

ADMINISTRATIVE RULES
OF
THE VILLAS AT TRAPP FAMILY LODGE

Effective as of January 1, 2004
Amended Rule 2.d. on December 13, 2010
Added Rule 15 on November 6, 2015

The following administrative rules and regulations (the "Administrative Rules") shall govern the conduct of Owners and their guests and invitees and the use and occupancy of the Villas at The Villas at Trapp Family Lodge. References to the "Association" in the context of management and administrative matters shall refer to The Villas at Trapp Family Lodge Owners Association, Inc., a Vermont non-profit corporation, and/or its Board of Directors (the "Board") as applicable. Rights and duties of the Board in connection with enforcement and administration of the Administrative Rules of the Association and The Villas at Trapp Family Lodge may be exercised by the managing agent (the "Manager") as may be appointed by the Board in accordance with the Declaration of Condominium for The Villas at Trapp Family Lodge (the "Declaration"). All capitalized terms used herein and not otherwise defined shall have the meanings as set forth in the Declaration of Condominium, except that the term "Villa Property" as used herein shall include, in addition to the property subject to the Declaration, the Easement Land as defined in the Grant of Easement and Maintenance Agreement between the Declarant and the Association, and the Pool/Owners Facility which, if constructed, is to be subject to a Lease Agreement between the Declarant and the Association.

1. *Regulations.*

- a. The Pool/Owners Facility and other Common Elements and Facilities shall be open on the days and during the hours established from time to time by the Board.
- b. Performance by entertainers will be permitted on the Villa Property only with the permission of the Manager.
- c. Any alcoholic beverages served, sold, and consumed on the Villa Property will be only during hours permitted by law and with any required liquor licenses. Alcoholic beverages will be sold or served only to persons permitted to purchase the same under the laws of the State of Vermont.
- d. Except as permitted by the Manager, no commercial advertisements shall be posted on the Villa Property nor shall business of any kind be solicited or transacted on the Villa Property or with the use of The Villas at Trapp Family Lodge stationery. The foregoing limitation shall not limit the rights of the Declarant to conduct sales and marketing activities on the Villa Property nor limit the reasonable rights of Owners and their agents to have access to the Villa Property for purposes of showing the Villa Property in connection with resales of Villas or Fractional Interests.
- e. Other than as permitted by the Board, no petition of any type shall be originated, solicited, circulated or posted on the Villa Property.

f. The Villa Property shall not be used for functions for fund raising efforts, except as specifically permitted by the Board.

g. Owners requesting use of copying machines, facsimile machines or other office equipment of the Association or the Manager for personal or business purposes shall pay fees established by the Board or the Manager, as the case may be.

h. Owners shall not request special personal services of the employees of the Association or the Manager unless consistent with their service policies.

i. Smoking in the Common Elements, Facilities and in Fractional Villas is prohibited, except that smoking shall be permitted on outdoor decks and balconies of the Villas.

j. No animals of any kind shall be kept in any Fractional Villa or the Common Elements. A whole Villa Owner shall be allowed to keep animals within his or her Villa and shall be allowed to take said animals within specifically designated areas within the Common Elements; provided that the animals are on leashes or otherwise restrained.

k. No Owner or guest or invitee shall obstruct, litter, mar, damage, deface or otherwise cause damage to any part of the Common Elements. Each Owner shall be liable to the Association for any such damage.

l. No Owner, guest or invitee shall abuse any employees of the Association or the Manager, verbally or otherwise. All such employees are under the supervision of the Board or the Manager, as the case may be. No Owner, guest or invitee shall reprimand or discipline any such employee or send any employee off the Villa Property for any reason. Any employee not rendering courteous and prompt service should be reported to the Manager.

m. Owners shall not give lists of Owners to anyone other than other Owners for any reason.

n. All daily usage fees, food, beverage, housekeeping and other personal charges of an Owner, an Owner's family or permitted guests and invitees shall be due and payable on departure. The Manager may require payment of charges to be secured by credit card on arrival unless other acceptable arrangements are made with the Manager. Charges not paid on departure, or in accordance with arrangements made with the Manager, shall immediately be deemed delinquent, shall accrue interest at two percent (2%) per month or the legal rate, whichever is higher, from the date of delinquency, and shall be the responsibility of and be assessed against the Owner.

o. If the account of any Owner is delinquent, the Association may at its option take whatever action it deems necessary to effect collection. If the Association engages legal counsel or commences any legal action to collect any account owed by an Owner or to enforce any other liability of any Owner to the Association and if judgment is obtained by the Association, the Owner shall also be liable for all costs and expenses of the legal action and reasonable attorneys' fees whether or not legal proceedings are actually commenced (including fees required in connection with appeal proceedings).

p. All Assessments are payable in full in advance as provided in the Declaration and no portion thereof may be charged to an Owner's monthly statement of account.

q. Violation of any of these Administrative Rules shall subject the violating Owner to those appropriate actions authorized herein and in the Declaration and Bylaws.

r. The Board shall have the right to amend or modify these Administrative Rules from time to time as necessary with the prior written approval of Trapp Family Lodge, Inc., and will give prompt written notice thereof to the Owners.

s. All Administrative Rules contained herein shall be subject to, and controlled by, the applicable provisions of the Declaration and Bylaws.

2. *Use and Occupancy of the Villas.*

a. No Fractional Owner shall perform any decorating or finish work to the interior of any Fractional Villa, perform any structural alterations or make any additions to any Fractional Villa, change the boundaries of any Fractional Villa or between adjoining Fractional Villas, or move or alter any intervening partitions or create apertures with respect to adjoining Fractional Villas.

b. No Owner shall perform any work on any portion of the exterior of any Villa, the Buildings, or any portion of the Common Elements or the Villa Property.

c. No Owner shall do, or suffer or permit to be done, anything in any Villa which would impair the soundness or safety of the Villa Property or any portion or part thereof or any Villa thereon, or which would require any alteration of, or addition to, any of the Common Elements, or which would result in a violation of any laws, ordinances, or other governmental restrictions.

d. There shall be no exterior air conditioners, television, radio, or other outdoor antennas, satellite reception dishes, or similar equipment installed by an Owner on any Villa or on the Villa Property, unless approved in writing by the Board and, to the extent that the Easement Land is affected, by the Declarant.

e. No Owner shall display exterior clothes lines or draping of clothes, banners, or similar displays on any Villa or on the Villa Property.

f. No owner shall install fencing, signs, lighting, canopies, awnings, or other such appendages on a Villa or the Common Elements.

g. Except for seasonal decorative lights as displayed by the Association, no exterior lights shall be allowed.

3. *Ownership Cards and Guest Passes.*

a. The Board may require an identification card to be issued to each Owner (an "Ownership Card"). In such event, an Ownership Card indicating an account number shall be issued by the Association upon acquisition of a Villa or Fractional Interest. Ownership Cards are not transferable, and presentation of an Ownership Card may be required prior to the use of Facilities.

b. All persons residing in a Villa with an Owner and all other permitted guests and invitees of an Owner may be issued guest passes to enable them to use the Facilities(a "Guest Pass").

c. Ownership Cards and Guest Passes may only be used by the Owners and guests to whom they are issued.

d. In the event of a lost or stolen Ownership Card or Guest Pass, the Association shall be notified immediately and the applicable card and related account shall be canceled. Owners shall be responsible for all charges on the account. For each Ownership Card or Guest Pass replaced, the Board may impose a service charge.

4. *Suspension and Termination of Ownership.*

a. An Owner who sells his or her Villa or Fractional Interest or otherwise ceases to be an Owner shall nonetheless remain liable for any amounts unpaid on the Owner's account.

b. An Owner's right to use the Facilities may be terminated or suspended by the Association if the Owner:

- i. fails to be eligible for use of the Facilities (for example, if an Owner shall be delinquent in payment of assessments);
- ii. permits his or her Ownership Card, account or use rights and privileges associated with Villa ownership to be used by any unauthorized person;
- iii. submits false information regarding an application for privileges for a guest;
- iv. fails to accompany a guest where required when using the Facilities;
- v. exhibits unsatisfactory behavior, conduct or appearance, or allows his or her guests and invitees or family so to exhibit;
- vi. fails to pay dues, Assessments, fees, personal charges or account in a proper and timely manner;
- vii. fails to abide by the Administrative Rules; or
- viii. treats personnel or employees of the Association or the Manager in an unacceptable manner.

c. Notwithstanding any termination or suspension of ownership of a Villa or Fractional Interest, the Owner shall remain liable for any unpaid account, dues, fees, Assessments and personal charges.

5. *Loss or Destruction of Property or Instances of Personal Injury.*

a. Each Owner, as a condition of ownership of a Villa or Fractional Interest and each guest or invitee, as a condition of invitation to the Villa Property, assumes sole responsibility for his or her property. Neither the Declarant, the Manager or the Association shall be responsible for any loss or damage to any private property used or stored on the Villa Property, whether in lockers or elsewhere nor for personal injury or death suffered by any Owner, guest or invitee unless caused by the gross negligence or willful and wanton behavior of the Declarant, the Manager or the Association.

b. The removal from the room in which it is placed, or from the Villa Property, of any property or furniture in a Fractional Villa without proper authorization is not permitted. Every Owner shall be liable for any property damage and/or personal injury occurring at any activity or function operated, organized, arranged or sponsored by the Association which is caused by such Owner, the guest of such Owner or by any family member of such Owner. The cost of such damage shall be charged to such Owner's account.

c. Any Owner, guest or other person who, in any manner, makes use of or accepts the use of any apparatus, appliance, facility, privilege or service whatsoever owned, leased, or operated by the Declarant, the Manager, or the Association, or at the Villa Property, or who engages in any contest, game, function, exercise, competition or other activity operated, organized, arranged or sponsored by the Declarant, the Manager, or the Association either on or off the Villa Property, shall do so at his or her own risk. The Owner shall hold the Declarant, the Manager and the Association and their respective directors, trustees, officers, employees, representatives and agents harmless from any and all loss, cost, claim, injury, damage or liability sustained or incurred by him or her, resulting therefrom.

6. *Reservations for Activities at The Villa Property.*

Reservations are required for most activities on the Villa Property and those sponsored by the Declarant, and are taken on a first-come, first-served basis by registering with the Manager.

7. *Children.*

Children under fourteen (14) years of age are not permitted in the Pool/Owners Facility other Facilities, and other areas designated by the Board, unless accompanied by an adult.

8. *Prohibited Activities.*

a. No noxious, offensive, or unlawful activity shall be carried on in any Villa, or upon the Common Elements or Facilities, nor shall anything be done therein or thereupon which may be, or become, an undue annoyance or nuisance to other Owners, or which would disturb or otherwise interfere with the peaceable use, possession, safety, and enjoyment of the other Owners.

b. There shall be no activity or use in any Villa, the Common Elements or Facilities which will result in an increase in the rate of insurance coverage for the same, without the prior written consent of the Declarant, the Manager and the Association, which, if granted, may be subject to such conditions as to make appropriate provision for any such increase. No Owner shall permit anything to be done or kept in a Villa or on the Common Elements or Facilities which will result in the cancellation of said insurance.

c. No amplified music, loud musical instruments, or radios, stereos, compact disc players, televisions, or comparable devices shall be permitted beyond the exterior of any Villa.

d. No on-site storage of gasoline, heating, or other fuels shall be permitted on any part of the Villa Property, unless the prior written consent of the Declarant, the Manager and the Association has been obtained therefor, with such conditions and restrictions as are necessary to ensure the safety and welfare of the Owners.

e. There shall be no outside storage, playground equipment, or similar items, except that customary and usual household items (e.g., grills, outdoor furniture, planters, and the like) may be kept on porches or decks only. No wood burning or charcoal grills or other devices shall be used. Only propane grills supplied or approved by the Declarant, the Manager and the Association will be allowed.

f. No garbage, rubbish, or other debris may be kept or stored on the Common Elements, except in such locations as may be provided and designated on the Villa Property for that purpose. There shall be no burning of trash.

g. The use of any electrical equipment, cooking equipment, heating units, and all other fixtures, equipment, and items posing any risk of fire or other casualty shall be with the utmost concern for safety and careful use and shall comply fully with all rules, regulations, and requirements of all governmental authorities having jurisdiction thereof.

9. ***Mailing Addresses.***

Each Owner shall be responsible for filing with the Association Secretary his or her mailing address and any changes thereto, to which the Owner wishes all notices and invoices of the Association sent. An Owner will be deemed to have received mailings from the Association three (3) days after they have been mailed to the address on file with the Association Secretary.

10. ***Fitness Center.***

a. All guests and invitees desiring to use the Declarant's Fitness Center, which is located off the Villa Property, must first register with the Manager.

b. All Owners, guests and invitees shall comply with the rules and regulations for the use of the Fitness Center as determined from time to time by the Declarant.

11. ***If the Pool/Owners Facility is constructed, the use thereof shall be subject to the following Rules:***

a. The pool facilities will be unattended. USE OF THE POOL FACILITIES AT ANY TIME IS AT THE SWIMMER'S OWN RISK.

b. Access to the pool is by gate key only (which must be in the user's possession). The pool gate is to be kept closed and locked at all times.

c. Owners are responsible for their guests and invitees, including any property damage caused by them. Guests and invitees of an Owner using the Pool/Owners Facility must be accompanied by the Owner or carry a Guest Pass.

d. Swimming is permitted only during posted hours of operation.

e. Children under fourteen (14) years of age are permitted to use the pool only when accompanied and supervised by an adult.

f. Glass objects, drinking glasses and sharp objects are not permitted in the pool areas.

g. Swimmers must wear appropriate swimming attire. Cutoffs, dungarees and Bermudas are not considered appropriate swim wear.

h. Children wearing diapers are not permitted in any pool.

i. All persons using the pool furniture are required to cover the furniture when using suntan lotions as the use of such lotions stains and damages the furniture.

j. Diving, running, ball playing, pushing, dunking, dangerous games and noisy or hazardous activity are not permitted in the pool areas.

k. Snorkeling equipment, other than a mask, are not to be used in the pool areas except as part of an organized course of instruction.

l. Radios may only be used with earphones in the pool areas.

m. All persons using the pool areas are urged to cooperate in keeping the area clean by properly disposing of towels, cans, paper items, cigarettes and other rubbish.

12. *Owner Day Use.*

a. In addition to use during reserved Vacation Periods, Fractional Owners may use Common Elements and Facilities on a day use basis when not in residency at the Villa Property, subject to such rules and regulations as may be adopted by the Board to monitor the use and capacity of the same, set fees for day use, regulate the days and hours of usage and guests accompanying day use Fractional Owners, or for such other purposes as determined by the Board.

b. Owners using Common Elements and Facilities on a day use basis shall present any Ownership Card which may be required by the Board.

13. *Guests and Invitees.*

a. In order to use the Common Elements and Facilities without the Owner being present, the Owners' guests and invitees may be required to be issued a Guest Pass.

b. Guests and invitees must pay for services upon receipt or sign for charges and pay for such charges upon departure. Guests and invitees are not permitted to have guests, and are subject to all other guest rules and fees.

c. All charges and fees for guests and invitees of Owners will be determined by the Board.

14. *Parking.*

a. Owners will be provided designated parking spaces by the Manager. The Board may establish a parking system, such as valet parking.

b. No unregistered motor vehicle, or any boat, boat trailer, snowmobile, snowmobile trailer, camper, truck (other than pick-up trucks), or recreational vehicle may be parked, stored, or maintained on any portion of the Villa Project unless it is located within an enclosed garage. Parking by Owners and their guests shall only be allowed in designated parking spaces allocated to particular Villas.

15. ***Collection Policy for Past Due Accounts.***

Except as otherwise provided herein, this policy applies to both Villa Owners, who are owners of whole units, and Fractional Owners, who are owners of Fractional Interests, as defined in the Declaration and the Bylaws of the Association (the "Bylaws"). The Declaration and the Bylaws are sometimes collectively referred to as the "Governing Documents". Villa Owners and Fractional Owners are sometimes referred to individually as an "Owner" or collectively as "Owners". Other capitalized terms used herein and not otherwise defined shall have the meaning assigned to these terms in the Governing Documents.

a. **Collection of Assessments.** Subject to the Vermont Common Interest Ownership Act (the "Act"), the Association shall pursue collection of all delinquent Assessments and other charges authorized by the Governing Documents and shall use all reasonable and lawful methods as are deemed prudent to collect such delinquent Assessments. The Association shall provide all Owners with a mailing address for overnight payment of Assessments.

b. **Delinquent Assessments.** Any Assessment not paid within thirty (30) days of its due date shall be considered delinquent.

c. **Interest; Late Fee.** In accordance with Section 15.8 of the Declaration and Section 5.5 of the By Laws, any Assessment not paid within 30 days of its due date will be liable for a late payment penalty charge of 15% of the delinquent amount or other such reasonable percentage of the delinquent amount as the Board of Directors shall establish from time to time, plus interest on the delinquent amount accruing from the due date at the legal rate of interest then prevailing at local lending institutions for commercial loans.

d. **Collection Agent.** The Association Manager (the "Manager"), as engaged by the Board pursuant to Section 14.1 of the Declaration and Section 34 of the Bylaws, acting on behalf of the Association and at the direction of the Board, may employ the services of a collection agent, attorney, and other related professionals (collectively, the "Agent"), as needed, to carry out some or all of the procedures relating to the collection of delinquent Assessments.

e. **Imposition and Enforcement of Lien.** The Association has a statutory lien for sums due the Association as provided in the Declaration and the Act. This statutory lien secures amounts due for any Assessment and for reasonable attorney's fees and costs, other fees, charges, late charges, fines, and interest charged by the Association in accordance with the Act. In addition, as set forth in Section 6 below, the Association may, through the Manager or Agent, record a notice of lien ("Notice of Lien") in the Stowe Land Records (the "Land Records") against the Owner's Villa or Fractional Interest, as the case may be, describing the sums due and secured by the lien.

f. **Restriction of Owners Rights and Privileges.** In accordance with, and subject to, the Act, the Association may suspend an Owner's rights and privileges arising from the ownership of his or her Villa or Fractional Villa, as the case may be, due to a delinquency. Any Owner who has failed to pay his or her Assessments for a period of six (6) or more consecutive months or has an outstanding balance greater than or equal to Ten Thousand Dollars (\$10,000.00) and who has not made good faith efforts to bring his or her account current through use of a payment plan or otherwise shall be, at the discretion of the Board, subject to one or more of the following restrictions and actions:

a. The Association may prohibit the Owner from renting the Villa or Fractional Villa, as the case may be, allowing occupancy by others and may notify the listing rental agent of the suspension of rental privileges. Provided that the Owner has previously consented in writing, the Association may rent the Villa or Fractional interest, as the case may be, and apply the net rental proceeds therefrom to the overdue Assessment.

b. In addition, in the case of a Fractional Owner, the Association may prohibit the Fractional Owner from the use of his or her Fractional Villa, may deny the Fractional Owner from making a reservation in the Association's reservation system, and may cancel any confirmed reservation.

c. The Association may file a Notice of Lien in the Land Records and notify the Owner's mortgagee if required or permitted by the Governing Documents.

g. **Issuance of Delinquency Notice; Contents.** At least thirty (30) days prior to restricting an Owner's rights and privileges pursuant to Section 6 above, or recording a Notice of Lien upon the Owner's Villa or Fractional Villa, as the case may be, the Association, through its Manager or Agent, shall send a written notice (a "Notice"), either by first-class mail or by electronic mail, to the address the Owner has designated. If no e-mail address has been designated, the Notice will be sent by first-class mail. The Notice shall contain the following:

a. A copy of this Collection Policy or a link to the current Collection Policy on the Association's website;

b. An itemized statement of the amount of Assessments owed by the Owner, including delinquent Assessments and the fees and reasonable costs of collection, including reasonable attorneys' fees, late charges, and interest, if any;

c. A statement that the Owner shall not be liable to pay the charges, interest, and costs of collection previously levied by the Association if it is subsequently determined that the Assessment was paid on time;

d. The right of the Owner to request a meeting with the Manager; and

e. In the event that the Association, elects to deny a Fractional Owner access to his or her Fractional Villa, the Association shall send an additional Notice to the Fractional Owner in the form attached hereto as Exhibit A. The Notice shall be given no less than 30 days after the date the Assessment was due, but in no case later than 30 days before the date the Fractional Owner is entitled to occupy his or her Fractional Villa. If the Association elects to deny use of the Fractional Villa to any third party receiving use rights through an affiliated exchange program, the Association shall at the same time provide similar Notice of the Fractional Owner's delinquency to any affiliated exchange program. Receipt of the written notice by the affiliated exchange program will be effective to bar the use of all third parties claiming through the affiliated exchange program.

h. **Courtesy Notice.** The Manager may, as a courtesy, contact any delinquent Owner to request payment of delinquent Assessments prior to sending a Notice.

i. **Rights of Owners to Dispute Claimed Delinquencies.** An Owner may dispute the amounts claimed as due and owing in the Notice by submitting to the Manager a written explanation of the reasons for the Owner's dispute within fifteen (15) days of the postmark of the Notice (the "Owner Dispute"). The Manager shall respond in writing to the Owner within fifteen (15) days of the date of the postmark of the Owner Dispute.

j. **Right to Payment Plan.** Any Owner who owes a sum equal to at least three months of Assessments will be offered a payment plan by the Association prior to the initiation by the Association of a legal action to foreclose its lien against the Owner's Villa or Fractional Villa, as the case may be.

k. **Rights of Owners to Propose Payment Plans.** An Owner may also submit a written request to meet with the Manager to discuss a payment plan for the delinquent Assessment. This request must also be made within fifteen (15) days of the postmark of the Notice (the "Meeting Request"). The Meeting Request must include all of the reasons why the Manager should not take collection action. If a request for a meeting is not so submitted, the Owner's right to a meeting shall be deemed waived. So long as a timely request for a meeting has been tendered, the Manager shall meet with the Owner within thirty (30) days of the postmark of the Meeting Request. The Manager will submit all payment plans to the Board for approval.

l. **Application of Payments.** Any payments made by the Owner toward the delinquent Assessment shall be applied in the following order: (1) unpaid Assessments, (2) late charges, (3) reasonable attorney's fees and costs and other reasonable collection charges, and (4) all other unpaid fees, charges, fines, penalties, interest, and late charges. When an Owner makes a payment, the Owner may request a receipt and the Association shall provide it. The receipt shall indicate the date of payment and the person who received the payment on behalf of the Association.

m. **Referral of Accounts.** Unless the Owner has initiated an Owner Dispute or made a Meeting Request in accordance with these procedures, the Manager may refer any account that remains delinquent for a period of thirty (30) days after the delivery of the Notice to the Agent for collection. The Agent may pursue collection of the delinquent Assessments by all legal means, including, but not limited to, bringing legal action directly against the Owner for breach of the Owner's personal obligation to pay the Assessment. In such action, the Association shall be entitled to recover the delinquent Assessment or Assessments, late charges, interest, costs, and reasonable attorneys' fees. Commencement of a direct legal action shall not constitute a waiver of any lien rights.

n. **Priority of Assessment Liens.** The Association's lien created pursuant to Section 15.9 of the Declaration and the Act shall take priority over all other liens recorded against the Owner's Villa or Fractional Villa, as the case may be, except as set forth in Section 3-116 of the Act.

o. **Obligation to Record Lien Releases.** If it is determined that a Notice of Lien previously recorded against a Villa or a Fractional Villa was recorded in error, the Association, within twenty-one (21) calendar days of such determination, shall record or cause to be recorded in the Land Records a release of lien and shall provide the Owner with documentation that the Notice of Lien was filed along with a copy of the release of lien. In addition, within twenty-one (21) days of the payment of the sums specified in the Notice of Lien, the Association shall record or cause to be recorded in the Land Records a release of lien and provide the Owner with a copy of the release of lien as recorded in the Land Records. Nothing contained herein shall affect the Association's statutory lien against Villas and Fractional Villas which shall continue in full force and effect.

p. **Owner Bankruptcy; Foreclosure.** The Manager shall consult with the Board to make a determination regarding the immediate collection of any account if an Owner has filed or is the subject of a petition for relief in bankruptcy, or a Mortgagee has commenced any action for foreclosure of its lien against the delinquent Owner's Villa or Fractional Villa, as the case may be. In such a case, notwithstanding anything to the contrary contained in this Collection Policy, the Association will not be required to allow the Owner to begin an Owner Dispute or make a Meeting Request and will not be required to offer a payment plan prior to participating in the bankruptcy or foreclosure proceeding in order to protect the Association's lien rights and ability to collect all amounts due.