rules to some of the more common situations we encounter. If you have any questions, please contact the Board. We hope that you will take an active role in the affairs of the Association, and that we can work together to maintain the high quality of life in our community.

Danell Heights Condominium Association

Board of Directors

September 2008