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LAKESHORE VILLAGE COMMUNITY RULES AND REGULATIONS

Rules governing the conduct of Members, Tenants and Guests of Lakeshore Village are defined in our Covenants, Conditions and Restrictions (CCRs) as modified in May of 2013. That document was approved by over two-thirds of all Members and it supersedes and replaces all previously existing rules governing Lakeshore Village. These rules are outlined in Article V, Article VI [Section (a)] Article IX, and in Article XI, of the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Lakeshore Village. Below, each section from these articles is repeated in **bold print**. The explanation following each Section provides details and additional information about the rights and expectations of each Member, how these rules are to be followed and, when necessary, how they will be enforced.

Experience tells us that most people will live as good neighbors in Lakeshore Village. However, there have been times when a few Members, Guests or Tenants have not. Therefore, it is necessary for Members to understand their rights as defined in our CCRs and what actions they can take to correct a situation that may be a violation of those rights. The CCR document is a contract between the Lakeshore Village Association and each of its Members. Whenever a Member's rights are violated, the Association has an obligation to take action to resolve the situation. The actions to report and resolve such a situation are enumerated in each section below.

While these community rules are written in clear language that we believe is easily understood, there may, at times, be differences in interpretation. That is, on occasion, there may be between or among homeowners, differences of opinion as to whether or not a particular behavior violates a community rule or regulation. In such instances, should the Board of Directors acting for the Association (hereafter referred to as the "Board") be unable to reach a decision as to the appropriate action to be taken, the Chair of the Board may appoint a disinterested third party to arbitrate the matter and recommend a remedy. The decision of that arbitrator shall be binding on all parties and on the Board.

Please review this document and your copy of the new CCRs. Share this information with your family members, Tenants, Guests or anyone who you believe is affected by them. All absentee Owners are responsible for informing their Tenants of these Rules and Regulations and for any actions of their Tenants.

Rules as Stated in CCR, Article IX, Section 1. <u>Authority to Impose Regulations</u>. The Development is zoned as a single family residential and each Dwelling Unit shall be used only for residential purposes as may be more particularly set forth in this Declaration and amendments hereto. The Association, acting through the Board, shall have the authority to impose and enforce reasonable standards and regulations governing the use of the Development, in addition to or in subdivision of those contained herein, to impose reasonable user fees for the use of Common Property and Limited Common Property facilities. Such regulations and use restrictions shall be binding upon all Owners, Occupants, Tenants, invitees and licensees. The Dwelling Units may not be used for any commercial enterprises including but not limited to: Bed and Breakfast, Rooming Houses, Pet Breeding, Day Care or Retail Businesses.

Rules as Stated in CCR, Article XI, Section 2. Rules and Regulations.

The Board may from time to time adopt reasonable rules and regulations to govern the use of the Development and to facilitate the Association's performance of its functions, which rules and regulations shall be consistent with the rights and duties established by this Declaration. The Board shall give written notice of all rules and regulations to all Owners. The Board shall have the right to enforce said rules and regulations in any reasonable and lawful manner, including, but not limited to the assessment of civil fines, suspension of the right to use common facilities, and other remedies afforded by law, including the right to seek an injunction or to seek damages.

Commentary:

The above sections clearly state that the Lakeshore Village Association has the legal right to impose and enforce reasonable standards and restrictions for the Development and that these will be binding on all persons who might use the Development and its facilities. As a Member you have the right to expect that all persons using the Development will abide by whatever standards and restrictions are in effect.

- Rule as Stated in CCR, Article IX, Section 2. <u>Maintenance of Property</u>.

 All Dwelling Units and improvements on each shall be kept and maintained in a clean, safe, attractive and sightly condition and in good repair, and, unless maintenance is provided by the Association pursuant to the provisions of this Declaration, all maintenance shall be furnished at the sole cost and expense of the Owner.
- Rule as Stated in CCR. Article V, Section 2. Owner's Responsibility.

 Each Owner shall maintain his or her Lot and all Dwelling Units, driveways, porches, patios and other appurtenant structures and improvements comprising the Lot in a manner consistent with the Community-Wide Standard and all applicable covenants. If any Owner fails to perform his or her maintenance responsibility properly, the Association may perform such maintenance responsibilities and assess the costs incurred against such Owner in accordance with the assessment provisions contained in the Declaration; provided, however, that the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry and performance of any such maintenance responsibilities.

Commentary:

The above Sections clearly define that all Members have the right to a well-maintained Development and that all Common Areas and Limited Use Common Areas, be kept in a reasonable state of repair and cleanliness so that the property value of the Development or any individual Unit is not adversely affected.

These Sections also state that all Members have the right to expect all other Units within the Development be kept in a reasonable state of repair as seen from the outside of the Unit. This is to ensure that the appearance of the Development is kept to the Community-Wide Standards as defined in the CCRs. Any appearance item that can be seen from the outside of a Unit is covered by these Standards and the Association has the right to enter a Unit under reasonable conditions to conduct maintenance of such items.

Regulations Applying to This Portion of CCR:

A. No signs, notices or advertisements shall be inscribed or exposed at any window or other part of the unit or on the grounds without prior

- written approval of the Board of Directors. Small signs denoting the presence of a security system, the presence of small children, pets or disabled persons, and realtor signs are, however, permitted in windows.
- B. No bicycles, scooters, baby carriages or other similar vehicles nor any personal articles are permitted to stand in any of the common areas for any extended period.
- C. No property may be stored in the carport structures except in the enclosed, lockable, storage areas assigned to each unit. Bicycles are an exception.
- D. No property may be stored outside of the patio area except garden hoses, which must be stored in a safe, inconspicuous manner. Hoses may not interfere with lawn mowing.
- E. No property may be stored on any of the common property at any time. This does not apply to construction materials and tools stored temporarily during construction projects. However, any damage done to the common property by such construction materials will be repaired at the Owner's expense.
- F. Owners, their families and Tenants will use the walkways provided in Lakeshore Village and will not cut across the common area lawn and greens with such frequency as to cause damage to the grass.
- G. No radio, television or other type of antenna device may be attached to the exterior of any unit. Satellite dishes are permitted on roofs only.
- H. Screens, windows and doors must be kept in a good state of repair at all times.
- I. No window or door may be covered with other than window treatments. New residents will have 90 days to comply with this rule.
- J. Patio areas must be maintained in a reasonable condition. Weeds, shrubs or trees must be kept under control so as to not create an unsightly appearance from the exterior of the patio.

RESOLUTION PROCESS

Failure to abide by the above regulations may result in a verbal warning from the Management or another Member of the Association. If the Owner does not take immediate action, a written warning may be issued by the Board that defines the situation giving the Owner a reasonable time to resolve the issue. If the issue is not resolved within the defined time, the Board will either take action to make the proper corrections and charge any costs to the Owner and/or levy a fine of \$50 with an additional fine of \$100 for each month the fine remains unpaid and/or the situation remains unresolved. If an Owner or Tenant should repeat a violation, the Board reserves the right to impose a \$100 fine.

5. Rule as Stated in CCR, Article IX, Section 3. Parking of motor vehicles within the Common Property and Limited Common Property shall be only in areas designated by the Association, and shall be only for parking by Owners, Occupants and Tenants, and their families, guests and invitees. The Association may formulate additional rules pertaining to parking and may limit or prohibit the parking in Common Property and Limited Common Property of certain vehicles, including by not limited to tractors, trailers, boats and inoperable vehicles.

Commentary:

Any vehicle parked in any location that restricts access to any parking spot is a violation of your rights to free and clear access to parking. Any vehicle that restricts access to emergency lanes as marked with yellow lines could present a dangerous situation in the event of an emergency situation. If you are leaving a vehicle unused for an extended period of more than four (4) weeks you are requested to park it in your carport or in an open spot in the parking area surrounded by Units # 10-38.

Regulations Applying to This Portion of CCR:

- A. Vehicles must be parked in a designated, and marked, parking spot (these are parking spots marked with white stripes) or a carport.
- B. Carports are reserved for the residents of that Unit and may not be used by any other residents or guests unless the Owner gives prior written permission.
- C. No bicycles are permitted in any carport area except if properly and safely suspended in an area that does not impede passage through the carport by other users of the carport structure or jeopardize the safety of others.
- D. No house trailers, boats, boat trailers, campers or mobile homes may be parked on the Association property at any time.
- E. Storage of inoperable or unregistered vehicles on the Association property is not permitted.
- F. Repairing of vehicles on Association property is restricted. Basic repairs that take less than a day are permitted if they do not involve jacking of the vehicle or putting it on ramps (jacking for the purpose of changing a tire is permitted wherever the vehicle is located). All such repairs must occur in the carport area only. All part, materials and tools must be removed from the carport parking area immediately.
- G. Any damage done to the common property by improperly maintained vehicles (such as oil leaking on the pavement) will be repaired at the Owner's expense.
- H. No vehicle shall be allowed on any unpaved portion of the Association property at any time. Any damage caused to the grounds or the under-ground services will be charged to the responsible Owner.

RESOLUTION PROCESS

Parking violations will result in the vehicle in question being subject to being towed. When a vehicle is towed, the vehicle owner will be responsible for recovering the vehicle. This will apply to all vehicles including trailers and inoperable/unregistered vehicles as well as improperly parked vehicles. Owners of Units with improperly stored bicycles will be given a written notice with a reasonable period of time to correct the condition. If the condition is not corrected in that time period, the Board may have the bicycle removed.

Violation of vehicle repair regulations may result in a verbal warning from the Management or another Member of the Association. If the responsible Owner does not cease the repair process, a written warning from the Board may be issued. If the issue is not resolved within the time defined in the written warning, the Board will levy a fine of \$50 with an additional fine of \$100 for each month the fine remains unpaid. If an Owner or Tenant should repeat such a violation, the Board reserves the right to impose a \$100 fine.

Rule as Stated in the CCR, Article IX, Section 4. <u>Hazardous Activities</u>.

No activities shall be conducted on any part of the Development that might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any part of the Development, no hazardous chemicals may be stored in a Dwelling Unit and no open fires shall be permitted on any part of the Development except in barbecue grills or other approved exterior devices or within interior fireplaces.

Commentary.

This section defines that you have a right to expect reasonable conduct by your neighbors in regard to control of fires, use of firearms, storage of hazardous substances and certain other practices. Any of these situations could present a significant and immediate danger to you, your unit, to guests or to the common property of the Development.

Regulations Applying to this Portion of the CCR:

- A. The riding of bicycles, scooters, skateboards or similar wheeled vehicles on the grass or sidewalks of Lakeshore Village is prohibited so that pedestrians are not endangered.
- B. Residents and guests will not endanger the safety of any child by allowing any play activities in the driveways, parking areas or in/on carports.
- C. All Lakeshore Village residents and their guests shall adhere to all posted speed limits.
- D. Highly flammable fluids such as gasoline, naphtha or benzene are not permitted in any Unit or Carport storage area at any time. Kerosene, lamp oil, and other less flammable fluids are permitted but must be kept in approved containers. Commercially available cleaning fluids and other such products specified for residential use and stored in their original containers are not restricted by this regulation.

RESOLUTION PROCESS

Failure to abide by the hazardous activity regulations will result in a verbal warning by the Management or another Member of the Association in writing to the Management. If the issue is not corrected immediately, a written warning from the Board may be issued. If the issue is not resolved in the time defined in the written warning, the Board will levy a fine of \$50 with an additional fine of \$100 for each month the fine remains unpaid. Notwithstanding the above, the Board may authorize entry of the Unit to correct a hazardous or safety situation without any written notice.

7. Rule as Stated in CCR, Article IX, Section 5. Animals and Pets.

No animals, livestock or poultry of any kind shall be raised, bred or kept on any portion of the Development; except that dogs, cats and other common household pets may be permitted within the Dwelling Units. Pets which are permitted to roam free or, in the sole discretion of the Board, endanger the health, make objectionable noises or constitute a nuisance or inconvenience to the Owners of other Dwelling Units, shall be removed upon request of the Board. If an Owner does not remove the pet, the Board may have the pet removed. The Board may from time to time impose reasonable rules and regulations concerning the size, breed and number of pets allowed per Dwelling Unit.

Commentary:

This Section defines your right to expect all pets within Lakeshore Village to present no health, cleanliness or noise conditions that make living unpleasant.

Regulations Applying to This Portion of CCR:

- A. Pets that use the Common Property in any way are limited to two (2) per Unit. Owners with more than two such pets will be "grandfathered," but may not replace any such pets in excess of the limit of two (2). Pets that remain inside the Unit at all times are not limited except as restricted by Article IX, Section 1 of the CCRs.
- B. Pets must be kept in Units or patios. When a pet is outside of these areas, it must be on a leash in the custody of a responsible person that can maintain control of the pet.

- C. Pets may not be leashed, chained or otherwise kept in the area in front of the Unit or outside of the patio area.
- D. Any pet creating a nuisance or annoyance will not be permitted to remain at Lakeshore Village. If a pet becomes offensive by barking (or any other noises), snapping at people, befouling the common areas, or otherwise, the Owner will be held responsible for correcting the situation. If not corrected, the Board may have the pet removed from Lakeshore Village.
- E. Adherence to all applicable City and County ordinances regarding pets such as leashing, curbing and cleaning up after pets is required.
- F. Potentially dangerous creatures such as snakes, spiders, lizards or other nondomestic creatures shall not be kept in Units or on any property within Lakeshore Village.

RESOLUTION PROCESS

Violations involving the improper control of pets will result in a verbal warning from the Management or another Member of the Association. If the issue is not corrected immediately, a written warning from the Board may be issued. This will give the Owner an appropriate period of time to resolve the issue. If the issue is not corrected within the defined time, the Board will levy a fine of \$50 against the Owner with a fine of \$100 for each month the issue remains unpaid. If an Owner or Tenant should repeat such a violation, the Board reserves the right to impose a \$100 fine.

8. Rule as Stated in CCR, Article IX, Section 6. Sight Distance at Intersections.
All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

Commentary:

This section defines your right to have safe sight conditions at all intersections within the Development.

RESOLUTION PROCESS

Creation of a safe sight hindrance may result in a verbal warning from the Management or another Member of the Association. If the Owner does not take immediate action, a written warning may be issued by the Board that defines the situation, giving the Owner a reasonable time to resolve the issue. If the issue is not resolved within the defined time, the Board will either take action to make the proper corrections and charge any costs to the Owner and/or levy a fine of \$50 with an additional fine of \$100 for each month the fine remains unpaid and/or the situation remains unresolved.

Rule as Stated in CCR, Article IX, Section 7. <u>Alterations, Additions and Subdivision</u>. No building, fence, wall or other structure shall, without the prior written approval of the Board, be constructed on a Dwelling Unit, other than to rebuild in a substantially similar manner a structure originally built on a Lot. No Lot shall be subdivided or its boundary lines changed except with the prior written approval of the Board, and any such division, boundary line change or replatting shall conform to applicable subdivision and zoning regulations. No excavation, cleaning, grading or other site work shall take place on a Lot.

Commentary:

This Section defines your rights to expect uniformity in any additions to any of the Units in the Development in order to maintain the property values and Community Standards of Lakeshore Village.

Regulations Applying to This Portion of CCR:

- A. The Board will consider no architectural change for approval unless the following items are submitted:
 - An application for architectural changes completed in its entirety.
 - A drawing of the proposed change.
 - An approval form completed by the affected Owner neighbors (approval by absentee Owners is not required). If a neighbor objects, that neighbor may present objections to the Board. However, the Board may overrule any such objections.
- B. No changes are permitted which interfere in any way with utility lines or services. It is the Owner's responsibility to establish the locations of water, sewer and other utility lines servicing said Unit. Any damage to these lines resulting from the construction will be repaired at the Owner's expense.
- C. Any addition should be located within the Unit property line as shown by the recorded plat of the property. In some cases, the Board may approve an addition beyond the property line when it is not practical to use the affected common property for other purposes.
- D. The proposed addition must enhance the value of the Owner's property and that of Lakeshore Village as well. It must be architecturally and aesthetically compatible with the existing structure. It must be constructed with workmanship, materials and finishes that are at least comparable with those used in the original construction of the Units.
- E. The Owner is solely responsible for the future maintenance and repair of the addition. Any damage caused to the existing building or any part of the common property by the addition is also the sole responsibility of the homeowner. In case of damage, the board reserves the right to make needed repairs and charge the expenses to the Owner.
- F. The Board reserves the right to give different consideration to proposed additions for Units on the perimeter of Lakeshore Village compared to those where the rear of the Unit is readily visible to the general public or other owners entering or leaving the property.
- G. After approval is given, the Owner has 180 days to complete construction. The Owner shall inform the Management when construction has begun.

RESOLUTION PROCESS

If the addition or change to a Unit is not completed in accordance with the approved plans, the Owner will be given written notice including a reasonable period of time to correct the situation. If the construction issues are not resolved in this time period the Board may levy a fine of \$50 against the Owner with an additional fine of \$100 for each month the fine remains unpaid. The Board may also authorize the necessary corrections at the Owner's expense. (CCR, Article V, Section 2.)

Rule as Stated in CCR, Article IX, Section 8. Quiet Enjoyment.

No noxious, illegal or offensive activity shall be carried out upon any portion of the Development, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any Person using any portion of the Development. There shall not be maintained any plants, animals or devices of any sort whose activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the peace, quiet, safety, comfort or enjoyment of the Development. Notwithstanding the foregoing, however, reasonable alarm or security systems shall be permitted.

Commentary:

This Section defines your right to enjoy your Unit without being annoyed by the actions or noises of other residents or guests in the Development. No Owner or Tenant should make or permit any noises or other activities that disturb the occupants of any of the Units in the Development.

Because the Development is very quiet at night, outdoor conversations or parties, whether they are held in a patio area or a common area, may disturb other residents of the Development and therefore should be kept to a minimum during the hours defined below in consideration of your neighbors.

Regulations Applying to This Portion of CCR:

- A. Respect for your neighbors requires that everyone keep noise levels to a minimum during the hours between 11:30 PM and 7:00 AM on weeknights and between 1:00 AM and 8:00 AM on Saturdays, Sundays and holidays.
- B. The Owner is responsible for keeping guests quiet when entering or leaving a Unit during these hours.
- C. Revving of engines (cars or motorcycles) is prohibited at any time.
- D. Playing of audio systems in a Unit or in a vehicle must be kept at a very low volume at any time. The use of vehicle audio systems with "earthquake" type systems is prohibited on the Development property at any time.
- E. Noise generating devices such as fireworks are not permitted on Lakeshore Village property at any time except during the 24 hours when the July 4th and January 1st holidays are celebrated. Furthermore, setting off rockets and/or other large fireworks is forbidden at anytime.
- F. No Owner or Tenant may permit any other situation or condition that diminishes or destroys the peace, quiet, safety, comfort or enjoyment of the development.

RESOLUTION PROCESS

Failure to comply with the Quiet Enjoyment rules and regulations will result in a verbal warning from the Management or another Member of the Association. If the issue is not resolved or if it is repeated, a notification will be issued by the Board giving all affected parties notice to appear at the next scheduled Board meeting. If, after review, the violation stands, the Board will levy a fine of \$50 against the responsible Owner with a fine of \$100 for each month the fine remains unpaid. Additional violations of the Quiet Enjoyment regulations within the same calendar year may result in the levying of an additional fine of \$100 against the Owner. If any Unit has police reports for two (2) separate noise situations in a given calendar year, the Board reserves the right to levy a fine of \$100 against the Owner with a fine of \$100 for each month the fine remains unpaid.

If a severe late night noise situation occurs, anyone may call the Lexington Police at their administrative number. The Police will send an officer to investigate and hopefully resolve the situation. You are also within your rights to call the Police for a follow-up visit if the noise recurs during the same night.

Rule as Stated in CCR, Article IX, Section 9. <u>Leasing/Renting of Dwelling Units</u>. All leases and rental agreements, including Roommate Agreements, for Dwelling Units shall be in writing. A copy of the leasing agreement must be filed at the Lakeshore Village Office, 543 Laketower Drive, Lexington, KY, 40502.

It shall be the responsibility of the Owner whose Dwelling Unit is in lawful possession by a Tenant or other Occupant to make available to said Tenant or Occupant copies of the Declaration and current rules and regulations, and to cause such Tenants and Occupants to comply with the same. Owners shall be responsible for all violations and losses to the Common Property and Limited Common Property caused by their Tenants and Occupants, notwithstanding the fact that such Tenants and Occupants are also fully liable and may be sanctioned for any such violations.

Any person acquiring title to a Dwelling Unit after January 1, 2001, shall use such unit primarily as owner occupied personal residence and shall be prohibited from leasing such unit, except for temporary leases such as during extended vacations or sabbaticals, at the conclusion of which, the Owner will reoccupy the Dwelling Unit.

Commentary:

This Section defines your rights to know that your neighbor is an authorized resident of Lakeshore Village and to know that the Owner of any Unit containing a lessee is fully responsible for that lessee.

Regulations Applying to This Portion of CCR:

- A. All leases will be in compliance with Article II, Section 2 of the CCRs.
- B. All leases will contain the name, address, and phone number of the absentee owner as well as the names of all people occupying the leased Unit.
- C. All leases will include a statement that the lessee has received a current copy of all Lakeshore Village CCRs and these Regulations.
- D. All leases will be made available for review by any Owner.
- E. Any person occupying a Unit in a lease or rental arrangement and who is not covered by a written lease will not be permitted use of any of the Association's recreation facilities.
- F. Any Owner who leases his or her Unit may not use any of the Association facilities unless he or she is a guest of another Owner.
- G. Any Owner who bought a Unit after January 1, 2001, cannot lease, rent or sublet said Unit. Such Unit must be Owner occupied.

RESOLUTION PROCESS

Owners failing to provide to the Board a copy of all properly executed leases or rental agreements affecting their Units prior to occupancy will be assessed a \$50 fine for each day they fail to supply such documentation. Owners in violation of the Owner-occupied requirement will be fined \$50 for each day they are in violation. This fine will begin on the fifth business day after the postmarked date on the certified letter of notification from the Management.

Rule as stated in the Second Amended and Restated Declaration of the CCRs, Article VI, (a) Common Insurance (Paragraph Two). In addition to the common Area Property the Association shall affect and maintain replacement cost/agreed physical damage insurance (subject to customary exclusions) to Homeowner Units covering patio fencing, the units' roofs, rafters or roof supports, sub-flooring, common-wall studs and insulation plus drywall up to interior paint or paper and exterior of each unit up to the interior paint or paper on the drywall or paneling including the improvements on each respective Lot and Unit with a loss clause made payable to the Owners, the Association and any bona fide Mortgagee, as their interests may appear. Such insurance coverage shall provide for the issuance of certificates of insurance and mortgage endorsements to all Mortgagees of the

improvements on each respective Lot and to all Owners of each Lot. Liability, Directors and Officers Liability, Employee Dishonesty, and Umbrella coverage shall be included in the Common Insurance.

Commentary:

This Section defines your right to have a request for an insurance claim submitted by the Board to the insurance company. This Section also provides a loss clause made payable to both the Unit Owner and the Association, and to a bona fide Mortgagee as their interests may appear.

Regulations Applying to This Portion of CCR:

- A. Once a request by a homeowner for an insurance claim for damage to a Unit has been submitted to the Board, via the Management, and the Management has submitted the claim to the insurance company, the Board holds the right, if it desires, to request the Homeowner submit three estimates made by contractors stating the specific costs for the needed work on a Unit. Following completion of the work, the final cost of the project will be written by the contractor and submitted to the Management and the Board by the Homeowner.
- B. The Association (managed by the Board and the Management) will hold any insurance check until the work on any Unit is completed.

RESOLUTION PROCESS

Failure to follow the procedures stated above, and any direct contact to Lakeshore Village's insurance company or its agent or adjustor by a homeowner, will result in a \$500 fine.

SUMMARY

All Members (Owners) are responsible for the conduct of their children, Guests and Tenants. The Owner is responsible for providing all necessary information to their Tenants about the rules and regulations of Lakeshore Village. We hope that by reading and observing these rules, everyone's experience at Lakeshore Village will be a better one.

ADDITIONAL NOTES ON THE RESOLUTION PROCESS

Any Member is able to provide verbal warning to any other Member or Tenant who is in violation of any of the Association's regulations. This may take the form of a friendly conversation to make sure the Member or Tenant is aware of the situation. If, however, you should judge the situation to need follow-up attention by the Board or that it is very serious in nature, we ask that you notify the Board in written form. All such reported situations and all situation observed by the Management will be documented and included in the Management's report submitted to the Board each month.