

COMPLIANCE AGREEMENT

by and between

Owner/Owner's

and

the Timber Springs Property Owners' Association

This Compliance Agreement ("Agreement") is made by and between the Timber Springs Property Owners' Association, a Colorado nonprofit corporation, acting through its designated agent, the Timber Springs Design Review Board ("DRB") and Owner/Owner's.

RECITALS

WHEREAS, Owner is the record owner of real property located in Eagle County, Colorado described as Lot __, Filing __, Neighborhood also known by street address as _____; and

WHEREAS, Owner acknowledges that such Property is subject to certain protective covenants, conditions, restrictions and easements ("CC&R's") administered by the Timber Springs Property Owners' Association ("Association"), as set forth in that certain Declaration of Covenants, Conditions, Restrictions and Easements for Timber Springs, recorded on June 20, 2001, in the office of the Clerk and Recorder for Eagle County, Colorado under Reception No. 760130, and as such CC&R's may be amended and/or supplemented from time to time; and

WHEREAS, Owner acknowledges that such CC&R's authorize the promulgation of certain Design Guidelines, which Design Guidelines set forth certain Construction Rules and Regulations, heretofore adopted by the DRB and approved by the Board of Directors of the Association, and that all further references in this Agreement to "CC&R's" shall be deemed to include all such guidelines, rules and regulations; and

WHEREAS, the DRB is a committee duly authorized by resolution of the Board of Directors of the Association to implement certain areas of the Board's administrative and enforcement authority for the CC&R's, including but not limited to CC&R's specifically applicable to the planning, design, construction and completion of improvements (and alterations thereof) and landscaping on real property subject to the Association's jurisdiction, and issues incidental thereto; and

WHEREAS, Owner acknowledges and agrees it has had the opportunity to inspect and/or obtain copies from the DRB of the Design Guidelines, including Construction Rules and Regulations, applicable to the Property (as described in general above); and

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WHEREAS, the DRB requires of all Owners, as a condition prior to commencing construction activity on any property (including landscaping) within the Association's jurisdiction, both an executed Construction Management Plan with Proposed Construction Schedule ("Construction Management Plan") and an executed Compliance Agreement by which the Owner agrees to comply with the CC&R's and to furnish a monetary deposit to secure Owner's compliance with same.

AGREEMENT

NOW THEREFORE, in consideration of the following mutual promises and agreements, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Association (through its authorized agent, the DRB) and Owner agree as follows:

1. Proposed Construction Activity and Construction Management Plan.

(a) The term "Construction Activity" as used in this Agreement shall have the same meaning as defined in the CC&R's (specifically, the Construction Rules and Regulations), and shall include all phases and aspects of the construction of improvements, alterations and landscaping proposed by the Owner in its Construction Management Plan and all materials submitted therewith to the DRB (see subparagraph 1(b)). Owner's signature below on this Agreement and provision of the compliance deposit described below in paragraph 5 are preconditions of DRB approval for Owner's commencement of Construction Activity on the Property.

(b) The term "Construction Management Plan" as used in this Agreement shall include all materials required to be submitted to the DRB under the five-step design review process described in the CC&R's (specifically, in the Design Guidelines and Construction Rules and Regulations), including but not limited to a topographic survey of the Property, site plans, floor plans, roof plans, landscape plans, drawings of exterior elevations, drawings of building sections, building height calculations, exterior finish details, scale models, erosion control and revegetation plan, perspective sketches, blueprints, the construction schedule and any other documents or materials required by the DRB.

2. Compliance by Owner.

(a) Owner acknowledges and agrees its Property is subject to the jurisdiction of the DRB as described in the CC&R's and the Board's resolutions delegating authority to the DRB. Owner agrees to fully and timely comply with the CC&R's, its Construction Management Plan approved by the DRB, and all terms and conditions of this Agreement.

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(b) Owner has retained or intends to retain _____, General Contractor, as its general contractor for the Construction Activity proposed. Owner shall provide a copy of this Agreement to such general contractor and Owner agrees that the terms and conditions of this Agreement shall be incorporated by specific reference into Owner's contract(s) with its general contractor.

(c) Owner acknowledges and agrees that upon the DRB's approval of Owner's Construction Management Plan and receipt from Owner of the compliance deposit described below in paragraph 5, the DRB may record in the records of the Clerk and Recorder for Eagle County, Colorado, with reference to the Property, a "Notice of Construction in Progress" in substantially the same form as attached hereto. Additionally, Owner authorizes the DRB to: (i) provide to Association members who own real property contiguous with the Property, written notification that the DRB has approved commencement of construction on the Property; and (ii) upon request of such an Association member, permit such member to inspect plans, drawings, sketches, blueprints, maps or similar materials submitted to the DRB by Owner in connection with obtaining approval to commence construction.

3. Enforcement of Compliance by DRB.

(a) Authority to enforce compliance. Owner acknowledges that the DRB, including its employees and agents (such as, but not limited to, the Public Safety Officials), is the authorized agent of the Board of Directors of the Association to administer and enforce the CC&R's, all Construction Management Plans, this Agreement and any and all other agreements in connection with Owner's Construction Activity.

(b) Determination of noncompliance. The DRB, on its own initiative or in response to a complaint or report filed by any person, is authorized to determine whether Owner's Construction Activity is in violation of, or not in compliance with, the CC&R's, the Construction Management Plan, or this Agreement.

(c) Remedies and Fines for noncompliance. The DRB is authorized to enforce Owner's compliance with the CC&R's, the Construction Management Plan or this Agreement by imposing one or more monetary fines upon Owner for violations or noncompliance (including deduction of unpaid fines, as well as associated DRB administrative and legal costs, from Owner's compliance deposit), by exercising a reserved right of entry on the Property to remove nonconforming improvements, by excluding Owner's agents from entry to the Timber Springs community under the Association's jurisdiction, or by pursuing all other available legal and/or equitable remedies. Such remedies are cumulative, not exclusive. The DRB may, in its discretion

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and after notice to Owner, declare each day that a violation or noncompliance continues as a separate violation or event of noncompliance.

(d) Notice of noncompliance. If the DRB determines that a violation of, or noncompliance with, the CC&R's and/or the Construction Management Plan and/or this Agreement has occurred in connection with Owner's Construction Activity, the DRB (or its authorized employee or agent) shall provide Owner with written notice of the violation (delivered to Owner as provided in this Agreement for "Notices"), identifying the sanction to be imposed or remedy to be pursued by the DRB, providing a period of not less than ten (10) days within which Owner may request in writing a hearing before the DRB Administrator, and including a statement that the proposed sanction shall be imposed or remedy pursued if a written request for hearing with the DRB Administrator is not timely made. Appeals of sanctions imposed may be pursued as provided in the CC&R's.

(e) Recorded Notice of Noncompliance. Owner acknowledges and agrees that if the DRB imposes a fine or other sanction against Owner as described above in subparagraph (d) of this paragraph 3, and such fine remains unpaid and/or the violation or noncompliance giving rise to such fine and/or sanction remains unresolved by Owner, then after the Owner's right to a hearing has expired or no further appeal is available, whichever comes first, the DRB may record in the records of the Clerk and Recorder for Eagle County, Colorado, with reference to the Property, a public notice of such violation or noncompliance.

4. Timely Completion of Improvements. Owner shall timely complete all Construction Activity approved by the DRB, including landscaping. All improvements, alterations and landscaping shall be constructed and made in a workmanlike manner in accordance with:

- a. the CC&R's;
- b. the Construction Management Plan and this Agreement;
- c. all applicable local, county, state and federal ordinances, codes, regulations, statutes, etc.

"Completion" for the purpose of this Agreement, shall mean all improvements and alterations, including landscaping, are fully ready for final inspection by the DRB in preparation for issuance of a Certificate of Compliance (as defined in the Construction Rules and Regulations). Any extension of the completion date specified above must be approved in writing by the DRB.

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Each day that Construction Activity remains incomplete after the completion date specified above (or an authorized extension thereof) shall constitute a separate violation of the CC&R's, Construction Management Plan and this Agreement, and subject the Owner to fines therefore.

5. Compliance Deposit.

a. Payment. Owner agrees to deposit with the DRB, concurrently with Owner's signature below, a compliance deposit in the amount of twenty thousand and no/100 dollars U.S. (\$20,000.00)("Compliance Deposit"). The purpose of the Compliance Deposit is to secure and assure Owner's compliance with the CC&R's, the Construction Management Plan and this Agreement throughout the duration of Owner's Construction Activity until completion, including completion of landscaping. The Compliance Deposit shall be made payable to the Association and in the form of a personal or cashier's check, and shall be maintained by the DRB or the Association in an account at an insured depository institution.

b. Use of deposit. Owner agrees that if Owner (and/or its employees, agents, or other representatives, including contractors and subcontractors) fail to cure any violation of, or noncompliance with, the CC&R's or the Construction Management Plan or this Agreement after notice and the opportunity to be heard as provided herein (and in the CC&R's), or to pay any fine levied by the DRB in connection with such violation or noncompliance, the DRB may, without further notice to Owner, deduct from the Compliance Deposit all unpaid fines and all costs and expenses, including but not limited to administrative costs, court costs and attorneys' fees, incurred by the DRB in connection with enforcement of compliance or, if Owner fails to timely correct any violation or noncompliance, the DRB may draw upon the Compliance Deposit to pay the costs incurred by the Association to remedy the circumstances creating the violation or noncompliance. Owner is not entitled to reimbursement for any costs incurred by the DRB in enforcing compliance with this Agreement. To the extent Owner's Compliance Deposit is insufficient to reimburse the DRB for such expenses, Owner agrees to timely replenish the deposit in the amount reasonably required by the DRB after written demand therefore.

c. Return of deposit. Upon the DRB's issuance of a Certificate of Compliance to Owner (as defined in the Construction Rules and Regulations), one-half of the Compliance Deposit (or such unused portion of the Compliance Deposit, if any, as remains upon issuance of such Certificate) shall be returned to Owner upon Owner's written request. The remaining half of the Compliance Deposit may be retained by the DRB, in its discretion, for one year from the date of issuance of the Certificate of Compliance, to secure Owner's obligation to make reasonable efforts to maintain the new landscaping improvements. The Compliance Deposit, or such portion as remains on deposit with the DRB two years after issuance of the Certificate of

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Compliance, shall be deemed forfeited to the DRB if not requested in writing by the Owner prior to the expiration of such two years.

d. Dispute over deposit. In the event of a controversy or dispute regarding the Compliance Deposit, or any portion thereof, unless the parties mutually agree in writing as to the disposition of the disputed funds, the DRB shall not be required to take specific action with respect to the funds on deposit without an order of a court of competent jurisdiction, or the DRB may, in its sole discretion, interplead all affected parties and deposit any funds held by it into a court of competent jurisdiction.

6. Duration of Agreement. This Agreement shall remain in effect until all improvements, alterations, and landscaping proposed by Owner for the Property and approved by the DRB are completed and the DRB has issued a Certificate of Compliance together with a written accounting for disposition of the Compliance Deposit. Time is of the essence in the performance of this Contract. If the DRB, in its discretion, retains one-half of the Compliance Deposit to secure the first year's proper maintenance of landscaping improvements, then this Agreement shall terminate only after expiration of the one-year waiting period for maintenance of new landscaping and final accounting of the remainder of the Compliance Deposit.

7. Indemnification. Owner hereby indemnifies and holds harmless the Association, the DRB, and all officers, employees and agents thereof, from all liability for any and all losses, claims and demands whatsoever, made by any person or entity, for damage or injury to person or property, arising from or connected with Owner's Construction Activity on the Property and/or the DRB's approval thereof and/or enforcement of compliance with this Agreement. Owner shall reimburse the Association for all costs and expenses incurred by the Association, the DRB, and any officer, agent and employee thereof, in defending against any claim or demand alleged to arise out of Owner's Construction Activity. Such indemnification and reimbursement shall include reasonable attorneys' fees and court costs, regardless of whether court proceedings are commenced or concluded.

8. Insurance. Owner shall at all times carry all liability and hazard insurance necessary to fully insure the Property and all Construction Activity conducted thereon. Owner shall name the Association as an additional insured on all such policies of insurance and shall submit proof thereof to the DRB in the form of one or more certificates of insurance at the time the Compliance Deposit is made.

9. Waiver of statutes of limitations. Owner, individually and on behalf of its employees, assigns, agents, descendants and other representatives, expressly agrees that for the duration of this Agreement, any and all statutes of limitation or similar bar(s) against legal or equitable relief that may become available to Owner in connection with efforts by the DRB to

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enforce compliance with this Agreement and/or the CC&R's and/or the Construction Management Plan, as a partial or complete defense or bar of any kind (including an affirmative defense) against any cause of action or claim for relief available or that may become available to the Association and/or the DRB regarding the subject matter of this Agreement, are hereby waived. Any and all such statutes of limitation or similar bar(s) against relief, including but not limited to those under the Colorado Revised Statutes, and including but not limited to all provisions of the Association's CC&R's, shall not be invoked, raised, asserted or otherwise relied upon by Owner as a defense or bar against any relief, legal or equitable, that the DRB and/or the Association could have sought against Owner for the duration of this Agreement. Owner acknowledges it has had the opportunity to review this Agreement and the CC&R's with legal counsel of its choice.

10. DRB Right of entry. Owner hereby grants to the DRB and its employees, agents and other representatives the right to enter upon the Property at such reasonable times and upon such reasonable notice to Owner or Owner's authorized agent for the purpose of inspecting Construction Activity to confirm compliance with the CC&R's, the Construction Management Plan and this Agreement. In the event of an emergency, the DRB and its authorized agents are authorized to take such measures as they may deem necessary to prevent an unreasonable risk of harm to person and/or property that arises out of the Construction Activity or condition of the Property.

11. Joint and Several Liability. If Owner consists of more than one person or entity, each such person and/or entity shall be fully responsible for all obligations imposed by this Agreement. All references herein to "Owner" in the singular shall include the plural, and shall apply to all owners regardless of gender and regardless of whether an owner is a natural person or an entity.

12. Notices. All communications and notices required or permitted by this Agreement shall be in writing and deemed effective when received by either Owner or the DRB (as applicable) via personal delivery, facsimile transmission, United States mail, postage prepaid, return receipt requested, by messenger or by overnight delivery service, in all cases addressed to the address and/or facsimile number(s) set forth below or to such other address as a party shall have designated by notice in writing to the other party:

If to Owner: Owner/Owner's
 C/O _____
 Street Address
 City, State, Zip code

If to the DRB: DRB Administrator, Timber Springs Design Review Board

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c/o Marchetti & Weaver, LLC
28 Second St, Ste 213
Edwards CO 81632

13. Modification/Amendment. This Agreement may be modified or amended only in writing signed by Owner and an authorized agent of the DRB.

14. Counterparts and Facsimile Signatures. This Agreement may be signed in counterparts, in which case all counterparts together shall constitute one and the same instrument binding upon all of the parties hereto, notwithstanding that all of the parties are not signatory to the original or the same counterpart. Facsimile signatures shall be treated as original signatures hereon and on any notices given hereunder.

15. Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable by a court of competent jurisdiction, it shall not affect or impair the validity, legality or enforceability of this Agreement itself or of any other provision hereof, and there shall be substituted for the affected provision, a valid and enforceable provision as similar as possible to the affected provisions.

16. Choice of Law. Any and all disputes arising out of or in connection with this Agreement shall be governed by the laws of the state of Colorado. Both parties agree venue shall be in Eagle County, Colorado.

17. Attorneys' Fees and Costs. In the event of litigation arising out of this Agreement, the Court shall award to the prevailing party reasonable costs and expenses, including attorneys' fees.

18. Binding on Agents, etc. This Agreement is binding upon Owner, its agents, employees, contractors, subcontractors, assigns, descendants and other representatives. All consents given under this Agreement by Owner are deemed given also by Owner's agents, employees, contractors, subcontractors, assigns, descendants and other representatives.

19. Incorporation by reference. The CC&R's (as may be amended and/or supplemented from time to time), are hereby incorporated by reference into this Agreement and made a part hereof, and together with the Construction Management Plan shall be interpreted as a whole to further the objectives of the community governed by the Association.

20. Authorization to Bind & Guaranty. If Owner is an entity and not a natural person, the undersigned signatory on Owner's behalf warrants that he/she is authorized to sign

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on behalf of Owner and furthermore personally and unconditionally guarantees Owner's performance under this Agreement.

OWNER

**DESIGN REVIEW BOARD
Administrator**

Print: (Date)

Print: (Date)

Signature: (Date)

Signature: (Date)

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