

JOHN H. PHILLIPS
EAGLE CO. RECORDER

SEP 29 10 30 AM '83

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
BASALT SOUTH SINGLE FAMILY RESIDENCES
TOWN OF BASALT
COUNTIES EAGLE AND PITKIN
STATE OF COLORADO

THIS DECLARATION, is made and entered into this 27th day of SEPTEMBER, 1983, by Basalt Associates, a Colorado general partnership and Thunder River Realty Co., a Colorado corporation (hereinafter collectively referred to as "Declarant"), WITNESSETH:

WHEREAS, Declarant is the owner of that real property situate in the Town of Basalt, Counties of Eagle and Pitkin, Colorado, known as Blocks 1, 2, 6 and 7 of the Basalt South Planned Unit Development as described on Plat recorded July 16, 1980, in Case 2, Drawer B, Reception No. 201892 of the Eagle County records and as Reception No. 225401 of the Pitkin County records.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions which are for the purpose of protecting the value and desirability of, and which shall run with the land and be binding on all parties having any right, title, or interest in the above-described properties or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to the Basalt South Single Family Owners Association, a Colorado nonprofit corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property described above and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all property (including the improvements there-to) owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first Lot of the Properties is described on Exhibit "A" attached hereto and incorporated herein by this reference.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties, with the exception of the common area, but together with all appurtenances and improvements now or hereafter located on such Lot.

Section 6. "Declarant" shall mean and refer Basalt Associates, a Colorado general partnership and Thunder River Realty Co., a Colorado corporation, their successors and assigns, if such successors or assigns should acquire any rights of Declarant hereunder by specific reference hereto.

Section 7. "First Mortgage" shall mean and refer to any unpaid and outstanding mortgage, deed of trust or other security instrument recorded in the records of the office of the Clerk and Recorder of Eagle County, or Pitkin County, Colorado, having priority of record over all other recorded liens except those governmental liens made superior by statute (such as general ad valorem tax liens and special assessments). "First Mortgage" shall also mean and refer to any executory land sales contract wherein the Administrator of Veterans Affairs, an Officer of the United States of America, is the original seller, whether such contract is recorded or not, and whether such contract is owned by the said Administrator or has been assigned by the said Administrator and is owned by the Administrator's assignee, or a remote assignee, and the land records in the office of the Clerk and Recorder of Eagle County or Pitkin County, Colorado, show the said Administrator as having the record title to the Lot.

Section 8. "First Mortgagee" shall mean and refer to any person named as a mortgagee or beneficiary under any First Mortgage (including the Administrator of Veterans Affairs, an Officer of the United State of America, and his assigns under any executory land sales contract wherein the said Administrator is identified as the seller, whether such contract is recorded or not and the land records in the Office of the Clerk and Recorder of Eagle County or Pitkin County, Colorado, show the said Administrator as having the record title to the Lot), or any successor to the interest of any such person under such First Mortgage.

Section 9. "Master Declaration" shall mean and refer to the Master Declaration of Covenants, Conditions and Restrictions for the Basalt South Planned Unit Development recorded as Reception No. 21,5485 of the Eagle County records and as Reception No. 253471 of the Pitkin County records, to which the Properties herein described are subject.

ARTICLE II PROPERTY RIGHTS IN THE COMMON AREA

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association as provided in its Articles and Bylaws, to suspend the voting rights and the right to use recreational facilities, if any, of a Owner for any period during which any assessment against his Lot remains unpaid and, for a period not to exceed sixty (60) days, for any infraction of its published rules and regulations; and

(b) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Owners, provided that no such dedication or transfer shall be effective unless an instrument agreeing to such a dedication or transfer signed by two-thirds (2/3) of each class of Owners and by 100 percent of all First Mortgagees of Lots (based upon one vote for each First Mortgage owned) has been recorded, and unless written notice of the proposed agreement and action thereunder is sent to every Owner at least thirty (30) days in advance of any action taken, and unless such dedication or transfer is approved by the Town of Basalt, Colorado, or any successor governmental entity having jurisdiction over the Properties, if required by resolutions or ordinances thereof, and provided further that the granting of permits, licenses and easements for public utilities, roads and/or for other public purposes consistent with the intended use of the Common Area and reasonably necessary or useful for the proper maintenance of operation of the Properties or the Association shall not be deemed a transfer within the meaning of this Subsection (b); and

(c) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and, with written consent of the members entitled to vote two-thirds (2/3) of the votes of each class of membership and 100 percent of all First Mortgagees of Lots (based upon one vote for each First Mortgage owned), to mortgage said property as security for any such loan; and

(d) The right of the Association to take such steps as are reasonably necessary to protect the Common Area against foreclosure; and

(e) The right of the Association to promulgate and publish rules and regulations which each Owner shall strictly comply with; and

(f) The right of the Association to close or limit the use of the Common Area while maintaining, repairing and making replacements in the Common Area.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on his Lot.

Section 3. Payment of Taxes or Insurance by First Mortgagees. First Mortgagees of Lots shall have the right, jointly or individually, but shall not be obligated, to pay taxes or other charges or assessments which are in default and which may become a lien against the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Area, and any First Mortgagees making any such payment shall be owed immediate reimbursement therefor from the Association.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every owner of a Lot which is subject to assessments shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. For purposes of this Declaration, that area designated as "FUTURE DEVELOPMENT" on sheet 4 of the Plat of the Basalt South Planned Unit Development recorded as Reception No. 201892 of the Eagle County, Colorado, records shall be deemed to contain thirty-three (33) Lots and the membership and voting rights as well as the assessment obligations of the Owner or Owners of said area shall be apportioned accordingly.

Section 2. Classes of Membership. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any such Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) Three (3) years following Declarant's conveyance of the first Lot within the Properties.

Section 3. Voting Rights and Limitations.

(a) Suspension of Voting Rights. If any Owner, his family or any licensee or invitee violates the Association's rules, once adopted by the Board after Notice and Hearing, the Board may suspend the right of such person to vote his membership interest, under such conditions as the Board may specify, for a period not to exceed sixty (60) days for each violation.

(b) Annexation, Merger, Consolidation, Dissolution. Upon the written consent of two-thirds (2/3) of each class of Members, the Association and its Properties may be annexed by a municipality, merged or consolidated with another or similar organization, or enlarged, or be dissolved entirely, provided, however, that nothing in this subparagraph (c) shall be construed as requiring the Declarant to obtain approval of the Association in the exercise of Declarant's privilege to annex additional properties. In no event will the Members ever obtain individual ownership of any of the Association's interests.

(c) Limitation of Amendment. The provisions of Articles III and V of this Declaration shall not be amended without the approval of seventy-five percent (75%) of the members of each class.

ARTICLE IV
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, including utilities service charges, together with interest, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. The lien may be enforced by foreclosure commenced by action of the Board of Directors on the defaulting Owner's Lot by the Association in like manner as a mortgage on real property. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceedings, including reasonable attorneys' fees. The Board of Directors may prepare a written notice setting forth the amount of such unpaid indebtedness, the name of the Owner of the Lot and a description of the Lot. Such a notice shall be signed by the president or vice president of the Board of Directors and may be recorded in the office of the Clerk and Recorder of the County of Eagle, Colorado. The lien for each unpaid assessment, including utilities service charges, attaches to the property at the beginning of each assessment period and shall continue to be a lien against the property until paid. The costs and expenses for filing any notice of lien shall be added to the assessment for which it is filed and collected as part and parcel thereof. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. The Owner further agrees by his acceptance of title to a Lot that the Association shall be vested with the right and power in its own name to take and prosecute all suits which may, in the opinion of the Association, be necessary advisable for the collection of such delinquent assessments.

Section 2. Homestead Exemption. The lien of the Association for assessments, including utilities service charges, shall be superior to any homestead exemption as is now or may hereafter be provided by Colorado law. The acceptance of a deed to any Lot

subject to this Declaration shall constitute a waiver of the homestead exemption as against said assessment lien.

Section 3. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Lots, and for the improvements, operation and maintenance of the Common Area, including assessments levied by and payable to the Basalt South Master Owners Association pursuant to the Master Declaration.

Section 4. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual maintenance assessment shall be \$300.00 per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective January 1 of each year, without a vote of the membership, in conformance with the rise, if any, in the Consumer Price Index (CPI-U) 1967=100 for Denver, Colorado, published by the U.S. Bureau of Labor Statistics, for the preceding year based on the most recent report available as of January 1, or not more than five percent (5%) above the maximum annual assessment for the previous year, whichever is greater.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment for the next succeeding one year and at the end of such period of one year, for each succeeding period of one year, may be increased above that established in Section 4(a) above by a vote of the Members, provided that any such change shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(c) The Board of Directors of the Association may, after consideration of the current maintenance costs and the financial requirements of the Association, fix the annual assessment at an amount less than the maximum.

(d) The Association shall maintain an adequate reserve fund out of the annual assessments for the maintenance, repair and replacement of those elements of the Common Area that must be replaced on a periodic basis.

(e) The annual assessments shall be utilized for payment of insurance, utilities and taxes and shall be apportioned ratably among the owners.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Sections 4 or 5 of this Article shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty (60) percent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Notwithstanding any provision to the contrary in Article IV, Section 4 hereof, both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 8. Date of Commencement of Annual Assessments: Due Dates. The initial and all subsequent annual assessments provided for herein shall commence on the date of conveyance by Declarant of the first Lot, and shall be made due and payable in twelve (12) monthly installments per annum on such dates as determined by the Board. If the initial assessment installment is not due on January 1 of any year, then the first annual assessment shall be adjusted according to the number of months remaining in the calendar year.

Any Owner purchasing a Lot between installment due dates shall pay a pro rata share of the last installment due. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment, or assessed fee, whether an annual or special assessment or for utilities service, not paid within ten (10) days after the due date thereof shall bear interest from the due date at the rate of 10% per annum. The Association may bring an action at law against the Owner personally obligated to pay the same. In addition to such action, or as an alternative thereto, the Association may assert its lien and foreclose the same as provided in Section 1 of this Article. In either a personal or foreclosure action, the Association shall be entitled to recover as part of the action, the interest, costs and reasonable attorneys' fees with respect to the action. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any First Mortgage, including any executory land sales contract wherein the Administrator of Veterans Affairs (Veterans Administration) is Seller, whether such contract is owned by the Veterans Administration or its assigns, and whether such contract is recorded or not. Sale or transfer of any Lot shall not affect the lien for said assessment charges except that sale or transfer of any Lot pursuant to foreclosure of any such First Mortgage or any such executory land sales contract, or any proceedings in lieu of foreclosure, including deed in lieu of foreclosure, or cancellation or foreclosure of any such executory land sales contract wherein the Administrator of Veterans Affairs (Veterans Administration) is seller, whether such contract is owned by the Veterans Administration or its assigns, and whether of record or not, shall extinguish the lien of such assessment charges as to payments which became due prior to such sale or transfer, or foreclosure, or any proceeding in lieu thereof, or cancellation or forfeiture of any such executory land sales contract, provided, however, that any such assessment charges, including interest, costs and reasonable attorneys' fees, which are extinguished as provided herein, may be reallocated and assessed to all Lots as a common expense. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture of any such executory land sales contract shall relieve any Lot from liability for any assessments thereafter becoming due nor from the lien thereof.

Section 11. Exempt Property. The Common Area shall be exempt from the lien for assessments created herein.

Section 12. Assessment Reserves. Each Owner other than the Declarant shall be required to deposit at closing and thereafter to maintain with the Association an amount equal to three (3) times the monthly installment of the current annual assessment as a reserve. Such reserve account shall not relieve an Owner from his obligation to pay any monthly installment of the annual assessment.

ARTICLE V INSURANCE

Section 1. Insurance on Common Area. The Association shall maintain insurance covering all insurable improvements located or constructed upon the Common Area. The Association shall maintain the following types of insurance, to the extent that such insurance is reasonably available:

(a) A policy of property insurance covering all insurable improvements located on the Common Area, with a "Replacement Cost Endorsement" providing that any claim shall be settled on a full replacement cost basis without deduction for depreciation, and including an "Inflation Guard Endorsement" and an "Agreed Amount Endorsement". The Association may also purchase a "Demolition Endorsement", and "Increased Cost of Construction Endorsement", a "Contingent Liability from Operation of Building Laws Endorsement" or the equivalent, and/or coverage on personal property owned by the Association. Such insurance as maintained by the Association pursuant to this subsection shall afford protection against at least the following:

(1) loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; and

(2) such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard all risk endorsement, where such is available.

(b) A comprehensive policy of public liability insurance covering all of the Common Area, insuring the Association in an amount not less than \$1,000,000 covering bodily injury, including death of persons, personal injury and property damage liability arising out of a single occurrence. Such coverage shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Area, legal liability arising out of lawsuits related to employment contracts of the Association, and protection against liability for nonowned and hired automobile; such coverage may also include, if applicable, garagekeeper's liability, liability for property of others, host liquor liability, water damage liability, contractual liability, workmen's compensation insurance for employees of the Association, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use.

(c) A policy providing adequate fidelity coverage or fidelity bonds to protect against dishonest acts on the part of officers, directors, trustees and employees of the Association and all others who handle or are responsible for handling funds of the Association. Such fidelity coverage or bonds shall meet the following requirements:

(1) all such fidelity coverage or bonds shall name the Association as an obligee;

(2) such fidelity coverage or bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

(d) If the Common Area, or any portion thereof, is located within an area identified by the Federal Emergency Management Agency as having special flood hazards, and flood insurance coverage on the Common Area has been made available under the National Flood Insurance Program, then such a policy of flood insurance on the Common Area in an amount at least equal to the lesser of:

(1) the maximum coverage available under the National Flood Insurance Program for all buildings and other insurable property located within a designated flood hazard area; or

(2) one hundred percent (100%) of current replacement cost of all buildings and other insurable property located within a designated flood hazard area.

All such policies of insurance shall contain waivers of subrogation and waivers of any defense based on invalidity arising from any acts of a Member of the Association and shall provide that the policies may not be cancelled or substantially modified without at least thirty (30) days' prior notice to the insured, as well as to the First Mortgagees of each lot. Duplicate originals of all policies and renewals thereof, together with proof of payment of premiums, shall be delivered to any First Mortgagee of a Lot upon written request. The insurance shall be carried in blanket forms naming the Association, as the insured, as trustee and attorney in fact for all Owners, and each Owner shall be an insured person under such policies with respect to liability arising out of any such Owner's membership in the Association.

Section 2. Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area, the Association shall repair or replace the same, from the insurance proceeds. If the Association shall determine that the insurance proceeds are not sufficient to repair or replace the same, then the Board of Directors of the Association may levy a Special Assessment against all Owners, to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other annual or special assessments made by the Association.

Section 3. Notice of Loss to First Mortgagees. Provided that a First Mortgagee has, in writing, requested the following information with respect to a Lot upon which said First Mortgagee holds the First Mortgage and has furnished the Association with the address to which said First Mortgagee wants the information sent, then in the event that there shall be any damage to or destruction of: (a) any improvement on the Lot on which such First Mortgagee holds the First Mortgage, which shall be in excess of \$2,000.00 and/or (b) the Common Area which shall be in excess of \$10,000.00, timely written notice of any such damage or destruction shall be given by the Association to such First Mortgagee.

Section 4. Annual Review of Policies. All insurance policies carried by the Association shall be reviewed at least annually by the Board of Directors of the Association in order to ascertain that the coverage provided by such policies adequately covers those risks insured by the Association.

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Section 5. Owner's Insurance. Owners shall maintain casualty and liability insurance for their Lots, and the improvements thereon, but no insurance policy obtained by an Owner shall be permitted which would cause a reduction in the proceeds collectible under a policy obtained by the Association. Insurance coverage on the furnishings and other items of personal property belonging to an Owner and public liability insurance coverage upon each Lot shall be the responsibility of the Owner thereof.

ARTICLE VI ARCHITECTURAL CONTROL COMMITTEE

Section 1. Composition of Committee. The Committee (hereinafter "Committee") shall consist of three (3) persons appointed by the Board of Directors of the Association, provided, however, that until all but ten percent (10%) of the Lots have been sold, Declarant shall appoint the Committee. A majority of the committee may designate a representative to act for it.

Section 2. Review by Committee. No fence, wall or other structure or any attachment to an existing structure, shall be commenced, erected or maintained upon the properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications therefor (said plans and specifications to show nature, kind, shape, design, height, materials, color and location of such structure or addition, plotted horizontally and vertically) shall have been first submitted to and approved in writing by the Committee. The Committee shall exercise its best judgment to the end that all structures or additions conform to and harmonize with existing structures and that the architecture on the properties be compatible.

Section 3. Procedures. The Committee shall approve or disapprove all plans within thirty (30) days after submission. In the event that the Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

Section 4. Vote. A majority vote of the Committee is required to approve a proposed improvement, unless the committee has designated a representative to act for it, in which case the decision of the representative shall control.

Section 5. Records. The Committee shall maintain written records of all applications submitted to it and of all actions taken by it thereon, and such records shall be available to Members for inspection at a reasonable hour of the business day.

Section 6. Liability. The Committee and the members thereof shall not be liable in damages to any person submitting requests for approval or to any Owner by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove, in regard to any matter within its jurisdiction hereunder.

Section 7. Exemption of Declarant. Nothing in this Declaration shall limit the right of Declarant to complete excavation, grading and construction of improvements on the Properties, or to alter the foregoing or to construct such additional improvements as Declarant deems advisable in the course of development of the properties, so long as any Lot in the Properties remains unsold, or used as a construction office or real estate sales or leasing office. Declarant need not seek or obtain Committee approval of any improvement constructed or placed by Declarant on any property in the Subdivision, owned by Declarant, so long as the improvement constructed or placed by Declarant does not substantially deviate from the general architectural scheme and does not materially alter the average unit valuation. The rights of Declarant hereunder and elsewhere in these restrictions may not unreasonably interfere with the rights of Lot Owners. Declarant's rights hereunder and elsewhere in this Declaration may be assigned by Declarant.

ARTICLE VII COMMON AREA MAINTENANCE

Section 1. Maintenance of Common Area. The Association shall be responsible for the maintenance of the Common Area owned by it in accordance with the requirements contained in paragraph 10 of the Subdivision Agreement for the Basalt South Planned Unit Development between the Basalt Development Company and the Town of Basalt, dated July 14, 1980, which paragraph 10 is incorporated herein by this reference. The Association shall assume and perform the obligations of the developer as described in said paragraph 10 as said obligations relate to the Common Area owned by the Association. Each Lot owner shall be subject to assessments by the Town of Basalt as described in said paragraph 10.

Section 2. Snow Removal. The Association shall, when necessary, have the authority and responsibility to arrange for removal of snow from the Common Area, and the expenses therefor shall be paid by assessments as above provided. The Association shall not have the responsibility of snow removal from the Lots.

Section 3. Access Easement. Each Lot shall be subject to an easement in favor of

the Association (including its agents, employees and contractors) for performing maintenance as provided in this Article during reasonable hours after reasonable notice to the Owners or occupants of any affected Lot, except that in emergency situations entry upon a Lot may be made at any time, provided that the Owners or occupants of affected Lots shall be warned of impending emergency entry as early as is reasonably possible. Any Lot upon which said easement is used for such purposes shall be restored by the Association to its condition immediately prior to the use of said easement.

Section 4. Owner's Negligence. In the event that the need for maintenance or repair of the common area or any improvement thereon is caused by the willful or negligent act or omission of an Owner, or by the willful or negligent act or omission of any member of such Owner's family or be a guest or invitee of such Owner, the cost of such repair or maintenance shall be the personal obligation of such Owner and any costs, expenses and fees incurred by the Association for such maintenance or repair shall be added to and become a part of the assessment to such Owner or to the Association or organization representing such Owner. A determination of the negligence or willful act or omission of any Owner or any member of an Owner's family or a guest or invitee of any Owner, and the amount of the Owner's liability therefor shall be determined by the Association at a hearing after notice to the Owner, provided that any such determination which assigns liability to any Owner pursuant to the terms of this Section may be appealed by said Owner to a court of law.

ARTICLE VIII RESTRICTIONS

Section 1. Use. The property shall be used for residential purposes and for the maintenance and administration of the residential Lots and the common areas appurtenant thereto. All buildings or structures erected upon the property shall be of new construction. No structure of a temporary character, trailer, tent, shack, garage, barn or other outbuildings shall be placed on any portions of the property.

Section 2. Temporary Use by Declarant. Notwithstanding any provisions herein contained to the contrary, if shall be expressly permissible for Declarant to maintain upon the property during the period of construction and sale of the Lots, such facilities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction on and sale of said Lots, including, but not limited to, a business office, storage area, construction yards and structures, construction trailer, signs, model units and sales office.

Section 3. Advertising. No advertising signs, "For Sale" signs, billboards, unsightly objects, or nuisances shall be created, placed or permitted to remain on the property nor shall the same be used in any way for any purpose which may endanger the health or unreasonably disturb the owners of any Lots or any residents thereon; provided, however, the foregoing covenants shall not apply to the business activities, signs and billboards, or the construction and maintenance of buildings, if any, of Declarant, during the original construction and sale period, and provided further that one sign of not more than five (5) square feet and containing the words "For Sale" or "For Rent" may be placed on any Lot. The Association may erect such billboards or notices as it deems desirable in conjunction with the performance of its duties.

Section 4. Personal Business. No business activities of any kind whatsoever shall be conducted in any building or in any portion of the property. This restriction shall not be construed in such a manner as to prohibit an owner or occupant from: (a) maintaining his personal or professional library therein; (b) keeping his personal business or professional records or accounts therein; (c) handling his personal business or professional telephone calls or correspondence therefrom; or (d) the conduct of a home occupation. Such uses are expressly declared customarily incidental to the principal residential use and not in violation of this paragraph.

This covenant shall not apply to the business activities if any, of Declarant during the original construction and sales period.

Section 5. Antennas. Without prior written approval of the Association, no exterior television, radio, or other antennas of any sort shall be placed, allowed or maintained upon any portion of the property or improvements thereon.

Section 6. Exterior Lights. All exterior lights and light standards shall be approved by the Association for harmonious development and prevention of lighting nuisances.

Section 7. Parking. All parking spaces shall be used for the parking of automobiles and pick-up trucks not exceeding 3/4 ton in size. All such vehicles shall be operative and shall be currently licensed by the State of Colorado. Vehicles shall be moved at the request of the Association to facilitate snow removal and cleaning. No recreational

vehicles shall be parked on the property without the express written consent of the Association.

Section 8. Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on the property, except that dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose, and shall be subject to the rules of the Association and any governmental ordinances or laws. Dogs shall be leashed at all times when outside of an Owner's Lot, and Owner's shall confine their dogs to the Owner's Lot for excretion purposes. Pets constituting a nuisance may be ordered by the Association to be kept upon the Lot of the pet owner or ordered expelled from the Properties.

Section 9. Inoperable Vehicles. Neither inoperable vehicles or vehicles not bearing a current license shall be kept or maintained upon the Properties, nor shall vehicle maintenance be carried on within the Properties, provided that any such inoperable or unlicensed vehicles may be kept or vehicle maintenance may be carried on within a fully enclosed structure out of the view of other Lots, the common area and public streets.

Section 10. Garbage and Refuse Disposal. No part of the property may be used or maintained as a dumping ground for rubbish, trash, garbage or other waste and the same shall be disposed of in a prompt and sanitary manner, as may be established by the Association. All containers or other equipment for the storage or disposal of garbage and trash by any owner shall be kept in a clean and sanitary condition and shall be kept enclosed upon the Lot of such owner, out of view from other Lots and the streets and sidewalks of the project except during days designated by the Association for pickup and disposal. The burning of trash in outside incinerators, barbecue pits or the like is prohibited, it being intended that all refuse, trash, garbage and the like shall be hauled away.

Section 11. Rules and Regulations. No owner, nor the family or guests of any owner, shall violate the rules and regulations for the use of his Lot and of the common areas as may from time to time be adopted by the Association. The Association is expressly empowered to adopt and promulgate such rules and regulations as it may, from time to time, deem necessary or desirable to regulate the use and activities upon the property in a manner consistent with the purposes of this Declaration.

ARTICLE IX FIRST MORTGAGEES

Section 1. Member and First Mortgagee Approval. Subject to Article X, Section 7, of this Declaration, but notwithstanding anything to the contrary set forth elsewhere in this Declaration, the Association shall not:

(a) unless it has obtained the prior written consent of at least sixty-seven percent (67%) of each class of Members or sixty-seven percent (67%) of the First Mortgagees of Lots (based upon one vote for each First Mortgage Owned):

(1) by act or omission, change, waive, or abandon any scheme of architectural control, or enforcement thereof, as set forth in this Declaration, regarding the design or maintenance of the Lots, improvements thereon, or the Common Area,

(2) fail to maintain full current replacement cost fire and extended insurance coverage on the Common Area,

(3) use hazard insurance proceeds for Common Area property losses for purposes other than to repair, replace, or reconstruct such property,

(4) by act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer any common property owned, directly or indirectly, by the Association for the benefit of the Owners (excluding the granting of permits, licenses and easements for public utilities, roads and/or other purposes consistent with the intended use of such common property and reasonably necessary or useful for the proper maintenance or operation of the Properties or the Association), or

(5) change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner:

(b) unless it has obtained the prior written consent of at least sixty-seven percent (67%) of each class of Members and fifty-one percent (51%) of the First Mortgagees of Lots (based upon one vote for each First Mortgage owned), amend any material provision of this Declaration, the Articles of Incorporation or Bylaws of the Association, which establish, provide for, govern or regulate any of the following, provided that such additions or amendments shall not be considered material if they are for the purpose of correcting technical errors or for clarification only and further provided that this subsection (1) shall not apply to amendments to this Declaration, the Article of incor-

poration or Bylaws of the Association made as a result of destruction, damage or condemnation of the Properties of the improvements thereon, or to a reallocation of interests in the Common Area which might occur pursuant to any plan of expansion or phased development contained in this Declaration:

- (A) voting;
 - (B) assessments, assessments liens or subordination of such liens;
 - (C) reserves for maintenance, repair and replacement of those elements of the Common Area which must be maintained, repaired or replaced on a periodic basis;
 - (D) insurance, including but not limited to fidelity bonds;
 - (E) rights to use of the Common Area;
 - (F) responsibility for maintenance and repair of any portion of the Properties;
 - (G) expansion or contraction of the Properties or the addition, annexation or withdrawal of property to or from the Properties;
 - (H) boundaries of any Lot;
 - (I) interests in the Common Area;
 - (J) convertibility of Lots into Common Area or of Common Area into Lots;
 - (K) leasing of Lots;
 - (L) imposition of any right of first refusal or similar restriction on the right of any Owner to sell, transfer or otherwise convey his Lot;
 - (M) any provisions which are for the express benefit of First Mortgagees, or insurers or guarantors of First Mortgages.
- (c) unless it has obtained the prior written consent of at least sixty-seven percent (67%) of the First Mortgagees of Lots (based upon one vote for each First Mortgage owned), terminate the legal status of the Properties as a planned unit development, provided that this subsection (c) shall not apply to amendments to this Declaration, the Articles of Incorporation or Bylaws of the Association made as a result of destruction, damage or condemnation of the Properties or improvements thereon;
- (d) unless it has obtained the prior written consent of at least fifty-one percent (51%) of the First Mortgagees of Lots (based upon one vote for each First Mortgage owned):
- (1) restore or repair the Properties, or any portion thereof, including but not limited to improvements located thereon, after a partial condemnation or damage due to an insurable hazard, other than substantially in accordance with this Declaration and the most recent plans and specifications for the Properties and the construction of improvements thereon;
 - (2) terminate the legal status of the Properties after substantial destruction or a substantial taking in condemnation of the Properties.

Section 2. Notice of Action. Upon written request to the Association, identifying the name and address of the First Mortgagee or insurer or guarantor of the First Mortgage and the residence address of the property which is subject to such First Mortgage, each such First Mortgagee of a Lot, or insurer or guarantor of such a First Mortgage, shall be entitled to timely written notice of:

- (a) any condemnation loss or casualty loss which affects a material portion of the Properties of any Lot subject to a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or guarantor of a First Mortgage;
- (b) any delinquency in the payment of assessments or charges owed to the Association by the Owner of the Lot subject to a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or guarantor, or any default by such Owner in any obligation under the Declaration, Articles of Incorporation or Bylaws of the Association and the Board of Directors of the Association has actual knowledge of such default, when such delinquency and/or default remains uncured for a period of sixty (60) days;
- (c) any lapse, cancellation or material modification of any insurance policy or

fidelity bond maintained by the Association;

(d) any proposed action which would require the consent of a specified percentage of First Mortgagees as provided in this Article IX.

Section 3. Audit. The Association shall provide an audited financial statement for the immediately preceding fiscal year, free of charge to the party so requesting, to any First Mortgagee of a Lot, or any insurer or guarantor of such a First Mortgage, within a reasonable time after written request therefor by any such party.

Section 4. Association Books and Records. The Association shall make available to Owners, First Mortgagees of Lots, and insurers or guarantors of any such First Mortgage, current copies of this Declaration, and the Articles of Incorporation, Bylaws, rules and regulations, books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

ARTICLE X GENERAL PROVISIONS

Section 1. Enforcement. The Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any of these covenants or restrictions by judgment or court order shall in no way affect or limit any other provisions which shall remain in full force and effect.

Section 3. Construction and Maintenance Easement. If any portion of any exterior wall of a residence is situated within three feet of any adjoining Lot line, a valid easement shall and does exist, eight feet in width along the adjoining Lot and adjacent to the said Lot line, which easement may be used for the purpose of construction, reconstruction, and maintenance of said exterior wall of a residence that is situated within three feet from the nearest point of said easement.

Section 4. Easement for Encroachments. If any portion of a residence encroaches upon the Common Area or upon any adjoining Lot, including the encroachments of use, overhangs or any other portions of any structure and fences as constructed and in place, and including any future encroachments arising or resulting from the repair or reconstruction of a residence subsequent to its damage, destruction or condemnation, a valid easement on the surface and for subsurface support below such surface and for the maintenance of same, so long as it stands, shall and does exist.

Section 5. Conflicts of Provisions. In case of conflict between this Declaration and the Articles of Incorporation or the Bylaws, this Declaration shall control.

Section 6. Condemnation. In the event proceedings are initiated by any government or agency thereof, seeking to take by eminent domain the Common Area, any part thereof or any interest therein, or any improvement thereon or any interest therein, with a value (including loss of value to the balance of the Common Area and improvements thereof), as reasonably determined by the Association in excess of \$10,000.00, the Association shall give prompt written notice thereof, including a description of the part of or interest in the Common Area or improvements thereof sought to be so condemned, to all First Mortgagees of Lots, Members, and to the Declarant. The Association shall have full power and authority to enter into and to defend in said proceedings after giving all First Mortgagees of Lots, Members, and Declarant at least fifteen (15) days' prior written notice thereof.

In the event, following such proceedings, there is such a taking in condemnation or by eminent domain of a part or all of the Common Area, the award made for such taking, if such award is sufficient to repair and restore any portion of such taken Common Area, shall be applied by the Association to such repair and restoration. If the full amount of such award is not expended to repair and restore such taken Common Area, the Association shall disburse the net proceeds of such award to the Owners, the Owners of each Lot receiving one (1) equal share, provided that the Association shall first pay out of the share of each Lot the amount of any unpaid liens or encumbrances on the Lot in the order of the priority of such liens or encumbrances on the Lot in the order of the priority of such liens or encumbrances, and further provided that such proceeds may be allocated to the Owners of each Lot in some manner other than one (1) equal share per Lot if the Association determines that such other manner of allocation would be more equitable. No provision of this Declaration or of any other document relating to the Properties shall be deemed to give an Owner or any other party priority over the rights of any First Mortgagee of a Lot in the case of a distribution to an Owner of insurance proceeds or condemnation

award for losses to or taking of Lots or Common Area, or both.

Section 7. Duration, Revocation, and Amendment. Each and every provision of this Declaration shall run with and bind the land for a term of twenty (20) years from the date of recording of this Declaration, after which time this Declaration shall be automatically extended for successive periods of ten (10) years each. This Declaration may be amended or revoked during the first twenty (20) year period, and during subsequent extensions thereof, by an instrument approved in writing by at least seventy-five percent (75%) of the Members of all classes and by at least seventy-five percent (75%) of the First Mortgagees of Lots, who have given the Association notice of their interest in any Lot. Such amendment or revocation shall be effective when duly recorded; provided, however, that any amendment or revocation must comply with the Statutes of Colorado and the resolutions and ordinances of the Town of Basalt, Colorado, or of any successor governmental entity having jurisdiction over the Properties in existence at the time such amendment becomes effective. The manner in which common expenses are assessed shall not be altered, except with the express written consent of all Members of all classes and all First Mortgagees of Lots.

Notwithstanding anything to the contrary contained in this Declaration, if Declarant shall determine that any amendments to this Declaration or any amendments to the Articles of Incorporation or Bylaws of the Association shall be necessary in order for existing or future mortgages, deeds of trust or other security instruments to be acceptable to the Veterans Administration, the Federal Housing Administration of the U.S. Department of Housing and Urban Development, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, or any successor to any such entity, then subject to the following sentence of this Section, Declarant shall have and hereby specifically reserves the right and power to make and execute any such amendments without obtaining the approval of any Owners or First Mortgagees. Each such amendment of this Declaration or of the Articles of Incorporation or Bylaws shall be made, if at all, by Declarant prior to (a) conveyance of the last Lot by Declarant to the first Owner thereof (other than Declarant) or (b) January 1, 1990, whichever shall be first to occur; and each such amendment must contain thereon the written approval of the Veterans Administration or the Federal Housing Administration of the U.S. Department of Housing and Urban Development.

Section 8. Registration by Owner of Mailing Address. Each Owner shall register his mailing address with the Association, and except for monthly statements and other routine notices, all other notices or demands intended to be served upon an Owner shall be sent by either registered or certified mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. All notices, demands or other notices intended to be served upon the Board of Directors of the Association or the Association shall be sent by certified mail, postage prepaid, to P.O. Box Q-3, Aspen, Colorado, 81612, until such address is changed by a notice of change of address mailed to each Owner by the Association.

Section 9. Leases. No Lot or residence constructed thereon may be leased or rented for a period of less than thirty (30) days. Any lease agreements between an Owner and a lessee shall provide that the terms of such lease shall be subject in all respects to the provisions of this Declaration and the Articles of Incorporation and Bylaws of the Association, and that any failure by the lessee to comply with the terms and provisions of such documents shall be a default under the lease. All leases shall be in writing.

Section 10. FHA/VA Approval. As long as there is a Class B membership, and as long as any Lot within the Properties is subject to a mortgage insured or guaranteed by the Federal Housing Administration or the Veterans Administration, the following actions will require the prior approval of such insurer or guarantor, to-wit: annexation of additional Properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, and amendment of this Declaration.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal as of the day and year first above written.

BASALT ASSOCIATES,
a Colorado general partnership

By: *L. Candell R. Rasmussen*
Declarant

THUNDER RIVER REALTY CO., INC.,
a Colorado corporation

By: *L. Candell R. Rasmussen* *atly in fact*
Declarant

WITNESSES:

STATE OF COLORADO)
) ss.
COUNTY OF GARFIELD)

The foregoing instrument was acknowledged before me this 26th day of September, 1983, by David R. Slemmon as General Partner of Sasalt Associates, Declarant.

WITNESS my hand and official seal.

My commission expires: February 24, 1985

Robin D. Clamens
Notary Public

817 Colorado Ave., Suite 201
Steamboat Springs, CO 81601
Address

STATE OF COLORADO)
) ss.
COUNTY OF GARFIELD)

The foregoing instrument was acknowledged before me this 27th day of September, 1983, by DAVID R. SLEMON, attorney as President and in fact for Thunder River Realty Co., a Colorado corporation, Declarant.

WITNESS my hand and official seal.

My commission expires: 8-26-86

Kristen Murray
Notary Public

450 So. Galena
Address Aspen Co
81611

EXHIBIT A

LEGAL DESCRIPTION OF COMMON AREAS
FOR THE BASALT SOUTH SINGLE FAMILY OWNERS ASSOCIATION

Five (5) Parcels of land situated in Tract No. 48, Section 7, Township 8 South, Range 86 West of the 6th Principal Meridian, Eagle County, Colorado, being a part of the Basalt South Planned Unit Development; Plat recorded July 16, 1980, Reception No. 201892 of the Eagle County records, described as follows:

Parcel A

Beginning at the northwesterly corner of Parcel No. 6 of said Basalt South P.U.D.; thence S. 88°34'09" W. 47.75 feet to the outside boundary of said Basalt South P.U.D.; thence northwesterly along said outside boundary N. 01°28'51" W. 246.86 feet; thence S. 88°35'21" W. 127.00 feet to the southeasterly corner of Arbaney Park as shown on the Plat of said Basalt South P.U.D.; thence N. 00°46' W. 11.85 feet along Arbaney Park to the southwesterly corner of the "Future Development" parcel as shown on the Plat of said Basalt South P.U.D.; thence S. 89°44' E. 497.19 feet along the southerly boundary of said "Future Development" parcel to the westerly edge of Roaring Fork Drive; thence S. 00°16' W. 25.00 feet along the westerly edge of Roaring Fork Drive to the northeast corner of Block 2 of said Basalt South P.U.D.; thence along the exterior lot lines of said Block 2 of Basalt South P.U.D.; thence N. 89°44' W. 185.00 feet; thence N. 00°16' E. 20.00 feet; thence N. 89°44' W. 140.00 feet; thence S. 00°16' W. 60.00 feet; thence N. 89°44' W. 10.00 feet; thence S. 00°16' W. 100.00 feet; thence S. 89°44' E. 10.00 feet; thence S. 00°16' W. 60.00 feet; thence S. 89°44' E. 140.00 feet; thence N. 00°16' E. 20.00 feet; thence S. 89°44' E. 185.00 feet to the Westerly edge of Roaring Fork Drive; thence S. 00°16' W. 48.47 feet along the westerly edge of Roaring Fork Drive to the northeasterly corner of Parcel No. 6 of said Basalt South P.U.D.; thence N. 89°44' W. 314.77 feet along the northerly boundary of said Parcel No. 6 to the point of beginning.

Parcel B

Beginning at the northwesterly corner of Parcel No. 7 of said Basalt South P.U.D.; thence N. 00°16' E. 330.39 feet along the easterly edge of Roaring Fork Drive to the southwesterly edge of Easy Street of said Basalt South P.U.D.; thence along the south-easterly edge of said Easy Street; thence S. 84°35'30" E. 22.78 feet; thence 44.43 feet along a curve to the right whose radius is 30.00 feet (chord bears S. 42°09'45" E. 40.48 feet); thence S. 00°16' W. 154.00 feet to the northerly line of Lot 1, Block 1 of said Basalt South P.U.D.; thence along the exterior lot lines of said Block 1 the following course: N. 89°44' W. 30.00 feet; thence S. 00°16' W. 133.00 feet; thence S. 89°44' E. 112.00 feet; thence N. 00°16' E. 7.00 feet; thence S. 89°44' E. 65.00 feet; thence N. 00°16' E. 15.00 feet; thence S. 89°44' E. 60.00 feet; thence N. 00°16' E. 75.00 feet; thence S. 89°44' E. 18.00 feet; thence N. 00°16' E. 65.00 feet; thence N. 89°44' W. 22.00 feet; thence N. 00°16' E. 65.00 feet; thence N. 89°44' W. 70.00 feet; thence S. 00°16' W. 50.00 feet; thence N. 89°44' W. 23.00 feet; thence N. 00°16' E. 60.00 feet; thence S. 89°44' E. 3.00 feet; thence N. 00°16' E. 65.00 feet; thence N. 89°44' W. 15.00 feet; thence N. 00°16' E. 65.00 feet; thence N. 89°44' W. 63.00 feet; thence N. 00°16' E. 48.00 feet; thence N. 89°44' W. 87.36 feet to the easterly edge of Roaring Fork Drive of said Basalt South P.U.D.; thence 255.19 feet along the easterly edge of said Roaring Fork Drive on a curve to the left whose radius is 340.52 feet (chord bears N. 27°56'53" W. 249.26 feet); thence S. 64°51'59" E. 114.06 feet along the southwesterly edge of a 40 foot right of way to the outside boundary of said Basalt South P.U.D.; thence along the outside boundary of said Basalt South P.U.D.; thence S. 15°25' E. 62.76 feet; thence S. 36°09' E. 48.60 feet; thence S. 43°01' E. 44.40 feet; thence S. 57°37' E. 101.40 feet; thence S. 42°26' E. 82.90 feet; thence S. 35°42' E. 163.30 feet; thence N. 54°51' E. 7.64 feet; thence S. 00°06'45" E. 223.72 feet to the northeasterly corner of Parcel No. 7 of said Basalt South P.U.D.; thence N. 89°44' W. 305.27 feet to the point of beginning.

Parcel C

Beginning at the westerly angle point of the 40 foot wide dedicated road situated in Block 6 of said Basalt South P.U.D. whence the southwest corner of Lot 3 of said Block 6 bears N. 00°16' E. 40.00 feet and N. 89°44' W. 5.00 feet; thence N. 89°44' W. 72.82 feet to the easterly edge of Roaring Fork Drive of said Basalt South P.U.D.; thence S. 51°18' E. 94.32 feet along the easterly edge of said Roaring Fork Drive; thence N. 00°46' W. 58.64 feet to the point of beginning.

Parcel D

Beginning at a point on line 5-1 of Tract No. 48 whence Angle Point 1 of said Tract No. 48 bears N. 00°06'45" W. 9.16 feet; thence along the southerly edge of Mountain Court as shown on the Plat of Basalt South P.U.D.; thence S. 52°53'09" W. 141.10 feet; thence 40.78 feet along a curve to the right whose radius is 141.08 feet (chord bears S. 61°10'03" W. 40.64 feet) to the northeast corner of Lot 9 Block 7 Basalt South P.U.D.; thence along the exterior lot lines of said Block 7 Basalt South P.U.D. the following course: S. 20°33'07" E. 70.00 feet; thence S. 52°53'10" W. 38.16 feet; thence S. 89°27' W. 176.05 feet; thence N. 00°33' W. 80.00 feet; thence S. 89°27' W. 20.00 feet; thence S. 00°33' E. 70.00 feet; thence S. 89°27' W. 300.00 feet; thence S. 00°33' E. 35.93 feet to the easterly edge of Roaring Fork Drive of Basalt South P.U.D.; thence S. 51°18' E. 37.18 feet along said Roaring Fork Drive to the northerly edge of Block 6 Basalt South P.U.D.; thence along the exterior lot lines of said Block 6 the following course: N. 38°42' E. 53.78 feet; thence S. 89°44' E. 177.93 feet; thence S. 00°46' E. 27.00 feet; thence S. 89°44' E. 55.00 feet; thence S. 00°46' E. 130.00 feet; thence N. 89°44' W. 70.00 feet to the easterly edge of a 40 foot wide dedicated right of way in said Block 6; thence S. 64°51'59" E. 100.49 feet along the 40 foot wide right of way to the outside boundary of Basalt South P.U.D.; thence N. 82°04' E. 335.02 feet along the Basalt South P.U.D. outside boundary to line 5-1 of Tract No. 48; thence N. 00°06'45" W. 359.47 feet along line 5-1 of Tract No. 48 to the point of beginning.

Parcel E

Beginning at a point on line 1-2 of Tract No. 48 whence Angle Point 1 of said Tract No. 48 bears N. 89°27' E. 54.87 feet; thence S. 52°53'09" W. 102.54 feet along the northerly edge of Mountain Court of Block 7 of said Basalt South P.U.D.; thence along the exterior lot lines of said Block 7 the following course: N. 00°33' W. 50.11 feet; thence S. 89°27' W. 199.21 feet; thence S. 00°33' E. 70.00 feet; thence S. 89°27' W. 29.00 feet; thence N. 00°33' W. 70.00 feet; thence S. 89°27' W. 379.27 feet to the easterly edge of Arbaney Park of said Basalt South P.U.D.; thence N. 38°34' E. 14.15 feet along the easterly edge of said Arbaney Park to line 1-2 of Tract No. 48; thence N. 89°27' E. 680.91 feet along line 1-2 of Tract No. 48 to the point of beginning.

Together with the right to construct, operate, and maintain all the Single Family Owners Association's facilities, landscaping, and structures on the following easements and right of ways as shown on the recorded plat of said Basalt South P.U.D.

(1) The following dedicated right of ways:

- (a) Easy Street
- (b) Lane Low
- (c) 40 foot wide dedicated right of way located in Block 6
- (d) Mountain Court

(2) The 10 foot wide "utility, drainage, irrigation, road maintenance and pedestrian walkway easement" lying adjacent to the four (4) road right of ways described in (1) above.

BYLAWS
OF
BASALT SOUTH SINGLE FAMILY OWNERS ASSOCIATION

ARTICLE I
NAME AND LOCATION

The name of the corporation is BASALT SOUTH SINGLE FAMILY OWNERS ASSOCIATION hereinafter referred to as the "Association". The principal office of the corporation shall be located at 434 E. Cooper, Aspen, Colorado, 81611, but meetings of members and directors may be held at such places within the State of Colorado as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to the Basalt South Single Family Owners Association, a Colorado nonprofit corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property described above and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all property (including the improvements there-to) owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first Lot of the Properties is described in the Declaration of Covenants, Conditions and Restrictions for the Basalt South Single Family Residences (hereinafter the "Declaration") as the same is now or may hereafter be recorded in the records of Eagle County, Colorado.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties, with the exception of the common area, but together with all appurtenances and improvements now or hereafter located on such Lot.

Section 6. "Declarant" shall mean and refer Basalt Associates, a Colorado general partnership and Thunder River Realty Co., a Colorado corporation, their successors and assigns, if such successors or assigns should acquire any rights of Declarant under the Declaration by specific reference thereto.

Section 7. "First Mortgage" shall mean and refer to any unpaid and outstanding mortgage, deed of trust or other security instrument recorded in the records of the office of the Clerk and Recorder of Eagle County, or Pitkin County, Colorado, having priority of record over all other recorded liens except those governmental liens made superior by statute (such as general ad valorem tax liens and special assessments). "First Mortgage" shall also mean and refer to any executory land sales contract wherein the Administrator of Veterans Affairs, an Officer of the United States of America, is the original seller, whether such contract is recorded or not, and whether such contract is owned by the said Administrator or has been assigned by the said Administrator and is owned by the Administrator's assignee, or a remote assignee, and the land records in the office of the Clerk and Recorder of Eagle County or Pitkin County, Colorado, show the said Administrator as having the record title to the Lot.

Section 8. "First Mortgagee" shall mean and refer to any person named as a mortgagee or beneficiary under any First Mortgage (including the Administrator of Veterans Affairs, an Officer of the United State of America, and his assigns under any executory land sales contract wherein the said Administrator is identified as the seller, whether such contract is recorded or not and the land records in the Office of the Clerk and Recorder of Eagle County or Pitkin County, Colorado, show the said Administrator as having the record title to the Lot), or any successor to the interest of any such person under such First Mortgage.

Section 9. "Master Declaration" shall mean and refer to the Master Declaration of Covenants, Conditions and Restrictions for the Basalt South Planned Unit Development recorded as Reception No. _____ of the Eagle County records and as Reception No. _____ of the Pitkin County records, to which the Properties herein described are subject.

Section 10. "Architectural Control Committee" shall mean the committee appointed by Declarant or by the Board of Directors of Basalt South Single Family Owners Association.

ARTICLE III
MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held on or before the first Thursday of September, 1984, at 7:00 P.M., and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 P.M. If the day for the annual meeting of the Members is a legal holiday the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purposes of notice. Such notice shall specify the place, day and hour of the meeting, and in case of a special meeting, the purpose of the meeting. Written notice shall be given in accordance with the Declaration of any meeting at which an increase in the maximum annual assessment above the increase permitted by Section 4(a) of Article IV of the Declaration or at which meeting any special assessment is proposed to be made.

Section 4. Quorum. The presence at the meeting of the Members entitled to cast, or of proxies entitled to cast one-fourth (1/4) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6. Mortgagees. All First Mortgagees of Lots shall have the right to designate a representative to attend all meetings of the Members of the Association.

ARTICLE IV
BOARD OF DIRECTORS - SELECTION - TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a board of a minimum of one (1) director, but not more than three (3) directors, who shall be Members of the Association.

Section 2. Term of Office. At the first annual meeting, the Members shall elect three directors as follows: one director for a term of one year, one director for a term of two years, and one director for a term of three years, and at each annual meeting thereafter the Members shall elect the same number of directors whose terms are expiring at the time of each election, for terms of three years.

Section 3. Change in Number of Directors. The Members shall be empowered to increase the number of directors to a maximum of three (3) and to decrease the number of directors to a minimum of one (1) in accordance with Article XIII of these Bylaws. No decrease shall have the effect of shortening the term of any incumbent director. In the event of increase, the directors shall have the right to establish annual terms of office shorter than three (3) years for such new directors so as to maintain, as nearly as possible, the election of one-third (1/3) of the total number of directors in any given year.

Section 4. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successors shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 5. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by

obtaining the written approval of all of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made from among members at the annual meeting of members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meeting of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the board.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities thereon and the conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and the right to use recreational facilities, if any, of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) ~~employ, discharge, suspend, or otherwise control the personnel of the Association, including the President, Vice President, Secretary, Treasurer, and such other employees as they deem necessary, and to prescribe their duties.~~

In addition to any requirements set forth in the Declaration and notwithstanding anything to the contrary set forth herein, the ~~Association~~ shall not, (a) unless it has obtained the prior ~~written consent of at least two-thirds (2/3) of all classes of Members and 100% of all~~ First Mortgagees of Lots (based upon one vote for each First Mortgage owned), (1) by act or omission, ~~abandon, partition, subdivide, encumber, sell or transfer any common property owned, directly or indirectly, by the Association for the benefit of the Owners, (excluding the granting of easements for public utilities or other purposes consistent with the intended use of such common property) or (2) change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner,~~

Further, any agreement for professional management of the Association's business, or any other contract providing for services of the Declarant must provide for termination by either party without cause and without payment of a termination fee upon thirty (30) days or less prior written notice, and shall have a maximum term of one (1) year. Each and every management contract made between the Association and a manager or managing agent during the period when the Declarant or other developer controls the Association shall terminate absolutely, in any event, no later than thirty (30) days after the termination of control by the Declarant or other developer of the Association. All such management contracts entered into by the Association with a manager or managing agent during the period of control by the Declarant or developer shall be subject to review and approval by the Veteran's Administration, provided that the Veteran's Administration is then an insurer or guarantor of any Mortgage covering the Property, the subject of the Declaration. The provisions of this paragraph shall be contained, verbatim, in each and every such management contract.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or any special meeting when such statement is requested in writing by one-fifth (1/5) of the Class A Members who are entitled to vote;
- (b) supervise all officers, agents and employees of this Association, and see that their duties are properly performed;
- (c) as more fully provided in the Declaration, to:
 - (1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
 - (2) foreclose the lien against any Lot for which assessments are not paid within ninety (90) days after due date or to bring an action at law against the Owner personally obligated to pay the same;
- (d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) procure and maintain insurance in such amounts and in such types as the Board deems desirable in accordance with the provisions of the Declaration; which insurance may include (1) hazard insurance for the Common Area, (2) liability insurance, and (3) fidelity insurance with respect to officers, directors and employees of the Association;
- (f) cause the Common Area to be maintained; and
- (g) notify in writing the First Mortgagee of any Lot, upon request, when the Owner thereof is in default in the payment of any assessment, or otherwise in default of any obligation under the Declaration, Articles of Incorporation or these Bylaws and the Board has actual knowledge of such default, and said default has not been cured within sixty (60) days after the Board has actual knowledge thereof, provided that said mortgagee has previously given notice in writing to the Association of the existence of such mortgage.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be Members of the Board of Directors, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following such annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless the officer shall sooner resign, or shall be removed, or shall otherwise be disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the office replaced.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special officers created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments; and shall co-sign all checks and promissory notes.

(b) Vice-President. The vice-president shall act in the place and stead of the president in the event of the president's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of the vice-president by the Board.

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; shall keep the corporate seal of the Association and affix it on all papers requiring said seal; shall serve notice of meetings of the Board and of the Members; shall keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board.

(d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; shall keep proper books of account; shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX COMMITTEES

The Association shall appoint an Architectural Control Committee, subject to the provisions of the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member or any First Mortgagee of any Lot. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within ten (10) days after the due date, said assessment shall bear interest at the rate of ten percent (10%) per annum from the due date. The Association may bring an action at law or in equity against the Owner personally obligated to pay the assessment or foreclose the lien against the property. In either a personal or foreclosure action, the Association shall be entitled to recover as part of the action, interest, costs and reasonable attorneys' fees. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII
CORPORATE SEAL

The Association shall have a seal in circular form and within its circumference the words: BASALT SOUTH SINGLE FAMILY OWNERS ASSOCIATION.

ARTICLE XIII
AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy, provided that WHILE ANY Lot within the Properties is subject to a mortgage insured or guaranteed by the Federal Housing Administration or the Veterans Administration and while there is a Class B Membership, such insuring or guaranteeing agency shall have the right to veto amendments.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; and in the case of any conflict between the Articles and Declaration, the Declaration shall control.

ARTICLE XIV
INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Association shall indemnify every director and officer, and his or her heirs, executors and administrators, against all loss, costs and expense, including counsel fees, reasonably incurred in connection with any action, suit or proceeding to which such person may be made a party by reason of being or having been a director or officer of the Association, except for matters in which such person shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct, provided, however, that such indemnity shall be limited to the amount of coverage provided to the Association by any policy of officers and directors liability insurance. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such director or officer may be entitled. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses. Nothing contained in this Article shall, however, be deemed to obligate the Association to indemnify any Member or Owner who is or has been a director or officer of the Association with respect to any duties or obligations assumed or liabilities incurred as a Member or Owner under or by virtue of the Declaration.

ARTICLE XV
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, the undersigned being the initial director of the BASALT SOUTH SINGLE FAMILY OWNERS ASSOCIATION, has hereunto set his hand this 27th day of September, 1983.


David R. Slenson

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this _____ day of _____, 1983.

Secretary

(Seal)



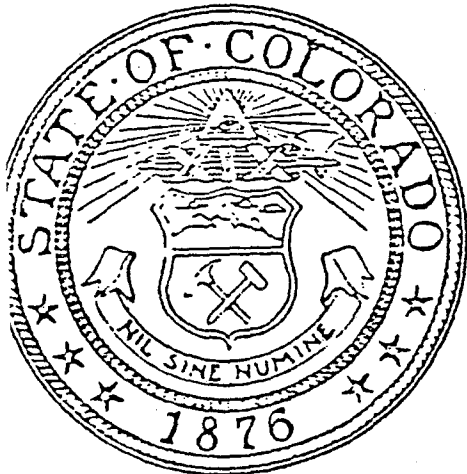
DEPARTMENT OF
STATE

CERTIFICATE.

I, NATALIE MEYER, Secretary of State of the State of Colorado hereby certify that the prerequisites for the issuance of this certificate have been fulfilled in compliance with law and are found to conform to law.

Accordingly, the undersigned, by virtue of the authority vested in me by law, hereby issues A CERTIFICATE OF INCORPORATION

TO SHERLT SOUTH SINGLE FAMILY OWNERS ASSOCIATION, A NONPROFIT CORPORATION.



Natalie Meyer

SECRETARY OF STATE

DATED: OCTOBER 17, 1983

93 OCT 17 AIO: 17

ARTICLE OF INCORPORATION
OF
BASALT SOUTH SINGLE FAMILY OWNERS ASSOCIATION

OCT 17 1983

STATE OF COLORADO

Then undersigned natural person, being more than twenty-one years of age, as incorporator, does hereby establish a non-profit corporation under and by virtue of the Colorado Non-Profit Corporation Act and adopts the following Articles of Incorporation:

ARTICLE I

Name

The name of the corporation is the Basalt South Single Family Owners Association, hereafter called the "Association".

ARTICLE II

Principal Office

The principal office of the Association is located at 434 E. Cooper Ave., Aspen, Colorado, 81611.

ARTICLE III

Registered Agent

David R. Slemmon, whose address is 434 E. Cooper Ave., Aspen, Colorado, 81611 is hereby appointed the initial registered agent of this Association, and said address shall be the registered address of this Association.

ARTICLE IV

Purpose and Powers of the Association

This Association does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the Lots, Residences and Common Area within that certain tract of property described as the Basalt South Single Family Residences, Town of Basalt, County of Eagle, State of Colorado, and to promote the health, safety and welfare of the residents within the Property and any additions thereto as may hereafter be brought within the jurisdiction of this Association and for these purposes to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions for the Basalt South Single Family Residences, hereinafter called the "Declaration", applicable to the Property, or a portion thereof, and recorded or to be recorded in the Office of the Clerk and Recorder of the County of Eagle, Colorado, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length (terms which are defined in the Declaration shall have the same meanings herein unless otherwise defined);

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association, provided that no conveyance, sale, transfer or dedication will be effective unless approved by two-thirds (2/3) of each class of Members, as hereinafter described, and by all First Mortgagees of Lots;

(d) borrow money, and with the assent of two-thirds (2/3) of each class of Members and all First Mortgagees of Lots, mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members, and grant easements for public utilities and other purposes consistent with the intended use of the common area, provided that no such dedication, sale or transfer shall be effective unless first approved by two-thirds (2/3) of each class of Members and by all First Mortgagees of Lots, and further provided that the granting of easements as provided herein shall not be deemed a transfer within the meaning of this subsection (e);

(f) participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area, provided that if any lots within the Properties are subject to mortgages insured or guaranteed by the Federal Housing Administration or the Veterans Administration while there is a Class B membership, the prior written approval of such insuring or guaranteeing agency shall be obtained; and provided further that any merger or consolidation shall have the assent of two-thirds (2/3) of each class of Members;

(g) manage, control, operate, maintain, repair and improve the Common Area;

(h) enforce covenants, restrictions and conditions affecting any property to the extent this corporation may be authorized under the Declaration.

(i) engage in activities which will actively foster, promote and advance the common ownership interests of Owners of Lots;

(j) enter into, make, perform or enforce contracts of every kind and description, and to do all other acts necessary, appropriate or advisable in carrying out any purpose of this Association, with or in association with any person, firm, association, corporation or other entity or agency, public or private;

(k) adopt, alter and amend or repeal such Bylaws as may be necessary or desirable for the proper management of the affairs of this Association, provided, however, that such Bylaws may not be inconsistent with or contrary to any provisions of these Articles of Incorporation or the Declaration; and

(l) have and exercise any and all powers, rights, and privileges which a corporation organized under the Colorado Nonprofit Corporation Act by law may now or hereafter have or exercise.

ARTICLE V Membership

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is now or hereafter subject to the Declaration, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

A transfer of membership, including all rights of an Owner with respect to the Common Area, shall occur automatically upon the transfer of title to the Lot to which the membership pertains. The Association may suspend the voting rights of a Member for failure to comply with rules and regulations of the Bylaws of the Association or with any other obligations of the Owners of a lot under the Declaration. All Members shall be entitled to vote on all matters, except any Members who are in default in any obligations to the Association.

Cumulative voting is prohibited.

ARTICLE VI Voting Rights

The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote of such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any such Lot.

Class B. The Class B Member(s) shall be the Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each Lot owned which is neither leased, nor rented, nor otherwise occupied. Leasing, renting or allowing entry for occupancy shall terminate the Declarant's weighted voting advantage in relation to any Lot so leased, rented or occupied, and will limit Declarant in relation to any such Lots to the same voting rights as a Class A Member. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership; or

(b) three years following conveyance of the first lot within the above described property by the Declarant as named in the Declaration.

ARTICLE VII
Board of Directors

The affairs of this Association shall be managed by a Board of not less than one (1) director, and not more than five (5) directors, who shall be members of the Association. The number of Directors shall be designated in the By-Laws of the Association and may be changed by amendment of the Bylaws from time to time. The initial Board of Directors of the corporation shall consist of one (1) director who will serve until the first annual meeting of members or until his successor is duly elected and qualified and the name and address of said initial director is David R. Slemon, P.O. Box 434, Aspen, Colorado, 81612.

ARTICLE VIII
Officers

The Board of Directors may appoint a President, one or more Vice-Presidents, a Secretary, a Treasurer and such other officers as the Board, in accordance with the provisions of the Bylaws, believes will be in the best interests of the corporation. The officers shall have such duties as may be prescribed in the Bylaws of the corporation and shall serve at the pleasure of the Board of Directors.

ARTICLE IX
Dissolution

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of Members. Upon dissolution of the Association other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE X
Duration

The corporation shall exist perpetually.

ARTICLE XI
Amendments

Amendment of these Articles shall require the assent of three-fourths (3/4) of each class of Members; provided, however, that no amendment to these Articles of Incorporation shall be contrary to or inconsistent with any provision of the Declaration.

ARTICLE XII
FHA/VA Approval

As long as there is a Class B membership, and as long as one or more Lots within the Properties is subject to a mortgage insured or guaranteed by the Federal Housing Administration or the Veterans Administration, the following actions will require the prior approval of such insuring or guaranteeing agency, to-wit: annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

ARTICLE XIII
Incorporator

The incorporator of this corporation is Dan Ferst and his address is 817 Colorado Ave., Suite 201, Glenwood Springs, Colorado, 81601

IN WITNESS WHEREOF, the undersigned incorporator has subscribed his name to the Articles of Incorporation of Basalt South Single Family Owners Association, a corporation not for profit, on this 27 day of September, 1983.



Dan Ferst - Incorporator

STATE OF COLORADO)
) ss
COUNTY OF GARFIELD)

I, Robin S. Clemons, a notary public, hereby certify that Dan Kerst, known to me to be the person whose name is subscribed in the foregoing Articles of Incorporation, appeared before me this 27th day of September, A.D. 1983, in person and being by me first duly sworn, acknowledged and declared that he signed such Articles of Incorporation as his free and voluntary act and deed, for the uses and purposes therein set forth, and that the statements therein contained are true.

WITNESS my hand and official seal.

My commission expires:

February 24, 1985

Robin S. Clemons
Notary Public

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE

I, Mike Coffman, as the Secretary of State of the State of Colorado, hereby certify that,
according to the records of this office,

ELK RUN SINGLE FAMILY OWNERS ASSOCIATION - EAGLE

is a
Nonprofit Corporation

formed or registered on 10/17/1983 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 19871542681 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 11/06/2007 that have been posted, and by documents delivered to this office electronically through 11/09/2007 @ 09:38:25 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, authenticated, issued, delivered and communicated this official certificate at Denver, Colorado on 11/09/2007 @ 09:38:25 pursuant to and in accordance with applicable law. This certificate is assigned Confirmation Number 6930441 .



A handwritten signature in black ink, reading "Mike Coffman".

Secretary of State of the State of Colorado

*****End of Certificate*****

Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Certificate Confirmation Page of the Secretary of State's Web site, <http://www.sos.state.co.us/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us/> click Business Center and select "Frequently Asked Questions."