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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RED FOX MEADOW

May 23, 1996

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**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RED FOX MEADOW**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RED FOX MEADOW (this "Declaration") is made as of May 23, 1996, by GENESEE COMMUNITIES I, INC., a Colorado corporation, (the "Declarant").

**ARTICLE I
GENERAL**

1.1 Purposes. This Declaration is executed in order to impose upon certain real property mutually beneficial restrictions under a general plan of improvement for the benefit of the owners of each portion of such property, and to establish a flexible and reasonable procedure for the overall development, administration, maintenance and preservation of such property. In furtherance thereof, this Declaration provides for the creation of Red Fox Meadow Homeowners Association, a Colorado nonprofit corporation (the "Association") to own, operate and maintain the Common Elements, and to administer and enforce the provisions of this Declaration, the Bylaws and the Rules (all as hereinafter defined).

1.2 Declaration. Declarant, for itself and its successors and assigns, hereby declares that all of the real property described in Exhibit A, which is attached hereto and incorporated by reference, which property is also known as Red Fox Meadow, shall, from and after the date hereof, constitute a planned community and shall be owned, held, conveyed, encumbered, leased, improved, used, occupied and enjoyed subject to the covenants, conditions, restrictions, reservations, easements, equitable servitudes and other provisions set forth in this Declaration in furtherance of, and the same shall constitute, a general plan for the subdivision, ownership, improvement, sale, use and occupancy of the Property and to enhance the value, desirability and attractiveness of the Property. This Declaration shall: (i) run with the land at law and as an equitable servitude; (ii) bind all Persons having or acquiring any right, title or interest in any portion of the Property; (iii) inure to the benefit of and be binding upon every part of the Property and every interest therein; and (iv) inure to the benefit of, be binding upon and be enforceable by Declarant and its successors in interest and assigns, each Owner and its heirs, successors in interest and assigns, and the Association and its successors in interest.

**ARTICLE II
DEFINITIONS**

The following terms shall have the meanings set forth below when used herein.

2.1 Act. The Colorado Common Interest Ownership Act, codified at C.R.S. § 38-33.3-101 et seq., as the same has been and may hereafter be amended from time to time, and any statute which from time to time may replace the same.

2.2 Additional Lands. The real property described on Exhibit B.

2.3 Architectural Review Committee. The committee formed pursuant to Section 9.2, which committee shall have exclusive jurisdiction over all construction, alteration and removal of Improvements on any portion of the Property.

2.4 Articles of Incorporation or Articles. The Articles of Incorporation of the Association, which have been or will be filed with the Secretary of State of the State of Colorado, as amended from time to time.

2.5 Assessment. An assessment, which may be a Common Assessment, a Special Assessment or a Specific Assessment, that is levied by the Association on one or more Units.

2.6 Association. Red Fox Meadow Homeowners Association, a Colorado nonprofit corporation, whose address is 534 Commons Drive, Golden, Colorado 80401, Attn: Kurt Wolter, and its successors.

2.7 Authorized Representative. A natural person who is appointed by an Owner, pursuant to Section 6.3(b), as a proxy, attorney-in-fact and authorized representative to vote on behalf of such Owner in matters coming before the Association.

2.8 Board of Directors or Board. The Board of Directors of the Association.

2.9 Bound Parties. For purposes of applying the alternative dispute resolution procedures described in Article XIV, Declarant, the Association, Owners, Members, all other Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to such Article.

2.10 Builder. Any Person who purchases one or more Units for the purpose of constructing Improvements for later sale to consumers or purchases one or more parcels of land within the Property for further subdivision, development and/or resale in the ordinary course of such Person's business.

2.11 Bylaws. The Bylaws of the Association, as amended from time to time.

2.12 Claim. Any claim, grievance or dispute arising out of or relating to the interpretation, application or enforcement of this Declaration, the Articles, the Bylaws or the Rules.

2.13 Claimant. A Bound Party having a Claim.

2.14 Common Elements. All real and personal property, including, without limitation, Improvements, easements, equipment and furniture which the Association owns, leases or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners. The Common Elements shall include, without limitation, all tracts designated by letter on Exhibit C.

2.15 Common Assessment. An Assessment levied on all Units subject to assessment under Article VII to fund Common Expenses for the benefit of all Units, as more particularly described in Section 7.3.

2.16 Common Expenses. The actual and estimated expenses incurred or anticipated to be incurred by the Association pursuant to this Declaration, the Articles and the Bylaws, including such reasonable reserves as the Board may find necessary and appropriate. Common Expenses shall not include any cost or expense which may be separately assessed against any Unit by means of a Specific Assessment.

2.17 Community-Wide Standard. The standard of conduct, maintenance or other activity generally prevailing throughout the Property. Such standard may be more specifically determined by the Board of Directors and the Architectural Review Committee.

2.18 County. The County of Larimer, Colorado, in which County the Property is located.

2.19 Declarant. Genesee Communities I, Inc., a Colorado corporation, or any successor in interest or assign who takes title to any portion of the Property or the Additional Lands for the purpose of development and/or sale and who is designated as the Declarant in a Recorded instrument executed by the immediately preceding Declarant.

2.20 Declarant Control Period. The period beginning on the date the Association is formed and ending on the first to occur of (i) sixty (60) days after 75% of the Units have been conveyed to Owners other than Declarant; (ii) two (2) years after the last conveyance of a Unit by Declarant in the ordinary course of business; (iii) two (2) years after any right to add new Units was exercised by Declarant; (iv) five (5) years after the first conveyance of a Unit by Declarant in the ordinary course of business; or (v) the date on which Declarant, in its sole discretion, voluntarily terminates the Declarant Control Period pursuant to a Recorded statement of termination; provided, however, that in this last event, Declarant may require that, for the balance of what would have been the Declarant Control Period had Declarant not terminated the same, certain actions of the Association or the Board, as described in a Recorded instrument executed by Declarant, be approved by Declarant before they become effective.

2.21 Declaration. This Declaration, as amended by any Supplemental Declaration, and including the Plat.

2.22 Design Guidelines. The Rules promulgated by the Architectural Review Committee, pursuant to subsection 9.3(a), that permit the construction, alteration or removal of

the Improvements specified by such Rules and that set forth the terms and conditions on which an Owner may construct, alter or remove such Improvements.

2.23 Development Period. The period of time during which Declarant is entitled to exercise Development Rights and Special Declarant Rights. The Development Period shall commence upon the Recording of this Declaration and shall terminate seven (7) years later unless reinstated or extended by agreement between Declarant and the Association; provided, however, that the exercise of any Special Declarant Rights pursuant to such agreement shall be subject to such terms as the Board may impose in such agreement.

2.24 Development Rights. The rights reserved by Declarant in Section 3.2 to: (a) submit additional property to this Declaration, (b) create Units or Common Elements, (c) subdivide Units and convert Units into Common Elements, and (d) withdraw real estate from the Property.

2.25 Director. A member of the Board of Directors.

2.26 Eligible Holder. An institutional holder, insurer or guarantor of a First Mortgage who provides a written request for notices to the Association, stating the name and address of such holder, insurer or guarantor and the street address of the Unit to which its Mortgage relates.

2.27 Exempt Claim. A Claim that, pursuant to Section 14.2, is not required to be submitted to the alternative dispute resolution procedures set forth in Article XIV.

2.28 First Mortgage. A Mortgage that is Recorded and has priority of record over all other Recorded liens except those liens made superior by statute (e.g., general ad valorem tax liens and special assessments, mechanics' liens and, to the extent set forth in subsection 7.9(a), the Association's liens for Assessments).

2.29 Improvements. All structures and appurtenances thereto of every type and kind including, without limitation, buildings, outbuildings, fixtures, utilities, patios, tennis courts, swimming pools, garages, doghouses, mailboxes, aerials, antennas, facilities associated with regular or cable or satellite television, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior air conditioning units, water softener fixtures or equipment, pumps, wells, tanks, solar collectors, reservoirs, pipes, lines, meters, towers and other facilities used in connection with water, sewer, gas, electricity, solar energy, telephone or other utilities, as well as those construction activities necessary to build such items.

2.30 Member. A Person who is a member of the Association pursuant to Section 6.2.

2.31 Mortgage. An unpaid or outstanding mortgage, deed of trust, deed to secure debt or any other form of security instrument encumbering the Property or a portion thereof.

2.32 Mortgagee. A beneficiary or holder of a Mortgage.

2.33 Owner. A Person or Persons, including Declarant or a Builder, owning fee simple title of record to any Unit from time to time. The term "Owner" shall include a seller under an executory contract for sale and exclude a buyer thereunder and shall include a landlord under a lease affecting a Unit and exclude a tenant thereunder.

2.34 Permittee. A Person, other than an Owner, who is a tenant or occupant of a Unit or a Person who is an agent, employee, customer, contractor, licensee, guest or invitee of an Owner or of such tenant or occupant.

2.35 Person. A natural person, corporation, partnership, limited liability company, trustee or other legal entity.

2.36 Plat. The engineering survey or surveys for all or any portion of the Property, together with such other diagrammatic information regarding the Property as may be required by the Act or other laws or included in the discretion of Declarant, as they may be amended and supplemented from time to time and Recorded.

2.37 Property. Initially, all of the real property described on Exhibit A along with any and all Improvements now in place or hereafter constructed thereon. The term "Property" shall also include any portion of the Additional Lands that is annexed to the Property from time to time in accordance with Article III and all Improvements that are in place thereon as of such annexation or are thereafter constructed thereon.

2.38 Quorum. With respect to any matter that may come before the Association, a "Quorum" shall be deemed present if 20% of the votes in the Association entitled to be cast for election of Directors are present, either in person or by proxy, at the beginning of the meeting at which such matter is considered. With respect to any matter that may come before the Board, a "Quorum" shall be deemed present if 50% of the votes on the Board are present at the beginning of the meeting at which such matter is considered.

2.39 Records. The official real property records of the County; the phrases "to Record" and "Recording" mean, respectively, to file or filing for recording in the Records, and the phrases "of Record" and "Recorded" mean having been recorded in the Records.

2.40 Reserve Fund. A reserve fund to be established and maintained by the Board for the major repair or replacement of Common Elements and for contingencies (including, without limitation, the payment of any deductible under the Association's property insurance policy).

2.41 Respondent. A Bound Party against whom a Claim is asserted.

2.42 Rules. The rules and regulations governing the use of the Property which are adopted from time to time by the Association, the Board or the Architectural Review Committee. The Rules shall be binding upon all Owners and their Permittees, if any, until and

unless overruled, cancelled or modified in a regular or special meeting of the Association by the vote of Members representing a majority of the total vote in the Association.

2.43 Special Assessment. An Assessment levied in accordance with Section 7.4.

2.44 Special Declarant Rights. The rights of Declarant set forth in Article V.

2.45 Specific Assessment. An Assessment levied in accordance with Section 7.5.

2.46 Supplemental Declaration. An amendment to this Declaration filed in the Records pursuant to Article III which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described in such instrument.

2.47 Taking. A taking by eminent domain or conveyance in lieu thereof.

2.48 Unit. A portion of the Property, whether improved or unimproved, which may be independently owned and conveyed and which is intended for development, use and occupancy as an attached or detached residence for a single family. The boundaries of the Units shall correspond to the boundaries of Lots shown on the Plat and shall be as set forth on Exhibit C, which is attached and incorporated by reference, and each Unit shall be identified by the number or address noted on Exhibit C. The term "Unit" shall refer to the land, if any, which is part of the Unit as well as any Improvements thereon, and shall include within its meaning, by way of illustration but not limitation, townhouse units, duplex units, cluster homes, patio or zero lot line homes, and single-family detached houses on separately platted lots, as well as vacant land intended for development as such, but shall not include Common Elements or property dedicated to the public. In the case of a parcel of vacant land or land on which Improvements are under construction, the parcel shall be deemed to contain the number of Units designated for residential use for such parcel on the Master Plan or the site plan approved by Declarant, whichever is more recent, until such time as a subdivision Plat is filed of Record on all or a portion of the parcel. Thereafter, the portion encompassed by such Plat shall contain the number of Units set forth in the Plat and any portion not encompassed by such Plat shall continue to be treated in accordance with this paragraph.

2.49 Voluntary Capital Expenses. All costs and expenses of any capital improvement to the Common Elements, including all design, construction and associated financing costs, except for (i) costs incurred in order to reduce Common Expenses (which costs will be included in Common Expenses); (ii) costs required to be incurred to cause the Property to comply with applicable law (which costs will be included in Common Expenses); and (iii) the amount by which, following any damage, destruction or Taking of the Common Elements or any portion thereof, the total cost of performing any restoration thereof required by this Declaration or the Act exceeds the amount of the insurance proceeds, condemnation award or other funds available for the cost of restoration.

2.50 Working Capital Fund. A reserve fund to be established and maintained by the Board to provide the Association with sufficient working capital to cover the cost of unforeseen expenditures or to purchase additional equipment or services.

ARTICLE III

DEVELOPMENT OF THE PROPERTY

3.1 Subdivision and Development by Declarant. Declarant has subdivided the Property into Units for single-family residential development. Declarant intends to develop some or all of such areas and, at Declarant's option, to designate areas as Common Elements or for other purposes for the benefit of the Property. Declarant contemplates that the Property will be developed pursuant to the Plat and in conformance with the Master Plan, as they may be amended or modified from time to time, as a unified planned community in which the development of, and restrictions upon, each portion thereof will benefit each other portion and the whole.

3.2 Development Rights. Declarant hereby reserves the following Development Rights:

(a) Withdrawal of Property. Declarant reserves the unilateral right during the Development Period to amend this Declaration to withdraw all or any portion of the Property from the coverage of this Declaration whether such Property was originally described on Exhibit A or added by Supplemental Declaration; provided, however, no portion of the Property described on a particular Plat shall be withdrawn after any Unit shown on that Plat has been conveyed by Declarant to any Person other than an affiliate of Declarant or a Builder. Such a withdrawal shall reduce the total number of votes in the Association and the number of Units subject to assessment. Such amendment shall not require the consent of any Person other than the owner of the property to be withdrawn, if other than Declarant. If the property consists of all or a portion of the Common Elements, the Association shall consent to such withdrawal upon the request of Declarant.

(b) Annexation by Declarant.

(i) The property described on Exhibit A contains 33 Units, which Declarant reserves the right to increase or decrease, subject to the limitations of the Act, during the Development Period. The total number of Units for development which Declarant reserves the right to create is 120. Until all of the Additional Lands have been made subject to this Declaration or the Development Period has expired, whichever is earlier, Declarant reserves the right, but not the obligation, to unilaterally annex all or any portion of the Additional Lands, causing them to be made subject to the provisions of this Declaration. Declarant may transfer or assign this right to annex property, provided that the transferee or assignee is the developer of at least a portion of the Property or the Additional Lands and that such transfer is memorialized in a written, Recorded instrument executed by Declarant. Declarant reserves the right, but not the obligation, to annex additional property other than the Additional Lands to the extent allowed by the Act.

(ii) Any annexation by Declarant shall be accomplished by Recording a Supplemental Declaration that describes the property being annexed and complies with all applicable provisions of the Act. Any such annexation shall be effective upon the Recording of such Supplemental Declaration unless otherwise provided therein. Such Supplemental Declaration shall not require the consent of Members, but shall require the consent of the owner of such property, if other than Declarant. Each Unit, if any, within any portion of the Additional Lands that is made subject to this Declaration shall be allocated voting rights and a percentage of liability for Common Assessments and Special Assessments equal to that of each Unit within the property described on Exhibit A, and such allocations shall be effective upon such annexation.

(c) Subdivision and Replatting. Declarant reserves the right unilaterally to subdivide, change the boundary line of and replat, during the Development Period, any Units owned by Declarant.

3.3 Annexation by Association.

(a) At any time during or after the Development Period, the Association may annex any real property, causing such real property to be made subject to the provisions of this Declaration, with the consent of the owner of such property, the affirmative vote of Members representing 67% of the total votes in the Association and, if such annexation occurs during the Development Period, the consent of Declarant.

(b) Such annexation shall be accomplished by Recording a Supplemental Declaration that describes the property being annexed and complies with all applicable requirements of the Act, and shall be signed by the President and the Secretary of the Association, the owner of the annexed property, and, if Declarant's consent is required, Declarant. Any such annexation shall be effective upon the Recording of such Supplemental Declaration unless otherwise provided therein. Each Unit within any real property that is made subject to this Declaration, if any, shall be allocated voting rights and a percentage of liability for Assessments equal to that of each Unit within the property described on Exhibit A, and such allocations shall be effective upon such annexation.

3.4 Governmental Interests. For so long as Declarant owns any of the Property or the Additional Lands, Declarant may designate sites within the Property for fire, police and utility facilities, public schools and parks, and other public or quasi-public facilities. Such a site may include Common Elements, in which case the Association shall take whatever action is required with respect to such site to permit such use, including conveyance of the site, if so directed by Declarant. Such a site may include other property not owned by Declarant provided the owner of such property consents. The Association may dedicate portions of the Common Elements to the County or to any other local, state or federal governmental or quasi-governmental entity subject to such approval as may be required by Section 13.3.

3.5 Common Elements. Prior to transferring ownership of the first Unit in the Property to an Owner other than Declarant, Declarant shall convey the Common Elements to the Association. With respect to annexed property, prior to transferring ownership of the first

Unit in such property to an Owner other than Declarant, Declarant shall convey the Common Elements contained in the annexed property to the Association. Declarant expressly reserves the right in the course of development of the Property to convey to the Association, and the Association shall accept, certain areas such as open spaces and drainage ways which for any reason are not intended to be developed or other property or facilities which are deemed by Declarant to be most suitable as Common Elements. Except as permitted in this Declaration, there shall be no judicial partition of the Common Elements. No Person shall seek any judicial partition unless the portion of the Common Elements which is the subject of such partition action has been removed from the provisions of this Declaration. This Article III shall not prohibit the Board from acquiring and disposing of tangible personal property or from acquiring and disposing of real property subject to the provisions of the Act.

ARTICLE IV **EASEMENTS**

4.1 Easement for Use, Access and Enjoyment in and to Common Elements.

Declarant hereby establishes and grants to each Owner a right and nonexclusive easement of use, access and enjoyment in and to the Common Elements. Any Owner may extend its right of use and enjoyment to the members of its family, lessees and social invitees, as applicable, subject to reasonable regulation by the Board. An Owner who leases its Unit shall be deemed to have assigned all such rights to the lessee of such Unit. Without limiting the generality of the foregoing, Declarant hereby grants to each Owner a nonexclusive easement over and across all walkways and other pedestrian access-ways and all streets designated as Common Elements on the Plat for the purpose of gaining pedestrian or vehicular access between (1) the public streets and sidewalks adjoining the Property and (2) any other Common Elements or such Owner's Unit. The easement granted by this Section 4.1 shall be appurtenant to and pass with the title to the Unit owned by such Owner and shall be subject to:

- (a) This Declaration and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying the Common Elements to the Association;
- (c) The right of the Board to adopt rules regulating the use and enjoyment of the Common Elements, including rules limiting the number of guests who may use the Common Elements;
- (d) The right of the Board to impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated within the Common Elements;
- (e) The right of the Board to suspend the right of an Owner to use any recreational facility situated within the Common Elements (i) for any period during which any charge against such Owner's Unit remains delinquent, and (ii) for a period not to exceed thirty (30) days for a single violation (or for a longer period in the case of any continuing violation)

of this Declaration, the Bylaws or the Rules, after providing such notice and hearing as may be required by the Bylaws;

(f) The right of the Board to permit use of any recreational facility situated within the Common Elements by persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board;

(g) The right of the Association, acting through the Board, to dedicate or transfer all or any part of the Common Elements, subject to Section 13.3 and such other approval requirements as may be set forth in this Declaration or the Act; and

(h) The right of the Association, acting through the Board, to mortgage, pledge or hypothecate any or all of the Common Elements as security for money borrowed or debts incurred, subject to the limitations of the Act and the approval requirements set forth in Section 13.3.

4.2 Easements for Encroachments. In the event that, as a result of the construction, reconstruction, shifting, settlement, restoration, rehabilitation, alteration or improvement of any Improvement located on a Unit or the Common Elements or any portion thereof, any portion of any Unit or Common Elements now or hereafter encroaches upon any other Unit or Common Elements, Declarant hereby establishes and grants an easement for the continued existence and maintenance of such encroachment which will continue for so long as such encroachment exists and which will burden the Unit or Common Elements encroached upon and benefit the encroaching Unit or Common Elements. In no event, however, will an easement for any such encroachment be deemed established or granted if such encroachment is materially detrimental to or interferes with the reasonable use and enjoyment of the Common Elements or Unit(s) burdened by such encroachment or if such encroachment occurred due to willful and knowing misconduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

4.3 Easements Benefitting Declarant. Declarant hereby reserves such easements over and across the Property, which easements will exist for the duration of the Development Period, as may be reasonably necessary for Declarant's exercise of any Special Declarant Right, performance of any of Declarant's obligations hereunder, and the showing of the Property to prospective purchasers.

4.4 Easement for Access to Additional Lands. Declarant hereby reserves such easements over and across the Property, which easements will exist for the duration of the Development Period, as may be reasonably necessary for the enjoyment, use, access and development of all or a portion of the Additional Lands (whether or not the Additional Lands or such portion thereof are made subject to this Declaration). This easement includes, but is not limited to, a right of ingress and egress over the Common Elements for construction of roads and for connecting and installing utilities on the Additional Lands. Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Elements as a result of construction of roads and connecting and installing utilities on such property, or as a result of vehicular traffic connected with development of the Additional Lands. In addition,

Declarant hereby reserves a permanent easement for access to the Additional Lands or any portion thereof that is not made subject to this Declaration; provided, however, that at the end of the Development Period, Declarant or its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of any maintenance which the Association provides to or along any roadway providing access to any Additional Lands that have not been made subject to this Declaration.

4.5 Easements Benefitting Association. Declarant hereby establishes and grants to the Association such nonexclusive easements over and across the Common Elements, and over and across such other portions of the Property as may be necessary or convenient to gain access to the Common Elements, as may be necessary or convenient in order for the Association and its successors, assigns or designees to exercise the Association's rights and perform its obligations under this Declaration, including, without limitation, its rights and obligations to enforce this Declaration and the Rules and to operate, manage and control the Common Elements.

4.6 Easements for Utilities. Declarant reserves for itself and its successors, assigns and designees, for the duration of the Development Period, and grants to the Association and its successors, assigns and designees, perpetual non-exclusive easements upon, across, over and under all of the Property (but not through any structures) to the extent reasonably necessary for the purposes of monitoring, replacing, repairing, maintaining and operating cable television systems, master television antenna systems, and other devices for sending or receiving data and/or other electronic signals, and all utilities, including, without limitation, water, sewer, telephone, gas and electricity, and for installing any of the foregoing on property which Declarant or the Association owns or within easements designated for such purposes on the Plat. The designees of Declarant and the Association may include, without limitation, any governmental or quasi-governmental entity and utility company. Declarant specifically grants to the local water supplier, electric company and natural gas supplier easements across the Property for ingress, egress, installation, reading, replacing, repairing and maintaining utility meters and boxes. The easement provided for in this Section 4.6 shall in no way affect, avoid, extinguish or modify any other Recorded easement on the Property. Any damage to a Unit resulting from the exercise of the easements described in this Section 4.6 shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of such easements shall not extend to permitting entry into the structures on any Unit, nor shall it unreasonably interfere with the use of any Unit.

4.7 Right of Entry. Declarant reserves for itself and its successors, assigns and designees, for the duration of the Development Period, and grants to the Association, an easement for the right, but not the obligation, to enter upon any Unit: (i) for emergency, security and safety reasons; (ii) to inspect any Unit for the purpose of ensuring compliance with this Declaration, the Bylaws and the Rules; and (iii) to remove nonconforming Improvements as provided in Section 9.7. Such right may be exercised by any member of the Board and the Association's officers, agents, employees and managers, the members of the Architectural Review Committee pursuant to Article IX, and, for emergency, security and safety purposes, all police, fire and ambulance personnel and other similar emergency personnel in the performance of their duties. This right of entry shall include the right of the Association to

enter upon any Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure such condition within a reasonable time after requested by the Board, but shall not authorize entry into any single family detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

4.8 Easements for Flood Control. Declarant reserves for itself and its successors, assigns and designees, for the duration of the Development Period, and grants to the Association and its successors, assigns and designees, the nonexclusive right and easement, but not the obligation, to enter upon any ponds, streams, drainage ditches and wetlands located within the Common Elements to: (a) provide water for the irrigation of any of the Common Elements (b) alter drainage and water flow; (c) construct, maintain and repair any bulkhead, wall, dam or other structure retaining water; and (d) remove trash and other debris therefrom and fulfill their maintenance responsibilities as provided in this Declaration. Such easement shall include an access easement over and across the Property, to the extent reasonably necessary to exercise rights granted under this Section 4.8, and in order to maintain and landscape the slopes and banks pertaining to such ponds, streams and wetlands. To the extent the exercise of such easement is anticipated to materially diminish the value of or unreasonably interfere with the use of any Unit, the consent of the Owner of such Unit shall be required before such exercise. All persons entitled to exercise such easement shall use reasonable care in, and repair any damage resulting from, the intentional exercise of such easement. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to heavy rainfall or other natural occurrences.

4.9 Patio Easements.

(a) Creation and Extent of Patio Easements. Declarant hereby establishes and grants an exclusive easement (a "Patio Easement") burdening each of the Units designated on Exhibit D as a burdened unit (the "Burdened Unit") in favor of the respective adjoining Unit designated on Exhibit D as the benefitted unit ("Benefitted Unit") for the purpose of landscaping and outdoor use, including, without limitation, the construction, repair, maintenance, reconstruction and use of a patio. In each case, the easement granted in the Section 4.9 shall run the entire length of the common lot line between the Burdened Unit and Benefitted Unit and shall extend from such common lot line to the exterior wall of the Burdened Unit which faces the Benefitted Unit. Any Owner of a Benefitted may extend its right of use and enjoyment to the members of its family, lessees and social invitees, as applicable. An Owner who leases its Benefitted Unit shall be deemed to have assigned all such rights to the lessee of such Unit.

(b) Structures. No structures other than a patio or fence approved by the Architectural Review Committee shall be located within the easement. The Owner of the Benefitted Unit shall landscape and maintain the easement and, in connection therewith, shall meet the reasonable drainage requirements of the Burdened Unit.

(c) Access By Owner of Burdened Unit. The Easement shall be for the exclusive use of the Benefitted Unit, subject only to the right of the Owner of the Burdened

Unit, his tenants or agents and the Association to have reasonable access for the purpose of repair, maintenance and reconstruction of the Burdened Unit.

4.10 Additional Easements.

(a) Declarant's Right to Grant Easements. Declarant hereby reserves the non-exclusive right and power to grant, during the Development Period, such additional specific easements as may be necessary, in the sole discretion of Declarant, in connection with the orderly development of any of the Property or the Additional Lands. In addition, during the Development Period, Declarant may unilaterally subject any portion of the Additional Lands that is made subject to this Declaration to additional covenants and easements, including covenants obligating the Association to maintain and insure such property on behalf of the Owners and obligating the Owners to pay the costs incurred by the Association through Common Assessments. Such covenants and easements pertaining to the Additional Lands shall be set forth in a Supplemental Declaration filed either concurrently with or after the annexation of such property and shall require the written consent of the owner(s) of such property, if other than Declarant.

(b) Association's Right to Grant Easements. Notwithstanding anything to the contrary in Sections 11.4 or 13.3, the Association, acting through the Board and without the approval of the members of the Association, may grant easements over the Common Elements for installation and maintenance of utilities, drainage facilities and roads and for other purposes not inconsistent with the intended use of the Common Elements.

4.11 Easements Run with Land. Except for the easements described in Section 4.3, all easements established and granted pursuant to this Article IV are appurtenant to and run with the Property and will be perpetually in full force and effect so long as this Declaration is in force and will inure to the benefit of and be binding upon Declarant, the Association, Owners, Permittees and any other Persons having any interest in the Property or any part thereof. The Units and the Common Elements will be conveyed and encumbered subject to all easements set forth in this Article IV, whether or not specifically mentioned in such conveyance or encumbrance.

ARTICLE V
SPECIAL DECLARANT RIGHTS

5.1 Special Declarant Rights. Declarant reserves the following Special Declarant Rights, which may be exercised by Declarant during the Development Period, anywhere on the Property, with no limitations on the extent to, or the order in which, such rights are exercised:

- (a) To complete any Improvements indicated on the Plat or the Master Plan;
- (b) To exercise any of the Development Rights;

(c) To maintain sales offices, model homes, management offices and advertising signs on the Property and/or Additional Lands, as set forth in Section 5.3;

(d) To use easements through the Common Elements for purposes relating to Improvements on the Property and on the Additional Lands;

(e) To merge or consolidate the Association with another common interest community of the same form of ownership; and

(f) To appoint and remove any Director or officer of the Association; provided, however, that such right shall be exercised only to the extent and for the time period specified in the Bylaws.

5.2 Assignment and Transfer of Special Declarant Rights.

(a) Assignment. Declarant may assign any Special Declarant Right, Development Right or other special right or obligation of Declarant set forth in this Declaration or the Bylaws to any affiliate of Declarant or Builder, or Declarant may allow any affiliate of Declarant or Builder to exercise such rights on behalf of Declarant. The method of exercising such rights shall be subject to the agreement of the parties thereto, and shall not require Recording.

(b) Transfer. Declarant may transfer any or all of the Special Declarant Rights, Development Rights and other special rights and obligations of Declarant set forth in this Declaration or the Bylaws, in whole or in part, to other Persons, provided that such transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the Bylaws. No such transfer shall be effective unless it is in a written instrument signed by Declarant and duly Recorded.

5.3 Models and Offices. During the Development Period, Declarant and Builders authorized by Declarant may maintain and carry on upon any Unit owned by Declarant or any portion of the Common Elements such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient or incidental to the construction or sale of Units, including, without limitation, business offices, signs, model units and sales offices. Without limiting the foregoing, Declarant initially shall construct and maintain model units and a sales office on Units 1 through 4, and a sales office and a temporary parking lot on Units 34, 35 and 36 of the Additional Lands.

5.4 Other Covenants Prohibited. During the Development Period, no Person shall Record any declaration of covenants, conditions and restrictions, declaration of condominium or similar instrument affecting any portion of the Property without Declarant's review and written consent. Any attempted Recording without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed by Declarant and Recorded.

ARTICLE VI
THE ASSOCIATION

6.1 Function of Association. The Association shall be responsible for management, maintenance, operation and control of the Common Elements. The Association shall be the primary entity responsible for enforcement of this Declaration and such reasonable rules regulating use of the Property as the Board or the Association may adopt. The Association shall also be responsible for administering and enforcing the architectural standards and controls set forth in this Declaration and in the Design Guidelines. The purposes and powers of the Association and the rights and obligations of Members may and shall be amplified by provisions of the Articles and the Bylaws. Neither the Articles, the Bylaws nor the Rules shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. In case of conflict between the Declaration and the Articles, the Bylaws or the Rules, this Declaration shall govern.

6.2 Membership. Every Owner, including Declarant, shall be a Member of the Association. When an Owner consists of more than one Person, all such Persons will, collectively, constitute one member of the Association and all such Persons shall be jointly and severally obligated to perform the responsibilities of Owner. Following a termination of this Declaration, the Association will consist of all Owners entitled to share in the distribution of proceeds of a sale of the Property. Membership in the Association will automatically terminate when a Person ceases to be an Owner, whether through sale, intestate succession, testamentary disposition, foreclosure or otherwise. The Association will recognize a new Owner as a Member upon presentation of satisfactory evidence of the sale, transfer, succession, disposition, foreclosure or other transfer of a Unit to such Owner. Membership in the Association may not be transferred, pledged or alienated in any way, except to a new Owner upon conveyance of a Unit. Any prohibited transfer will be void and will not be recognized by the Association.

6.3 Voting.

(a) Allocation of Votes. In all matters coming before the Association, each Owner (including Declarant) will be entitled to one (1) vote for each Unit owned by such Owner; provided, however, that the Association itself will not be entitled to any vote for any Unit owned by the Association and no vote shall be exercised for any property which is exempt from assessment under Section 7.12.

(b) Authorized Representatives. Any Owner who is either (a) two or more Persons, or (b) one Person that is not a natural person (i.e., an estate or a trust, corporation, partnership, limited liability company or other entity), shall appoint, and any Owner who is one natural person may appoint, an Authorized Representative. Any Owner so required to appoint an Authorized Representative shall do so immediately upon becoming an Owner. Any Owner who is required or elects to appoint an Authorized Representative shall provide written notice to the Association of the appointment of such Authorized Representative or any subsequent replacement therefor within ten (10) days after appointment. Such notice must: (i) be signed by all Persons constituting the Owner, (ii) be dated, and (iii) contain a statement that the natural person named therein will remain the Authorized Representative of such Owner

until a subsequent notice is given to the Association naming a successor. Such notice will be deemed a proxy given by all Persons constituting such Owner to the Authorized Representative named therein for all purposes under this Declaration, the Bylaws, the Act and the Colorado Nonprofit Corporation Act. The appointment of an Authorized Representative will be binding upon all Persons comprising the appointing Owner and the vote of the Authorized Representative will be conclusive as to the Association, unless and until the Association receives a notice appointing a replacement Authorized Representative (or, in the case of an Authorized Representative appointed by an Owner who is one natural person, a notice terminating the appointment of such Authorized Representative). Upon receipt of any notice appointing an Authorized Representative, the Association may request such additional evidence of authority as it may reasonably deem necessary to verify the due appointment of the named Authorized Representative. If an Owner who is required or elects to appoint an Authorized Representative owns more than one Unit, such Owner may elect to appoint (1) the same natural person to serve as Authorized Representative for each Unit owned by such Owner; (2) a different natural person to serve as Authorized Representative for each such Unit; or (3) the same natural person to serve as Authorized Representative for two or more of such Units and one or more different natural person(s) to serve as Authorized Representative(s) for the remaining Unit(s) owned by such Owner.

(c) Majority Approval. Except as otherwise provided in this Declaration or the Act, the affirmative vote of a majority (*i.e.*, more than 50%) of the Owners present and voting, either in person or by proxy, at a meeting of the Association called and held in accordance with the Bylaws will be sufficient to approve any matter before the Association.

(d) Matters Requiring 67% Approval. If either the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs is insuring or guaranteeing the Mortgage on any Unit, then the following actions shall require the prior approval of Members representing not less than 67% of the total votes in the Association and, if such action occurs during the Development Period, the consent of Declarant: merger, consolidation or dissolution of the Association or annexation of additional property other than the Additional Lands.

6.4 Board of Directors. The affairs of the Association shall be governed by the Board of Directors which may, by resolution, delegate any portion of its authority to an executive committee or an officer, executive manager or director of the Association. The qualifications and number of Directors, the term of office of Directors, the manner in which Directors shall be elected and the manner in which Directors shall be replaced upon removal or resignation shall be as set forth in the Bylaws. The Bylaws shall contain the following provisions:

(a) Appointment and Election of Directors during Declarant Control Period. Upon commencement of the Declarant Control Period, there shall be three (3) Directors, all of whom shall be appointed by Declarant. From the date that is sixty (60) days after the date on which 25% of the Units that may be created have been conveyed to Owners other than Declarant, until the date that is sixty (60) days after the date on which 50% of the Units that may be created have been conveyed to Owners other than Declarant, the Board will

consist of four (4) Directors, three (3) of whom will be appointed by Declarant and one of whom will be elected by Owners other than Declarant. From the date that is sixty (60) days after the date on which 50% of the Units that may be created have been conveyed to Owners other than Declarant, until the end of the Declarant Control Period, the Board will consist of five (5) Directors, three (3) of whom will be appointed by Declarant and two (2) of whom will be elected by Owners other than Declarant.

(b) Election of Directors after Declarant Control Period. Except as otherwise provided in Section 38-33.3-220(5) of the Act, from and after the end of the Declarant Control Period, the Board will consist of five (5) Directors (or such greater or lesser number, but never fewer than three (3), as may from time to time be set forth in the Bylaws), all of whom will be elected by Owners other than Declarant and at least a majority of whom must be either Owners other than Declarant or Authorized Representatives appointed by Owners other than Declarant. Directors elected under this subsection 6.4(b) shall take office upon termination of the Declarant Control Period.

(c) Removal of Directors. Notwithstanding any provision of the Declaration or Bylaws to the contrary, the Owners, by the affirmative vote of Owners of 67% of all Units the Owners of which are present and entitled to vote at any meeting of the Members at which a Quorum is present, may remove, with or without cause, any Director other than a Director appointed by Declarant. Any director appointed by Declarant may be removed, with or without cause, by Declarant.

(d) Delivery of Property to Association. Within sixty (60) days after the Owners other than Declarant elect a majority of the Directors, Declarant shall deliver to the Association all property of the Association held by or controlled by Declarant including, without limitation, the items described in Section 38-33.3-303(9) of the Act.

6.5 Powers. The Association may:

(a) adopt and amend the Bylaws, and make and enforce reasonable rules governing the use of the Property, consistent with the rights and duties established by this Declaration and the Bylaws;

(b) adopt and amend budgets for revenues, expenditures and reserves and assess and collect any Assessments and any other amounts due from Owners or others to the Association;

(c) hire and terminate managing agents and other employees, agents and independent contractors;

(d) exercise any of the enforcement powers set forth in Section 6.6 or elsewhere in this Declaration;

(e) institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two (2) or more Owners on matters affecting the Property;

(f) make contracts and incur liabilities;

(g) borrow funds to cover Association expenditures and pledge Association assets as security therefor, provided that Common Elements may be subjected to a security interest only pursuant to Section 13.3;

(h) regulate the use, maintenance, repair, replacement and modification of the Common Elements;

(i) cause additional improvements to be made as a part of the Common Elements;

(j) acquire, hold, encumber and convey in its own name any right, title or interest to real or personal property (including, without limitation, one (1) or more Units), provided that Common Elements may be conveyed or encumbered only pursuant to Section 13.3;

(k) grant easements, leases, licenses, and concessions through or over the Common Elements;

(l) impose and receive any payments, fees or charges for the use, rental or operation of the Common Elements and for any services provided to Owners;

(m) impose charges for late payment of Assessments, recover reasonable attorneys' fees and other legal costs for collection of Assessments and other actions to enforce the powers of the Association, regardless of whether or not suit was initiated, and, after providing notice and an opportunity to be heard, levy reasonable fines for violations of this Declaration, the Bylaws or the Rules;

(n) impose reasonable charges for the preparation and recordation of amendments to this Declaration or statements of unpaid Assessments pursuant to subsection 7.7(d);

(o) provide for the indemnification of its officers and Directors and maintain directors' and officers' liability insurance;

(p) assign its right to future income, including the right to receive Assessments;

(q) exercise any other powers expressly conferred by this Declaration or the Bylaws or reasonably implied from or necessary to effectuate such powers;

(r) exercise all other powers that may be exercised in the State of Colorado by legal entities of the same type as the Association; and

(s) exercise any other powers necessary and proper for the governance and operation of the Association.

This Declaration may not and is not intended to impose any limitations on the powers of the Association to deal with the Declarant that are more restrictive than the limitations imposed on the power of the Association to deal with any other Person.

6.6 Enforcement.

(a) Sanctions and Self-Help. The Association may impose sanctions for violations of this Declaration, the Bylaws or the Rules in accordance with procedures set forth in the Bylaws, including reasonable monetary fines and suspension of the right to vote and to use any recreational facilities within the Common Elements. In addition, in accordance with the Bylaws, the Association may exercise self-help to cure violations and suspend any services it provides to the Unit of any Owner who is more than thirty (30) days delinquent in paying any Assessment or other charge due to the Association. All remedies set forth in this Declaration and the Bylaws shall be cumulative of any remedies available at law or in equity. In any action to enforce the provisions of this Declaration or the Rules, if the Association prevails it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

(b) No Waiver. The Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action. Any such determination shall not be construed as a waiver of the right to enforce such provision under other circumstances and shall not estop the Association from enforcing any other covenant, restriction or rule.

6.7 Board Authority. Except as otherwise specifically provided by law or in this Declaration, the Articles or the Bylaws, all rights and powers of the Association may be exercised by the Board without a vote of the membership. In the performance of their duties, the Directors will exercise ordinary and reasonable care, except to the extent the Act requires a greater standard of care. Unless otherwise provided in this Declaration or the Act, the affirmative vote of a majority (i.e., more than 50%) of the Directors will be necessary and sufficient to approve any matter before the Board. Pursuant to Section 38-33.3-303(3) of the Act, the Board may not act on behalf of the Association to amend or terminate this Declaration, elect Directors or determine the qualifications, powers, duties or terms of office of Directors, but the Board may fill vacancies in its membership for the unexpired portion of any term. The Board shall select the officers of the Association, which officers may also serve as Directors, except that during the Declarant Control Period, Declarant shall select and may remove the officers of the Association.

6.8 Indemnification. The Association shall indemnify every officer, Director and committee member against all damages and expenses, including attorneys' fees, reasonably incurred in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the Board of Directors) to which he or she may be a party by reason of being or having been an officer, Director or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under this Section 6.8 and Colorado law. The officers, Directors and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and Directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or Directors have such liability as Members of the Association). The Association shall indemnify and forever hold each such officer, Director and committee member harmless from any and all liability to others on account of any such contract, commitment or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, Director or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

ARTICLE VII

FINANCIAL MATTERS AND ASSESSMENTS

7.1 Financial Matters. The Board, on behalf of the Association, will discharge the following obligations with respect to financial matters:

(a) Books and Records. The Board will cause to be maintained full and complete books and records of the Association's business and operations, including, without limitation, current copies of this Declaration and all amendments hereto, the Bylaws, the Rules, the approved budget for the current fiscal year, financial statements, books and records reflecting all assets, liabilities, capital, income and expenses of the Association, and supporting materials, such as bank statements and invoices, for at least the longer of (i) the prior seven (7) fiscal years or (ii) all of the fiscal years in which the Association has been in existence. All of such books and records will be made available for inspection by any Owner, holder of a First Mortgage, insurer or guarantor of a First Mortgage or their respective authorized representatives during normal business hours upon reasonable prior written request.

(b) Returns. The Board will cause to be prepared and filed before delinquency any and all tax, corporate or similar returns or reports that the Association is required by law to prepare and file.

(c) Preparation of Budget. The Board will cause to be prepared and will adopt annually, not less than forty-five (45) days prior to the beginning of each fiscal year of the Association, a proposed budget for the Association. The proposed budget will include all of the following:

(i) the estimated revenue and expenses (including, without limitation, Common Expenses) of the Association for such fiscal year, in reasonable detail as to the various categories of revenue and expense;

(ii) the current cash balance in the Reserve Fund, which fund will be established and maintained by the Board;

(iii) an estimate of the amount required to be spent during such fiscal year from the Reserve Fund for the major repair or replacement of Common Elements; and

(iv) a statement of the amount required to be added to the Reserve Fund during such fiscal year to cover anticipated withdrawals and adequately address contingencies and anticipated needs in future fiscal years.

(d) Ratification of Budget. Within thirty (30) days after adoption by the Board of any proposed budget for the Association, the Board will send by ordinary first-class mail or otherwise deliver to all Owners a summary of the proposed budget and will set a date for a meeting of the Owners to consider ratification of the proposed budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting Owners to whom are allocated more than 50% of the votes in the Association vote to reject the proposed budget, the proposed budget will be ratified, whether or not a Quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners will continue in effect until such time as the Owners ratify a subsequent budget proposed by the Board. For the first fiscal year of the Association, the Board may adopt the Declarant's estimated budget for the Association and assess Common Assessments pursuant to Section 7.3 based thereon, provided that the Board submits such budget to the Owners for ratification in accordance with the foregoing provisions within thirty (30) days after adopting the same.

(e) Annual Financial Statements. The Board will cause to be prepared annually a report with respect to the financial condition of the Association, which report shall consist of a balance sheet as of the end of the preceding fiscal year, an operating (income) statement for such fiscal year and a statement of changes in the Association's financial position for such fiscal year. If such annual report is not audited by an independent certified public accountant, it will be accompanied by the certificate of an officer of the Association certifying that such annual report was prepared from the books and records of the Association without independent audit or review. A copy of such annual report will be distributed to each Owner within 120 days after the close of each fiscal year. If such report is unaudited, any Owner or Mortgagee may, at its own expense, cause such report to be audited by an independent certified public accountant.

(f) Account for Reserve and Working Capital Funds. The Board will cause the Reserve Fund and, at such time as the Working Capital Fund is turned over to the Association pursuant to Section 7.6, the Working Capital Fund to be maintained in a bank account that is separate from the bank account used for the Association's ordinary receipts and

disbursements. Withdrawal of funds in the Reserve Fund or the Working Capital Fund from such separate bank account will require the signatures of two (2) Directors.

7.2 Creation of Assessments. There are hereby created assessments for such Association expenses as the Board may specifically authorize from time to time. There shall be three (3) types of Assessments: (a) Common Assessments as described in Section 7.3; (b) Special Assessments as described in Section 7.4; and (c) Specific Assessments as described in Section 7.5. Each Owner, by accepting a deed or entering into a Recorded contract of sale for any portion of the Property, is deemed to covenant and agree to pay these Assessments.

7.3 Common Assessments. Common Assessments will be calculated, paid, adjusted and reconciled in accordance with the following provisions:

(a) Calculation. Except as otherwise provided in Section 7.10, Common Assessments shall be levied equally against all Units. The Common Assessment rate shall be set at a level which is reasonably expected to produce total income for the Association equal to the total Common Expenses, including reserves, set forth in the budget adopted by the Board and ratified by the Owners pursuant to subsection 7.1(d). In determining the total funds to be generated through the levy of Common Assessments, the Board, in its discretion, may consider other sources of funds available to the Association, including any surplus from prior years and any Assessment income expected to be generated from any additional Units reasonably anticipated to become subject to assessment during the fiscal year.

(b) Adjustment. If during any fiscal year it becomes apparent that the estimated expenses and/or revenues of the Association as set forth in the budget upon which the Common Assessments were based were in error for any reason, including nonpayment by any Owner of its Common Assessments or the annexation of additional property pursuant to Article III, to the extent that the Common Assessments which the Board determines will be received for the balance of such fiscal year will be inadequate, or more than required, to meet the Association's obligations intended to be covered by such Common Assessments, the Board may amend the budget and increase or decrease the Common Assessments for the balance of such fiscal year upon not less than thirty (30) days' prior notice to all Owners. Notwithstanding the foregoing, however, if any such amendment individually or in the aggregate with all previous amendments within any fiscal year would increase the total Common Assessments for a fiscal year by more than 10% of the Common Assessments called for by the budget previously ratified by the Owners pursuant to subsection 7.1(d), then prior to increasing the Common Assessments based on such amended budget the Board must submit the same for ratification by the Owners using the procedures set forth in subsection 7.1(d).

(c) Reconciliation. As soon as reasonably possible after the end of each fiscal year, the Board will cause the actual costs and expenses incurred by the Association during such fiscal year to be reconciled against the Common Assessments received by the Association from the Owners that were intended to cover such costs and expenses. To the extent that any Owner has paid more than its proper share of such costs and expenses, the Board may either refund the overpayment to the Owner or credit such overpayment against such Owner's Common Assessments for the next ensuing fiscal year. To the extent any Owner has underpaid

its share of such costs and expenses, the Board may either demand in writing that such Owner pay the amount of such underpayment of Common Assessments to the Association within a specified period of time, as determined by the Board, after the Board notifies such Owner of such underpayment (which period of time may not be less than thirty (30) days), or the Board may include such underpayment in such Owner's Common Assessments for the next ensuing fiscal year.

(d) Material Increase. Notwithstanding any other provision of this Section 7.3 or of subsection 7.1(d), after the Board assesses Common Assessments for the Association's first fiscal year, the Board may not increase Common Assessments for any subsequent fiscal year by an amount that exceeds 25 % of the Common Assessments for the prior fiscal year unless such increase is approved by the affirmative vote of 67% of the votes in the Association and by a majority of holders of First Mortgages.

7.4 Special Assessments. In addition to other authorized Assessments, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted, including, without limitation, the costs of any construction, restoration, unexpected repair or replacement of capital improvements. Except as otherwise provided in Section 7.10, Special Assessments shall be levied equally against all Units. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of Members representing at least 51 % of the total votes and, if such Special Assessment is levied during the Development Period, the consent of Declarant. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved. The Board shall have the right to require that Special Assessments be paid in advance of the provision of the subject services or materials. Without limiting the generality of the foregoing, the Board may levy Special Assessments to cover certain costs of restoration or replacement of Common Elements in the event of damage, destruction or Taking of Common Elements, as set forth in Sections 11.3(a)(v) and 11.4.

7.5 Specific Assessments. The Association shall have the power to levy Specific Assessments against one or more particular Unit(s) as follows:

(a) to cover the costs, including overhead and administrative costs, of providing benefits, items or services to such Unit or occupants thereof upon request of the Owner of such Unit pursuant to a menu of special services which the Board may from time to time authorize to be offered to Owners and occupants (which may include, without limitation, landscape maintenance, janitorial service and pest control), which Specific Assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner;

(b) to cover costs incurred in bringing the Unit into compliance with the terms of this Declaration, the Bylaws or the Rules, or costs incurred as a consequence of the conduct of the Owner or Permittees; provided, however, the Board shall give the Owner of such Unit prior written notice and an opportunity for a hearing, in accordance with the Bylaws, before levying any Specific Assessment under this subsection 7.5(b);

(c) to cover costs or expenses incurred by the Association that solely benefit one or more Units but fewer than all Units, such as, for example, the costs of repairing a utility line that serves only one or two Units but no others; provided, however, that the Board shall, unless the Owners of all benefitted Units otherwise agree, assess such costs equally among all benefitted Units, and that the Board will have the authority to assess Specific Assessments for such costs without the approval of the Owners; and

(d) provided the requisite number of Owners approve the same as provided below, to pay Voluntary Capital Expenses. Any proposal before the Association (or Owners) to make a Specific Assessment for Voluntary Capital Expenses must include provisions describing whether all of the Units, or one or more but fewer than all of the Units, will be subject to such Specific Assessment. In addition, if fewer than all of the Units will be subject to such Specific Assessment, such proposal must include provisions describing which Units will be subject to such Specific Assessment and the manner in which the total amount of such Specific Assessment will be allocated among the Units which are to be subject thereto. Approval of any Specific Assessment for Voluntary Capital Expenses will require the affirmative vote of (i) if all of the Units will be subject to such Specific Assessment, 67% of the votes in the Association; or (ii) if fewer than all of the Units will be subject to such Specific Assessment, 100% of the votes in the Association that are allocated to those Units that will be subject to such Specific Assessment. If the requisite affirmative vote of Owners is obtained, the Board will assess the total amount of such Specific Assessment for Voluntary Capital Expenses against (1) all of the Units, if all of the Units are to be subject to such Specific Assessment pursuant to the approved proposal, by allocating to each an equal share of the whole; or (2) those Units that are to be subject to such Specific Assessment pursuant to the approved proposal, by allocating to each the portion thereof specified in the approved proposal.

7.6 Working Capital Fund. An initial Working Capital Fund will be established in an amount equal to one-sixth (1/6) of the annual Common Assessment for each Unit (based on Declarant's estimated budget for the Association). The Owner of each Unit will be required to contribute one-sixth (1/6) of the estimated annual Common Assessment to the Working Capital Fund, and such contribution will be due on the earlier of (i) the closing of the sale of such Unit to an Owner other than Declarant; or (ii) the end of the Declarant Control Period. Contributions made pursuant to clause (i) above will be collected from the purchasing Owner at the closing of such Owner's purchase of its Unit. Contributions made pursuant to clause (ii) above will be made by Declarant at the end of the Declarant Control Period with respect to any Units then owned by Declarant. When any Unit for which Declarant has made a contribution to the Working Capital Fund is subsequently sold, Declarant may charge the purchasing Owner at closing an amount sufficient to reimburse Declarant for such contribution. Any contribution to the Working Capital Fund shall be in addition to, not in lieu of, the annual Common Assessment and shall not be considered an advance payment of such Assessment. Declarant may not use the Working Capital Fund to defray any of Declarant's expenses, reserve contributions or construction costs or to make up any budget deficits during the Declarant Control Period and, until the end of the Declarant Control Period, the Working Capital Fund will be maintained in an escrow account held by an independent third party (such as a title insurance company). At the end of the Declarant Control Period, the Working Capital Fund will

be transferred to the Association for deposit in the separate bank account described in subsection 7.1(f).

7.7 Owners' Obligations for Assessments.

(a) Personal Obligation. Each Assessment, together with interest (computed from the due date of such Assessment at the maximum rate allowed by the Act), late charges in such amount as the Board may establish by resolution, costs and reasonable attorneys' fees, shall be a charge and continuing lien upon the Unit against which the Assessment is made until paid, as more particularly provided in Section 7.9. Each such Assessment, together with such interest, late charges, costs and reasonable attorneys' fees, also shall be the personal obligation of the Person who was the Owner of such Unit at the time the Assessment arose. Upon a transfer of title to a Unit, the grantee and the grantor shall be jointly and severally liable for any Assessments and other charges due at the time of conveyance. However, no holder of a First Mortgage who acquires title to a Unit by exercising the remedies provided in its Mortgage shall be personally liable for unpaid Assessments which accrued prior to such acquisition of title.

(b) Terms of Payment. Assessments shall be paid in equal monthly installments on or before the first day of each month during the Association's fiscal year or in such other reasonable manner as the Board may establish. The Board may grant discounts for early payment, require advance payment of Assessments at closing of the transfer of title to a Unit, and impose special requirements upon Owners with a history of delinquent payment.

(c) No Set-Off or Abatement. No Owner may exempt himself from liability for Assessments by non-use of Common Elements, abandonment of his Unit or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association or the Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action by the Association or the Board.

(d) Estoppel Certificate. Within fourteen (14) business days after receipt of a written request from any Owner or Mortgagee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the Association's registered agent, the Association shall furnish to such Owner or Mortgagee, by personal delivery or certified mail, return receipt requested, an estoppel certificate in writing signed by an Association officer and addressed to such Owner or Mortgagee, or the designee of either, stating any then unpaid Assessments due from, or other known defaults by, the requesting Owner or the Owner of the Unit encumbered by such Mortgagee's Mortgage, or stating that there are no unpaid Assessments due from, or other known defaults by, such Owner, as the case may be. Such an estoppel certificate executed in favor of an Owner, Mortgagee or other Persons named therein who rely thereon in good faith will be conclusive upon the Association as to the matters set forth therein and such Owner's Unit will not be subject to a lien for any unpaid Assessments against such Unit arising before the date of such certificate and in excess of any unpaid amounts stated in

such certificate. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

7.8 Declarant's Obligation for Assessments. Until the Association establishes a budget and levies Assessments, Declarant shall pay the Association's Common Expenses. After Assessments commence as provided in Section 7.10, Declarant's obligations may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these.

7.9 Lien for Assessments.

(a) Perfection and Priority of Lien. The Association shall have an automatic statutory lien against each Unit to secure payment of delinquent Assessments, as well as interest (computed from the due date of such Assessment at the maximum rate allowed by the Act), late charges in such amount as the Board may establish by resolution, costs and reasonable attorneys' fees. Such lien shall be perfected upon the Recording of this Declaration and no further claim of lien shall be required. Notwithstanding the foregoing, the Association shall have the right, but not the obligation, to prepare and Record a "Notice of Lien" which shall set forth (i) the amount of any Assessment, charge, fine or other amount due and owing to the Association; (ii) the date such amount was due and payable and the date from which interest accrues; (iii) all costs and expenses including reasonable attorneys' fees incurred in collecting the unpaid amount as of the date of recording of such Notice of Lien; (iv) the Unit affected by the lien; and (v) the name or names, last known to the Association, of the Owner of the Unit. Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments and other levies which by law would be superior, and (b) the lien or charge of any First Mortgage made in good faith and for value. Notwithstanding the foregoing, the Association's lien for delinquent Assessments shall be prior to a First Mortgage to the extent of an amount equal to the Common Assessments which would have come due, in the absence of acceleration, during the six (6) months immediately preceding institution of an action to enforce or extinguish the lien.

(b) Enforcement of Lien. Such lien, when delinquent, may be enforced in the same manner as provided for the foreclosure of mortgages under the laws of the State of Colorado. The Association may bid for a Unit at any foreclosure sale and acquire, hold, lease, mortgage and convey such Unit. While a Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on behalf of the Association as Owner of such Unit; (b) no Assessment shall be levied against such Unit; and (c) each other Unit shall be charged, in addition to its usual Assessment, its pro rata share of the Assessment that would have been charged the Unit acquired by foreclosure had such Unit not been acquired by the Association. The Association may sue for unpaid Assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

(c) Transfer of Unit. The sale or transfer of any Unit shall not affect an existing lien for previous Assessments or relieve such Unit from any lien for subsequent Assessments. However, the sale or transfer of any Unit pursuant to foreclosure of the First Mortgage shall extinguish the lien as to any installments of such Assessments due prior to such

sale or transfer, except as provided in subsection 7.9(a). Assessments in excess of the super-priority amount provided in subsection 7.9(a) shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 7.10, including such foreclosure purchaser and its successors and assigns.

7.10 Date of Commencement of Assessments. The obligation to pay Assessments shall commence as to each Unit on the first day of the month following the later of: (a) the month in which the Unit is made subject to this Declaration or (b) the month in which the Board first determines a budget and levies Assessments pursuant to this Article VII; provided, however, that: (i) until the first day of the first month following Recording of a Plat subdividing a portion of the Property into single family lots, such portion of the Property shall be assessed based upon the number of Units deemed contained therein pursuant to Section 2.48, at 25% of the full Assessment rate per Unit; (ii) after the filing of a Plat as described in clause (i) above and continuing until the first day of the first month following completion of all Improvements necessary to obtain a building permit for construction of a dwelling, such Unit shall be assessed at 50% of the full Assessment rate; and (iii) thereafter, such Unit shall be assessed at the full Assessment rate. The first annual Common Assessment levied on each Unit, whether levied at the partial or full rate, shall be adjusted according to the number of months remaining in the fiscal year at the time Assessments commence on the Unit.

7.11 Failure to Assess. Failure of the Board to fix Assessment amounts or rates or to deliver or mail to each Owner an Assessment notice shall not be deemed a waiver, modification or release of any Owner's obligation to pay Assessments. In such event, each Owner shall continue to pay Common Assessments on the same basis as during the last year for which an Assessment was made, if any, until a new Assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

7.12 Exempt Property. The following property shall be exempt from payment of Common Assessments and Special Assessments: (i) all Common Elements and (ii) any property dedicated to and accepted by any governmental authority or public utility.

ARTICLE VIII **MAINTENANCE**

8.1 Association's Responsibilities.

(a) Maintenance of Common Elements. The Association shall maintain and keep in good repair the Common Elements, which shall include, but need not be limited to:

(i) all landscaping and other flora, parks, ditches and gullies and other Improvements, including any private streets and bike and pedestrian pathways/trails, situated upon the Common Elements;

(ii) landscaping within public rights-of-way within or abutting the Property; and

(iii) all ponds, streams and wetlands located on the Property which serve as part of the drainage and storm water retention system for the Property, including any retaining walls, bulkheads or dams (earthen or otherwise) retaining water therein, and any fountains, lighting, pumps, conduits and similar equipment installed therein or used in connection therewith.

(b) Maintenance of Units. To provide and maintain harmony for all of the Units located within the planned community, the Association shall maintain and keep in good repair:

(i) the exterior of each Unit, including, without limitation, roofs, gutters, downspouts, exterior building surfaces and perimeter fences, but excluding glass in doors or windows, screened surfaces, patios, decks, doors, door frames or hardware;

(ii) all landscaping, sprinkling systems, sidewalks and driveway upon the front of each Unit from the curb to the front foundation, and with respect to any Unit which has a side fronting upon a public street, the side of such Unit from the curb to the side foundation; and

(iii) trees located in the rear of each Unit.

The maintenance obligation of the Association shall extend to maintenance and repair required by ordinary wear and tear or acts of nature and shall not apply to maintenance, repair or reconstruction resulting as a consequence of the conduct of any Owner or its Permittees except to the extent of insurance proceeds received by the Association for the purpose of such maintenance, repair or reconstruction. In the event of any repair, maintenance or reconstruction resulting from the conduct of any Owner or its Permittees for which the Association does not receive insurance proceeds, the Board shall have the right to charge the cost of such repair, maintenance or reconstruction to such Owner by a Specific Assessment as provided in Section 7.5(b).

(c) Other Property. The Association may maintain other property which it does not own, including, without limitation, any property that has been transferred to the County or dedicated to the public, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

(d) Operation of Facilities. The Association shall maintain the facilities and equipment within the Common Elements in continuous operation, except for any periods necessary, as determined in the sole discretion of the Board, to perform required maintenance or repairs, or unless Members representing 75% of the total vote in the Association agree in writing to discontinue such operation. Except as provided in this subsection 8.1(d), the Common Elements shall not be reduced during the Development Period by amendment of this Declaration or any other means except with the prior written approval of Declarant.

(e) Election to Perform Owners' Duties. The Association may elect to maintain or repair any Unit or portion thereof, the maintenance or repair of which is the

responsibility of an Owner pursuant to Section 8.2, if (i) such Owner has failed, for more than thirty (30) days after notice from the Association, to perform its responsibilities under this Declaration with respect to the maintenance or repair of its Unit, and (ii) such failure has a material effect on the appearance of such Unit when viewed from any area outside such Unit or has a material adverse effect on the use of another Unit or any Common Element for its permitted and intended use; provided, however, that if such failure is not susceptible of being cured within such 30-day period, the Association will not be entitled to perform any repairs or maintenance if such Owner commences performance of its obligations within such 30-day period and thereafter diligently completes such performance. Such Owner will pay all costs incurred by the Association in accordance with this subsection 8.1(e). Such payment will be made upon receipt of a demand from the Association therefor. If an Owner fails to make such payment within thirty (30) days of receipt of a demand therefor, the Association will be entitled to take whatever lawful action it deems necessary to collect such payment including, without limitation, foreclosing its lien or instituting an action at law or in equity.

(f) Common Expenses. Except as otherwise specifically provided herein, all costs incurred by the Association that are associated with the maintenance, repair and replacement described in this Section 8.1 shall be Common Expenses to be allocated among all Units as part of the Common Assessment, except to the extent paid by insurance or condemnation proceeds or by Owners pursuant to Sections 7.5, 8.1(e), 8.2(b), 10.19 or other provisions of this Declaration.

8.2 Owner's Responsibility.

(a) Maintenance and Repair of Unit. Each Owner shall maintain its Unit and all structures, parking areas and other Improvements on the Unit and perform all required repairs of such Unit, unless such maintenance responsibility is otherwise assumed by or assigned to the Association pursuant to this Declaration, any Supplemental Declaration or other declaration of covenants applicable to such Unit. If an Owner fails properly to perform its maintenance responsibility, the Association may perform such maintenance responsibilities and assess all costs incurred by the Association against the Unit and the Owner in accordance with Section 7.5 and in addition to any other enforcement rights available to the Association. The Association shall afford the Owner reasonable notice and an opportunity to cure such failure to perform in accordance with the Bylaws prior to entry, except when entry is required due to an emergency situation. Each Owner shall promptly report to the Association any defect or need for repairs for which the Association is responsible.

(b) Damages Caused by Owners. Each Owner will pay all costs of repair or replacement of any portion of the Property that may become damaged or destroyed by reason of the misconduct or negligence of such Owner or any of its Permittees except to the extent of any insurance proceeds received by the Association on account of such damage or destruction. Such payment will be made upon receipt of a demand from the Association therefor. If an Owner fails to make such payment within thirty (30) days of receipt of a demand therefor, the Association will be entitled to take whatever lawful action it deems necessary to collect such payment including, without limitation, foreclosing its lien or instituting an action at law or in equity.

8.3 Maintenance Standard. Unless otherwise specifically provided herein or in other instruments creating and assigning such maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary. All maintenance shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants. Neither the Association nor any Owner shall be liable for any damage or injury occurring on or arising out of the condition of property which it does not own, except to the extent that it has been negligent in the performance of its maintenance responsibilities.

8.4 Party Structures. Each wall, fence, driveway or similar structure built as a part of the original construction on the Units which serves and/or separates any two adjoining Units shall constitute a party structure. To the extent not inconsistent with the provisions of this Section 8.4, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who make use of the party structure. Any dispute arising concerning a party structure shall be handled in accordance with the provisions of Article XIV.

8.5 Security. The Association may, but shall not be obligated to, maintain or support certain activities on the Property designed to make the Property safer than it otherwise might be. Neither the Association, the original Declarant nor any successor Declarant shall in any way be considered an insurer or guarantor of security on the Property, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any fire protection system, burglar alarm system or other security system or measures, including any mechanism or system for limiting access to the Property, cannot be compromised or circumvented, nor that any such system or security measure undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its Permittees that the Association, the Board of Directors and committees thereof, and Declarant and any successor Declarant are not insurers and that each Person using the Property assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties.

8.6 Contracts. Any agreement for the professional management of the Property, or any contract providing for services of Declarant, may not exceed three (3) years. Any such agreement or contract must provide for termination by either party without cause and without payment of a termination fee on not more than ninety (90) days' written notice.

ARTICLE IX

ARCHITECTURAL STANDARDS

9.1 General.

(a) Compliance with Standards. No structure shall be placed, erected or installed upon any Unit, and no Improvements (including staking, clearing, excavation,

grading and other site work, exterior alteration of existing Improvements, and planting or removal of landscaping materials) shall take place except in compliance with this Article IX, and with the approval of the appropriate committee under Section 9.2. Notwithstanding the foregoing, the Board may exempt certain activities from the application and approval requirements of this Article IX, provided such activities are undertaken in strict compliance with the requirements of the resolution creating such exemption.

(b) Interior Modifications; Modifications in Accordance with Original Plans. Any Owner may remodel, paint or redecorate the interior of structures on a Unit without approval. However, modifications to the interior of screened porches, patios and similar portions of structures on a Unit visible from outside such structures shall be subject to approval. No approval shall be required to repair the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications.

(c) Use of Licensed Architects. All dwellings constructed on any portion of the Property shall be designed by and built in accordance with the plans and specifications of a licensed architect or licensed building designer.

(d) Declarant and Common Elements Exempt. Notwithstanding subsection 15.1(b), this Article IX shall not apply to the activities of Declarant or to the construction, modification or removal of Improvements on the Common Elements by or on behalf of the Association.

(e) No Amendment without Declarant's Consent. This Article IX may not be amended without Declarant's written consent so long as Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

9.2 Architectural Review. Responsibility for administration of the Design Guidelines and review of all applications for construction and modifications under this Article IX shall be handled by the Architectural Review Committee. The Architectural Review Committee shall consist of at least three (3), but not more than five (5), Persons and shall have exclusive jurisdiction over all original construction on any portion of the Property and over all modifications, additions and alterations made on or to existing structures on Units or containing Units and the adjacent open space. The members of the Architectural Review Committee need not be Members or representatives of Members, and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board. Until 100% of the Units have been developed and conveyed to Owners other than Builders, Declarant retains the right to appoint all members of the Architectural Review Committee, who shall serve at Declarant's discretion. There shall be no surrender of this right prior to such time except in a written instrument in recordable form executed by Declarant. Upon the expiration of such right, the Board shall appoint the members of the Architectural Review Committee, who shall thereafter serve at the Board's discretion. The Board may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include

the reasonable costs incurred by the Architectural Review Committee in having any application reviewed by architects, engineers or other professionals.

9.3 Guidelines and Procedures.

(a) Design Guidelines.

(i) The Design Guidelines may contain general provisions applicable to all of the Property, as well as specific provisions that vary according to land use and from one portion of the Property to another depending upon location, unique characteristics and intended use. The Design Guidelines are intended to provide guidance to Owners and Builders regarding matters of particular concern to the Architectural Review Committee in considering applications hereunder. The Design Guidelines are not the exclusive basis for decisions of the Architectural Review Committee and compliance with the Design Guidelines does not guarantee approval of any application.

(ii) The Architectural Review Committee shall adopt the Design Guidelines at its initial organizational meeting and thereafter shall have sole and full authority to amend them. Any amendments to the Design Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Design Guidelines; the Architectural Review Committee is expressly authorized to amend the Design Guidelines to remove requirements previously imposed and otherwise make the Design Guidelines less restrictive.

(iii) The Architectural Review Committee shall make the Design Guidelines available to Owners and Builders who seek to engage in development or construction on the Property. In the Architectural Review Committee's discretion, such Design Guidelines may be Recorded, in which event the Recorded version, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

(b) Procedures.

(i) Plans and specifications showing the nature, kind, shape, color, size, materials and location of all proposed Improvements shall be submitted to the Architectural Review Committee for review and approval or disapproval prior to the commencement of construction of such Improvements. In addition, information concerning irrigation systems, drainage, lighting, landscaping and other features of proposed construction shall be submitted as applicable. The Architectural Review Committee may condition its approval on such changes in the plans and specifications as it deems appropriate, and may require submission of additional plans and specifications or other information prior to approving or disapproving the material submitted. In reviewing each submission, the Architectural Review Committee may consider the quality of workmanship and design, harmony of external design with existing structures, and location in relation to surrounding structures, topography and finish grade elevation, among other things. Decisions of the Architectural Review Committee may be

based on purely aesthetic considerations. Each Owner acknowledges that opinions on aesthetic matters are subjective and may vary as Architectural Review Committee members change over time.

(ii) The Architectural Review Committee shall meet from time to time as necessary to perform its duties hereunder. The vote of the majority of all of the members of the Architectural Review Committee, or the written consent of a majority of all of such members, shall constitute an act of the Architectural Review Committee.

(iii) In the event that the Architectural Review Committee fails to approve or disapprove any application within thirty (30) days after submission of all information and materials reasonably requested, the application shall be deemed approved. However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Design Guidelines unless a variance has been granted in writing by the Architectural Review Committee pursuant to Section 9.5.

9.4 No Waiver of Future Approvals. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings or other matters subsequently or additionally submitted for approval.

9.5 Variances. The Architectural Review Committee may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted when unique circumstances dictate and no variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) estop the Architectural Review Committee from denying a variance in other circumstances. For purposes of this Section 9.5, the inability to obtain approval of any governmental agency, the issuance of any permit or the terms of any financing shall not be considered a hardship warranting a variance.

9.6 Limitation of Liability. Review and approval of any application pursuant to this Article IX are made on the basis of aesthetic considerations only and the Architectural Review Committee shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither Declarant, the Association, the Board, the Architectural Review Committee, nor any member of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner or quality of approved construction or modifications to any Unit. In all matters, the Architectural Review Committee and its members shall be defended and indemnified by the Association as provided in Section 6.8.

9.7 Enforcement.

(a) Removal of Improvements. Any Improvement placed or made in violation of this Article IX shall be deemed to be nonconforming. Upon written request from

the Board or Declarant, the Owner of the Unit on which such Improvement is located shall, at such Owner's own cost and expense, remove such Improvement and restore the Unit to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, the Board, Declarant or the designees of either shall have the right, after providing the Owner of the Unit with notice and an opportunity to be heard in accordance with the Bylaws, to enter the Unit, remove the violation, and restore the Unit to substantially the same condition as previously existed. All costs of any such entry, removal and restoration, together with interest at the maximum rate then allowed by law, may be assessed against the benefitted Unit and collected as a Specific Assessment.

(b) Completion of Work. Unless otherwise specified in writing by the committee granting approval, any approval granted hereunder shall be deemed conditioned upon completion of all elements of the approved work and all work previously approved with respect to the same Unit, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved work, the Association shall be authorized to enter upon the Unit and remove or complete any incomplete work and to assess all costs incurred against the Unit and the Owner thereof as a Specific Assessment.

(c) Exclusion from Property. Any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of this Article IX and the Design Guidelines may be excluded from the Property, subject to the notice and hearing procedures contained in the Bylaws. Neither Declarant, the Association, nor the officers, directors or committee members of either, shall be held liable to any Person for exercising the rights granted by this subsection 9.7(c).

(d) Legal and Equitable Remedies. In addition to the foregoing, Declarant and the Association shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article IX and the decisions of the Architectural Review Committee.

ARTICLE X

USE RESTRICTIONS

10.1 Residential and Business Uses.

(a) Residential Use. Except as set forth in this Section 10.1, the Property shall be used only for residential and related purposes consistent with this Declaration.

(b) Conduct of Business Activities. No business, trade or similar activity may be conducted in or from any Unit, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (a) the existence or operation of the business activities is not apparent or detectable by sight, sound or smell from outside the Unit; (b) the business activity conforms to all zoning requirements for the Property; (c) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers

or other business invitees or door-to-door solicitation of residents of the Property; and (d) the business activity is consistent with the residential character of the Property and does not constitute a nuisance or a hazardous or offensive use or threaten the security or safety of other residents of the Property, as may be determined in the sole discretion of the Board.

(c) "Business" or "Trade". The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (a) such activity is engaged in full- or part-time, (b) such activity is intended to or does generate a profit, or (c) a license is required.

(d) Exceptions. Notwithstanding the above, the leasing of a Unit shall not be considered a business or trade within the meaning of this Section 10.1. This Section 10.1 shall not apply to any activity conducted by Declarant or a Builder approved by Declarant with respect to the development or sale of the Property, or to any activity conducted by the Association that relates to the performance of its obligations under this Declaration or otherwise benefits the Owners.

10.2 Single Family Occupancy. The primary structure constructed on each Unit shall be an attached or detached single family residential dwelling; any other structure shall be constructed only after approval by the appropriate committee pursuant to Article IX. No Unit shall be occupied by more than a single family. For purposes of this restriction, a single family shall be defined as any of the members of a single housekeeping unit. The Board may impose additional rules limiting the number of occupants permitted in each Unit based upon its size and facilities and its fair use of the Common Elements.

10.3 Leasing of Units. "Leasing," for purposes of this Declaration, is defined as regular, exclusive occupancy of a Unit by any person other than the Owner, for which the Owner receives any consideration or benefit including, without limitation, a fee, service, gratuity or emolument. Any lease must be in writing. Units may be leased only in their entirety; no fraction or portion of a Unit may be leased. No transient tenants may be accommodated in a Unit. The Board may establish minimum lease periods. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Owner of the leased Unit within ten (10) days of execution of the lease. The Owner must make available to the lessee copies of this Declaration, the Bylaws and the Rules. The Board may adopt reasonable rules regulating leasing and subleasing.

10.4 Subdivision of Unit; Time-Sharing. No Unit shall be subdivided or its boundary lines changed except pursuant to subsection 3.2(c) or with the prior written approval of the Board. No Unit shall be made subject to any type of time-sharing, fraction-sharing or similar program whereby the right to exclusive use of the Unit rotates among members of the program on a fixed or floating time schedule over a period of years.

10.5 Water and Mineral Operations. No oil or water drilling, oil or water development operations, oil refining, quarrying or mining operations of any kind shall be permitted on any Unit. No derrick or other structure designed for use in boring for water, oil, natural gas or other minerals shall be erected and maintained or permitted on any Unit.

10.6 Unsightly or Unkempt Conditions. All portions of a Unit outside of enclosed structures shall be kept in a clean and tidy condition at all times. Nothing shall be done, maintained, stored or kept outside of enclosed structures on a Unit which, in the determination of the Board, causes an unclean, unhealthy or untidy condition to exist or is obnoxious to the senses. Any structures, equipment or other items which may be permitted to be erected or placed on the exterior portions of Units shall be kept in a neat, clean and attractive condition and shall promptly be removed upon request of the Board if, in the judgment of the Board, they have become rusty or dilapidated or have otherwise fallen into disrepair. The pursuit of hobbies or other activities, including, without limitation, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkempt conditions is prohibited, unless conducted entirely within an enclosed garage. No Owner or Permittee shall dump grass clippings, leaves or other debris, petroleum products, fertilizers or other potentially hazardous or toxic substances in any drainage ditch, stream, pond or lake or elsewhere on the Property.

10.7 Quiet Enjoyment. Nothing shall be done or maintained on any part of a Unit that emits foul or obnoxious odors outside the Unit or creates noise or other conditions that tend to disturb the peace, quiet, safety, comfort or serenity of the occupants and invitees of other Units. The following activities are prohibited on the Property: illegal activities, and any activities which, in the reasonable determination of the Board, tend to cause embarrassment, discomfort, annoyance or nuisance to persons using the Common Elements or to the occupants and invitees of other Units.

10.8 Prohibited Conditions. The following conditions, structures and activities are prohibited on the Property unless prior approval in writing is obtained pursuant to Article IX:

(a) Antennas. No exterior antennas of any kind, including, without limitation, satellite dishes, shall be permitted; provided, however, a master antenna, cable system or satellite system may be maintained by Declarant or the Association;

(b) Tree Removal. No trees or shrubs shall be removed except in compliance with the Design Guidelines;

(c) Air-Conditioning Units. No window air-conditioning units shall be installed;

(d) Lighting. Exterior lighting visible from the street shall not be permitted except for (i) approved lighting as originally installed on a Unit; (ii) street lights in conformity with an established street lighting program; and (iii) seasonal decorative lights during the usual and common season;

(e) Vegetation; Irrigation. Except for landscaping maintained by the Association, no vegetation shall be planted on the Units, and there shall be no irrigation or other use of water which may result in any significant amount of water soaking into or entering the soil.

(f) Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation or similar items shall be permitted on the exterior of any property, including, without limitation, fountains, flags, clotheslines, play equipment and basketball goals;

(g) Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed unless they are an integral and harmonious part of the architectural design of a structure;

(h) Signs. No sign of any kind, including, without limitation, flags, banners or similar items advertising or providing directional information, shall be erected on the Property without the written consent of the Board, except entry and directional signs installed by Declarant and signs erected pursuant to Section 5.3; provided, however, that if permission is granted to any Person to erect a sign on the Property, the Board reserves the right to restrict the size, color, lettering and placement of such sign;

(i) Pools. No swimming pool or pond shall be constructed, erected or maintained upon any Unit;

(j) Utility Lines. No overhead utility lines, including lines for cable television, shall be permitted, except for temporary lines as required during construction and lines installed by or at the request of Declarant;

(k) Playground. No jungle gyms, swing sets or similar playground equipment shall be erected or installed on any Unit;

(l) Fences. No hedges, walled dog runs, animal pens or front-yard fences of any kind shall be permitted on any Unit, except walls constructed by Declarant between Units; and

(m) Doors and Windows. No "burglar bars," steel or wrought iron bars or similar fixtures, whether designed for decorative, security or other purposes, shall be installed on the exterior of any windows or doors of any dwelling.

10.9 Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any portion of the Property, except that not more than two dogs, cats or other usual and common household pets may be permitted in a Unit. Any pet which is permitted to roam free, or which, in the sole discretion of the Association, makes objectionable noise or endangers the health of or constitutes a nuisance or inconvenience to the Owners of other Units or the owner of any portion of the Property, shall be removed upon request of the Board. If the Owner responsible for such pet fails to honor such request, the pet may be removed by the Board. No pets shall be kept, bred or maintained for any commercial purpose.

Any dog that is outside the Unit on which it resides shall be confined on a leash held by a responsible person. The Board shall have the authority to restrict or prohibit the keeping of breeds of dogs with a known history of dangerous or vicious behavior.

10.10 Parking and Prohibited Vehicles.

(a) Parking. All vehicles owned by an Owner shall be parked only in garages. Vehicles shall be subject to such reasonable rules and regulations as the Board may adopt. Declarant and/or the Association may designate certain parking areas for visitors or guests and may adopt reasonable rules governing the use of such areas.

(b) Prohibited Vehicles. No Owner shall park or store more than two vehicles per Unit owned by such Owner within or upon the Property at any one time. No Owner shall park or store within or upon the Property, except within an enclosed garage, any commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, tractors, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, or boat trailers. Stored vehicles and vehicles which either are obviously inoperable or do not have current operating licenses shall not be permitted on the Property except within enclosed garages. For purposes of this subsection 10.10(b), a vehicle shall be considered "stored" if it is put up on blocks or covered with a tarpaulin. Service and delivery vehicles may be parked on the Property during daylight hours for such periods of time as are reasonably necessary to provide services or to make deliveries to Units or Common Elements and only within visitor spaces. Any vehicle parked in violation of this Section 10.10 or parking rules promulgated by the Board may be towed. No parking shall be allowed on any areas designated as private drives on the Plat.

10.11 Wetlands, Lakes and Other Water Bodies. All wetlands, lakes, ponds and streams on the Property, if any, shall be aesthetic amenities only, and no other use thereof, including, without limitation, fishing, swimming, boating, playing or use of personal flotation devices, shall be permitted without the prior approval of the Board. The Association shall not be responsible for any loss, damage or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds or streams on the Property.

10.12 Irrigation. No sprinkler or irrigation system of any type which draws upon water from creeks, streams, rivers, ponds, wetlands, canals or other ground or surface waters on the Property shall be installed, constructed or operated on the Property. However, Declarant and the Association shall have the right to draw water from such sources for the purpose of irrigating the Common Elements. All sprinkler and irrigation systems serving Units shall draw upon public water supplies only and shall be subject to approval in accordance with Article IX of this Declaration. Private irrigation wells are prohibited on the Property.

10.13 Grading, Drainage and Septic Systems. No Person shall alter the grading of any Unit without prior approval pursuant to Article IX of this Declaration. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall

be placed in these areas. No Person other than Declarant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers or storm drains. Septic tanks and drain fields, other than those installed by or with the consent of Declarant, are prohibited on the Property.

10.14 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.

10.15 Tents, Mobile Homes and Temporary Structures. Except as may be permitted by Declarant or the Architectural Review Committee during initial construction on the Property, no tent, shack, mobile home or other structure of a temporary nature shall be placed upon a Unit or any part of the Property. This prohibition shall not apply to restrict the construction or installation of a single utility or similar outbuilding to be permanently located on a Unit, provided it receives the prior approval of the Architectural Review Committee in accordance with Article IX.

10.16 Firearms. The discharge of firearms on the Property is prohibited. The term "firearms" includes "B-B" guns, pellet guns and other firearms of all types, regardless of size. Notwithstanding anything to the contrary contained herein or in the Bylaws, the Association shall not be obligated to take action to enforce this Section 10.16.

10.17 Laws and Ordinances. Every Owner and Permittee shall comply with all laws, statutes, ordinances and rules of federal, state and municipal governments applicable to the Property. Any violation may be considered a violation of this Declaration. However, the Board shall have no obligation to take action to enforce such laws, statutes, ordinances and rules.

10.18 Occupants Bound. All provisions of this Declaration, the Bylaws and the Rules shall also apply to all occupants of any Unit and to Permittees of any Owner or occupant. Every Owner shall cause all occupants of its Unit to comply with the foregoing, and every Owner shall be responsible for all violations and losses to the Common Elements caused by such occupants, notwithstanding the fact that such occupants of a Unit are fully liable and may be sanctioned for any violation.

10.19 Indemnity. Each Owner will be liable to and will protect, defend, indemnify and hold the Association and the other Owners harmless from and against any and all damages, claims, demands, liens (including, without limitation, mechanics' and materialmen's liens and claims), losses, costs and expenses (including, without limitation, reasonable attorneys' fees, court costs and other expenses of litigation) and liabilities of any kind or nature whatsoever suffered or incurred by, or threatened or asserted against, the Association or any other Owner as a result of or in connection with (a) the willful misconduct, negligence or breach of the Act, this Declaration, the Bylaws or the Rules by the indemnifying Owner or its Permittees; or

(b) any repair, restoration, replacement, alteration or other construction, demolition, installation or removal work on or about the Property contracted for, or performed by, the indemnifying Owner or its Permittees. The indemnifying Owner will pay for all such claims suffered or incurred by the Association for which such Owner is responsible hereunder promptly upon receipt of a demand from the Association therefor. To the extent provided in Section 7.5(b), the amount of such claims will constitute Specific Assessments against the indemnifying Owner's Unit. If the indemnifying Owner fails to make such payment within thirty (30) days after receipt of a demand therefor, the Association will be entitled to take whatever lawful action it deems necessary to collect such payment including, without limitation, foreclosing its lien or instituting an action at law or in equity. Nothing herein will be deemed to relieve any Permittee from liability for its own acts or omissions. Nothing contained in this Section 10.19 will be construed to provide for any indemnification which would violate applicable laws, void any or all of the provisions of this Section 10.19, or negate, abridge, eliminate or otherwise reduce any other indemnification or right which the Association or the Owners have by law.

ARTICLE XI

INSURANCE, DAMAGE AND TAKINGS

11.1 Association's Insurance.

(a) Required Coverages. The Association, acting through the Board or its duly authorized agent, shall obtain and continue in effect all of the following types of insurance if reasonably available or, if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(i) Property insurance upon the Common Elements and all fixtures, improvements and alterations situated thereon or constituting a part thereof, the Units and all fixtures, improvements and alterations situated thereon or constituting a part thereof, and any personal property of the Association situated in the Common Elements or used in the operation or maintenance thereof, in such amounts, against such risks, and containing such provisions as the Board may reasonably determine from time to time, but at a minimum insuring against all risks of direct physical loss for 100% of the full replacement cost of the Common Elements, the Units and such personal property (excluding land, excavations, foundations and other items normally excluded from property policies) less a deductible in an amount not to exceed the lesser of \$10,000 or one percent (1%) of the policy face amount, at the time such insurance is purchased and at each renewal date. In the event that, as a result of any improvements or alterations made to a Unit by its Owner, the premium for the property insurance policy described above is increased to an amount in excess of what such premium would have been had such Owner not made such improvements or alterations, the Board may assess the amount of such increase in premium against such Unit as a Specific Assessment pursuant to Section 7.5.

(ii) Bodily injury and property damage liability insurance for the benefit of the Association and its officers, directors, agents and employees, with all Owners

and Mortgagees named as additional insureds, in such amounts and with such coverage as may be determined from time to time by the Board; provided that, to the extent available on reasonable terms, such liability insurance will (i) have a combined single occurrence limit of not less than \$1,000,000; (ii) be on a commercial general liability form; and (iii) insure all of the named and additional insured parties against liability for negligence resulting in death, bodily injury or property damage arising out of or in connection with the operation, use, ownership or maintenance of the Common Elements and the Units.

(iii) Workers' compensation insurance and employer's liability insurance, if and to the extent required by law.

(iv) Directors' and officers' liability coverage.

(v) Fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's best business judgment but not less than one-sixth (1/6) of the annual Common Assessments on all Units plus reserves on hand, and containing a waiver of all defenses based upon the exclusion of Persons serving without compensation.

(vi) Such additional insurance as the Board, in its best business judgment, determines advisable, which may include, without limitation, automobile insurance, flood insurance, boiler and machinery insurance and building ordinance coverage.

(b) Policy Requirements. The Association shall arrange for an annual review of the sufficiency of insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the Fort Collins, Colorado, area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to any Owner or Mortgagee. Each policy may provide for a deductible which may not exceed the lesser of \$10,000.00 or one percent (1%) of the policy face amount, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of subsection 11.1(a). Premiums for all insurance maintained by the Association pursuant to this Section 11.1 shall be Common Expenses and shall be included in the Common Assessment. In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after providing notice and an opportunity to be heard in accordance with the Bylaws, that the loss is the result of the negligence or willful misconduct of one or more Owners or their Permittees, then the Board may specifically assess the full amount of such deductible against such Owners and their Units pursuant to Section 7.5. All insurance coverage obtained by the Board shall:

(i) be written with companies authorized to do business in the State of Colorado which satisfy the requirements of the Federal National Mortgage Association or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(ii) be written in the name of the Association as trustee for the Association and the Members;

(iii) be written as a primary policy, not contributing with and not supplemental to the coverage that any Owners, occupants or their Mortgagees may carry individually;

(iv) include an inflation guard endorsement;

(v) include an agreed amount endorsement, if the policy contains a co-insurance clause;

(vi) provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's membership in the Association;

(vii) provide a waiver of subrogation under the policy against any Owner or household member of an Owner;

(viii) include an endorsement precluding cancellation, invalidation, suspension or non-renewal by the insurer on account of any curable defect or violation or any act or omission of any Owner, without prior written demand to the Association to cure the defect, violation, act or omission and allowance of a reasonable time to effect such cure;

(ix) include an endorsement precluding cancellation, invalidation or condition to recovery under the policy on account of any act or omission of any Owner, unless such Owner is acting within the scope of its authority on behalf of the Association; and

(x) include an endorsement requiring at least thirty (30) days' prior written notice to the Association, and to each Owner and Mortgagee to whom a certificate of insurance has been issued, of any cancellation, substantial modification or non-renewal.

(c) Other Policy Provisions. In addition, the Board may use reasonable efforts to secure insurance policies which list the Owners as additional insureds and provide:

(i) a waiver of subrogation as to any claims against the Board, the officers or employees of the Association, and the Owners and their Permittees;

(ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash;

(iii) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

(iv) a cross liability provision; and

(v) a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in settlement negotiations, if any, related to such losses.

11.2 Owners' Insurance.

(a) Required Coverages. Each Owner will obtain and continue in effect, at such Owner's own expense, the following types of insurance coverage:

(i) Property insurance upon all personal property within such Owner's Unit, in such amounts, against such risks, and containing such provisions as the Owner may reasonably determine from time to time.

(ii) Bodily injury and property damage liability insurance for the benefit of such Owner and such additional insureds as it may elect to name, in such amounts and with such coverage as are from time to time customarily maintained by prudent owners of similar property; provided that such liability insurance will (i) have a combined single occurrence limit of not less than \$100,000; and (ii) insure all of the named and additional insured parties against liability for negligence resulting in death, bodily injury or property damage arising out of or in connection with the operation, use, ownership or maintenance of such Owner's Unit.

(b) Policy Requirements. Any insurance carried pursuant to this Section 11.2 shall (i) permit a waiver of claims among, and provide for a waiver of subrogation by, the insurer as to claims against the Association, its directors, officers, employees and agents, each Owner and the members of such Owner's household, each Mortgagee, any other person for whom the Association or any Owner or Mortgagee may be responsible; and (ii) be written as a primary policy, not contributing with and not supplemental to the coverage that the Association may carry.

11.3 Damage and Destruction.

(a) Common Elements.

(i) Immediately after damage or destruction to all or any part of the Property covered by insurance written in the name of the Association, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this paragraph, means the repair or restoration of the damaged property to substantially the condition in which it existed prior to the damage, allowing for changes necessitated by changes in applicable building codes.

(ii) Any damage to or destruction of the Common Elements shall be repaired or reconstructed unless, within sixty (60) days after the loss, a decision not to

repair or reconstruct is made by Members representing at least 80% of the total vote in the Association, and, if the damage or destruction occurs during the Development Period, Declarant. If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Association within such sixty (60) day period, then such period shall be extended until such funds and information are available. However, such extension shall not exceed sixty (60) additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Elements shall be repaired or reconstructed.

(iii) If a decision not to repair or reconstruct the damage or destruction to the Common Elements is made pursuant to subsection 11.3(a)(ii) and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive landscaped condition consistent with the Community-Wide Standard.

(iv) Any insurance proceeds attributable to damage to Common Elements will be applied to the costs of repair or reconstruction and then, if any insurance proceeds remain, distributed equally among all Owners.

(v) If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board of Directors may, without a vote of the Members, levy Special Assessments to cover the shortfall.

(vi) Each Unit will continue to be subject to Assessments following any damage to any portion of the Common Elements, without abatement as a result of such damage.

(b) Units.

(i) Any damage or destruction to a Unit shall be promptly repaired or reconstructed by the Association.

(ii) The Association shall not be relieved of this obligation to repair or reconstruct by the fact that insurance proceeds are not sufficient to cover the cost of such repair or construction. If the insurance proceeds are insufficient to properly repair or reconstruct the damaged Unit, the excess cost shall be assessed as a Special Assessment equally against all Units in accordance with Section 7.4, without a vote of the Members.

(iii) Each Unit will continue to be subject to Assessments following any damage to any portion of such Unit, without abatement as a result of such damage.

11.4 Takings.

(a) Taking of Units. In the event of a Taking of all or any part of any Unit, the Owner thereof will be solely responsible for negotiating with the condemning authority

concerning the award for such Taking and will be entitled to receive such award after the liens of all Mortgagees on the affected Unit or portion thereof have been satisfied or otherwise discharged. If only part of a Unit is acquired by a Taking, the Owner of such Unit will be responsible for the restoration of its Unit as necessary to return the Unit to a safe and lawful condition that does not adversely affect the use or enjoyment of the other Units or Common Elements or detract from the general character or appearance of the Property. Any such restoration must be completed in accordance with the provisions of Article IX. If a Taking occurs by which the condemning authority acquires all or any part of one or more Unit(s) in such a manner that such Unit(s) is or are no longer subject to this Declaration, then the Association will consider and pass an amendment to this Declaration revising the allocations made among the various Units hereunder.

(b) Taking of Common Elements.

(i) Each Owner shall be entitled to written notice of any Taking of Common Elements. The Board will be solely responsible for negotiating, and is hereby authorized to negotiate with the condemning authority on behalf of all Owners concerning, the amount of the award for any Taking by which a condemning authority acquires 100% of the interests in and to any Common Elements without also acquiring 100% of the Units, and the acceptance of such award by the Board will be binding on all Owners. Any award made for such Taking shall be payable to the Association as trustee for all Owners and shall be disbursed as set forth in subsections 11.4(b)(ii) and 11.4(b)(iii). Notwithstanding the foregoing, no Common Elements shall be conveyed in lieu of and under threat of condemnation without the approval of the Board, acting on the written direction of Members representing at least 80% of the total vote in the Association and, during the Development Period, with Declarant's consent.

(ii) If the Taking involves a portion of the Common Elements on which Improvements have been constructed, the Association shall restore or replace such Improvements on the remaining land included in the Common Elements to the extent available, unless within sixty (60) days after such Taking Members representing at least 75% of the total vote of the Association and, if the Taking occurs during the Development Period, Declarant shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. If the award made for such Taking is insufficient to cover the costs of restoration or replacement, the Board of Directors may, without a vote of the Members, levy Special Assessments to cover the shortfall.

(iii) If the Taking does not involve any Improvements on the Common Elements, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

ARTICLE XII
MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of First Mortgages on Units in the Property. The provisions of this Article XII apply to both this Declaration and the Bylaws, notwithstanding any other provisions contained therein.

12.1 No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the holder of the First Mortgage of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a Taking of the Common Elements.

12.2 Notice to Mortgagees. Upon receipt by the Association of the notice described in Section 2.26, any Eligible Holder who provides such notice will be entitled to timely written notice of:

(a) Any condemnation loss or casualty loss that affects a material portion of the Property or that affects any Unit on which there is a First Mortgage held, insured or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of Assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of this Declaration or the Bylaws relating to such Unit or the Owner or occupant thereof which is not cured within sixty (60) days of such violation;

(c) Any lapse, cancellation or material modification of any insurance policy maintained by the Association; and

(d) Any proposed action that would require the consent of a specified percentage of Eligible Holders.

12.3 Restrictions on Amendments. Notwithstanding any other provision of this Declaration to the contrary, any amendment to this Declaration that would change the provisions hereof, or add provisions, governing any of the following described matters will require, subject to Section 12.4, the approval of Eligible Holders who represent at least 51% of the votes in the Association that are allocated to Units that are encumbered by First Mortgages held by Eligible Holders:

(a) voting rights;

(b) Assessment liens or the priority of Assessment liens, or increases of more than 25% in Assessments;

(c) reductions in the Reserve Fund;

- (d) responsibility for maintenance and repairs;
- (e) reallocation of interests in the Common Elements or rights to their use;
- (f) redefinition of Unit boundaries;
- (g) convertibility of Units into Common Elements or vice versa;
- (h) expansion or contraction of the Property, or the addition, annexation or withdrawal of property to or from the Property subject to this Declaration;
- (i) hazard or fidelity insurance requirements;
- (j) imposition of any restrictions on the leasing of Units;
- (k) imposition of any restrictions on an Owner's right to sell or transfer its Unit;
- (l) repair or restoration of the Property after damage or partial condemnation in a manner other than that specified in this Declaration;
- (m) the requirement that a specified percentage of Eligible Holders approve any termination of this Declaration pursuant to subsection 15.2(b); or
- (n) any provision of this Article XII or any other matter set forth in this Declaration for the express benefit of holders, insurers or guarantors of First Mortgages.

12.4 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from such Mortgagee within thirty (30) days of the date of the Association's request, provided such request is sent to such Mortgagee by certified or registered mail, return receipt requested.

ARTICLE XIII

CONVEYANCING AND ENCUMBRANCING

13.1 Units. A description of any Unit that sets forth (a) the identifying number or name of such Unit, (b) the name of the Property, (c) the date of recording and the recording data of this Declaration in the Records, and (d) the county in which the Property is located will, if included in an otherwise proper instrument, be sufficient for all purposes to sell, convey, transfer, encumber or otherwise affect not only such Unit but also all Easements, rights and other benefits appurtenant thereto as provided in this Declaration. A Person who becomes an Owner will promptly notify the Association of its ownership of a Unit. An Owner may encumber its Unit as it sees fit, subject to the provisions of this Declaration.

13.2 Transferee Liability.

(a) General. In the event of any voluntary or involuntary transfer of a Unit to any Person (other than a Person taking title through a foreclosure of a First Mortgage), the transferee thereof will be jointly and severally liable with the transferor of such Unit for all unpaid Assessments against such Unit up to the time of transfer, without prejudice to such transferee's right to recover from the transferor any amounts paid by such transferee hereunder.

(b) First Mortgage Foreclosure. Any Person (including the holder of a First Mortgage) acquiring title to a Unit through foreclosure of a First Mortgage will be liable for unpaid Assessments only to the extent set forth in subsection 7.9(c).

13.3 Common Elements. The Common Elements or portions thereof may be conveyed or subjected to a lien or security interest in accordance with Section 38-33.3-312 of the Act, with the written approval of Owners to whom are allocated at least 80% of the votes in the Association. Such conveyance or encumbrance will not affect the priority or validity of pre-existing encumbrances. Any net proceeds from the sale of any portion of the Common Elements will be distributed to the Owners as if such amounts were an award paid as a result of the Taking of such portion of the Common Elements.

ARTICLE XIV DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

14.1 Agreement to Avoid Costs of Litigation and Limit Right to Litigate Disputes. The Bound Parties agree to encourage the amicable resolution of disputes involving the Property, in order to avoid the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that all Claims, except for those Claims exempted in Section 14.2, shall be resolved using the procedures set forth in Section 14.3 in lieu of filing suit in any court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim.

14.2 Exempt Claims. The following Claims shall be deemed to be Exempt Claims, and shall not be required to be submitted to the alternative dispute resolution procedures set forth in Section 14.3:

(a) any suit by the Association against Declarant or its successors or assigns;

(b) any suit by the Association against any Bound Party to enforce the collection of Assessments, charges, fines or other amounts owing to the Association;

(c) any suit by the Association to obtain injunctive and such other relief as the court may deem necessary in order to preserve the Association's ability to enforce the provisions of this Declaration, the Articles, the Bylaws and the Rules;

(d) any suit between Owners seeking redress on the basis of a Claim that would constitute a cause of action under federal or state law in the absence of a claim based on this Declaration, the Articles, the Bylaws or the Rules, if the amount in controversy exceeds \$5,000.00;

(e) any suit arising out of any written contract between Owners, or between Declarant and any Builder, which would constitute a cause of action under the laws of the State of Colorado in the absence of this Declaration, the Articles and the Bylaws; and

(f) any suit in which all parties are not Bound Parties.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 14.3, but shall have no obligation to do so. An Exempt Claim involving the Association may be submitted to the alternative dispute resolution procedures of Section 14.3 only with the majority approval of the Board.

14.3 Mandatory Procedures for All Other Claims. All Claims other than Exempt Claims shall be resolved using the following procedures:

(a) Notice. Any Claimant shall provide a written notice to each Respondent, stating plainly and concisely:

(i) the nature of the Claim, including date, time, location, Persons involved and Respondent's role with respect to the Claim;

(ii) the basis of the Claim (i.e., the provisions of this Declaration, the Articles, the Bylaws, the Rules or other authority upon which the Claim is based);

(iii) what action Claimant seeks from Respondent in order to resolve the Claim; and

(iv) that Claimant wishes to resolve the Claim by mutual agreement with Respondent and is willing to meet personally with Respondent at a mutually agreeable time and place to discuss, in good faith, ways to resolve the Claim.

(b) Negotiation.

(i) Each Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

(ii) Upon receipt of a written request from either Claimant or Respondent, accompanied by a copy of the notice described in subsection 14.3(a), the Board may appoint a representative to assist Claimant and Respondent in resolving the dispute by

negotiation, if in its discretion it believes its efforts will be beneficial to Claimant and Respondent and to the welfare of the community.

(c) Mediation.

(i) If Claimant and Respondent do not resolve the Claim through negotiation within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by Claimant and Respondent), Claimant shall have fifteen (15) additional days after the end of such period within which to submit the Claim to mediation under the auspices of any public dispute resolution center or other independent agency providing similar services in the metropolitan Fort Collins, Colorado, area.

(ii) If Claimant does not submit the Claim to mediation within fifteen (15) days after the expiration of the negotiation period, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, however, nothing herein shall release or discharge Respondent from any liability to Persons not party to the foregoing proceedings.

(iii) If Claimant submits the Claim to mediation, Claimant and Respondent shall make a good faith effort to resolve the Claim by mediation. If Claimant and Respondent do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined to be reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings. Such notice shall set forth when and where Claimant and Respondent met, that they are at an impasse, and the date that mediation was terminated.

(iv) Claimant and Respondent shall each, within five (5) days of the date of the notice of termination of mediation, make a written offer of settlement in an effort to resolve the Claim. Claimant shall make a final written settlement demand to Respondent. Respondent shall make a final written settlement offer to Claimant. If Claimant fails to make a final settlement demand, Claimant's original notice of Claim shall constitute the final settlement demand. If Respondent fails to make a final settlement offer, Respondent shall be deemed to have made a "zero" or "take nothing" final settlement offer.

(d) Final and Binding Arbitration.

(i) If Claimant and Respondent do not agree in writing to accept either Claimant's settlement demand or Respondent's settlement offer or to resolve the Claim in another manner within fifteen (15) days of the date of the notice of termination of mediation, Claimant shall have fifteen (15) additional days to submit the Claim to arbitration in accordance with the American Arbitration Association Commercial Arbitration Rules or the Claim shall be deemed abandoned, in which event Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, however, nothing herein shall release or discharge Respondent from any liability to Persons not party to the foregoing proceedings.

(ii) This subsection 14.3(d) is an agreement of the Bound Parties to arbitrate all Claims except Exempt Claims and is specifically enforceable under the applicable arbitration laws of the State of Colorado. Any arbitration award shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Colorado.

14.4 Allocation of Costs of Resolving Claims.

(a) Costs Incurred Prior to Termination of Mediation. Each party to the proceedings described in Section 14.3 shall bear its own costs incurred prior to and during the proceedings described in subsections 14.3(a), 14.3(b) and 14.3(c), including the fees of its attorney or other representative. Each such party shall share equally all costs of mediation conducted pursuant to subsection 14.3(c).

(b) Post-Mediation Costs. Each party to the proceedings described in Section 14.3 shall bear its own costs (including the fees of its attorney or other representative) incurred after the date of the notice of termination of mediation under subsection 14.3(c) and shall share equally in the costs of conducting any arbitration proceeding, except as follows. If any arbitration award is equal to, or more favorable to Claimant than, Claimant's settlement demand, then such costs incurred by Claimant (including the costs incurred by Claimant individually and Claimant's share of the costs of any arbitration proceeding) shall be added to any arbitration award, such costs to be borne equally by all Respondents. If any arbitration award is equal to, or less favorable to Claimant than, Respondent's settlement offer to that Claimant, then such costs incurred by Respondent (including the costs incurred by Respondent individually and Respondent's share of the costs of any arbitration proceeding) shall be borne by such Claimant.

14.5 Enforcement of Resolution. If Claimant and Respondent agree to a resolution of any Claim through negotiation or mediation in accordance with Section 14.3 and any party to such proceedings thereafter fails to abide by the terms of such agreement, or if any such party fails to comply with an arbitration award, then any other party to such proceedings may file suit or initiate administrative proceedings to enforce such agreement or arbitration award without the need to comply again with the procedures set forth in Section 14.3. In such event, the party taking action to enforce the agreement or arbitration award shall be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties pro rata) all costs incurred in enforcing such agreement or arbitration award, including, without limitation, attorneys' fees and court costs.

ARTICLE XV **GENERAL PROVISIONS**

15.1 Amendment.

(a) Amendment by Declarant. Declarant may unilaterally amend this Declaration during the Development Period in the exercise of its Development Rights.

(b) Amendment by Association. Except in the case of amendments which may be executed unilaterally by Declarant as set forth in subsection 15.1(a), amendments which may be executed by the Association as provided in the Act and amendments that are subject to the approval of Eligible Holders pursuant to Sections 12.3 and subsection 15.2(b), this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing 67% of the total vote in the Association and, if such amendment occurs during the Development Period, the consent of Declarant. Notwithstanding the above, the percentage of votes necessary to amend a specific clause of this Declaration shall not be less than the prescribed percentage of affirmative votes required for action to be taken under such clause. Amendments to this Declaration shall be prepared, executed, Recorded and certified by the President of the Association.

(c) Amendments Affecting Declarant. During the Development Period, no amendment may remove, revoke or modify any right or privilege of Declarant without the written consent of Declarant.

(d) Consent of Affected Owner. No amendment, including an amendment by Declarant, shall adversely affect the title to any Unit unless the Owner of such Unit shall consent in writing. If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

(e) Effective Date; Change in Conditions. Any amendment shall become effective upon Recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within one (1) year of its Recording or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

15.2 Duration and Termination.

(a) Perpetual Duration. Unless terminated as provided in subsection 15.2(b), this Declaration shall have perpetual duration. If Colorado law hereafter limits the period during which covenants may run with the land, then to the extent consistent with such law, this Declaration shall automatically be extended at the expiration of such period for successive periods of twenty (20) years each, unless terminated as provided herein.

(b) Termination. Unless otherwise provided by Colorado law, in which case such law shall control, this Declaration may not be terminated within twenty (20) years of the date of Recording without the consent of all Unit Owners. Thereafter, it may be terminated as follows: (i) if such termination results from the substantial destruction or substantial Taking of the Property, then this Declaration may be terminated only by an instrument signed by Owners who represent at least 67% of the votes in the Association and Eligible Holders who represent at least 51% of the votes in the Association that are allocated to Units encumbered by First Mortgages held by Eligible Holders, and (ii) if such termination does not result from the substantial destruction or substantial Taking of the Property, then this Declaration may be

terminated only by an instrument signed by Owners who represent at least 67% of the votes in the Association and Eligible Holders who represent at least 67% of the votes in the Association that are allocated to Units encumbered by First Mortgages held by Eligible Holders. Any termination instrument shall be Recorded and must comply with the termination procedures set forth in the Act. Nothing in this Section 15.2 shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

15.3 Litigation. Except as provided below, no judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of 75% of the Members. This Section 15.3 shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of Assessments as provided in Article VII; (c) proceedings involving challenges to ad valorem taxation; and (d) counterclaims brought by the Association in proceedings instituted against it. This Section 15.3 may be amended only by a vote of 75% of the Members. This Section 15.3 shall apply in addition to the provisions of Article XIV, if applicable.

15.4 Use of the Words "Red Fox Meadow". No Person shall use the words "Red Fox Meadow" or any derivative in any printed or promotional material without Declarant's prior written consent. However, Owners may use the terms "Red Fox Meadow" in printed or promotional matter where such term is used solely to specify that a particular property is located within "Red Fox Meadow", and the Association shall be entitled to use the words "Red Fox Meadow" in its name.

15.5 Compliance; Right of Action. Every Owner and occupant of any Unit shall comply with this Declaration, the Bylaws and the Rules. In recognition of the fact that a violation of any of the Easements, restrictions, conditions and covenants set forth in this Declaration will cause irreparable damage to the Property that is subject to this Declaration, it is hereby declared, and by acquiring an interest in any Unit all Owners and Mortgagees will be deemed to have agreed, that, except to the extent expressly provided to the contrary in this Declaration and subject to the terms of Article XIV, any violation or attempted violation of any provision of this Declaration will give the Declarant, the Association and any aggrieved Owner the right to prosecute a proceeding at law or in equity against the Person who is violating or attempting to violate such provision and the right to recover sums due or damages or to obtain any other remedy available at law or in equity, including, without limitation, injunctive relief.

15.6 Severability. Invalidation of any provision of this Declaration, in whole or in part, or of any application of a provision of this Declaration, by judgment or court order shall in no way affect other provisions or applications of this Declaration.

15.7 Governing Law. This Declaration shall be governed by and construed under the laws of the State of Colorado.

15.8 Captions. The captions and headings on this instrument are for convenience only and shall not be considered in construing any provisions of this Declaration.

15.9 Notices. Except for notices concerning meetings of the Association or the Board, which will be given in the manner provided in the Bylaws, any notices required or permitted hereunder or under the Bylaws to be given to any Owner, the Association, the Board or any Eligible Holder will be sent by certified mail, first-class postage prepaid, return receipt requested, to the intended recipient at, in the case of notices to an Owner, the address of such Owner at its Unit; in the case of notices to the Association or the Board, the address of the Association's registered agent; or in the case of notices to an Eligible Holder, the address thereof most recently given to the Association by notice from such Eligible Holder. All notices will be deemed given and received three (3) business days after such mailing. Any Owner or Eligible Holder may change its address for purposes of notice by notice to the Association in accordance with this Section 15.9. The Association or the Board may change its address for purposes of notice by notice to all Owners in accordance with this Section 15.9. Any such change of address will be effective five (5) days after giving of the required notice.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 23rd day of May, 1996.

GENESEE COMMUNITIES I, INC., a Colorado corporation

By: Kurt Wolter
Name: KURT WOLTER
Title: VICE PRESIDENT

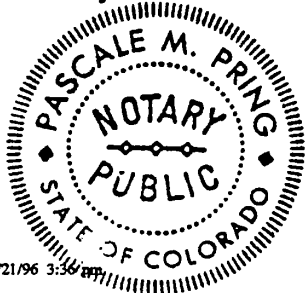
STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this 23rd day of May, 1996, by Kurt Wolter as vice president of Genesee Communities I, Inc., a Colorado corporation.

Witness my hand and official seal.

My Commission expires:

My Commission Expires April 22, 2000



Pascale M. Pring
Notary Public

EXHIBIT A
to
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

Land Initially Submitted

Lots 1 through 33 and Tracts A, C, F, H, J and K,
Bridgefield P.U.D.
according to the subdivision plat thereof recorded on February 16,
1996 at Reception No. 96-011428
Larimer County, Colorado

EXHIBIT B
to
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

Additional Lands

Lots 34 through 63 and Tracts B, D, E, G, L, M and N,
Bridgefield P.U.D.
according to the subdivision plat thereof recorded on February 16,
1996 at Reception No. 96-011428
Larimer County, Colorado

EXHIBIT C
to
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

Plat of Property

The Subdivision Plat of the Bridgefield P.U.D. recorded on February 16, 1996, at Reception No. 96-011428, Larimer County, Colorado, is hereby incorporated by this reference.

EXHIBIT D
to
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

Patio Easement

Burdened Unit

Benefitted Unit

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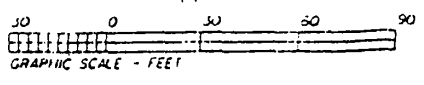
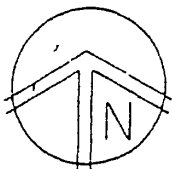
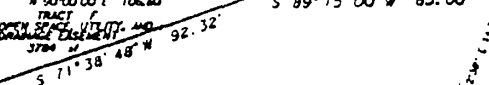
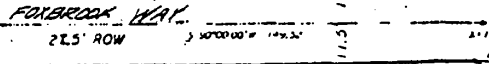
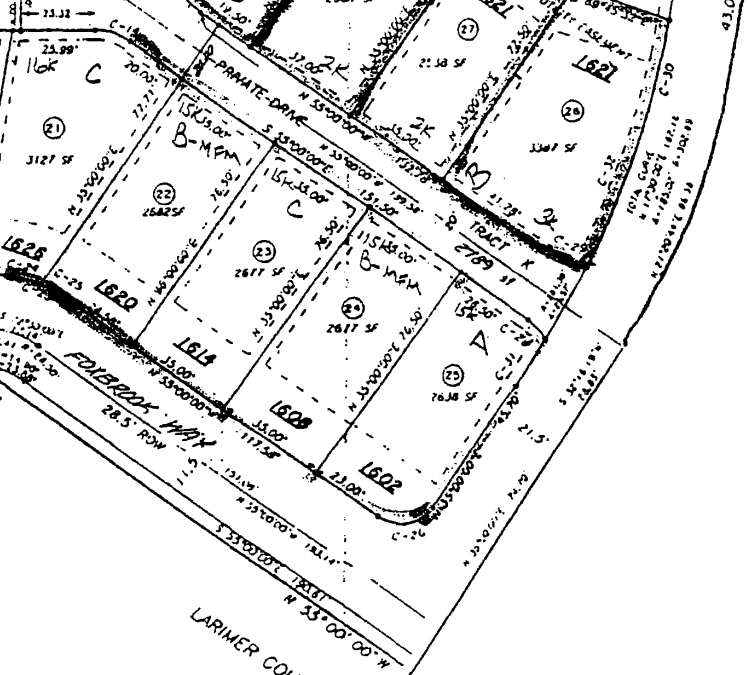
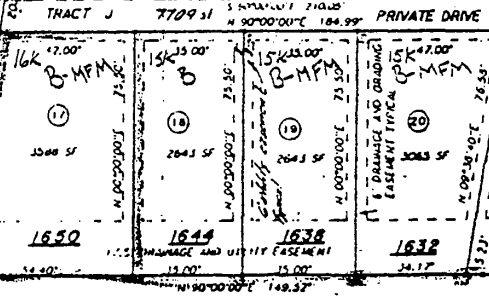
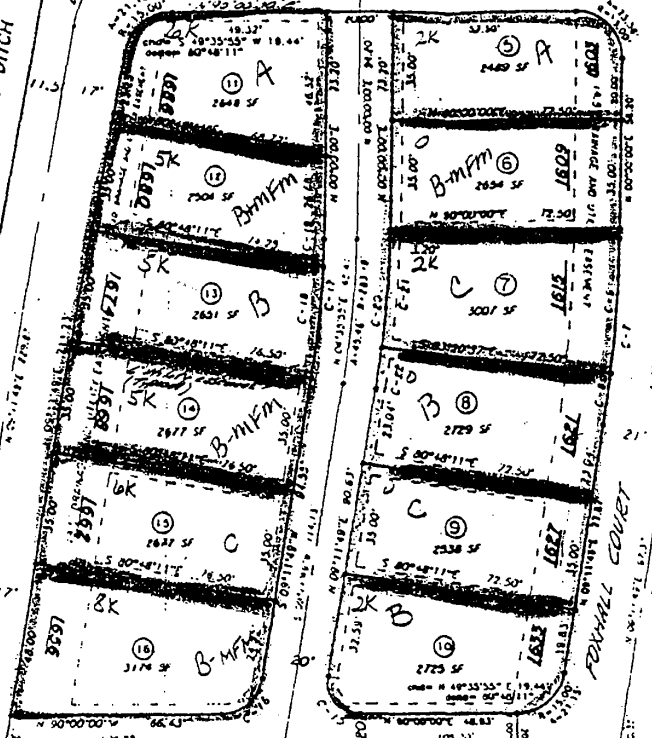
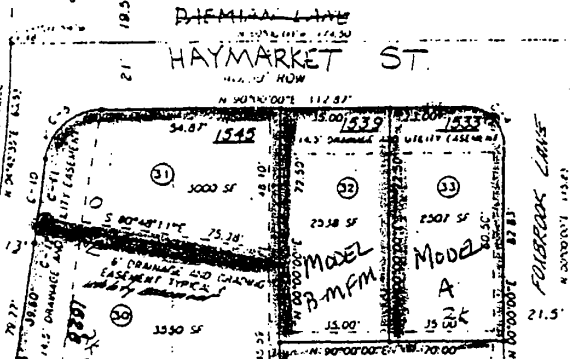
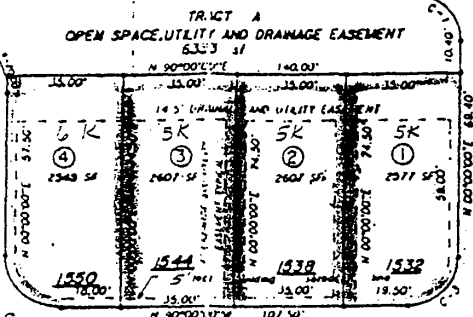
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FOUND 3" ALUM CAP
IN MONUMENT BOX
P.L.S. NO 17407

Red Joy Meadow
Robert Robertson #303-720
1639

THE BRIDGES P.U.D.
NEW MERCER DITCH



LARIMER COUNTY CAN

S 89°34'30"E 427.64'

N.T.S.

NORTHEAST CORNER SECTION 22-1-68 FOUND 3" ALUM. CAP IN MONUMENT BOX P.L.S. 1997

WEST PROSPECT ROAD
100' ROW



NOTE:
TRACTS J THROUGH N ARE PRIVATE FOR THE USE OF THE OWNERS; THEIR INVITEES; EMERGENCY VEHICLES; AND UTILITY AND DRAINAGE EASEMENTS.

ALL TRACTS ARE TO BE OWNED BY THE HOMEOWNERS AND MAINTAINED BY THEM.

BRIDGEFIELD, P.U
SHEET 2 OF 2 SHEETS

TRACT M
UTILITY & DRAINAGE EASEMENT
1811 sf

TRACT G
UTILITY & DRAINAGE EASEMENT

Resolution
Red Fox Meadow Homeowners Association
Resolution # 2-2003
Maintenance Policy

WHEREAS, Article IV of the Articles of Incorporation of the Association entitled Powers grants power to the Association to have all of the powers which a nonprofit corporation may exercise under the Act, an association may exercise under CCIOA and as provided by the laws of the State of Colorado in effect from time to time and in Article VIII Maintenance, Section 8.1 (b) Maintenance of Units, to provide and maintain harmony for of the Units located within the planned community, the Association shall maintain and keep in good repair: the exterior of each Unit, including, without limitation, roofs, gutters, downspouts, exterior building surfaces and perimeter fences, but excluding glass in doors or windows, screened surfaces, patios, decks, door frames or hardware. Further it states in 8.1 (iii) The maintenance obligation of the Association shall extend to maintenance and repair required by ordinary wear and tear or acts of nature and shall not apply to maintenance, repair or reconstruction resulting as a consequence of the conduct of any Owner or its Permittees except to the extent of insurance proceeds received by the Association for the purpose of such maintenance, repair or reconstruction resulting from the conduct of any Owner or its Permittees for which the Association does not receive insurance proceeds, the Board shall have the right to charge the cost of such repair, maintenance or reconstruction to such Owner by a Specific Assessment as provided in Section 7.5(b).

As further specified in (f) Common Expenses. Except as otherwise specifically provided herein, all costs incurred by the Association that are associated with the maintenance, repair and replacement described in this section 8.1 shall be Common Expenses to be allocated among all Units as part of the Common Assessment, except to the extent paid by insurance or condemnation proceeds or by Owners pursuant to Sections 7.5, 8.1(e), 8.2(b), 10.19 or other provisions of this Declaration.

LET IT BE RESOLVED THAT these Maintenance procedures shall be followed:

1. MAINTENANCE BY THE ASSOCIATION will be performed as specified by the attached Maintenance Policy that clarifies and defines both minor and major repairs and operating procedures in regard to maintenance.

Recorded in the Book of Minutes: 6/21, 2003

Signed: June 21, 2003
Andin A. Gates
President/Chairman, Board of Directors

Red Fox Meadow

Maintenance Policy

Effective April 4, 2003

This is a policy proposal to clarify the working relationship of the HOA, and the management company employed by the HOA, regarding repairs (minor and major) and operating procedures. Procedures are as follows:

1. Exterior repairs with cost under \$1,000.00 are to be remedied by the management company, on an as-requested basis.
2. Exterior repairs estimated in excess of \$1,000.00 are to be referred to the HOA Board for disposition as soon as possible. All supporting bids and documents must be supplied with the repair request. **Emergency/Life-Safety issues are exempt from this process**; however, the Board must be notified of the action. Due to the repetitive nature of the construction in the development, the Board expects recommendations by the management company of potential Life-Safety repairs needed to avoid future incidents.
3. A monthly repair activity report will be included as a separate additional GL maintenance listing to the HOA Board with their monthly financials.
4. The management company will contract for scheduled repair work (minor and major) although contracts for large capital projects will be signed by the Board president or an authorized Board Director. Major repair contracts will be approved by the majority of the Board of Directors prior to commencement of repairs. All contractors will be required to have proof of insurance (including liability insurance and workman's compensation insurance, if applicable). Upon completion of repairs, contractor payments will be made only after inspections and Board approval to determine work is acceptable, or that corrections to the work are required.
5. Residents will be notified of scheduled maintenance by the Master Calendar. If possible, notification will be given 2 weeks in advance of commencement of work.