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**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
TALISMAN POINTE TOWNHOMES
PHASE I
ARCHULETA COUNTY, COLORADO**

WHEREAS, Talisman Partnership, a Colorado general partnership (hereafter "Declarant"), is the owner of certain real property situate in Archuleta County, Colorado, which property is described as follows:

A portion of Lot 5-A, Central Core, according to the Plat thereof filed ~~258A-85~~ Reception Number 111809 in the Office of the Clerk and Recorder of Archuleta County, Colorado, more particularly described as _____

hereafter "Project" or "Property" or "Talisman";

AND, WHEREAS, Declarant desires to establish an office/retail townhome project at the above location;

NOW, THEREFORE, Declarant does hereby publish the following Declaration of Covenants, Conditions and Restrictions for Talisman Pointe Townhomes, Phase I, Archuleta County, Colorado, which terms, conditions, restrictions, obligations, and limitations shall be deemed to run with the land, shall be a burden and a benefit to the Declarant, its successors and assigns, and any person acquiring or owning an interest in the real property and improvements:

**ARTICLE I
DECLARATION AND SUBMISSION**

Section 1.1 Declaration. Declarant hereby declares that the Property shall be held, sold and conveyed subject to the following covenants, restrictions and easements which shall run with the land and be binding on all parties and their heirs, successors and assigns having any interest in all or any part of the Property.

**ARTICLE 2
DEFINITIONS**

The following words when used in this Declaration or any Supplemental or Amended Declaration shall have the following meanings:

Section 2.1 "Allocated Interest" means the undivided interest in the Assessments and votes in the Association allocated to each Unit as set forth in Exhibit B attached hereto. The formulas for the Allocated Interests are as follows:

Rtn: Mary Weiss

Section 2.1.1 Percentage Share of Common Elements and Common Expenses: The ratio which the approximate net interior square footage of a Unit bears to the approximate total net interior square footage of all Units.

Section 2.2. "Voting": One vote per Unit on all matters.

Section 2.3. "Articles" mean the Articles of Incorporation for Talisman Pointe Townhomes Property Owners Association, Inc., a Colorado nonprofit corporation, currently on file with the Colorado Secretary of State, and any amendments that may be made to those Articles from time to time.

Section 2.4. "Annual Assessment" means the Assessment levied pursuant to an annual budget.

Section 2.5. "Assessments" means the Annual, Special and Default Assessments levied pursuant to Article 9 below.

Section 2.6. "Association" shall mean the Talisman Pointe Townhomes Owners' Association, a Colorado non-profit corporation, its successors and assigns.

Section 2.7. "Association Documents" means this Declaration, the Articles of Incorporation, the Bylaws, the Map and any procedures, rules, regulations or policies adopted under such documents by the Association.

Section 2.8. "Building" means a structure containing one (1) or more Units, comprising a part of Talisman.

Section 2.9. "Bylaws" means the Bylaws adopted by the Association, as amended from time to time.

Section 2.10. "Common Area" means and includes all of the real property and real property improvements, excluding the Units, committed by the Declarant to this Declaration, including but not limited to areas which are designated on a plat as such, and, in addition, all pipes, wires, conduits, or utility lines running through a Unit which are utilized for or serve more than one Unit, all of which shall be owned, as tenants in common, by the owners of the separate Units, each owner of a Unit having an undivided percentage or fractional interest in such common area as is provided hereinafter. No general common elements will be conveyed to any persons or entity other than the townhome unit owners also sometimes referred to as "Common Elements". Common Area includes general Common Area and Limited Common Area, if any.

Section 2.11. "Common Expense" means and includes all expenses and costs associated with and incident to the control, management, operation, administration, maintenance, repair and replacement of the Common Area and Association Properties.

Section 2.12. "Declaration" means this Declaration of Covenants, Conditions and Restrictions for Talisman Pointe Townhomes as the same may be amended or supplemented from time to time.

Section 2.13. "Limited Common Area" means those parts of the Common Elements set aside and reserved for use by fewer than all the townhome owners, as described, located or shown on the plat by legend, symbols or words.

Section 2.14. "Lot" means the Unit identified by Building and Unit Number and the land beneath the exterior perimeter of the Unit.

Section 2.15. "Member" means every person or entity that holds membership in the Association.

Section 2.16. "Mortgage" means any mortgage, deed of trust or other document pledging any unit or interest therein as security for payment of a debt or obligation.

Section 2.17. "Mortgagee" means any person named as a mortgagee or beneficiary in any Mortgage, or any successor to the interest of any such person under such Mortgage.

Section 2.18. "Owner(s)" shall mean the record owner, whether one or more persons, of a fee simple interest in a Unit, including Declarant, with respect to each Unit owned by Declarant. The term "Owner" shall not include a Mortgagee holding an interest in a unit merely as security for the performance of an obligation to pay money; however, if such Mortgagee should realize upon its security and become the Owner of the unit, it will then be subject to all of the provisions imposed upon Owners of Units.

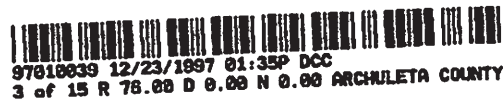
Section 2.19. "Party Wall" means any wall which is built as a part of the original construction of a Townhome Unit and which forms the dividing line between two Units.

Section 2.20. "Plat" means the Plat of the Project recorded with the Archuleta County Clerk and Recorder, depicting a plan of all or a part of the Property subject to this Declaration and any supplements and amendments thereto.

Section 2.21. "Successor Declarant" means any person or entity to whom Declarant assigns any or all of its rights, obligations or interest as Declarant, as evidenced by an assignment or deed of record executed by both Declarant and the transferee or assignee and recorded with the Clerk and Recorder of Archuleta County, Colorado.

Section 2.22. "Supplemental Declaration" means an instrument which amends or supplements this Declaration.

Section 2.23. "Townhome Unit" or "Unit" means an individual commercial/retail unit which is contained in a Building, the boundaries of which are the perimeter of that Unit and separated from contiguous Units by a Party Wall or Party Walls. Unless the context clearly requires otherwise, the term Townhome Unit or Unit shall include the land thereunder and the sky above that Unit, together



with the appurtenant interest in the Common Area.

It is anticipated that this Project will be completed in three phases, with a total of 15 Units. Each Unit's percentage ownership of the undivided interest in the General Common Elements will be 1/36th.

Declarant, their successors and assigns, reserves the right to (i) physically combine the space within one Unit with the space within one or more adjoining Units (ii) to combine a part of or combination of parts of the space within one Unit with part or parts of the space within one or more adjoining Units, and (iii) to divide into separate Units the space of one Unit, and the aggregate or divided undivided interests in the General Common Elements resulting therefrom shall be reflected by an amendment to the Map and this Declaration, consistent with the requirements set forth in herein.

ARTICLE 3 NAME, DIVISION INTO UNITS

Section 3.1. Name. The name of the Project is TALISMAN POINTE TOWNHOMES, Phase I.

Section 3.2. Number of Units/Identification. The development will consist of three buildings with a maximum of 36 separately designated office/retail townhome units as described in the Plat for Phase I thereof filed of record on December 23, 1997 as Reception No. 97010038 in the Office of the Clerk and Recorder of Archuleta County, Colorado. The identification number of each Unit is shown on the Map.

Section 3.3. Description of Units; Use.

3.3.1. Each Unit, the appurtenant interest in the Common Elements and the appurtenant use of Limited Common Elements, shall comprise one Unit, shall be inseparable and may be transferred, leased, devised or encumbered only as a Unit. The boundaries of each Townhome Unit shall be the external perimeter of the Unit itself, and shall include the land beneath and within the the perimeter of the Unit, and the sky above that Unit. Each Unit is separated from another by a Party Wall.

3.3.2. Any instrument affecting a Unit may describe it by its Unit number, Talisman Pointe Townhomes, Phase I, County of Archuleta, State of Colorado, according to the Map thereof recorded as Reception No. 97010038, and this Declaration recorded in the records of the Clerk and Recorder of the County of Archuleta, State of Colorado, as amended or supplemented from time to time.

3.3.3. A Unit may be held and owned by more than one person as joint tenants or as tenants in common, or in any real property tenancy relationship recognized under the laws of the State of Colorado. Each Owner shall be entitled to the exclusive ownership and possession of his Unit. Each Unit shall be used and occupied solely for commercial/retail purposes. No Unit may be used for residential purposes.

13.4. An Owner shall have the right to lease his Unit upon such terms and conditions as the Owner may deem advisable: provided, however, that (i) no leases shall be made for less than a 30-day period, (ii) all leases shall be in writing and shall provide that the lease is subject to the terms of this Declaration and the Bylaws; (iii) a Unit may be leased only for the uses provided herein; and (iv) any failure of a lessee to comply with the terms of this Declaration, Articles, Bylaws or rules of the Association shall be a default under the lease enforceable by the Association as a third-party beneficiary, whether or not the lease contains such a provision.

13.5. Declarant shall notify, as required by law, the appropriate taxing authorities of the sale of these Townhome Units so that each sold Unit and the undivided interest in the Common Area appurtenant thereto so that all taxes, assessments and other charges of the State of Colorado or any political subdivision, or of any special improvement district, or of any other taxing or assessing authority shall be assessed against and collected on each Townhome Unit, each of which shall be carried on the tax books as a separate and distinct parcel for that purpose and not on the building or property as a whole.

13.6. The lien for taxes assessed to any individual Unit Owner shall be confined to his Unit and to his undivided interest in the general and limited common elements. No forfeiture or sale of any townhome unit for delinquent taxes, assessments or charges shall divest or in any way affect the title of other townhome units.

Section 14. Party Walls

14.1. Owners of adjoining Units separated by a Party Wall shall own half of the wall which rests inside each of such Owner's boundary line. Each such Owner shall also have a support easement over the entire Party Wall. The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by Owners of adjacent Units. A line running longitudinally down the center of a Party Wall shall form the boundary line between adjoining Units lying on either side of such Party Wall, notwithstanding the fact that any Plat might show such Unit boundaries being elsewhere. To the extent not inconsistent with the provisions of this Article, the general rules of the law of the State of Colorado regarding party walls and liability for damages thereto shall apply.

14.2. If a Party Wall is damaged through the negligence or willful acts or omissions of one Owner or an adjoining Unit, that Owner shall bear the whole cost of repairing such wall to the extent necessary to put it in a condition substantially the same as it was before such negligence or willful acts or omissions occurred.

14.3. If a Party Wall is destroyed by fire or other casualty, and such fire or casualty was not caused by the negligence or willful acts or omissions of an Owner of an adjoining Unit, then either of the Owners of adjoining Units may restore the Party Wall to its original condition, and he shall thereafter be entitled to contribution from the Owner of the adjoining Unit for one-half of the cost thereof.



3.4.4. Any Owner of a Unit containing a Party Wall who, by his negligent or willful acts or omissions, causes the Party Wall to be exposed to the elements, shall bear the whole cost of furnishing the necessary protection against such elements.

3.4.5. The right of any Owner of a Party Wall to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

3.4.6. In the event of any dispute arising concerning a Party Wall, such dispute shall be presented to the Board of Directors of the Association for resolution. After disqualification of any interested Director(s), the decision of a majority of the remaining Directors shall be binding upon all Owners concerned.

3.4.7. The Board of Directors of the Association may suspend all voting rights, if any, and all rights to use the Common Area for any period during which such Owner refuses to comply with a decision of the Board of Directors of the Association relating to disputes over Party Walls.

ARTICLE 4 MEMBERSHIP AND VOTING RIGHTS; ASSOCIATION OPERATIONS

Section 4.1. The Association. The Members of the Association shall be all of the Owners of the Townhome Units and each Owner must be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Unit. The Bylaws of the Association may also contain restrictions and reference to those Bylaws is suggested.

Section 4.2. Membership. The Association shall have one (1) class of membership consisting of all Owners, including the Declarant, so long as Declarant continues to own an interest in a Unit. Except as otherwise provided for in this Declaration, each Member shall be entitled to vote in Association matters as set forth in Section 2.2 above. Each Owner, including Declarant while Declarant owns any Unit, is subject to all the rights and duties assigned to Owners under the Articles, Bylaws, and this Declaration.

Section 4.3. Declarant Control. Declarant may voluntarily relinquish any Declarant powers by recording a notice executed by Declarant with the Clerk and Recorder of Archuleta County, Colorado but, in such event, Declarant may, at its option, require that specified actions of the Association, during the period Declarant would otherwise be entitled to act, be approved by Declarant before they become effective.

Section 4.4. Manager. The Association may employ or contract for the services of a Manager to whom the Board of Directors of the Association may delegate certain powers, functions or duties of the Association, as provided in the Bylaws of the Association. The Manager shall not have the authority to make expenditures except upon the prior approval and direction of the Board of Directors of the Association.

Section 4.5. Rights of Action. The Association, on behalf of itself and any aggrieved Owner, shall have a right of action against any and all Unit Owners for failure to comply with the provisions of the Bylaws, Articles and these Declarations and any other rules or regulations as the Board of Directors of the Association may from time to time promulgate. In any action covered by this section, the Association or any Unit Owner shall have the right but not the obligation to enforce any Association document by any proceeding at law or in equity. The prevailing party in any such action shall be entitled to reimbursement from the non-prevailing party, for all reasonable costs and expenses, including attorneys' fees incurred in any such action. Failure by the Association or by any Owner to enforce compliance with any provision of the Association Documents shall not be deemed a waiver of any right to enforce such provision thereafter.

Section 4.6. Notice. Any notices required or permitted herein shall be in writing and hand delivered to each Townhome Owner or mailed, postage prepaid by registered or certified mail, return receipt requested, and shall be directed to the address of the Townhome unit or to the owner's last known address. Any such notice shall be deemed given upon delivery on the fourth business day after deposit in the U.S. mail.

Section 4.7. Access. The Association, through the Board, shall have the right of access to each Unit and its appurtenant limited common elements from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of common elements, or at any time deemed necessary by the Association for the making of emergency repairs to prevent damage to the Property.

ARTICLE 5 MECHANIC'S LIENS

Section 5.1. No Liability. If any Owner shall cause any material to be furnished to his Unit or any labor to be performed therein or thereon, no Owner of any other Unit shall under any circumstance be liable for the payment of any expense incurred or for the value of any work done or material furnished. All such work shall be done at the expense of the Owner causing it to be done, and such Owner shall be solely responsible to contractors, laborers, materialmen and other persons furnishing labor or materials to his Unit. If, because of any act or omission of any Owner, a lien is filed against the Common Elements or against any other Unit, the Owner whose act or omission forms the basis for the lien shall take all action necessary to cause such lien to be released. Such Owner will also indemnify and save the Association and all other Owners harmless from and against any and all costs, expenses, claims, damages, including reasonable attorneys' fees resulting therefrom.

Section 5.2. Association Action. Labor performed or materials furnished for the Common Elements, if duly authorized by the Association in accordance with this Declaration or its Bylaws, shall be the basis for the filing of a lien pursuant to law against the Common Elements. Any such lien shall be limited to the Common Elements and no lien may be effected against an individual Unit or Units.

**ARTICLE 6
EASEMENTS**

Section 6.1. Recorded Easements. This Townhome project may be subject to easements, restrictive and protective covenants, and rights of way, all as set forth in the official plats of record for Lot 5-A, Central Core, filed August 3, 1982, as Reception Number 111809 in the Office of the Clerk and Recorder of Archuleta County, Colorado. Reference to those recordings is suggested. The Property shall also be subject to all easements as shown on any Plat of the Property.

Section 6.2. Declarant's Rights Incident to Construction. Declarant, for itself and its successors and assigns, hereby reserves an easement for construction, utilities, drainage, ingress and egress over, in, upon, under and across the Common Elements, together with the right to store materials on the Common Elements, to build and maintain temporary walls, and to make such other use of the Common Elements as may be reasonably necessary or incident to any construction of the Units or improvements on the Property or other real property owned by the Declarant, or other property abutting and contiguous to the Property; provided however, that no such rights shall be exercised by Declarant in a way which unreasonably interferes with the occupancy, use, enjoyment or access to the Property by the Owners.

Section 6.3. Easement for Ingress and Egress. Each Owner is hereby granted an easement in common with each other Owner for ingress and egress through the Common Area, subject to such reasonable rules, regulations and restrictions as may be imposed from time to time by the Association. Each Unit is hereby burdened with and subject to an easement for ingress and egress through the Common Area by persons lawfully using or entitled to the same.

**ARTICLE 7
MAINTENANCE**

Section 7.1. Maintenance by Owners. Each Owner shall have the obligation to maintain and keep in good repair the interior of his Unit. No owner shall alter any Common Area or limited common elements without the prior written consent of the Board of Directors.

Section 7.2. Owner's Failure to Maintain and Repair. In the event that a Unit (including the allocated Limited Common Elements) is not properly maintained and repaired, then the Association, after notice to the Owners and with the approval of the Board of Directors of the Association, shall have the right to enter upon the Unit to perform such work as is reasonably required to restore the Unit to a condition of good order and repair. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Unit, upon demand. All unreimbursed costs shall be a lien upon the Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for unpaid Assessments levied in accordance with Article 9, Sections 9.2 and 9.4 below.

Section 7.3. Maintenance by Association. The Association shall maintain and keep in good repair, as a common expense, all of the Townhome property not required to be maintained and kept in good repair by an owner.

Section 7.4. Association Power. The Association shall have the right and power to prohibit storage or other activities deemed unsafe, unsightly, unreasonably noisy or otherwise offensive to the senses and perceptible from another Unit or the Common Elements. No Owner shall make any addition or other alteration to any portion of the Common Elements without the express consent of the Board of Directors of the Association.

ARTICLE 8 INSURANCE

Section 8.1. General Insurance Provisions. The Board shall cause to be obtained and maintained adequate blanket liability insurance, in an amount not less than \$1 million, or such other reasonable amount as the Board may determine, covering all claims for personal injury and property damage arising out of a single occurrence, insuring against bodily injury, death and property damage arising from the activities of the Association and its members, with respect to the Common Elements. The Board shall also cause to be obtained and maintained fire and casualty insurance, in an amount as near as possible to the full replacement value of the Common Elements. Such insurance shall be maintained for the benefit of the Association, the Owners and the mortgage holders. The Board may purchase such other insurance as may be determined necessary, including but not limited to, errors and omissions and fidelity bonds. Such insurance shall be paid out of Assessments levied under Article 9 below.

Section 8.2. Owner's Insurance Responsibility. It is the responsibility of each Owner to provide insurance on his personal property within his Unit.

Section 8.3. Insurance Proceeds. Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Project, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to this Section, for reconstruction or repair of the Project, shall be used for such purpose, unless otherwise provided herein. The Board of Directors of the Association shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Project shall be reconstructed or rebuilt substantially in accordance with the Map of record and the original construction plans if they are available, unless changes recommended by the Board of Directors of the Association have been approved in writing by seventy-five percent (75%) of the Owners and by Beneficiaries of seventy-five percent (75%) of the first Mortgages on the Townhomes. If the amount available from the proceeds of such insurance policies for such restoration and repair is at least eighty percent (80%) of the estimated cost of restoration and repair, a Reconstruction Assessment of the Owners shall be levied by the Board of Directors of the Association to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purpose. If the amount available from the proceeds of such insurance policies for such restoration

and repair is less than eighty percent (80%) of the estimated cost of restoration and repair, the Owners by the vote or written consent of not less than seventy-five percent (75%) of the Owners, together with the approval of the Beneficiaries of at least seventy-five percent (75%) of the Mortgages on the Townhomes in the Project, shall determine whether the Association shall be authorized to levy a Reconstruction Assessment and proceed with such restoration and repair. If the Owners and their Mortgagees, as provided above, determine that the cost of such restoration and repair would be substantial and that it would not be in their best interests to proceed with the same, the Owners may, at their discretion, proceed as provided below.

If the amount available from the proceeds of the insurance policies maintained by the Association is less than eighty percent (80%) of the cost of reconstruction, a certificate of the resolution by the Board of Directors of the Association, evidencing the appropriate approvals, authorizing such reconstruction shall be Recorded within three (3) months from the date of such destruction and, if such certificate is not Recorded within said period, it shall be conclusively presumed that the Owners have determined not to rebuild said Project. In the event of a determination not to rebuild, the Association, acting through a majority of the Board shall be authorized to have prepared, executed and recorded, as promptly as practical, the certificate stating that a majority of the Board may properly exercise an irrevocable power of attorney to sell the Project for the benefit of all of the Owners, and such other documents and instruments as may be necessary for the Association to consummate the sale of the Property at the highest and best price obtainable, either in its damaged condition, or after damaged structures have been razed. The net proceeds of such sale and the proceeds of any insurance carried by the Association shall be divided proportionately among the Owners, such proportions to be determined in accordance with the relative appraised fair market valuation of the Townhomes as of a date immediately prior to such destruction (or condemnation), expressed as percentages, and computed by dividing such appraised valuation of each Townhome by the total of such appraised valuations of all Townhomes in the Project. The Board of Directors of the Association is hereby authorized to hire one or more appraisers for such purpose and the cost of such appraisals shall be a Common Expense of the Association. Notwithstanding the foregoing, the balance then due on any valid encumbrance of Record shall be first paid in order of priority, before the distribution of any proceeds to an Owner whose Townhome is so encumbered.

Section 8.4. Owner's Obligations. With the exception of any casualty or damage to the Common Elements, insured against by the Association pursuant to this Article, restoration and repair of any damage to the interior of any individual Unit, including without limitation all fixtures, cabinets and improvements therein, together with restoration and repair of all interior paint, wall coverings and floor coverings, shall be made by and at the individual expense of the Owner of the Unit so damaged. In the event of a determination to rebuild the Project after partial or total destruction, as provided in this Article, such interior repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the Board as provided herein.

Section 8.5. Board's Duty to Notify. The Board, immediately upon having knowledge of any damage, or destruction to the Common Elements, or any portion thereof, which damage or destruction is substantial, shall promptly notify all Owners and all institutional holders of first

Mortgages on Townhomes in the Project who have filed a written request for such notice with the Board.

ARTICLE 9 ASSESSMENTS

Section 9.1. Budget. Within 30 days after adoption of any proposed budget for the Association, the Talisman Pointe Townhomes Owners' Association, Inc. Board of Directors ("Board") shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the budget to all the Unit Owners, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than 14, nor more than 60 days, after mailing or other delivery of the summary. Unless at that meeting a majority of all Unit Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the unit owners must be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

Section 9.2. Annual and Special Assessments. Annual Assessments made shall be based upon the estimated cash requirements deemed to be such aggregate sum as the Board shall from time to time determine to be paid by all of the Unit Owners, and set forth in the budget prepared by the Board. All Owners shall be obligated to pay their proportionate share, either estimated or actual, of the assessments to meet Common Expenses. The "Common Expenses" means and includes expenses for insurance, maintenance, common element utilities, water, repair, operation, management and administration, including legal and accounting fees, snow removal; expenses declared common expenses by the provisions of this Declaration or by the Bylaws of the Association, and all sums lawfully assessed against the General Common Elements by the Association. The expense of insurance on the building shall be apportioned among the Unit Owners based on their respective square footage. Annual Assessments shall be payable in monthly installments on a prorated basis in advance and shall be due on the first day of each month. The Board shall also have the ability to fix and assess special assessments, in addition to the regular assessments. Such special assessment may be for the purpose of, among other things, defraying, in whole or in part, the unbudgeted costs, fees, and expenses of any construction, reconstruction, repair, replacement, or maintenance of the Townhome project.

Section 9.3. Apportionment of Annual and Special Assessments. The Common Expenses shall be allocated among the Units on the basis of the Allocated Interests for Common Expenses in effect on the date of the Assessment, provided, however, that the Association reserves the right to allocate all expenses relating to fewer than all of the Units to the Owners of those affected Units only. Special Assessments shall be allocated in the same manner as Common Expenses. The amount of the Common Expenses or Special Assessments assessed against each Townhome Unit shall be the personal and individual debt of the owner thereof. No Owner may exempt himself from liability for his contribution towards the Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit.

Section 9.4. Collection Actions. Both the Board of Directors and Treasurer of the Association shall have the responsibility to take prompt action to collect any unpaid Assessment which remains unpaid more than fifteen days from the due date for payment thereof. In the event of default in the payment of the Assessment, the Unit Owner shall be obligated to pay interest at the rate of twelve percent per annum on the amount of the assessment from due date thereof, together with all expenses of collection, including attorney's fees and costs incurred, together with such late charges as may be determined by the Board of Directors, from time to time. Suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosure or waiving the lien securing same.

Any fees, charges, late charges, attorney fees, fines or interest assessed against an owner and all sums assessed but unpaid for the share of common or expenses or special assessments chargeable to any Townhome Unit shall constitute a lien on such Unit superior to all other liens and encumbrances, except only for tax and special assessment liens on the unit in favor of any assessing unit and the lien of a first mortgagee, subject to the priority of the Association's lien, as described in C.R.S. § 38-33.3-316 (2) (a), and as may be otherwise provided by Colorado statute. To evidence such lien, the Board of Directors or the Treasurer of the Association may prepare a written notice of lien assessment, setting forth the amount of such unpaid indebtedness, the name of the owner of the Townhome unit and a description of the Townhome Unit, and record such statement of lien with the Clerk and Recorder of Archuleta County, Colorado. Such lien may be enforced by the foreclosure of the defaulting owner's Townhome Unit by the Association in like manner as a mortgage on real property, with notice to any mortgage holder and all other persons who may have an interest in the property, as provided by law. In any such proceeding to collect past due assessments, the owner shall be required to pay the costs, expenses and attorney's fees incurred in such action. The owner of the Townhome Unit being foreclosed shall be required to pay to the Association the monthly assessment for the Townhome Unit during the period of foreclosure, and the Association shall be entitled to a receiver to collect the same. The Association shall have the power to bid on the Townhome unit at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the vote appurtenant to, convey or otherwise deal with the same. The Association shall report to the mortgagee of a Townhome Unit any unpaid assessments remaining unpaid for longer than twenty-five days after the same are due; provided, however, that a mortgagee shall have furnished to the Managing Agent or to the Board of Directors notice of such encumbrance.

Section 9.5. Capitalization of the Association. The Association shall be authorized to establish a working capital fund equal to two-twelfths (2/12) of the estimated Annual Assessments for Common Expenses for each Unit. Initial funding of the working capital fund shall be from a Special Assessment of such amount assessed against each Unit as each Owner acquires record title to such Unit from Declarant. Such payments shall not be considered advance payments of Annual Assessments. The working capital fund must be maintained by the Association in a segregated account, and may not be used by the Association to defray any of its expenses or to make up budget deficits.

Section 9.6. Maintenance of Accounts; Accounting. If the Association delegates powers of the Board of Directors of the Association or its officers relating to collection, deposit, transfer or

disbursement of Association funds to other persons or to a manager, then such persons or manager must (a) maintain all funds and accounts of the Association separate from the funds and accounts of other association managed by the other person or manager, (b) maintain all reserve and working capital accounts of the Association separate from the operational accounts of the Association, and (c) provide to the Association an annual accounting and financial statement of Association funds prepared by the manager, a public accountant or a certified public accountant.

**ARTICLE 10
ASSOCIATION AS ATTORNEY-IN-FACT**

Each Owner hereby irrevocably appoints the Association as the Owner's true and lawful attorney-in-fact for the purpose of purchasing and maintaining insurance pursuant to Article 8 including the collection and appropriate disposition of the proceeds thereof, the negotiation and settlement of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to purchase and maintain insurance as well as dealing with any improvements covered by insurance written in the name of the Association. Acceptance by a grantee of a deed or other instrument of conveyance or any other instrument conveying any portion of the Property shall constitute appointment of the Association as the grantee's attorney-in-fact, and the Association shall have full authorization, right and power to make, execute, and deliver any contract, assignment, deed, waiver or other instrument with respect to the interest of any Owner which may be necessary to exercise the powers granted to the Association as attorney-in-fact.


**ARTICLE 11
DESIGN REVIEW**

Section 11.1. Alterations. No alteration or additions to the Common Elements or Units shall be made unless first approved in writing by the Board of Directors of the Association. The Board shall exercise reasonable judgment to the end that all modifications to the Common Elements conform to and harmonize with existing surroundings and structures. The Board has the absolute right to deny any requested changes which the Board reasonably determines do not conform to and harmonize with existing surroundings and structures.

Section 11.2. Other Applicable Covenants. The Covenants and Restrictions for Central Core, filed August 8, 1982 as Reception Number 111810 in the Office of the Clerk and Recorder of Archuleta County, Colorado may include other restrictions on use that an Owner must comply with. Specifically, provisions regarding signage, uses of a Unit, etc. shall be applicable to the Property.

**ARTICLE 12
DURATION OF COVENANTS AND AMENDMENT**

Section 12.1. Term. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity, subject to the termination provisions contained herein.


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Section 12.2. Revocation. This Declaration shall not be revoked unless all the Owners and all the holders of any recorded first mortgage or first deed of trust covering or affecting any or all of the Townhome Units unanimously consent and agree to such revocation by instrument(s) duly recorded.

Section 12.3. Amendment. This Declaration shall not be amended unless the Owners of a majority of the Units, and all of the holders of any recorded first mortgage or first deed of trust covering or affecting any or all of the units vote in favor of such amendment. Any such amendment shall be signed by a majority of the Unit Owners and the holders of all of the recorded first mortgages or first deeds of trust and recorded in the real property records of the Archuleta County Clerk and Recorder.

Any Amendment must be executed by the President of the Association and recorded, and approval of such amendment may be shown by attaching a certificate of the Secretary of the Association to the recorded instrument certifying the approval of a sufficient number of Owners of the amendment.

Section 12.4. Action by Mortgagee. If this Declaration or any Association Documents require the approval of Mortgagees then, if any Mortgagee fails to respond to any written proposal for such approval within thirty (30) days after such Mortgagee receives proper notice of the proposal (or such longer time as may be set forth in the notice), such Mortgagee shall be deemed to have approved such proposal provided that the notice was delivered to the Mortgagee by certified or registered mail, return receipt requested.

**ARTICLE 13
GENERAL PROVISIONS**

Section 13.1. Prohibited Activities. No operation or activity shall be permitted within any portion of the Property which will violate the provisions of any applicable protective covenant, statute, ordinance, governmental regulation, or reasonable rules and regulations of the Association.

Section 13.2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 13.3. Conflicts Between Documents. In case of a conflict between this Declaration and the Articles and the Bylaws of the Association, this Declaration shall control. In case of conflict between the Articles and the Bylaws, the Articles shall control.

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IN WITNESS WHEREOF, Declarant has duly executed this Declaration this 23rd day of December, 1997.

TALISMAN PARTNERSHIP

TALISMAN PARTNERSHIP

By [Signature]
Michael C. Branch, as General Partner,
and as Attorney-in-Fact for Milton W.
Deason, General Partner

By [Signature]
Curt Johnson, as General Partner

STATE OF COLORADO)
)ss.
COUNTY OF ARCHULETA)

Subscribed and sworn to before me this 23rd day of December, 1997, by Michael C. Branch,
as General Partner for Talisman Partnership, and as Attorney-in-Fact for Milton W. Deason, General
Partner.

Witness my hand and official seal.

My Commission Expires:
06-01-99

DIANE F. PACK
NOTARY PUBLIC
STATE OF COLORADO
[Signature]
NOTARY PUBLIC

STATE OF COLORADO)
)ss.
COUNTY OF ARCHULETA)

Subscribed and sworn to before me this 23rd day of December, 1997, by Curt Johnson, as
General Partner for Talisman Partnership.

Witness my hand and official seal.

My Commission Expires:
06-01-99

DIANE F. PACK
NOTARY PUBLIC
STATE OF COLORADO
[Signature]
NOTARY PUBLIC