

AFTER RECORDING PLEASE RETURN TO:

Alpenglow Law, LLC

P.O. Box 1663

Edwards, Colorado 81632

**AMENDED AND RESTATED
DECLARATION
FOR
VAIL DAS SCHONE CONDOMINIUMS**

TABLE OF CONTENTS

ARTICLE 1	Defined Terms	2
Section 1.1	Defined Terms.	2
ARTICLE 2	Names/Description of Property.....	4
Section 2.1	Name and Type.	4
Section 2.2	Property.....	5
Section 2.3	Utility, Map and Map Easements.	5
Section 2.4	Easements for the Association and Owners.	5
Section 2.5	Easement for Encroachments.....	5
Section 2.6	Owners' Easements of Enjoyment.	6
Section 2.7	Delegation of Use.....	7
Section 2.8	Disclaimer of Liability.	7
ARTICLE 3	The Association	7
Section 3.1	Membership.	7
Section 3.2	General Purposes and Powers of the Association.	7
Section 3.3	Authority of the Association.	7
Section 3.4	Managing Agent.....	8
Section 3.5	Allocated Interests.....	8
Section 3.6	Indemnification.	8
Section 3.7	Security Disclaimer.....	8
Section 3.8	Education and Training.	9
ARTICLE 4	Units, Common Elements and Limited Common Elements.....	9
Section 4.1	Number of Units.	9
Section 4.2	Unit Boundaries.	9
Section 4.3	Licensing of Use of Common Elements.	10
Section 4.4	Limited Common Elements.	10
Section 4.5	Mechanic's Liens.	10
ARTICLE 5	Maintenance and Service Responsibilities	11
Section 5.1	Association Maintenance and Service Responsibilities.	11
Section 5.2	Owner's Maintenance Responsibility.	12
Section 5.3	Owner Responsibilities.	12
Section 5.4	Window and Unit Baseboard Heater Replacement.	13
Section 5.5	Mold.....	13
Section 5.6	Inspection, Repair and Replacement of Designated Owner Maintenance Components.	14

Section 5.7	Failure to Maintain.....	14
ARTICLE 6	Covenant For Common Expense Assessments	15
Section 6.1	Creation of Association Lien and Personal Obligation to Pay Common Expense Assessments.....	15
Section 6.2	Basis of Assessments.	15
Section 6.3	Annual Assessment.	16
Section 6.4	Special Assessments.	16
Section 6.5	Supplemental Assessments.	16
Section 6.6	Application of Payments.	17
Section 6.7	Effect of Non-Payment of Assessments.....	17
Section 6.8	Lien Priority.	18
Section 6.9	Borrowing.	18
ARTICLE 7	Covenants and Restrictions on Use, Alienation, And Occupancy.....	18
Section 7.1	Use/Occupancy.	19
Section 7.2	Leasing and Occupancy.	19
Section 7.3	Emergency Access Required.....	20
Section 7.4	Use of Patios and Balconies.....	21
Section 7.5	Use of Rooftop Area Prohibited.....	21
Section 7.6	Restrictions on Fireplaces.	21
Section 7.7	Restrictions on Animals and Pets.....	21
Section 7.8	Antennae/Satellite Dishes.	22
Section 7.9	Nuisances.	22
Section 7.10	Compliance With Other Laws.	22
Section 7.11	Parking, Storage, and Repairs.	22
Section 7.12	Use of Common Elements.....	24
Section 7.13	No Annoying Lights, Sounds or Odors.	24
Section 7.14	Compliance with Insurance Requirements.	25
Section 7.15	Restriction on Signs and Advertising Devices.	25
Section 7.16	Tanks and Grills.	25
Section 7.17	Restrictions on Clotheslines and Storage.	25
Section 7.18	Trash Removal Restriction.....	25
Section 7.19	Outbuildings and Temporary Structures.	26
Section 7.20	Restriction on Mining and Drilling.	26
Section 7.21	Prohibition of Marijuana Distribution and Growing.	26
Section 7.22	Prohibited Activities.....	26
Section 7.23	No Restrictions on Mortgaging of a Unit.	26

Section 7.24	Map Restrictions.	26
Section 7.25	Rules and Regulations.	27
Section 7.26	Compliance with Governing Documents.	27
Section 7.27	Use of the Words Vail das Schone and Vail das Schone Condominium Association.	27
ARTICLE 8	Architectural Review/Modifications To Units	27
Section 8.1	Alterations of Units or Limited Common Element Balconies Without a Change in Allocated Interests or Boundaries of a Unit.	27
Section 8.2	Alterations to Exterior Decks.	30
Section 8.3	Alterations of Units or Limited Common Element Balconies With a Requested Change in Allocated Interests or the Boundaries of a Unit.	30
Section 8.4	Maintenance Responsibilities.	31
Section 8.5	Acknowledgment of Owners.	31
Section 8.6	Architectural Criteria.	32
Section 8.7	Establishment of the Committee.	32
Section 8.8	Architectural Guidelines.	32
Section 8.9	Reply and Communication.	32
Section 8.10	Conditions of Approval.	33
Section 8.11	Fees and Costs.	33
Section 8.12	Commencement and Completion of Construction.	33
Section 8.13	Variances.	33
Section 8.14	Right to Appeal.	33
Section 8.15	Waivers.	34
Section 8.16	Liability.	34
Section 8.17	Enforcement.	34
ARTICLE 9	Insurance/Condemnation/Obsolescence.....	34
Section 9.1	Insurance to be Carried by the Association.	34
Section 9.2	Association Hazard Insurance on the Units and Common Elements.	34
Section 9.3	Owner Insurance Responsibilities.	35
Section 9.4	Association Flood Insurance.	35
Section 9.5	Association Liability Insurance.	36
Section 9.6	Association Fidelity Insurance.	36
Section 9.7	Association Worker's Compensation and Employer's Liability Insurance.	36
Section 9.8	Association Directors' and Officers' Personal Liability Insurance.	36
Section 9.9	Other Association Insurance.	36
Section 9.10	Miscellaneous Terms Governing Insurance Carried by the Association.	36
Section 9.11	Insurance Premium.	37

Section 9.12	Managing Agent Insurance.	38
Section 9.13	Annual Association Insurance Review.....	38
Section 9.14	Adjustments by the Association.	38
Section 9.15	Responsibility for Payment of Deductible Amount.....	38
Section 9.16	Duty to Repair	39
Section 9.17	Condemnation and Hazard Insurance Allocations and Distributions.	39
Section 9.18	Insurance Assessments.	39
Section 9.19	Payment of Claims to Delinquent Owners.	39
Section 9.20	Obsolescence.	39
ARTICLE 10	Special Rights of Holders of First Lien Security Interests	41
Section 10.1	General Provisions.	41
Section 10.2	Special Rights.....	41
Section 10.3	Special Approvals.	42
Section 10.4	Right to Pay Taxes and Insurance Premiums.	43
ARTICLE 11	Dispute Resolution Procedures	43
Section 11.1	Alternate Dispute Resolution.	43
Section 11.2	Exempt Claims.	43
Section 11.3	Claim Resolution Procedures.	43
ARTICLE 12	General Provisions	46
Section 12.1	Compliance and Enforcement.	46
Section 12.2	Attorneys' fees.	47
Section 12.3	Severability.	47
Section 12.4	Term of Declaration.	48
Section 12.5	Amendment of Declaration by Owners.	48
Section 12.6	Amendment of Declaration by the Association.....	48
Section 12.7	Captions.....	48
Section 12.8	Interpretation.	48
Section 12.9	Singular Includes the Plural.	49
Section 12.10	Conflict of Provisions.....	49
Section 12.11	Challenge to this Amendment.	49
EXHIBIT A.....		51
EXHIBIT B.....		52
EXHIBIT C.....		53

**AMENDED AND RESTATED
DECLARATION FOR VAIL DAS SCHONE CONDOMINIUMS**

This Amended and Restated Declaration is made effective upon recording.

RECITALS:

A. Declarant, West Vail Associates, Ltd., a Colorado Limited Partnership, recorded that certain Declaration for Vail das Schone Condominiums on March 24, 1978 at Reception No. 164746 in Book 268 at Page 365, in the Office of the Clerk and Recorder for Eagle County, State of Colorado ("Original Declaration") subjecting the real estate described therein to the terms and conditions set forth in the Original Declaration;

B. The Owners and the Association desire to amend and restate all provisions of the Original Declaration, as amended and supplemented, by virtue of this Amended and Restated Declaration for Vail das Schone Condominiums ("Declaration"), and intend, upon the recording of this Declaration, that all prior recorded declarations, amendments, and supplements thereto be superseded and replaced by this Declaration;

C. The Original Declaration provides for and allows for this Declaration in Article 13, Section 13.1, which provides as follows:

Except as otherwise herein provided, this Declaration shall not be revoked or amended unless owners representing the aggregate ownership interest of seventy-five percent (75%) or more in the general common elements and all holders of recorded first mortgages or deeds of trust encumbering condominium units consent thereto by instrument(s) duly recorded;

D. Pursuant to the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-217(1)(a), the required approval of owners representing the aggregate ownership interest of 75% or more in the general common elements for amendment is now void.

E. Pursuant to the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-217(1)(a), the amendment requirement for this Declaration now requires the affirmative vote of owners representing the aggregate ownership interest of 67% or more in the general common elements.

F. All Owners are aware of the provisions of the Original Declaration allowing for amendment, by virtue of the record notice of the Original Declaration, by acts and disclosures, newsletters or notices of the Association, and by other means;

G. The amendments within this Declaration have been prepared and determined by the Association and by the Owners that have approved this Declaration to be reasonable and not burdensome;

H. The purposes of the amendments in this Declaration are to remove unreasonable restrictions on the community, remove developer "boilerplate" language that is no longer applicable to the Community, remove provisions that do not allow the Board to efficiently operate the community or deal with community concerns, remove provisions that do not comply with current state law, add provisions that provide the proper tools for the Association to effectively solve problems, add provisions to provide the Association with sufficient power to create and successfully enforce Rules and Regulations, and add provisions that reflect beneficial state law provisions.

I. The purpose of the Association, as provided in the Declaration, is to preserve the value, safety, attractiveness, order, condition, and desirability of the Community and the Units and to further the interests of the residents of the Community and Members of the Association; and

J. Pursuant to the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-217(1)(a), owners representing the aggregate ownership interest of 67% or more in the general common elements have approved this Declaration in writing and, having complied with the provisions of C.R.S. §38-33.3-217(1)(b), 100% of the first mortgagees have approved this Declaration, or alternatively, a court order entered by the District Court for Eagle County, Colorado pursuant to C.R.S. §38-33.3-217(7), has been entered approving this Declaration.

NOW, THEREFORE, the Original Declaration is replaced and amended and restated as follows:

ARTICLE 1 - DEFINED TERMS

Section 1.1 Defined Terms.

Each capitalized term in this Declaration or in the Map shall have the meaning specified or as used in the Act, unless otherwise defined in this Declaration or the context requires otherwise:

(a) "Act" shall mean the Colorado Common Interest Ownership Act, *C.R.S. §38-33.3-101 et. seq.*, as it may be amended.

(b) "Allocated Interests" shall mean the undivided interest in the Common Elements, the Common Expense liability, and the votes in the Association.

(c) "Assessment" shall include all Common Expense Assessments, insurance Assessments, utility Assessments, and any other expense levied to a Unit pursuant to this Declaration or the Act, including, without limitation, interest, late fees, fines, attorneys' fees, expenses, and costs.

(d) "Association" shall mean Vail das Schone Condominium Association, a Colorado nonprofit corporation, and its successors and assigns.

(e) “Board” or “Board of Directors” or “Executive Board” shall mean the body designated in the Governing Documents to act on behalf of the Association.

(f) “Commercial Unit” shall mean a physical portion of the Community, designated for separate ownership for commercial or retail use, shown as a “commercial” or “retail” Unit on the recorded Map for the Community, the boundaries of which are defined in the Map and in the Declaration.

(g) “Common Elements” shall mean the Property within this Community other than the Units, which portion of the Property may be designated on the Map and in this Declaration. Common Elements shall include Limited Common Elements. The Common Elements shall be owned, as tenants in common, by the Owners of the separate Units, each owner of a Unit having an undivided interest in the Common Elements.

(h) “Common Expenses” shall mean expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.

(i) “Community” shall mean the Community of Vail das Schone, also known as the Vail das Schone Condominiums, which Community is a Condominium Community as defined in the Act and which Community is also a Common Interest Community as defined in the Act.

(j) “Declaration” shall mean and refer to this Amended and Restated Declaration for Vail das Schone Condominiums, as amended, recorded in the office of the Clerk and Recorder of Eagle County, Colorado.

(k) “Development Rights” shall mean those rights set forth in this Declaration and those rights set forth in the Act.

(l) “Eligible Mortgage Holder” shall mean a holder of a first mortgage on a Unit that has submitted a written request for the Association to notify such holder of any proposed action requiring the consent of a specified percentage of Eligible Mortgage Holders, which request must contain its name, address, and the legal description and address of the Unit upon which it holds a security interest.

(m) “Governing Documents” shall mean this Declaration, the Map, the Articles of Incorporation, the Bylaws, the Responsible Governance Policies, any Rules and Regulations of the Association, and any other documents of similar type that may be authorized by law, as they may be amended and/or supplemented from time to time.

(n) “Limited Common Elements” shall mean those portions of the Common Elements, if any, which are limited to and reserved for the exclusive use of one or more, but fewer than all of, the Owners.

(o) “Map” shall mean the Condominium Map of Vail das Schone (and any supplements and amendments thereto) depicting and locating thereon the location of the buildings, the Units, the Common Elements, the floors and elevations, and all of the land and improvements thereon as the Map may be amended or supplemented from time to time, which Map is incorporated herein and made a part of this Declaration by reference. More than one plat, map, or supplement thereto may be recorded, and, if so, then the term “Plat” or “Map” shall collectively mean and refer to all of such plats, maps, and supplements thereto.

(p) “Member” shall mean any Owner. The terms “Member” and “Owner” may be used interchangeably.

(q) “Owner” shall mean the owner of record title, whether one or more persons or entities, to any Unit which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

(r) “Pet” shall mean and include cats, dogs, birds, reptiles, or other household animals, as may be defined in or supplemented by the Rules and Regulations.

(s) “Property” shall mean the property described in the Original Declaration together with all easements, rights, and appurtenances thereto and the buildings and improvements erected or to be erected thereon.

(t) “Residential Unit” shall mean a physical portion of the Community, designated for separate ownership for residential use, shown as an "apartment" or "residential" Unit on the recorded Map for the Community, the boundaries of which are defined in the Map and in this Declaration.

(u) “Rules and Regulations” shall mean any written instruments, however identified, which are adopted by the Association for the regulation and management of the Community, and/or clarification of the Governing Documents, including any amendment and/or supplement to those instruments.

(v) “Unit” shall mean, collectively, Residential Units and Commercial Units.

ARTICLE 2 - NAMES/DESCRIPTION OF PROPERTY

Section 2.1 Name and Type.

The type of Common Interest Community is a condominium community. The name of the Community is “Vail das Schone” and is also known as “Vail das Schone Condominiums.” The name of the Association is the “Vail das Schone Condominium Association.”

Section 2.2 Property.

The Community is located in Eagle County, State of Colorado. The Property subject to this Declaration is described in *Exhibit A* of this Declaration, in the Original Declaration, in the Map, and/or as is consistent with the common plan and scheme for the creation and operation of the Community. The Community may be subject to easements or licenses granted pursuant to this Declaration, granted by authority reserved in any recorded document, or established in the Act.

Section 2.3 Utility, Map and Map Easements.

Easements for utilities and other purposes over and across the Units and Common Elements may be as shown upon a recorded plat or the Map of the Community, and as may be established pursuant to the provisions of this Declaration, or granted by authority reserved in any recorded document.

Section 2.4 Easements for the Association and Owners.

Each Unit shall be subject to an easement in favor of the Association, acting through the Board of Directors (including its agents, employees, and contractors), and to each Owner to allow for their performance of obligations in this Declaration. On exercising this easement right, the party exercising the right shall be responsible for any damages resulting from their activities in the Unit, to the extent that such are not occasioned by the purposes for which entry is made into the Unit. Non-emergency repairs shall be made only during regular business hours on business days after at least 24 hours' notice to the occupants of a Unit wherein repairs are to be made. The Association shall have an easement to enter a Unit to inspect for events which may be causing waste of water, heat, or any other utility provided by the Association or paid as a part of Common Expenses. If the inspection reveals that the Owner has failed to maintain the Unit so as to prevent waste of common utility services provided for as a Common Expense, the Board shall follow the procedures provided for in this Declaration. The Association shall have an easement to enter a Unit for any emergency purposes, including, but not limited to, to prevent damage or destruction to the Common Elements or any Unit. The Association shall have an easement to enter a Unit for the purpose of reasonably ensuring compliance with the Governing Documents, provided that the Association provides the Owner of such Unit with 24 hours' notice prior to entry.

Section 2.5 Easement for Encroachments.

If any part of the Common Elements encroaches or shall hereafter encroach upon a Unit, an easement for the existence of such encroachment and for the maintenance of the same shall and does exist. If any part of a Unit currently encroaches upon the Common Elements, or upon another Unit, the Owner of that Unit shall and does have an easement for the existence of such encroachment and for the maintenance of same, except for incidental encroachments that may occur as a result of shifting of soils or settlement of a Unit. If any part of a Unit subsequently encroaches upon the Common Elements or upon another Unit, that encroachment shall be subject to all available remedies of the Association, or as allowed under this Declaration, unless the encroachment has been reviewed and approved (as provided for in this Declaration). The easement

shall extend for whatever period of time the encroachment exists. Such easements for encroachments shall not be considered to be encumbrances either on the Common Elements or on a Unit. The actual location of a Unit shall be deemed conclusively to be the property intended to be conveyed, reserved or encumbered notwithstanding any minor deviations, either horizontally, vertically, or laterally from the location of such Unit indicated on the Map.

Section 2.6 Owners' Easements of Enjoyment.

Every Owner shall have a right and easement of ingress and egress and enjoyment in, to, and over the Common Elements and in, to, and over the Limited Common Elements appurtenant to his or her Unit, and such easement shall be appurtenant to and shall pass with the title to every Unit, subject to the following provisions:

(a) the right of the Association to limit the number of guests, tenants, licensees, and/or invitees of Owners on Common Elements;

(b) the right of the Association to adopt Rules and Regulations governing the use of the Common Elements;

(c) the right of the Association to borrow money, and the right, upon approval of at least 67% of the total Association vote, to mortgage the Common Elements as security for that purpose, provided, that the rights of such mortgagee shall be subordinate to the rights of the homeowners;

(d) the right, power, and authority of the Association to grant any easement, right-of-way, license, lease, dedication or similar interest through, over or in the Common Elements;

(e) the right of the Association to transfer or convey ownership of the Common Elements, or any portion thereof, subject to the prior approval of 67% of the aggregate ownership interest in the Common Elements; provided that all Owners of Units to which any Limited Common Element is allocated shall approve of any transfer or conveyance of that Limited Common Element;

(f) the right of the Association to suspend the voting rights and the right to the use of any Common Elements for a period not to exceed 60 days or during any period of violation of any other provision of the Governing Documents, whichever is greater; provided, however, that suspension of voting and use rights shall be automatic during any period that an Owner is in default in the payment of any Assessment;

(g) the right of the Association to close portions of the Common Elements for maintenance, repair, replacement, and improvement; and

(h) the right of the Association to change use of, add, or remove improvements to the Common Elements.

Section 2.7 Delegation of Use.

Owners may delegate their right of enjoyment to the Common Elements to Owner's family, tenants, invitees, lessees, and guests, subject to any and all Rules and Regulations. If the Owner delegates rights to use the Common Elements to tenants or contract purchasers who reside in the Unit, the Owner shall not be entitled to use the Common Elements.

Section 2.8 Disclaimer of Liability.

The Association shall be and remain wholly free and clear of any and all liability to, or claims by, all Owners and all persons and entities, of whatever kind or character, whether sounding in contract or tort, deriving from the occurrence of any injury or damage to any person or property on, or in respect to the use and operation of, the Common Elements or any of their improvements, fixtures, and facilities. It shall be the affirmative duty and responsibility of each Owner, and each user of the Common Elements, to continuously inspect the same for any defects or perils or other unsafe conditions or circumstances, prior to and during such use or enjoyment thereof; and all users of, and visitors to, the Common Elements and their improvements and facilities shall use, enjoy, and visit, the same at their own risk and peril.

ARTICLE 3 - THE ASSOCIATION

Section 3.1 Membership.

Every person who is an Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Ownership of a Unit shall be the sole qualification for membership. Each Unit shall be entitled to cast votes according to the allocated interests section of this Declaration. Fractional and cumulative voting are prohibited.

Section 3.2 General Purposes and Powers of the Association.

The Association, through its Board of Directors, shall perform functions and manage the Community as provided in the Recitals section of this Declaration or in the other Governing Documents. All Owners and any purchaser of a Unit shall be deemed to have assented to, ratified, and approved such designations and management. The Association shall have all power necessary or desirable to effectuate such purposes.

Section 3.3 Authority of the Association.

The business affairs of the Community shall be managed by the Association. The Association shall be governed by the Act, to the extent it applies to communities created prior to July 1, 1992, this Declaration, the Map, its Articles of Incorporation and Bylaws, and any Rules and Regulations adopted by the Board of Directors. All corporate or other powers of the Association, unless otherwise specified or expressly reserved to the Members in the Governing Documents, shall be exercised by or under the authority of the Board of Directors, and the business and affairs of the Association shall be managed under the direction of the Board of Directors. The Board of

Directors may, by written resolution, delegate authority to a manager or managing agent for the Association, provided no such delegation shall relieve the Board of final responsibility. The Association may exercise any right or privilege and shall perform all duties and obligations expressly granted or reasonably necessary or implied in the Governing Documents to effect such right or privilege or to satisfy such duty or obligation.

Section 3.4 Managing Agent.

The Association may employ or contract for the services of a managing agent to whom the Board may delegate certain powers, functions, or duties of the Association, as provided in the Bylaws of the Association. The agreement shall be by written contract having a term of no more than three years and shall be subject to cancellation by the Association on 30 days' notice, with or without cause, and without a cancellation fee. The Board shall not be liable for any omission or improper exercise by a managing agent of any duty, power, or function so delegated by written instrument executed by or on behalf of the Board.

Section 3.5 Allocated Interests.

The percentage of ownership interest of Common Elements, Common Expense liability, and votes in the Association allocated to each Residential and Commercial Unit is set forth in Exhibit B hereto.

Section 3.6 Indemnification.

To the full extent permitted by law, each officer, director, or committee member of the Association and other volunteer appointed by the Board of Directors shall be indemnified by the Association against all expenses and liabilities including attorneys' fees, reasonably incurred by or imposed upon them in any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been an officer, director, committee member, or other volunteer of the Association, or any settlements thereof, whether or not they are an officer, director, committee member, or other volunteer appointed by the Board of Directors at the time such expenses are incurred, pursuant to the indemnification provisions set forth in the Bylaws and Colorado law.

Section 3.7 Security Disclaimer.

The Association may, but shall not be required to, from time to time, provide measures or take actions which directly or indirectly improve security in the Community; however, each Owner, for himself or herself and his or her family, tenants, guests, licensees, and invitees, acknowledges and agrees that the Association is not a provider of security and shall have no duty to provide security in the Community. Furthermore, the Association does not guarantee that non-residents will not gain access to the Community and commit criminal acts in the Community, nor does the Association guarantee that criminal acts in the Community will not be committed by residents. It shall be the responsibility of each Owner to protect his or her person and property and all responsibility to provide such security shall lie solely with each Owner. The Association shall not

be held liable for any loss or damage by reason of failure to provide security or the ineffectiveness of measures taken.

Section 3.8 Education and Training.

As a Common Expense, the Association shall, in accordance with the Act, provide education and training opportunities for Owners, residents and occupants, including providing funding and permitting use of facilities for such purposes. The Association shall provide education and training activities as a tool for fostering Owner, resident, and occupant awareness of governance, operations and concerns of the Community and of the Association. Appropriate educational topics include dispute or conflict resolution, issues involving the Governing Documents, and education or topics benefitting or contributing to operation or governance of the Community and the rights and responsibilities of Owners and the Association. The Association may also fund and support education and training for officers and directors.

ARTICLE 4 UNITS, COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

Section 4.1 Number of Units.

The number of Units presently included in the Community is 30, two of which are Commercial Units and 28 of which are Residential Units.

Section 4.2 Unit Boundaries.

(a) Boundaries. The following are designated as boundaries of each Unit, as defined below and as depicted on the Map:

(i) The unfinished interior surfaces of the perimeter walls. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, surface texture, wallpaper, paint, finished flooring, and any other materials constituting the finished surfaces are part of the Unit and all other portions of the floors, walls, and ceilings are part of the Common Elements. Where found on the walls and ceilings, the interior surfaces of built-in fireplaces with their flues in the closed position shall be boundaries of the Unit.

(ii) Unfinished interior surfaces of floors, or the lowermost floors, if it is a Unit containing more than one level;

(iii) Unfinished interior surfaces of ceilings, or the uppermost ceilings, if it is a Unit containing more than one level;

(iv) The windows and window frames, doors and door frames of the Unit.

Each Unit includes the spaces and improvements lying within the boundaries described above, including windows, window frames, doors, and door frames, and as depicted on the Map.

Section 4.3 Licensing of Use of Common Elements.

The Association, acting through the Board, may license the use of parts of the Common Elements to Owners on such terms and conditions as determined by the Board.

Section 4.4 Limited Common Elements.

(a) The following portions of the Common Elements are Limited Common Elements assigned to the Units as stated:

(i) If a chute, flue, pipe, duct, wire, conduit, bearing wall, bearing column, or other fixture lies partially within and partially outside the designated boundaries of a Unit, the portion serving only the Unit is a Limited Common Element, allocated solely to the Unit, the use of which is limited to that Unit and any portion serving more than one Unit is a Limited Common Element to those Units and any portion serving only the Common Elements is a part of the Common Elements.

(ii) Any balconies, exterior doors, skylights, windows, storage closets, or other fixtures designed to serve a single Unit, located outside the boundaries of the Unit, are Limited Common Elements allocated exclusively to the Unit and their use is limited to that Unit.

(iii) All parking spaces located in front of the Community shall be Limited Common Elements appurtenant only to Commercial Units and shall only be used for Commercial Unit residents, tenants, guests, and customers.

(iv) All marked parking spaces located in the back of the Community shall be Limited Common Elements appurtenant only to Residential Units and shall only be used for Residential Unit residents, tenants, and guests.

(b) The Association may modify Limited Common Elements without a membership vote, but only with consent of the Owner(s) to whose Unit(s) the Limited Common Element is appurtenant. The Association may also, without a membership vote, assign or reassign Limited Common Elements not previously assigned with the consent of the affected Owner(s) and the Association, provided that any such assignment or reassignment shall be made in accordance with the Act.

Section 4.5 Mechanic's Liens.

No labor or services performed and/or materials furnished for use and incorporated into any Unit with the consent or at the request of the Owner thereof, his agent, contractor, or subcontractor,

shall be the basis for the filing of a lien against a Unit of any other Owner not expressly consenting to or requesting the same, or against any interest in the Common Elements. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against any liability or loss arising from the claim of any mechanic's lien against the Unit of any other Owner, the Common Elements, or any part thereof, for labor or services performed and/or materials furnished in work on the first Owner's Unit. The Association may pay any sums necessary to eliminate any lien filed against Units not benefitting from the labor, services, and/or materials furnished and the Common Elements on behalf of the other Owners and all sums paid shall be an Individual Assessment against the Owner or Owners for whom the labor, services, and/or materials were furnished.

ARTICLE 5 - MAINTENANCE AND SERVICE RESPONSIBILITIES

Section 5.1 Association Maintenance and Service Responsibilities.

(a) The Board of Directors of the Association shall determine the specifications, scope, extent, nature, and parameters of the Association's maintenance and service responsibilities. The Association shall maintain, repair, replace, and improve those items set forth in Exhibit C of this Declaration.

(b) Maintenance of Common Elements by Owner. Subject to the maintenance responsibilities herein provided, any maintenance or repair performed on or to the Common Elements by an Owner or occupant which is the responsibility of the Association hereunder (including, but not limited to, landscaping of Common Elements) shall be performed at the sole expense of such Owner or occupant, and the Owner or occupant shall not be entitled to reimbursement from the Association even if the Association accepts the maintenance or repair.

(c) Association Discretion. The Association may, in its sole discretion, assume the obligation for maintenance or repair of additional property, either real or personal, that lies within or outside the Community. The Association shall have the right to assume such obligation even if the obligation currently lies with Owners or other entities, provided however, the Association shall provide Owners with 15 days' prior written notice of any such change. The Association, in its sole discretion, shall determine the time and manner in which any maintenance, whether required or assumed, shall be performed as well as the color or type of materials used.

(d) Damage to Unit by Association. The Association shall repair incidental damage to any Unit resulting from performance of work which is the responsibility of the Association. As finish levels can have varying degrees, such repairs will be complete only to the extent of being "paint-ready". Such repair and subsequent cleaning shall be performed based on a reasonableness standard. In performing its responsibilities hereunder, the Association shall have the authority to delegate to such persons, firms, or corporations of its choice, such duties as are approved by the Board of Directors.

(e) Liability of Association.

(i) The Association shall not be liable for injury or damage to person or property caused by or resulting from any water, rain, snow, or ice which may leak or flow from any portion of the Common Elements or from any device, pipe, drain, conduit, appliance, or equipment which the Association is responsible to maintain hereunder, except:

(1) for injuries or damages arising after the Owner of a Unit has put the Association on written notice of a specific leak or flow from any portion of the Common Elements or device, pipe, drain, conduit, appliance, or equipment for which the Association has a maintenance responsibility; and

(2) only if the Association has failed to exercise due care to correct the leak or flow within a reasonable time thereafter.

(ii) The Association shall not be liable to the Owner of any Unit or such Owner's occupant, guest, or family, for loss or damage, by theft or otherwise, of any property which may be stored in or upon any of the Common Elements.

(iii) The Association shall not be liable to any Owner, or any Owner's occupant, guest, tenant, invitee, licensee, or family for any damage or injury caused in whole or in part by the Association's failure to discharge its responsibilities under this Section where such damage or injury is caused by an act of God, is not foreseeable, or is not a natural result of the Association's failure to discharge its responsibilities.

(iv) No diminution or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

Section 5.2 Owner's Maintenance Responsibility.

Except as otherwise provided in this Declaration, each Owner shall have the obligation to maintain, repair, replace, and improve all items set forth in Exhibit C of this Declaration.

Section 5.3 Owner Responsibilities.

Each Owner shall have the responsibility to:

(a) promptly report to the Association or its agent any defect or need for repairs, for which the Association is responsible;

(b) pay for the cost of repairing, replacing or cleaning up any item which is the responsibility of the Owner but which responsibility such Owner fails or refuses to discharge (which the Association shall have the right, but not the obligation, to do), or to pay for the cost of repairing, replacing or cleaning up any item which, although the responsibility of the Association, is necessitated by reason of the willful or negligent act of the Owner, his or her family, tenants, guests, with the cost thereof to be added to and become part of the Owner's next chargeable Assessment;

(c) be liable for all injuries or damages to person or property caused by or resulting from the Owner's maintenance or lack of maintenance of the Unit or any appurtenant Limited Common Element; and

(d) to perform his or her maintenance responsibility in such manner so as not to unreasonably disturb or put at risk other persons in Units, other Units or the Common Elements, including maintaining the Unit at such temperature so as to prevent pipe freezing.

Section 5.4 Window and Unit Baseboard Heater Replacement.

Notwithstanding the responsibility of the Owners for windows and baseboard heaters within Units, as part of a building renovation project or heater replacement project, the Association may replace all Unit windows in the Community and/or baseboard heaters within Units, subject to the approval of a majority of the Owners present and voting in person or by proxy at a duly called meeting, notice of which shall state the purpose of the meeting. Any expense associated with such window replacement and/or baseboard heaters within Units shall be a Common Expense of the Association allocated among the Units based on the number of windows and/or baseboard heaters in each Unit replaced and the cost of such replacement. To the extent that any damage occurs to any such replaced Unit windows, the Owner of a Unit with a damaged window shall be responsible to repair and/or replace such damaged window, even though it was the Association that originally undertook the Unit window replacement project. Regardless of the timing of any window replacement, an Owner must have the prior express written approval of the Association as to the window type and method of installation that the Owner will install as a replacement to any window, damaged or otherwise. This is to ensure the uniform appearance of the Community.

Section 5.5 Mold.

Each Owner shall be required to take necessary measures to retard and prevent mold from accumulating in the Unit and the Common Elements, including, but not limited to, appropriate climate control, removal of visible moisture accumulation on windows, window sills, walls, floors, ceilings, and other surfaces and cleaning of the same. No Owner shall block or cover any heating, ventilation, or air conditioning ducts. Owners shall immediately notify the Board in writing of the following: (a) any evidence of water leaks, water infiltration, or excessive moisture in a Unit; (b)

any evidence of mold that cannot be removed by the Owner with a common household cleaner; (c) any failure or malfunction in heating, ventilation, or air conditioning; (d) any inoperable doors, windows, heating, ventilation, or air conditioning ducts. The receipt of notice by the Association shall not create any additional Association maintenance responsibility other than those set forth in this Declaration. Owners shall be responsible for any damage to his or her Unit and personal property, to any other Unit or the Common Elements, as well as any injury to the Owner or occupants resulting from the Owner's failure to comply with this section. Owners shall be responsible for all costs and expenses (including, but not limited to, reasonable attorneys' fees, costs, and expenses) incurred by the Board to remove mold and/or damage within his or her Unit, to any other Unit or to the Common Elements if the Owner fails to meet the requirements of this Section.

Section 5.6 Inspection, Repair and Replacement of Designated Owner Maintenance Components.

The Association shall have the right, but not the obligation, to conduct a periodic inspection, on a schedule to be determined by the Board of Directors, of designated Owner maintenance components as may be set forth in this Declaration or the Rules and Regulations. If, in the Board of Directors' sole discretion, the component needs to be maintained, repaired or replaced, the Association may provide such maintenance, repair or replacement (even though such component may be the Owner's responsibility) and the cost of such periodic inspection, maintenance, repair, or replacement may be assessed against the Owner of the Unit served by such component pursuant to the following Section of this Declaration.

Section 5.7 Failure to Maintain.

If the Association determines that any Owner has failed or refused to discharge properly his or her obligation with regard to the maintenance, repair, or replacement of items of which he or she is responsible hereunder, then, except in the case of an emergency, the Association shall give the Owner written notice of the Owner's failure or refusal and of the Association's right to provide necessary maintenance, repair, or replacement at the Owner's cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair, or replacement deemed necessary by the Association.

Unless the Association determines that an emergency exists, the Owner shall have 10 days within which to complete maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within 10 days. If the Board determines that: (i) an emergency exists or (ii) that an Owner has not complied with the demand given by the Association as provided in this Section, then the Association may perform or provide any such maintenance, repair, or replacement at the Owner's sole cost and expense, and such costs shall be added to and become a part of the Assessment to which such Owner is subject, which if unpaid shall become and be a lien against the Unit, and shall be collected as provided in this Declaration for the collection of Assessments.

If the Board determines that the need for maintenance or repair is a Common Expense and is

caused through the willful or negligent act of any Owner, or occupant or their family, guests, lessees, licensees, or invitees, then the Association may assess the cost of any such maintenance, repair, or replacement against the Owner's or occupant's Unit, which cost, if unpaid, shall become a lien against the Unit, and shall be collected as provided in this Declaration for the collection of Assessments.

ARTICLE 6 - COVENANT FOR COMMON EXPENSE ASSESSMENTS

Section 6.1 Creation of Association Lien and Personal Obligation to Pay Common Expense Assessments.

Each Owner, by acceptance of a deed for a Unit, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association annual Common Expense Assessments, insurance Assessments (assessed in proportion to risk), utility Assessments (assessed in proportion to usage), and such other Assessments as imposed by the Association. Such Assessments, including fees, charges, late fees, attorneys' fees, fines and interest charged by the Association and additional fees charged by the managing agent, including but not limited to, administration and witness fees, and/or any other charges that may be assessed and/or levied or may be agreed to in the process of collecting past due Assessments, including but not limited to, credit card convenience fees from whatever source, shall be the personal obligation of the Owner of such Unit at the time when the Assessment or other charges became or fell due. The annual Common Expense Assessments and such other Assessments as imposed by the Association, including fees, charges, late fees, attorneys' fees, fines and interest charged by the Association, shall be a charge on each Unit and shall be a continuing lien upon the Unit against which each such Assessment or charge is made. If any Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment becomes due. The personal obligation to pay any past due sums due the Association shall not pass to a successor in title unless expressly assumed by them. No Owner may become exempt from liability for payment of the Common Expense Assessments by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which the Common Expense Assessments are made. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted by any reason including, without limitation, any claim that the Association or the Board of Directors is not properly exercising its duties and powers under this Declaration or otherwise. Except as provided in this Declaration, all Common Expense Assessments shall be assessed against all Units in accordance with the formula for liability for the Common Expenses as set forth in this Declaration. Common Expense Assessments are currently allocated among the Owners as set forth in Exhibit B of this Declaration.

Section 6.2 Basis of Assessments.

The Common Expense Assessment may be made on an annual basis against all Units and shall be based upon the Association's advance budget of the cash requirements needed by it to provide for the administration and performance of its duties during such Assessment year.

Section 6.3 Annual Assessment.

Common Expense Assessments shall be assessed as set forth in Exhibit B and shall be due and payable in monthly, quarterly, or annual installments, or in any other manner, as determined by the Board of Directors; provided, however, any proposed budget of the Association must be approved at a duly constituted meeting by a majority of all Owners. The omission or failure of the Board of Directors to levy the Assessment for any period shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay.

Section 6.4 Special Assessments.

In addition to other authorized Assessments, the Association may levy Special Assessments from time to time to cover previously unbudgeted expenses or expenses in excess of those budgeted, including, without limitation, the costs of any construction, restoration, or unbudgeted repairs or replacements of capital improvements that are not covered by the general reserve fund. The proposed Special Assessment shall be adopted by the Board of Directors and shall be due no sooner than 30 days after notice of the Special Assessment was sent to the Members. Special Assessments may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved. The Board shall have the right to require that Special Assessments be paid in advance of the provision of the subject services or materials.

Section 6.5 Supplemental Assessments.

The Association shall have the right to add to any Owner's Assessment as provided in this Article the following:

- (a) Those amounts expended by the Association for the benefit of any individual Unit or any occupant thereof, including but not limited to: Unit insurance; improvement, repair, replacement and maintenance specific to a Unit; improvement, repair, replacement and maintenance caused by the negligent or willful acts of any Owner, his or her guest, employee, licensee, lessee or invitee as set forth in this Declaration, including such costs to repair or modify a Unit to comply with recommendations or requirements of any insurer;
- (b) Any extraordinary maintenance, repair, improvement, and replacement costs of any area which the Association maintains which is required on fewer than all of the Units;
- (c) Any extraordinary insurance costs incurred as a result of the value of a particular Owner's Unit or the actions of an Owner (or his family, agents, guests, licensees, invitees or lessees);
- (d) All fines and costs assessed against an Owner pursuant to the Governing Documents; and

(e) Any other expenditures or charges which the Board, in its sole discretion, chooses to allocate to a Unit and are reasonably determined to be allocable to a particular Unit.

Section 6.6 Application of Payments.

All sums collected on a delinquent account referred to an attorney shall be remitted to the Association's attorney until the account is brought current. All payments received on an account of any Owner or the Owner's Unit shall be applied to payment of any and all legal fees and costs (including attorneys' fees), expenses of enforcement and collection, late fees, returned check fees, lien fees, and other costs owing or incurred with respect to such Owner pursuant to the Governing Documents, prior to application of the payment to any special or regular Assessments due or to become due with respect to such Owner.

Section 6.7 Effect of Non-Payment of Assessments.

(a) Any Assessment, charge, or fee provided for in this Declaration, or any monthly or other installment thereof, which is not fully paid within 30 days after the due date thereof, as established by the Board of Directors, shall bear interest at the rate established by the Board of Directors, on a per annum basis to accrue monthly, from the due date, and the Association may assess a reasonable late fee thereon as determined by the Board of Directors.

(b) Failure to make payment within 60 days of the due date thereof shall cause the total amount of such Owner's Common Expense Assessment for the remainder of that fiscal year to become immediately due and payable at the option of the Board. The Board may, in its discretion, decelerate the Member's annual Assessment.

(c) Further, the Association may foreclose its lien and/or bring an action at law or in equity, or all of the same, against any Owner personally obligated to pay such overdue Assessments, charges or fees, or monthly or other installments thereof. An action at law or in equity by the Association against an Owner to recover a money judgment for unpaid Assessments, charges or fees, or monthly or other installments thereof, may be commenced and pursued by the Association without foreclosing, or in any way waiving the Association's lien therefor. Likewise, the obtaining of a money judgment shall not preclude the foreclosure of the Association's lien so long as the judgment remains unsatisfied.

(d) Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent Assessment, charges or fees, or monthly or other installments thereof, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Unit at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, vote the Association votes appurtenant to ownership thereof, convey, or otherwise deal with the same. If a foreclosure

action is filed to foreclose any Assessment lien, and an Owner abandons or leaves vacant his or her Unit, the Board may take possession and rent said Unit or apply for the appointment of a receiver for the Unit without prior notice to the Owner. The Association may also seek the appointment of a receiver for the Unit without prior notice to the Owner in order to otherwise protect the value of the Unit, to collect rents that would otherwise be due to the Owner of the Unit, or for any other purpose allowable at law or in equity. The rights of the Association shall be expressly subordinate to the rights of any holder of a first lien security interest as set forth in its deed of trust or mortgage (including any assignment of rents), to the extent permitted under the Act.

Section 6.8 Lien Priority.

The lien of the Association under this Section is prior to all other liens and encumbrances on a Unit except: (1) liens and encumbrances recorded before the recordation of the Original Declaration; (2) a first lien security interest on the Unit (except as allowed by the Act with regard to the limited lien priority allowed to the Association); and (3) liens for real estate taxes and other governmental assessments or charges against the Unit. This Section does not affect the priority of mechanics' or materialmen's liens. The lien of the Association under this Article is not subject to the provision of any homestead exemption as allowed under state or federal law. Sale or transfer of any Unit shall not affect the lien for said Assessments or charges except that sale or transfer of any Unit pursuant to foreclosure of any first lien security interest, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture shall only extinguish the lien of Assessment charges as provided by applicable state law. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture shall relieve any Unit from continuing liability for any Assessment charges thereafter becoming due, nor from the lien thereof.

Section 6.9 Borrowing.

The Association shall have the power to assign its right to future income, including the right to assign its right to receive Common Expense or Special Assessments, but only upon the affirmative vote of a majority of the Owners present and voting, in person or by proxy, at a duly constituted meeting called for that purpose.

ARTICLE 7 - COVENANTS AND RESTRICTIONS ON USE, ALIENATION, AND OCCUPANCY

All Property within the Community shall be held, used, and enjoyed subject to the following limitations and restrictions. The strict application of the following limitations and restrictions in any specific case may be modified or waived, in whole or in part, by the Board of Directors or by an appropriate committee (subject to review by the Board of Directors) if such strict application would be unreasonable or unduly harsh under the circumstances or is inconsistent with applicable law. Any such modification or waiver must be in writing.

Section 7.1 Use/Occupancy.

All Units within the Community shall be used only for those uses and/or purposes as allowed by the local zoning, control, and regulation, and permitted by this Declaration, subject to any Rules and Regulations adopted by the Association. Residential Units shall not be used for any purpose other than a residential dwelling except as set forth in this Section. Home occupations in Residential Units shall be allowed so long as the home occupations are incidental and secondary to the use of the Residential Unit and do not change the residential character thereof, comply with local zoning ordinances and regulations, and comply with this Declaration. Except as permitted in the Rules and Regulations for Commercial Units, external advertising of any kind is prohibited in the Community. In no instance shall a home occupation in a Residential Unit be visible externally, nor shall any home occupation employ any person other than the Owner. Uses of Residential Units which have one or more of the following characteristics are not permitted: (a) manufacturing or fabrication of any kind; (b) storage of hazardous materials; (c) increased traffic or parked vehicles beyond that reasonable and customary to a residential dwelling use; (d) temporary, permanent, or long term parking of heavy equipment, including semi-trailers (defined herein as anything with greater tonnage than a Ford F250 or Chevrolet Silverado 2500); (e) the use or rental of any structure on a Residential Unit for any transient, hotel, motel, bed and breakfast, restaurant, bar, or other commercial purposes.

If the Owner of a Residential Unit is a corporation, partnership, trust, or other legal entity not being a natural person, the entity shall designate in writing the name(s) of the person(s) who will occupy the Residential Unit.

Section 7.2 Leasing and Occupancy.

Any Owner shall have the right to lease or allow occupancy of a Residential Unit upon such terms and conditions as the Owner may deem advisable, subject to the restrictions of this Declaration, subject to restrictions of record, subject to the restrictions imposed by any applicable governmental entity, and subject to the following:

(a) “Leasing” or “Renting” for the purposes of this Declaration, is defined as regular, exclusive occupancy of a Residential Unit by any person other than the Owner. For the purposes of this Declaration, occupancy by a roommate of an Owner who occupies the Residential Unit as such Owner’s primary residence shall not constitute leasing.

(b) All leases or rental agreements shall be in writing and shall provide that the leases or rental agreements are subject to all terms of the Governing Documents. Owners are required to provide tenants with copies of the current Governing Documents of the Association.

(c) Each Owner who leases his or her Residential Unit shall provide the Association a copy of the signed current lease and tenant information, including the names of all occupants, vehicle descriptions, including license plate numbers, and any other information reasonably requested by the Association or its agents.

(d) Each Owner is strongly encouraged to conduct full background checks, including credit and criminal reports, for each lease applicant.

(e) All occupancies, leases and rental agreements of Residential Units shall state that the failure of the tenant, lessee, renter, or their guests to comply with the terms of the Governing Documents shall constitute a default of the occupancy, lease, or rental agreement and of this Declaration and such default shall be enforceable by either the Association as a third-party beneficiary of the lease or the landlord, or by both of them.

(f) All occupancies of Residential Units shall be subject to the right of the Association to remove and/or evict the occupant for failure to comply with the terms of the Declaration, the Bylaws of the Association, the Articles of Incorporation, the Responsible Governance Policies, or the Rules and Regulations of the Association. If the Association requests that the Owner evict the Owner's tenant based on the terms of this Declaration, and the Owner fails to commence such action within 30 days of the date of the Association's request and notice, the Association may commence eviction proceedings. Upon failure by the Owner to comply with the Association's request to evict, the Owner delegates and assigns to the Association, acting through the Board, the power and authority to evict the lessee as attorney-in-fact on behalf of and for the benefit of the Owner. If the Association evicts the lessee, any costs, including, but not limited to, reasonable attorneys' fees actually incurred and court costs associated with the eviction shall be an Assessment and lien against the Unit.

(g) Leases shall be for or of the entire Residential Unit.

(h) All Owners who reside at a place other than the Residential Unit shall provide to the Association an address and phone number(s) where the Owner can be reached in the case of emergency or other Association business. It is the sole responsibility of the Owner to keep this information current.

(i) The Association shall have the authority to adopt Rules and Regulations regarding leasing, including the implementation of this restriction, and for implementation of other restrictions in the Declaration and as allowed by law.

(j) The Owner of a Unit shall be held ultimately responsible for the conduct of such Owner's family, tenants, lessees, guests, invitees, and licensees and shall be subject to the enforcement mechanisms and procedures of the Association for any violations of the Governing Documents by such Owner's family, tenants, lessees, guests, invitees, and licensees.

Section 7.3 Emergency Access Required.

All Owners are strongly encouraged to provide the Association with an emergency access key to be used to enter a Unit only in the case of emergency. Should an emergency access key not be provided by each Owner to the Association, such Owner shall be responsible for any fees and costs

associated with obtaining access to a Unit in the case of emergency, as further set forth in the Rules and Regulations. In the event Owners or tenants elect to provide a key pursuant to this section 7.3, the Owner or Tenant shall hold the Association harmless from any use of the key unless such use was grossly negligent.

Section 7.4 Use of Patios and Balconies.

Nothing shall be hung from or placed outside the Unit, including balconies, unless allowed in the Rules and Regulations. Except for concrete overlays existing on balconies as of the date of recording of this Declaration, no balcony shall be covered with concrete or wood decking or any other material. Each Owner shall be required, pursuant to this Declaration, to pay any additional expense related to any roof repair caused by any deck or decking material. Within 30 days of the recording of this Declaration, all wood decking covering the concrete slabs shall be removed at the Owners sole cost and expense.

Section 7.5 Use of Rooftop Area Prohibited.

No Owners, guests, invitees, licensees, family members, or tenants shall be permitted to use or occupy the rooftop area of the building at any time.

Section 7.6 Restrictions on Fireplaces.

Except for fireplaces currently existing on balconies as of the date of recording of this Declaration, no fireplaces shall be installed in Residential Units. Owners are encouraged to remove any existing fireplaces. Should Owners not remove existing fireplaces, all fees and costs relating to the maintenance and repair of existing fireplaces shall be charged to the Owner, including, but not limited to, any increased costs of insurance.

Section 7.7 Restrictions on Animals and Pets.

Except for Pets owned and maintained by an Owner, no Pets may be kept in any Unit in the Community at any time, unless otherwise permitted in the Rules and Regulations or by local, state, or federal law. If an Owner desires to keep and maintain a Pet, such Pet shall be registered with the Association for identification purposes. If an Owner fails to register such Pet with the Association, the Owner shall forfeit the right to keep and maintain a Pet. A Tenant that is keeping and maintaining a Pet or Pets in a Unit as of the date of the recording of this Declaration shall be allowed to keep such specific Pet or Pets, provided that the Tenant register such Pet or Pets with the Association for identification purposes. Any Tenant that fails to register such Pet or Pets with the Association within 30 days of the recording of this Declaration shall forfeit the right to keep and maintain such Pet or Pets in the Unit or in the Community. This restriction on Tenant Pets is intended to “grandfather” in those Tenants Pets kept and maintained in the Community as of the date of the recording of this Declaration. Tenants do not have the right to keep or maintain other and further Pets, including, without limitation, replacements for the Pet or Pets that are protected under this “grandfather” provision. In addition to the restrictions set forth herein or otherwise referenced herein, no animals other than Pets may be kept in the Community.

Section 7.8 Antennae/Satellite Dishes.

“Permitted Antennas” are defined as (a) an antenna which is less than one meter in diameter and is used to receive direct broadcast satellite service, including direct-to-home satellite services, or is used to receive or transmit fixed wireless signals via satellite; (b) an antenna which is less than one meter in diameter and is used to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instruction television fixed services, and local multipoint distribution services or is used to receive or transmit fixed wireless signals other than via satellite; (c) an antenna which is designed to receive broadcast television broadcast signals; or (d) other antennas which are expressly permitted under applicable federal statutes or regulations. In the event a Permitted Antenna is no longer expressly permitted under applicable federal statutes or regulations, such antenna will no longer be a Permitted Antenna for purposes of this Section.

Permitted Antennas shall be installed in the least conspicuous location available on the Unit or Limited Common Elements which permits acceptable signals, without unreasonable delay or increase in the cost of installation, maintenance or use of the Permitted Antenna. The Association may adopt rules regarding location and installation of Permitted Antennas, subject to limitations of applicable federal law. Except as allowed by federal statutes and regulation, and the Rules and Regulations of the Association, no exterior television or any other antennae, microwave dish, satellite dish, satellite antenna, satellite earth station, or similar device of any type shall be erected, installed or maintained on a Unit or Limited Common Elements.

Section 7.9 Nuisances.

No nuisance shall be permitted within the Community, nor shall any use, activity, or practice be permitted within the Community which is or may become the source of unreasonable annoyance or embarrassment to, or which unreasonably offends or disturbs any Owner or which may unreasonably interfere with the peaceful enjoyment, or safety, or possession or the proper use of a Unit or Common Element, or any portion of the Community by residents. This provision specifically includes the odors created by marijuana, tobacco, or any other smoking products or devices.

Section 7.10 Compliance With Other Laws.

No improper, offensive, or unlawful use shall be permitted within the Community or any portion thereof. All valid laws, ordinances, and regulations of all governmental bodies having jurisdiction over the Community or a portion thereof shall be observed.

Section 7.11 Parking, Storage, and Repairs.

(a) Parking upon the Common Elements and Limited Common Elements shall be regulated by the Association. No parking spaces in the Community shall be used for any purpose other than for parking vehicles.

(b) Each Residential Owner shall be assigned one parking slip per Unit. No Owner or occupant of a Residential Unit shall park more than two street legal, operable vehicles not exceeding in tonnage a Ford F250 or equivalent (owned or leased by such Owner, a member of his or her family or occupant of his or her Residential Unit) on each parking slip.

(c) The Association shall have the authority to adopt Rules and Regulations regarding parking, including parking restrictions specific to Commercial Units based on the lease for such Commercial Units.

(d) Unless otherwise set forth in a lease or other document of record, Commercial Units shall be limited to two vehicles per tenant. Parking designated as visitor or guest parking, if any, shall not be used by Owners or occupants.

(e) The following may not be parked or stored within the Community, unless authorized in writing by the Association or allowed by the Act as an “emergency vehicle”: oversized vehicles, trailers, camping trailers, boat trailers, hauling trailers, boats or other motorcraft and accessories thereto, self-contained motorized recreational vehicles, trucks larger than a Ford F250 or equivalent, or other oversized types of vehicles or equipment as prohibited by rule or regulation. The foregoing may be parked as a temporary expedience for loading, delivery of goods or services, or emergency; provided, however, overnight parking of the same is prohibited. This restriction shall not apply to trucks or other commercial vehicles temporarily located within the Community which are necessary for construction or for the maintenance of the Common Elements, Units, or any improvement located thereon.

(f) No abandoned, unlicensed, or inoperable automobiles or vehicles of any kind shall be stored or parked within the Community. An “abandoned or inoperable vehicle” shall be defined by Colorado statutes governing inoperable or abandoned vehicles on public streets, or as defined by rule or regulation adopted by the Association.

(g) No motor vehicle may impede the safe and efficient use of streets within the Community by residents, obstruct emergency access to/from the Community, or interfere with the reasonable needs of other residents to use streets or guest parking within the Community.

(h) No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting, or servicing of any kind of vehicle, trailer, or boat may be performed in the Community at any time, including, but not limited to, oil changes.

(i) Parking spaces are restricted to use for access or as a parking space for vehicles. No activity such as, but not limited to, cutting firewood, washing a vehicle, hanging clothing and/or sheets to dry, dancing, playing loud music, or drinking may be performed in the parking lot at any time. No parking spaces may be used for storage.

(j) Parking in fire lanes (as designated by the Association or as designated by local government or a local fire protection authority) shall not be permitted.

(k) If any vehicle is parked on any portion of the Community in violation of this Section or in violation of the Association's Rules and Regulations, the Board may place a notice on the vehicle specifying the nature of the violation and stating that after 48 hours the vehicle may be towed. The notice shall include the name and telephone number of a person to contact regarding the alleged violation. A notice also shall be conspicuously placed at the Community stating the name and telephone number of the person or entity which will do the towing and/or booting hereunder. If, 48 hours after such notice is placed on the vehicle, the violation continues or thereafter occurs again within six months of such notice, the vehicle may be towed or booted in accordance with the notice, without further notice to the vehicle owner or user, and the owner thereof shall be solely responsible for all towing and storage charges.

(l) If a vehicle is parked in a fire lane, is blocking another vehicle or access to another Owner's or occupant's Unit or dwelling, is obstructing the flow of traffic, is parked on any grassy area, is parked in a space which has been assigned as exclusively serving another Unit, or otherwise creates a hazardous condition, no notice shall be required and the vehicle may be towed or booted immediately.

(m) If a vehicle is towed or booted in accordance with this Section, neither the Association nor any officer or agent of the Association shall be liable to any person for towing and storage costs or for any claim of damage as a result of the towing or booting activity. The Association's right to tow or boot is in addition to, and not in limitation of all other rights of the Association, including the right to assess fines. Notwithstanding anything to the contrary in this Section, the Board may elect to impose fines or use other available sanctions, rather than exercise its authority to tow or boot.

Section 7.12 Use of Common Elements.

Nothing shall be altered on, constructed in, or removed from the Common Elements without the prior express written approval of the Association. There shall be no obstruction of the Common Elements, nor shall anything be kept or stored on any part of the Common Elements without the prior express written approval of the Association.

Section 7.13 No Annoying Lights, Sounds, or Odors.

No light shall be emitted from any portion of the Community which is unreasonably bright or causes unreasonable glare, and no sound or odor shall be emitted from any portion of the Community which would reasonably be found by others to be noxious or offensive. Without limiting the generality of the foregoing, no exterior spot lights, searchlights, speakers, horns, whistles, bells, or other light or sound devices shall be located or used on any portion of the Community except with the prior express written approval of the Association. No excessive noise from Units shall be permitted, as determined in the sole discretion of the Board of Directors. There

shall be mandated “quiet times” in the Community from 10 p.m. to 8 a.m., as further set forth in the Rules and Regulations.

Section 7.14 Compliance with Insurance Requirements.

Except as may be approved in writing by the Association, nothing shall be done or kept on the Community which may result in a material increase in the rates of insurance or would result in the cancellation of any insurance maintained by the Association.

Section 7.15 Restriction on Signs and Advertising Devices.

(a) Except as permitted for Commercial Units as set forth in the Rules and Regulations, and as provided in this Section, no sign, poster, billboard, advertising device, or display of any kind shall be erected or maintained anywhere on a Unit except such sign or signs as may be approved in writing by the Association.

(b) Signs intended to impact the outcome of an election must be displayed in accordance with the Association’s Rules and Regulations and applicable law.

(c) One professionally lettered “For Sale” or “For Rent” sign not to exceed three feet by two feet and one professionally lettered security or alarm system sign not exceeding six inches by six inches may be displayed inside a window of a Unit.

Section 7.16 Tanks and Grills.

No tanks of any kind (either elevated or buried), except for small portable propane tanks associated with an outdoor gas grill shall be erected, placed, or permitted in the Community without the prior express written approval of the Association. No charcoal grills shall be permitted in the Community.

Section 7.17 Restrictions on Clotheslines and Storage.

No clotheslines, drying areas or yards, service yards, shops, equipment, wood storage, or any other type of storage areas shall be installed, allowed, kept, maintained, or permitted in the Community.

Section 7.18 Trash Removal Restriction.

No garbage, refuse, rubbish, or cuttings shall be deposited outside any Unit, on any street, road or any Common Elements, unless placed in a suitable container suitably located as further set forth in the Rules and Regulations. The Association shall have the exclusive right to engage a trash removal contractor on behalf of the Owners.

Section 7.19 Outbuildings and Temporary Structures.

An “outbuilding” shall mean an enclosed or covered structure not directly attached to the dwelling it serves. No outbuilding or temporary structure, including sheds, playhouses, swing sets, trailers, mobile homes, tents, shacks, barns, or detached garages or carports shall be allowed in the Community unless approved in writing by the Board of Directors or the Architectural Review Committee. Further, no outbuilding or temporary structure shall be used in the Community at any time for residential purposes, either temporarily or permanently.

Section 7.20 Restriction on Mining and Drilling.

No Property within the Community shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing oil, gas, or other hydrocarbons, minerals, rocks, stones, gravel, or earth.

Section 7.21 Prohibition of Marijuana Distribution and Growing.

No Owner or occupant of a Unit may utilize such Unit for the purpose of growing or distributing marijuana or medical marijuana. This prohibition may further be clarified by the Board of Directors through Rules and Regulations. Owners will be responsible for any damage resulting from a violation of this restriction, including, but not limited to, increased water and utility charges.

Section 7.22 Prohibited Activities.

No Owner or occupant of a Unit may engage in any activity or practice which, in the sole discretion of the Board, is considered a threat to the health and/or safety of other Owners and residents within the Community, including but not limited to, hoarding, creating conditions conducive to indoor fires, allowing Units to fall into a state of disrepair to the point that rodents or other pests enter, or any other conditions which could cause damage or harm to other Units in or the Common Elements of the Community.

Section 7.23 No Restrictions on Mortgaging of a Unit.

There are no restrictions on the right of the Owners to mortgage or otherwise encumber their Unit. There is no requirement for the use of a specific lending institution or particular type of lender.

Section 7.24 Map Restrictions.

The restrictions, if any, included on the Map for the Property are incorporated herein by this reference.

Section 7.25 Rules and Regulations.

In furtherance of the provisions of this Declaration and the general plan, Rules and Regulations concerning and governing the Community or any portion thereof may be adopted, amended, or repealed from time-to-time by the Board of Directors. The Board of Directors may establish and enforce penalties for the infraction thereof.

Section 7.26 Compliance with Governing Documents.

Each Owner shall comply strictly with the provisions of this Declaration, the Articles of Incorporation, Bylaws, the Responsible Governance Policies, and the Rules and Regulations of the Association, as amended.

Section 7.27 Use of the Words Vail das Schone and Vail das Schone Condominium Association.

No resident or Owner shall use the words Vail das Schone or Vail das Schone Condominium Association or the logo of the Community or Association, if any, or any derivative thereof, in connection with any goods, materials or services, the use of which is likely to cause confusion, mistake or deception as to the source or origin of such goods, materials, or services, without the prior written consent of the Association.

ARTICLE 8 - ARCHITECTURAL REVIEW/MODIFICATIONS TO UNITS

Section 8.1 Alterations of Units or Limited Common Element Balconies Without a Change in Allocated Interests or Boundaries of a Unit.

Owners shall have the right, with prior express written approval from the Committee, and subject to the provisions of this Article, to make the following alterations to their Units or Limited Common Element balconies:

(a) Interiors. Owners have the right to make any improvements or alterations to the interior of his or her Unit as provided for in this Article.

(i) Decoration of Unit. The rights and restrictions in this Article shall not be construed to restrict a Member's right to decorate his or her Unit as he or she should so determine; provided, however, that to the extent such decoration (including but not limited to window coverings) is visible from the exterior of any Unit and detracts, in the reasonable judgment of the Board, from the aesthetic or architectural integrity of the Community, the Member may be required to undertake such reasonable measures as the Board may determine to eliminate such detraction.

(ii) Nonstructural and Structural Interior Alterations. The rights and restrictions in this Article shall not be construed to restrict a Member's right to move, remove, alter or change any interior, nonstructural wall or partition, or change the use and/or designation of any room within his or her Unit; provided,

however, that such change shall not affect the structural integrity of the Community or mechanical or utility systems of the Community. No structural alterations to any Unit or any Common or Limited Common Elements shall be done by any Owner, without the prior express written approval of the Committee.

(iii) Combination of Units. Owners have the right, after acquiring an adjoining Unit or an adjoining part of an adjoining Unit, to remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a Common Element, all as provided for in this Article.

(b) Exteriors. Owners have the right to make improvements or alterations to the exterior Limited Common Element patio or deck area, as provided for in this Article.

(c) Limitations. Rights of Owners under the prior provisions are limited by the following restrictions:

(i) General Restriction. The alterations and modifications cannot impair the structural integrity, electrical systems, mechanical systems, utilities, lessen the support of any portion of the Community, enclose a Limited Common Element as improved interior space or as a part of a Unit, otherwise endanger or detract from the Community, or violate any of the provisions of this Article or the Governing Documents.

(ii) Exterior Changes. No porch, garden or yard enclosure, awning, screen, sign, address numbers, banner or other device, and no exterior change, addition, structure, projection, decoration or other feature shall be erected, applied to, placed upon or attached to any Unit, or any part thereof or upon any Common or Limited Common Elements without, in each instance, prior express written approval of the Committee.

(iii) Painting, Decals, and Window Coverings. No painting, attaching of decals or other decoration shall be done on any exterior part or surface of any Unit, or on the interior surface of any window, nor shall any window coverings other than a neutral color be installed inside a Unit, without prior express written approval of the Committee, except for holiday decorations, holiday displays, holiday flags and/or holiday signs, which shall be expressly allowed, subject to the Committee's discretion and pursuant to the Rules and Regulations.

(d) Application and Approval Requirements. All changes allowed under the above authority may only be made by the Owners of those Units, as applicant, after application to and prior express written approval by the Committee. The application and approval process shall include at least the following:

(i) Signatures. The signatures of all of the Owners of the Units that are proposed to have changes must be on the application;

(ii) Representations. The Owners must represent and warrant that the proposed modifications do not affect the structural integrity, electrical systems, mechanical systems, utilities, lessen the support of any portion of the Community, otherwise endanger or detract from the Community, or violate any of the provisions of this Article or the Governing Documents;

(iii) Contents of the Application. The application must contain at least the following:

(1) evidence sufficient to the Committee that the applicant has complied with and/or will comply with all local rules and ordinances and that the proposed changes do not violate the terms of any document evidencing a security interest of a lender in any of the applicant's Units;

(2) all necessary and proper permits and approvals from the appropriate governmental authorities have been or will be obtained;

(3) proof that the contractor(s) of the Owner is/are licensed and adequately insured; and

(4) such other information as may be reasonably requested by the Committee.

(iv) Agreement May Be Required. The Committee may require the Owner's written agreement (in the form required by the Association) providing for the following:

(1) for the Owner to be responsible, now and/or in the future, for any structural deficiencies or problems, electrical deficiencies or problems, mechanical structural integrity, electrical systems, utility or mechanical deficiencies or problems or problems associated with a lessening of support of any portion of the Community, or deficiencies or problems that otherwise endanger or detract from the Community, or for violations of any of the provisions of this Article or the Governing Documents, all as may reasonably be determined by the Committee;

(2) for the Owner's agreement to be responsible for ongoing maintenance, repair, replacement, insurance, and improvement of any or all of the proposed additions/modifications of the Owner. The Committee may require Owners to be responsible for all or some of the maintenance, repair, replacement, insurance, and improvement of the proposed modifications;

(3) for the Owner's payment of the fees and costs of the

Committee, together with a deposit against fees and costs which the Committee will incur in reviewing and effectuating the application (including, without limitation, expert fees, inspection fees, attorneys' fees, costs, and expenses), in an amount reasonably estimated by the Committee, in advance of any billing for costs and expenses of the Committee;

(4) for reasonable advance notice by the Owner for the work to be performed, from the Owner or from the Owner's contractor; and

(5) satisfaction of all conditions as may be reasonably imposed by the Committee.

Section 8.2 Alterations to Exterior Decks.

No construction or alterations to Units which affect the exterior decks shall be permitted at any time unless required to maintain the structural integrity of the building, as determined in the sole discretion of the Board of Directors. Any additional costs to maintain, replace, insure, and/or repair the building resulting from such deck alterations shall be the responsibility of the Owner.

Section 8.3 Alterations of Units or Limited Common Element Balconies With a Requested Change in Allocated Interests or the Boundaries of a Unit.

Subject to the provisions of this Article, and pursuant to the procedures described in Section 38-33.3-217 of the Act, the following changes may be made, after application to the Committee by the Owners of those Units and written approval by the Committee:

(a) Boundary Change. Boundaries between adjoining Units may be changed pursuant to the terms of this Declaration.

(b) Conversion of Limited Common Element to Unit. Boundaries of a Unit, to include a former Limited Common Element deck or patio on which an Owner has been approved to make alterations (as provided for in this Section of this Article), may be changed, as provided for in this Article and with approval of at least 67% of the votes in the Association.

(c) Limitations. No relocation of Unit boundaries shall be effected without the necessary amendments to the Declaration and Map, as provided for in this Article with those amendments, executed and recorded by the Association, pursuant to Section 38-33.3-217 of the Act.

(d) Application and Approval Requirements. The Owners of the Units, as the applicant, must submit an application to the Committee, which must be approved in writing by the Committee before the Owner proceeds, including all of the criteria set forth above and the following additional items (if application process is used above) and must also

enter into an agreement with the Association, including the items set forth above:

(i) Reallocations. The proposed reallocation of interests, if any, which may include a re-allocation of Common Expense liability, to account for an increase in size to the Unit or Units of the Owner, if sought by the applicant or required by the Committee; and

(ii) Forms of Amendments. The proposed form for amendments to this Declaration, including the Map, as may be necessary to show the altered boundaries, and their dimensions and identification.

Section 8.4 Maintenance Responsibilities.

For all modifications made to a Unit by an Owner, whether made under the authority and with the approvals under this Article, or whether made previously or without approvals required under this Article, the Owner shall be responsible for maintenance, repair, insurance, and replacement of all modifications unless the Association expressly assumes any of those responsibilities in writing.

Section 8.5 Acknowledgment of Owners.

Owners acknowledge, accept, and agree to the following:

(a) Owners will not commence construction or installation of an improvement until they have submitted improvement plans and specifications and received prior express written approval from the Committee;

(b) Owners shall immediately comply with any request by the Committee for additional information relating to an improvement prior to the Committee's approval of a request and/or prior to the completion of an improvement. Failure to comply with such a request by an Owner shall result in the withdrawal of Committee approval, if previously granted;

(c) Committee approval does not constitute approval of the local building or zoning department, drainage design, or structural soundness;

(d) Owners shall notify the Committee of completion of the improvement's installation or construction within five days of such completion;

(e) Upon completion of an improvement, Owners authorize the Committee or its representative(s) to enter into or onto the Unit for interior inspections;

(f) Failure of an Owner to notify the Committee of completion of an approved improvement, or refusal to allow inspection, shall result in the withdrawal of the Committee's approval;

(g) If the improvement as built does not conform to the improvement as approved by the Committee, the Committee's approval shall be deemed withdrawn, and upon written request of the Committee, Owners shall, at their own expense and cost, promptly bring the improvement into compliance with the submitted and approved plans and specifications;

(h) In the event of withdrawal of Committee approval for any reason(s) cited in this Section, and upon written request from the Committee, the Owner, at his or her expense and cost, shall promptly restore the Unit to substantially the same condition as it existed prior to commencement of the improvement's installation or construction, and such withdrawal will be deemed to toll the statute of limitations as it pertains to the improvement until such time as the improvement is brought into compliance.

Section 8.6 Architectural Criteria.

The Committee shall exercise its reasonable judgment to the end that all attachments, improvements, construction, landscaping, and alterations to improvements on a Unit shall comply with the requirements set forth in this Declaration. The approval or consent of the Committee on matters properly coming before it shall not be unreasonably withheld, and actions taken shall not be arbitrary or capricious. Approval shall be based upon, but not limited to, conformity and harmony of exterior appearance with neighboring structures and Units, preservation of aesthetic beauty, and conformity with the specifications and purposes generally set out in this Declaration. Upon its review of such plans, specifications and submittals, the Committee may require that the applicant(s) reimburse the Committee for actual expense incurred by it in its review and approval process.

Section 8.7 Establishment of the Committee.

The Committee shall consist of a minimum of three members appointed by the Board of Directors. In the event a Committee is not established, the Board shall perform all duties of the Committee as provided in this Article and the Governing Documents of the Association. The Board shall have the authority to remove any members of the Committee at their sole discretion.

Section 8.8 Architectural Guidelines.

The Committee may propose architectural guidelines from time to time, which guidelines may be approved by the Board of Directors and included in or with any Rules and Regulations of the Association.

Section 8.9 Reply and Communication.

The Committee shall reply to all submittals of plans made in accordance herewith in writing within 30 days after receipt. In the event the Committee fails to take any action on submitted plans and specifications within 30 days after the Committee has received the plans and specifications, approval shall be deemed to be denied. All communications and submittals shall be addressed to

the Committee in care of the Association.

Section 8.10 Conditions of Approval.

In the discretion of the Board or the Committee, an Owner may be required to enter into a written agreement establishing the approval of the application in recordable form acknowledged by such Owner on behalf of himself or herself and all successors-in-interest. As a condition of approval for a requested architectural change, modification, addition, or alteration, an Owner, on behalf of himself or herself and his or her successors-in-interest, affirms and shall assume, unless otherwise agreed in writing, all responsibilities for maintenance, repair, replacement, and insurance to and on such change, modification, addition, or alteration.

Section 8.11 Fees and Costs.

Owners shall be obligated to pay all fees and costs incurred by the Committee in reviewing and effectuating an Owners' application (including, without limitation, expert fees, inspection fees, attorneys' fees, costs, and expenses), whether by deposit, or subsequent invoice from the Association.

Section 8.12 Commencement and Completion of Construction.

All improvements approved by the Committee must be commenced within six months from the date of approval. If not commenced within such time, then such approval shall be deemed revoked by the Committee, unless the Committee gives a prior written extension for commencing the work. Additionally, except with prior express written Committee approval otherwise, and except for delays caused by strikes, fires, national emergencies, critical materials shortages or other intervening forces beyond the control of the Owner, all work approved by the Committee shall be completed within six months of commencement.

Section 8.13 Variances.

The Committee may grant reasonable variances or adjustments from any conditions and restrictions imposed by this Declaration in order to overcome practical difficulties and unnecessary hardships arising by reason of the application of the conditions and restrictions contained in this Declaration or in architectural guidelines.

Section 8.14 Right to Appeal.

If the Board of Directors is not acting as the Committee, an Owner whose plans have been disapproved or conditionally approved may appeal any decision of the Committee to the Board of Directors. The Board of Directors shall review the decision of the Committee pursuant to the criteria set forth in this Article and/or the architectural guidelines. Any decision of the Committee may be overruled and reversed by a majority of the directors by a written decision setting forth the reasons for the reversal when the directors conclude that the Committee's decision was inconsistent with the criteria set forth in this Article and the guidelines.

Section 8.15 Waivers.

The approval or consent of the Committee, or appointed representative thereof, to any application for architectural approval shall not be deemed to constitute a waiver of any right to hold or deny approval or consent by the Committee as to any application or other matters subsequently or additionally submitted for approval or consent.

Section 8.16 Liability.

The Committee and the members thereof, as well as any representative of the Board designated to act on its behalf, shall not be liable in damages or in equity to any person submitting requests for approval or for any approval, or failure to approve or disapprove in regard to any matter within its jurisdiction under these covenants. Neither the Board nor the Committee shall bear any responsibility for ensuring the design, quality, structural integrity, or soundness of approved construction or modifications, nor for ensuring compliance with building codes, zoning regulations, and other governmental requirements.

Section 8.17 Enforcement.

Enforcement of these covenants, restrictions, charges, and other provisions, as amended, may be by any proceeding at law or in equity against any person or persons violating or attempting to violate any such provision. The Association shall have the right, but not the obligation, to institute, maintain, and prosecute any such proceedings. In any action instituted or maintained under this Section, the Association shall recover its costs and reasonable attorneys' fees and expenses incurred pursuant thereto, as well as any and all other sums awarded by the court. Failure of the Association to enforce any covenant or restriction contained in this Section shall in no event be deemed a waiver of the right to do so thereafter. In addition, or in the alternative, the Association shall have all other enforcement rights as set forth in this Declaration.

ARTICLE 9 - INSURANCE/CONDEMNATION/OBSOLESCENCE

Section 9.1 Insurance to be Carried by the Association.

The Association shall obtain and maintain in full force and effect, to the extent reasonably available and at all times, the insurance coverage set forth in this Declaration and as set forth in the Act, which insurance coverage shall be provided by financially responsible and able companies duly authorized to do business in the State of Colorado.

Section 9.2 Association Hazard Insurance on the Units and Common Elements.

(a) The Association shall obtain and maintain hazard insurance covering full replacement cost, loss, damage or destruction by fire or other casualty to the Units and the Common Elements and the other property of the Association as set forth in Exhibit C of this Declaration.

(b) If obtainable, the Association shall also obtain the following and any additional endorsements deemed advisable by the Board of Directors: (a) an Inflation guard endorsement, (b) a Construction Code endorsement, (c) a demolition cost endorsement, (d) a contingent liability from operation of building laws endorsement, (e) an increased cost of construction endorsement.

(c) All blanket hazard insurance policies shall contain a standard non-contributory mortgage clause in favor of each holder of first lien security interests, and their successors and assigns, which shall provide that the loss, if any thereunder, shall be payable to the Association for the use and benefit of such holders of first lien security interests, and their successors and assigns, as their interests may appear of record in the records of the office of the Clerk and Recorder of the County of Eagle County, State of Colorado.

(d) All insurance purchased by the Association pursuant to this Section shall run to the benefit of the Association, the Board of Directors, officers, all agents and employees of the Association, the Owners, and their respective mortgagees, and all other persons entitled to occupy any Unit, as their interests may appear.

(e) The Association's insurance policy may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance equals at least the replacement cost of the insured property.

(f) The Board of Directors shall make available for review by Owners a copy of the Association's insurance policy to allow Owners to assess their personal insurance needs. Each Owner shall have the right to obtain additional coverage at his or her own expense.

Section 9.3 Owner Insurance Responsibilities.

Unit Owners are specifically responsible for maintaining insurance which covers his or her Unit to the extent not covered by policies maintained by the Association, as set forth in Exhibit C of this Declaration. Owners are also responsible for general liability insurance within a Unit. The liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of any insurance carried by Unit Owners. The policies of insurance carried by the Association shall be primary, even if a Unit Owner has other insurance that covers the same loss or losses as covered by policies of the Association. The Association's insurance coverage, as specified in this Declaration, and under the Act, does not obviate the need for Unit Owners to obtain insurance for their own benefit.

Section 9.4 Association Flood Insurance.

The Association shall obtain flood insurance to the extent required by the Federal Emergency Management Agency (FEMA) or any other governmental agency.

Section 9.5 Association Liability Insurance.

The Association shall obtain a policy of public liability and property damage liability insurance covering the Common Elements, in such limits as the Board may determine from time to time, but not in any amount less than a combined single limit of \$1,000,000.00. Coverage shall include, without limitation, liability for personal injuries, operation of automobiles on behalf of the Association, and activities in connection with the ownership, operation, maintenance, and other uses of the Community. All liability insurance shall name the Association as the insured.

Section 9.6 Association Fidelity Insurance.

The Association shall obtain fidelity coverage or fidelity bonds to protect against dishonest acts on the parts of its officers, directors, trustees, agents, and employees and on the part of all others who handle or are responsible for handling the funds of the Association, including persons who serve the Association with or without compensation. The fidelity coverage or bonds should be in an amount sufficient to cover the maximum funds that will be in the control of the Association, its officers, directors, trustees, agents, and employees, as required by law.

Section 9.7 Association Worker's Compensation and Employer's Liability Insurance.

The Association shall obtain worker's compensation and employer's liability insurance and all other similar insurance with respect to its employees in the amounts and forms as may now or hereafter be required by law.

Section 9.8 Association Directors' and Officers' Personal Liability Insurance.

The Association shall obtain directors' and officers' personal liability insurance to protect the directors, officers, committee members, and any person acting at the discretion of the Board from personal liability in relation to their duties and responsibilities in acting on behalf of the Association.

Section 9.9 Other Association Insurance.

The Association may obtain insurance against such other risks, as it shall deem appropriate with respect to the Association responsibilities and duties.

Section 9.10 Miscellaneous Terms Governing Insurance Carried by the Association.

The Association shall maintain, to the extent reasonably available, insurance policies with the following terms or provisions:

- (a) All policies of insurance shall provide that each Owner is an insured under the policy with respect to liability arising out of such Owner's membership in the Association.

(b) All policies of insurance shall contain waivers of subrogation against any Owner or member of his or her household.

(c) All policies of insurance shall contain waivers of any defense based on invalidity arising from any acts of an Owner and shall provide that such policies may not be canceled or modified without at least 30 days prior written notice to all of the Owners, holders of first lien security interests and the Association.

(d) If requested, duplicate originals of all policies and renewals thereof, together with proof of payments of premiums, shall be delivered to all Eligible Mortgage Holders at least 10 days prior to the expiration of the then-current policies.

(e) All liability insurance shall include the Association, the Board, the manager or managing agent, if any, the officers of the Association, holders of first lien security interests, their successors and assigns and Owners as insureds.

(f) In no event shall any casualty insurance policy contain a co-insurance clause.

(g) All policies of insurance of the Association shall be primary, providing the primary insurance of the loss, if there is other insurance in the name of the Owner.

(h) All policies of insurance shall provide that the insurance thereunder shall not be invalidated, suspended, voidable, or have any condition of recovery due to an act or omission by any Owner, only in respect to the interest of any particular Owner guilty of a breach of warranty, act, omission, negligence or non-compliance of any provision of such policy, including payment of the insurance premium applicable to the Owner's interest, or who permits or fails to prevent the happening of any event, whether occurring before or after a loss, which under the provisions of such policy would otherwise invalidate or suspend the entire policy, but the insurance under any such policy, as to the interests of all other insured Owners not guilty of any such act or omission, shall not be invalidated or suspended and shall remain in full force and effect.

(i) Prior to obtaining any policy of casualty insurance or renewal thereof, pursuant to the provisions hereof, the Board may obtain an appraisal from a duly qualified real estate or insurance appraiser, which appraiser shall reasonably estimate the full replacement value of the Units and the Common Elements, without deduction for depreciation, review any increases in the cost of living, and/or consider other factors, for the purpose of determining the amount of the insurance to be effected pursuant to the provisions hereof. In no event shall any casualty insurance policy contain a co-insurance clause.

Section 9.11 Insurance Premium.

Except as assessed in proportion to risk, insurance premiums for the above provided insurance

shall be a Common Expense to be included as a part of the annual Assessments levied by the Association.

Section 9.12 Managing Agent Insurance.

The manager or managing agent, if any, shall be adequately insured for the benefit of the Association and shall maintain and submit evidence of such coverage to the Association, including professional liability or errors and omissions insurance, workers' compensation, unemployment, and fidelity coverage. The Association may indemnify its managing agent, except for that agent's intentional acts or omissions or negligence outside the scope of their duties and obligations to the Association, or outside of direction from or of the Association.

Section 9.13 Annual Association Insurance Review.

The Board shall review the insurance carried by and on behalf of the Association at least annually.

Section 9.14 Adjustments by the Association.

Any loss covered by an insurance policy described above shall be adjusted by the Association, and the insurance proceeds for that loss shall be payable to the Association and not to any holder of a first lien security interest. The Association shall hold any insurance proceeds in trust for the Association, Owners, and holders of first lien security interests as their interests may appear. Proceeds must be distributed first for the repair or restoration of the damaged property. The Owners and holders of first lien security interest are not entitled to receive payment of any portion of the proceeds. The Association may determine how a surplus of proceeds, if any, shall be utilized.

Section 9.15 Responsibility for Payment of Deductible Amount.

Whether the Board, in its discretion, chooses to submit a claim under the Association insurance policies or not, the payment of the deductible amount for claims which the Association is responsible for insuring shall be as follows:

- (a) The Association shall pay or absorb the deductible amount for any work, repairs, or reconstruction for damage to Common Elements unless the damage is the liability of an Owner, his family, guests, or invitees, as set forth in this Declaration, in which case the Association shall seek reimbursement of the deductible amount as an Assessment in compliance with and under the terms of this Declaration. Any Owner who receives the proceeds of any Association insurance shall be responsible for the payment of the deductible in proportion to the percentage of insurance proceeds received. Such deductible shall be due within 10 days of notification and shall be considered a Common Expense Assessment allocated directly to the Unit and shall be collected as provided in this Declaration.

(b) The Owner shall pay or absorb the deductible for any loss to the Unit that would be the responsibility of the Owner in the absence of insurance unless: (1) the loss is caused by the negligent or willful act or omission of the Association or another Owner, in which case the negligent party shall be responsible for the deductible, or (2) the loss is caused by the failure of another Owner to maintain any portion of the Unit, including any appliance, equipment, or fixture in a Unit, which that Owner is responsible to maintain in good working order and condition, in which case the Owner who has failed to maintain any such portion of the Unit resulting in damage to another's Unit will be responsible for the deductible. If a negligent Owner or Owner who fails to maintain their Unit as provided in this Declaration fails to pay the deductible for damage to a Unit, the Association may, but shall not be obligated to, seek the deductible on behalf of the Owner suffering the loss as provided in this Declaration for the collection of Assessments.

Section 9.16 Duty to Repair.

Any portion of the Community for which insurance is required under this Article which is damaged or destroyed must be repaired or replaced promptly by the Association or Owner.

Section 9.17 Condemnation and Hazard Insurance Allocations and Distributions.

In the event of a distribution of condemnation proceeds or hazard insurance proceeds to the Owners, the distribution shall be as the parties with interests and rights are determined or allocated by record and pursuant to the Act.

Section 9.18 Insurance Assessments.

If the proceeds of insurance are not sufficient to defray the costs of reconstruction and repair due to deductibles allocated to the Association or failure of the Association to maintain coverage to defray costs of repair and reconstruction which in the absence of insurance would be the maintenance responsibility of the Association, the deductible or additional cost shall be a Common Expense. This Assessment shall not be considered an Assessment as discussed in this Declaration and shall not require any vote or ratification of the Owners.

Section 9.19 Payment of Claims to Delinquent Owners.

Notwithstanding anything to the contrary in this Declaration, in the event of an insured loss under the Association's master hazard insurance policy for which the Association receives from the insurer payment for a loss sustained by an Owner who is delinquent in the payment of Assessments owed to the Association under this Declaration, then the Association may retain and apply such proceeds recovered to the delinquency. Any surplus remaining after application of the proceeds to any delinquency shall be paid by the Association to the affected Owner.

Section 9.20 Obsolescence.

(a) Renewal and Reconstruction. Owners representing at least 75% of the total

votes in the Association and 67% of the Eligible Mortgage Holders may agree that the Property is obsolete and adopt a plan for renewal and reconstruction.

(i) If a plan for renewal or reconstruction is adopted by the Owners and Eligible First Mortgage Holders as described above, notice of the adoption of such plan shall be sent to all Owners and recorded, and the expense of renewal and reconstruction shall be payable by all of the Owners as Common Expenses; provided, however, that an Owner who does not desire to be a party to such plan for renewal or reconstruction may give written notice to the Association within 15 days after the date of the notice of the adoption of such plan that his or her Unit shall be purchased by the Association for the fair market value thereof.

(ii) The Association shall then have 30 days from receipt of a notice from an Owner that such Owner does not desire to participate in the plan within which to cancel such plan. If such plan is not cancelled, the Unit of the requesting Owner shall be purchased according to the following procedures:

(1) If such Owner and the Association can agree on the fair market value thereof, then such sale shall be consummated within 30 days after such agreement;

(2) If the parties are unable to agree on the fair market value, the date when either party notifies the other that he, she or it is unable to agree with the other shall be the "Commencement Date" from which all periods of time mentioned hereafter shall be measured. Within 10 days following the Commencement Date, each party shall nominate an appraiser in writing (and give notice of such nomination to the other party). If either party fails to make such a nomination within 10 days of the Commencement Date, the appraiser nominated shall, within 5 days after default by the other party, appoint and associate with him or her another appraiser. If the two designated or selected appraisers are unable to agree on the fair market value of the Unit, they shall appoint another appraiser to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire, each appraiser previously appointed shall nominate two appraisers and from the names of the four appraisers so nominated one shall be drawn by lot by any judge of any court of record in Colorado, if the Association can arrange such judicial participation in this process, and otherwise by the President of the Association; and the name so drawn shall be such umpire. The nominations from whom the umpire is to be drawn by lot shall be submitted within 10 days of the failure of the two appraisers to agree, which, in any event, shall not be later than 20 days following the appointment of the second appraiser. The decision of the appraisers as to the fair market value or, in the case of their disagreement, such decision of the umpire shall be final and binding and a judgment based upon the decision rendered may be entered in any court having jurisdiction. The

expenses and fees of such appraisers shall be borne equally by the Association and the Owner. Alternatively, in the event the purchase price so established is unacceptable to the Board of Directors, then the Association may cancel the plan or resubmit a revised plan, to include the purchase price established for the Unit of the Owner who does not desire to participate in the plan, to the Owners and Eligible Mortgage Holders for approval; and

(3) Unless the plan is canceled or the Board determines to resubmit the plan for approval, the sale shall be consummated within 15 days after the final determination of fair market value as determined above; and the Association, as attorney-in-fact, shall disburse such proceeds to the Association, Owner(s) and lienholders, as their interests may appear.

(b) Sale of Property. Owners representing at least 75% of the total votes in the Association and 75% of the Eligible Mortgage Holders may agree that the Community is obsolete and that the Community should be sold. In such instance, the Association shall send notice of the approval of such a sale to all Owners and record a notice executed by the Association's President and Secretary setting forth such fact and, upon recording of such notice, the Property shall be sold by the Association, as attorney-in-fact for all Owners, free and clear from the provisions contained in this Declaration. The sales proceeds shall be collected and apportioned between the Owners on the basis of each Owner's appurtenant interest in and to the Common Elements as specified in the Declaration, and the proceeds shall be paid into separate accounts, each account representing one Condominium Unit. Each such account shall be in the name of the Association and shall be further identified by the Unit designation and the name of the Owner. The Association, as attorney-in-fact, shall use and disburse the total amount of each separate account, without contribution from one account to another, to the Association, Owner(s) and lienholders, as their interests may appear.

ARTICLE 10 SPECIAL RIGHTS OF HOLDERS OF FIRST LIEN SECURITY INTERESTS

Section 10.1 General Provisions.

The provisions of this Article are for the benefit of holders, insurers, or guarantors of holders of first lien security interests recorded within the Community. To the extent applicable, necessary, or proper, the provisions of this Article apply to both this Declaration and to the Articles and Bylaws of the Association. Eligible insurers and guarantors of a first lien security interest shall have the same rights as an Eligible Mortgage Holder.

Section 10.2 Special Rights.

Eligible Mortgage Holders shall be entitled to: (a) timely written notice from the Association of any default by a mortgagor of a Unit in the performance of the mortgagor's obligations under

this Declaration, the Articles of Incorporation, the Bylaws or the Rules and Regulations, which default is not cured within 60 days after the Association learns of such default; (b) examine the books and records of the Association during normal business hours; (c) receive a copy of financial statements of the Association, including any annual audited financial statement; (d) receive written notice of all meetings of the Members of the Association; (e) designate a representative to attend any such meetings; (f) written notice of any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; (g) written notice of abandonment or termination of the Association of the plan contemplated under this Declaration; (h) 60 days written notice prior to the effective date of any proposed amendments of a material adverse nature to first mortgagees to this Declaration, the Articles of Incorporation, or the Bylaws; (i) 60 days written notice prior to the effective date of termination of professional management of the Association or the Common Elements, when professional management had been required previously under the legal documents for the Community or by an Eligible Mortgage Holder; and (j) immediate written notice as soon as the Association receives notice or otherwise learns of any damage to the Common Elements or to the Unit on which the Eligible Mortgage Holder holds a security interest, if the cost of reconstruction exceeds \$20,000.00 and as soon as the Association receives notice or otherwise learns of any condemnation or eminent domain proceedings or other proposed acquisition with respect to any portion of the Common Elements or any Units.

Section 10.3 Special Approvals.

Unless at least 51% of the Eligible Mortgage Holders of first lien security interests (based on one vote for each mortgage owned) of Units in the Association and requisite Owners have given their written approval, neither the Association nor any Member shall (a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements or any improvements thereon which are owned, directly or indirectly, by the Association (except that the granting of access easements, utility easements, drainage easements and water facilities easements or easements for other public purposes consistent with the intended use of such Property by the Association shall not be deemed within the meaning of this provision); (b) change the method of determining the obligations, Assessments or other charges which may be levied against Members or the method of allocating distributions of hazard insurance policy proceeds or condemnation awards; (c) by act or omission change, waive, or abandon any scheme or regulation, or enforcement thereof, pertaining to architectural approval of improvement of Units, including the architectural design of the exterior appearance of Units, or the upkeep of the Common Elements; (d) fail to maintain the casualty, fire, and extended coverage insurance as elsewhere provided in this Declaration; (e) use hazard insurance proceeds for losses other than the repair, replacement, or reconstruction of the improvements which were damaged or destroyed; (f) take action to terminate the legal status of the Community after substantial destruction or condemnation occurs; (g) adopt any amendments to this Declaration of a material adverse nature to first mortgagees; and (h) establish self-management by the Association when professional management has previously been required by the legal documents for the Community or by an Eligible Mortgage Holder. An amendment shall not be deemed material if it is for the purpose of correcting technical errors, or for clarification only. If an Eligible Mortgage Holder of a first lien security interest receives written request for approval of the proposed act, omission, change or amendment by certified or registered mail, with a return receipt requested, and does not deliver or post to the requesting party

a negative response within 60 days, it shall be deemed to have approved such request.

Section 10.4 Right to Pay Taxes and Insurance Premiums.

Any holder of a first lien security interest shall be entitled to pay any taxes or other charges which are in default and which may or have become a lien against a Unit or any of the Common Elements and may pay any overdue premiums on hazard insurance policies or secure new hazard insurance coverage for the Common Elements or Units.

ARTICLE 11 DISPUTE RESOLUTION PROCEDURES

Section 11.1 Alternative Dispute Resolution.

The (a) Declarant, (b) Association (including its officers, directors, and committee members), (c) all Owners, and (d) any other person or entity not otherwise subject to this Declaration who agrees to submit to this Article (a "Bound Party") agree to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party hereby covenants and agrees to submit all claims, grievances, controversies, or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration, the Bylaws, the Rules and Regulations of the Association, the design or construction of any improvements on the Property, or otherwise relating to the Community (the "Claims") to the dispute resolution procedures set forth in this Article, with the exception of the "Exempt Claims" described in this Article.

Section 11.2 Exempt Claims.

The provisions of this Article shall not apply to, and the term "Claims" shall not include, any of the following: (a) the imposition and collection of Assessments or other charges levied under the Assessments section of this Declaration, including actions to foreclose assessment liens; (b) a suit by the Association to obtain injunctive relief; (c) proceedings involving challenges to ad valorem taxation, (d) counterclaims brought by the Association in proceedings instituted against it; (e) claims of the Association; and (f) claims against a non-Bound Party.

Section 11.3 Claim Resolution Procedures.

All Claims other than Exempt Claims shall be resolved using the following procedures in lieu of litigation:

(a) Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent"), other than an Exempt Claim, shall notify each Respondent in writing of the Claim (the "Notice"), stating plainly and concisely (i) the nature of the Claim, including the date, time, location, persons involved, and Respondent's role in the Claim, (ii) the basis of the Claim (i.e. the provisions of this Declaration, the Bylaws, the Articles, Rules or Regulations or other authority out of which the Claim arises); (iii) what Claimant wants Respondent to do or not do to resolve the Claim; and (iv) that Claimant wishes to

resolve the Claim by mutual agreement with Respondent, and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

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

(c) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the Community.

(d) If the Parties do not resolve the Claim through negotiation within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have 30 additional days within which to submit the Claim to mediation under the auspices of an independent mediation service designated by the Association or such other mediator upon which the Parties may agree.

(e) If Claimant does not submit the Claim to mediation within 30 days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to persons or entities not a Party to the foregoing proceedings.

(f) If the Parties do not settle the Claim within 30 days after submission of the matter to the mediation process, or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth when and where the parties met, that the Parties are at an impasse, and the date that mediation was terminated.

(g) Each Party shall, within 10 days of the Termination of Mediation, make a written offer of settlement in an effort to resolve the Claim. The Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent. The Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

(h) Subject to subsection (i) below, if the Parties do not agree in writing to accept either the Settlement Demand, the Settlement Offer, or otherwise resolve the Claim within 20 days of the Termination of Mediation, the Claimant shall have 15 additional days to submit the Claim to arbitration in accordance with the appropriate rules of the American Arbitration Association, or the Claim shall be deemed abandoned, and Respondent shall

be released and discharged from any and all liability to Claimant arising out of such Claim; provided nothing herein shall release or discharge Respondent from any liability to persons not a party to the foregoing proceedings.

(i) If a Claim alleges that any improvements located on the Properties suffer from construction or design defects, the following additional requirements must be satisfied before such a Claim may be submitted to arbitration: (a) if the Claim relates to one or more Units, the written approval of the Owner of each such Unit and the First Mortgagee on each such residence shall be obtained; (b) if the Claim relates generally to improvements on the Common Areas, the written approval of at least 67% of all Owners must be obtained, together with the written approval of First Mortgagees holding First Mortgages on at least 67% of the Units; and (c) if the Claim is to be pursued by the Association, the Association shall hold a meeting of the Members no sooner than 10 days following the Association providing a written statement to all Owners and First Mortgagees discussing the potential Claim. Such written statement must include at least the following information: (I) a statement of the Claim and the Respondent's response thereto, including any settlement offer; (II) an estimate of the time and costs of pursuing such Claim, (III) the potential impact of the Claim on the marketability of the Units; and (IV) a statement advising the Owners of their duty to disclose the Claim or alleged defect to prospective purchasers of their Units. Such written statement shall also be sent to the Respondent at least 10 days before such meeting and the Respondent shall have the right to attend and make a presentation at such meeting.

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

(k) If the Claims are resolved through negotiation or mediation as provided above, each Bound Party shall bear all of its own costs incurred in resolving the Claims, including its attorneys' fees and mediation expenses, unless the Bound Parties otherwise agree. If the Claims are not resolved through negotiation or mediation as provided above and the Claims go to binding arbitration, the "Prevailing Party" shall receive as a part of its Award from the opposing Party(ies) all of its costs, including attorneys' fees, expenses, expert witness fees, costs for other representatives in resolving such Claim, and any expenses incurred as a result of the dispute resolution procedures of this Article.

(l) For purposes of subparagraph (k) above, if the Award is equal or more favorable to Claimant than Claimant's Settlement Demand, the Claimant shall be deemed to be the Prevailing Party; if the Award is equal to or less favorable to Claimant than any Respondent's Settlement Offer, such Respondent shall be deemed to be the Prevailing Party. If neither of the above apply, neither party shall be deemed a Prevailing Party and each shall bear its own costs and expenses, including attorneys' fees.

(m) If the Parties agree to resolve any Claim through negotiation or mediation as set forth above, and any Party thereafter fails to abide by the terms of such agreement, or if any Party fails to comply with the Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without need to comply with the provisions of this Article. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one noncomplying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorneys' fees and costs.

ARTICLE 12 GENERAL PROVISIONS

Section 12.1 Compliance and Enforcement.

(a) Every Owner and occupant of a Unit shall comply with the Governing Documents, and each Owner shall have the right to enforce the covenants and restrictions, as set forth in this Declaration.

(b) The Association may enforce all applicable provisions of this Declaration, and may impose sanctions for violation of the Governing Documents. Such sanctions may include, without limitation:

(i) imposing reasonable monetary fines, after notice and opportunity for a hearing, which fine shall constitute a lien upon the violator's Unit;

(ii) suspending the right to vote and the right to use Common Elements;

(iii) exercising self-help (including, but not limited to, performing such maintenance responsibilities which are the Owner's responsibility under this Declaration and assessing all costs incurred by the Association against the Unit and the Owner as an Assessment) or taking action to abate any violation of the Governing Documents;

(iv) requiring an Owner, at the Owner's expense, to remove any structure or improvement on such Owner's Unit in violation of the Governing Documents and to restore the Unit to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed, at the Owner's expense, and any such action shall not be deemed a trespass, with all fees and costs in connection with such removal and restoration (including, without limitation, construction costs, expert costs, attorneys' fees, costs, and expenses) to be assessed to the Owner as an Assessment under the terms of this Declaration;

(v) without liability to any person, precluding any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply

with the terms and provisions of this Declaration from continuing or performing any further activities in the Community;

(vi) levying specific Assessments to cover costs incurred by the Association to bring a Unit into compliance with the Governing Documents; and

(vii) bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

(c) In addition to any other enforcement rights, if an Owner fails to properly perform his or her maintenance responsibility, or otherwise fails to comply with the Governing Documents, the Association may record a notice of violation against the Owner and the Unit.

(d) All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, the prevailing party shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

(e) The decision of the Association to pursue enforcement action in any particular case shall be left to the Board's discretion, subject to the duty to exercise judgment and be reasonable, as provided for in this Declaration, and further restricted in that the Board shall not be arbitrary or capricious in taking enforcement action. A decision of the Association not to pursue enforcement action shall not be construed as a waiver of the Association's right to enforce such provisions at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction or rule.

Section 12.2 Attorneys' fees.

If an Owner fails to pay any Assessment or any other amount due to the Association as provided in this Declaration, the Association may require reimbursement for reasonable attorneys' fees and costs without the necessity of commencing a legal proceeding. If an Owner or an Owner's family member, guest, tenant, invitee, or licensee fails to comply with any other provision of the Governing Documents, the Association may seek reimbursement for reasonable attorneys' fees and costs incurred as a result of such failure to comply, without the necessity of commencing a legal proceeding. In a legal proceeding in any way related to the Governing Documents or the Community, the court shall award to the party prevailing on each claim the prevailing party's reasonable attorneys' fees and costs incurred in asserting or defending the claim. Such reasonable attorneys' fees and costs, if awarded against an Owner, shall be charged as an Assessment and shall constitute a lien against the Unit.

Section 12.3 Severability.

Each of the provisions of this Declaration shall be deemed independent and severable. If any provision of this Declaration or the application thereof to any person or circumstances is held

invalid, the invalidity shall not affect other provisions or applications of this Declaration which can be given effect without the invalid provisions or applications.

Section 12.4 Term of Declaration.

The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity.

Section 12.5 Amendment of Declaration by Owners.

Except as otherwise provided in this Declaration, any provision, covenant, condition, restriction, or equitable servitude contained in this Declaration may be amended, revised, removed, or repealed, and new provisions, covenants, conditions, restrictions, or equitable servitudes may be added, at any time and from time to time upon approval of Owners holding at least 67% of the eligible Association vote and 51% of Eligible Mortgage Holders. Any such amendments shall be certified on behalf of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association. Notice of any meeting at which a proposed amendment will be considered shall state the fact of consideration and the subject matter of the proposed amendment. The amendment or repeal shall be effective upon the recordation in the office of the Clerk and Recorder of Eagle County, State of Colorado of a certificate setting forth the amendment in full and certifying that the amendment has been approved as set forth above, and containing the written consent and approval of the Association.

Section 12.6 Amendment of Declaration by the Association.

The Association shall have the authority to amend, revise, remove, repeal, or add any provision to this Declaration, without Owner or mortgagee approval, in order to conform with any applicable state, city, or federal law, and/or to bring the Declaration into compliance with applicable rules and regulations of the Federal National Mortgage Association ("Fannie Mae"), the Department of Housing and Urban Development ("HUD") and the Veterans Administration ("VA") pursuant to federal law.

Section 12.7 Captions.

All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit, or otherwise affect that which is set forth in any paragraph, section, or article hereof.

Section 12.8 Interpretation.

The provisions of this Declaration shall be construed to effectuate their purposes of creating a uniform plan for promoting and effectuating the fundamental concepts as set forth in this Declaration. The Board of Directors shall have the authority to interpret the meaning of any provision contained in this Declaration. This Declaration shall be construed and governed under the laws of the State of Colorado.

Section 12.9 Singular Includes the Plural.

Unless the context otherwise requires, the singular shall include the plural, and the plural shall include the singular, and each gender referral shall be deemed to include the masculine, feminine, and neuter.

Section 12.10 Conflict of Provisions.

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

Section 12.11 Challenge to this Amendment.

All challenges to the validity of this amendment must be made within one year after the date of recording of this document.

IN WITNESS WHEREOF, the undersigned, being the president and the secretary of Vail das Schone Condominium Association, hereby certify that pursuant to the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-217(1)(a), owners representing the aggregate ownership interest of 67% or more in the general common elements have approved this Declaration in writing and, having complied with the provisions of C.R.S. §38-33.3-217(1)(b), 100% of the first mortgagees have approved this Declaration; or, alternatively, a court order entered by the District Court for Eagle County, Colorado pursuant to C.R.S. §38-33.3-217(7), has been entered approving this Declaration.

Vail das Schone Condominium Association,
a Colorado nonprofit corporation

By: _____

Print Name: _____

Title: President

ATTEST:

By: _____

Print Name: _____

Title: Secretary

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing Declaration was acknowledged before me on this _____ day of _____, 2019 by _____ as President of Vail das Schone Condominium Association a Colorado nonprofit corporation.

Witness my hand and official seal.

My commission expires:

Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing Declaration was acknowledged before me on this _____ day of _____, 2019 by _____ as Secretary of Vail das Schone Condominium Association, a Colorado nonprofit corporation.

Witness my hand and official seal.

My commission expires:

Notary Public

EXHIBIT A

DESCRIPTION OF PROPERTY

A parcel of land lying in the East one-half of the Southeast one-quarter of Section 11, Township 5 South, Range 81 West of the 6th Principal Meridian, Eagle County, Colorado described as:

Beginning at the Northeasterly corner of Lot 3, Vail Das Schone, Filing No. 3; thence along the Southeasterly right-of-way line of Chamonix Lane on the following two courses: (1) 57.35 feet along the arc of a 227.38 foot radius curve to the right whose central angle is 14°27'06" and whose long chord bears N 48°12'56" E 57.20 feet to a point of tangent; and (2) N 55°26'29" E 198.04 feet along said tangent; thence S 43°06'35" E 469.14 feet to a point on the Northerly line of the Interstate Highway No. 70 Right-of-Way; thence Southwesterly along said Northerly line on the following two courses: (1) S 44°02'56" W 11.00 feet to a point of curve; and (2) 243.43 feet along the arc of said curve to the right whose radius is 5550.00 feet, central angle is 2°30'47" and whose long chord bear S 45°18'20" W 243.41 feet; thence N 42°57'50" W and along the Northeasterly line of said Lot 3, 507.21 feet to the point of beginning, containing 124,799.09 square feet or 2.8650 acres, more or less.

EXHIBIT B

ALLOCATED INTERESTS

<u>Unit No.</u>	<u>Undivided Interest In And To General Common Elements</u>
A1	2.0
A2	2.0
A3	2.0
A4	2.0
A5	1.0
A6	1.0
A7	2.0
A8	2.0
A9	2.0
A10	2.0
A11	1.0
A12	1.0
A13	2.0
A14	2.0
A15	2.0
A16	2.0
A17	2.0
A18	2.0
A19	2.0
A20	1.0
A21	1.0
A22	1.0
A23	1.0
A24	2.0
A25	2.0
A26	2.0
A27	2.0
A28	2.0
C1	14.0
C2	38.0
<hr/>	
TOTAL: 100%	

EXHIBIT C
MAINTENANCE AND INSURANCE OBLIGATIONS

“A” = Association obligation

“O” = Owner obligation

“NA” = not applicable

The term “maintenance” includes repair and replacement unless otherwise noted on the Chart.

	MAINTENANCE	INSURANCE
BUILDING EXTERIORS		
Residence-structure, including foundation, columns, girders, beams and supports	A	A
Siding, sheathing, wrap, brick, trim, molding, and other exterior facade surfaces	A	A
Exterior stoops, steps, and concrete surfaces	A	A
Gutters and downspouts	A	A
Porches, patios, and balconies	A	A
Roof shingles and roof underlay	A	A
Shutters and awnings	A	A
Chimneys and chimney caps	A	A
Window screens	O	O
Interior glass surfaces--cleaning	O	N/A
Glass--repair and replacement	O	O
Window panes and frames--painting and staining	A	A
Window panes and frames--maintenance, repair, and replacement	O	O
Window trim and caulking	A	A
Skylights	O	O
Exterior unit doors and garage doors--painting and staining	A	A
Exterior unit doors including peep holes, doorknobs and lock mechanisms--maintenance and repair	O	O
Storm doors	O	O

	MAINTENANCE	INSURANCE
Balcony/patio sliding glass doors	O	O
Exterior light fixtures	O	O
UTILITIES		
Utilities <u>outside</u> units servicing more than one unit:	A	A
<ol style="list-style-type: none"> 1. Electrical and other wires 2. Water and sewer pipes 3. Cables 4. Circuit boxes 5. Water meters 6. Circuit breakers 		
Utilities <u>outside</u> units servicing only one unit:	O	O
<ol style="list-style-type: none"> 1. Electrical and other wires 2. Water/sewer pipes 3. Cables 4. Circuit boxes 5. Water meters 6. Circuit breakers 		
Utilities <u>inside</u> units and servicing only that unit:	O	O
<ol style="list-style-type: none"> 1. Furnaces 2. Heating equipment 3. Thermostats 4. Ducts 5. Conduits 6. Water pipes 7. Electrical wiring 8. Electrical outlets 9. Telephone wiring 10. Telephone outlets 11. Light switches 12. Hot water equipment 13. Cable wiring 14. Compressors 15. Sump pumps 16. Circuit breakers 		
Utilities <u>inside</u> unit but servicing more than one unit:	O	O

	MAINTENANCE	INSURANCE
<ol style="list-style-type: none"> 1. Furnaces 2. Heating equipment 3. Thermostats 4. Ducts 5. Conduits 6. Water pipes 7. Electrical wiring 8. Electrical outlets 9. Telephone wiring 10. Telephone outlets 11. Light switches 12. Hot water equipment 13. Cable wiring 14. Sump pumps 15. Circuit breakers 16. Boiler equipment (if any) 		
RESIDENCE INTERIORS		
Furnishings, including all personal property such as furniture, electronics, jewelry, and clothing	O	O
Window coverings	O	O
Permanent fixtures including but not limited to: <ol style="list-style-type: none"> 1. ceiling fans 2. hand rails 3. cabinets 4. countertops 5. bathtubs and showers 6. sinks 7. toilets 	O	O
Appliances including: oven range refrigerator dishwasher washer/dryer countertop microwave	O	O
Fireplaces (including facade, screen,	A	A

	MAINTENANCE	INSURANCE
chimney back, flue, and damper)		
Interior <u>non-perimeter</u> walls, floors, and ceilings including finished and unfinished surfaces, doors, drywalls, studs, insulation, hardware, and other material lying within such walls, floors, and ceilings	O	O
Finished surfaces of <u>perimeter</u> walls and ceilings including: <ul style="list-style-type: none"> · drywalls · paint · wallpaper · paneling · texture 	O	O
Finished surfaces of <u>perimeter</u> floors-- including: <ul style="list-style-type: none"> 1. tile 2. vinyl 3. hardwood 4. carpeting 	O	O
Any components lying <u>between the perimeter drywalls and residence exterior</u> , including but not limited to: <ul style="list-style-type: none"> 1. insulation 2. girders 3. beams 4. pipes 5. wiring 6. plumbing 	O	O
Subflooring	O	O
Party walls (walls dividing residences and shared by owners/residents on each side)	O	O
GROUNDS		
Retaining walls	A	A
Landscaping	A	A
Irrigation system and time clocks	A	A
Private roads, drives, and sidewalks	A	A

	MAINTENANCE	INSURANCE
Driveways	A	A
Fences surrounding private patios	A	A
Private parking areas	A	A
Monuments and signage	A	A
Perimeter fence	A	A
Storage sheds	A	A
OTHER		
Snow removal from driveways and sidewalks	A	A
Garbage pick-up	A	A
Common elements existing in community and not otherwise listed	A	A
Any personal property of owners not otherwise listed	O	O
Any owner installed exterior/interior improvement not otherwise listed	O	O