

**DECLARATION OF COVENANTS AND RESTRICTIONS
FOR THE
PAGOSA HOTEL MALL**

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FOR THE
PAGOSA HOTEL MALL**

This Declaration of Covenants and Restrictions for the Pagosa Hotel Mall (hereafter the "Declaration") is made as of ~~July 17~~ 2014, by Judd A. Cooney and Diane C. Cooney (as to Unit 1A), Danny B. Wood and Nettie L. Wood (as to Unit 1B), and Mark E. Monaco and Cynthia G. Monaco Family Trust (as to Unit 2) (collectively "Declarants").

1. RECITALS AND DECLARATION.

1.1 Declarants are the owners of the real property situate in the Town of Pagosa Springs, County of Archuleta, State of Colorado, more particularly described as Lot 27 and the North ½ of Lot 26, Block 21 (the "Property"), located at 418-422 Pagosa Street, Pagosa Springs, Colorado.

1.2 Declarants are collectively the owners of a commercial Condominium project, the name of which is the Pagosa Hotel Mall. The Pagosa Hotel Mall consists of three (3) Commercial Units as defined below with Condominium improvements constructed thereon, and General Common Elements and Limited Common Elements for the benefit of the Pagosa Hotel Mall and its Owners. The Commercial Units shall consist of Unit 1A, Unit 1B and Unit 2.

1.3 Declarants incorporate all of the terms, conditions and plat notices of the Pagosa Hotel Mall Replat Of Unit One recorded in the office of the Archuleta County Clerk and Recorder on October 16, 2003 as Reception No. 28310754 (hereinafter "Replat"). Declarants hereby declare 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 heirs, successors and assigns of parties having any right, title or interest in all or any part of the Property. Any prior declarations are repealed in their entirety.

1.4 Pursuant to C.R.S. §38-33.3-116, the Property is exempt from the requirements of the Colorado Common Interest Ownership Act, with the exception of Sections 105-107, inclusive, of said Act.

2. DEFINITIONS.

2.1 Allocated Interests shall mean the percentage allocated interest as set forth on Exhibit A attached hereto.

2.2 Annual Assessments shall mean the charges levied and assessed each year against a Commercial Unit.

2.3 Articles shall mean Articles of Incorporation and any amendments thereto for the Pagosa Hotel Mall Association, a Colorado non-profit corporation.

2.4 Assessments shall mean the Annual, Special and Default Assessments levied pursuant to Article 5 below.

2.5 Association shall mean the Pagosa Hotel Mall Association, a Colorado non-profit association, and its successors and assigns.

2.6 Association Documents shall mean this Declaration, the Articles, the Bylaws, the Replat and any procedures, rules, regulations or policies adopted under such documents by the Association.

2.7 Board shall mean the governing body of the Association.

2.8 Bylaws shall mean the Bylaws adopted by the Association, as amended from time to time.

2.9 Clerk and Recorder shall mean the office of the Clerk and Recorder in the County of Archuleta, Colorado.

2.10 Common Element(s) shall mean all real and personal property of the Pagosa Hotel Mall excluding Units.

2.11 Common Expenses shall mean (i) all expenses as expressly declared to be common expenses by this Declaration or the Bylaws of the Association; (ii) all other expenses of administering, servicing, conserving, managing, maintaining, repairing or replacing the General Common Elements or Limited Common Elements; (iii) insurance premiums for the insurance carried under Article 6; and (iv) all expenses lawfully determined to be common expenses by the Board, which expenses shall be assessed based upon the Allocated Interests as defined herein.

2.12 Condominium shall mean an attached airspace Unit located in the Pagosa Hotel Mall designed to be utilized consistent with uses approved by the Planned Development with the Town.

2.13 County shall mean Archuleta County, Colorado.

2.14 Declaration shall mean this Declaration and the Replat, and amendments and supplements to the foregoing.

2.15 First Mortgagee shall mean any person named as a mortgagee or beneficiary in any First Mortgage, or any successor to the interest of any such person under such First Mortgage.

2.16 General Common Element(s) shall mean those Common Elements allocated equally to Commercial Units in the Pagosa Hotel Mall including, but not limited to,

roofs, exterior walls, foundations and all other areas outside of the Units except for Limited Common Elements.

2.17 Limited Common Element(s) shall mean the portion of the Common Elements assigned for the exclusive use and enjoyment of any one or more of the Units.

2.18 Manager shall mean a person or entity, if any, engaged by the Association to perform certain duties, powers or functions of the Association, as the Board may authorize from time to time.

2.19 Owner shall mean the person or persons or legal entity holding record fee simple title to a Unit.

2.20 Pagosa Hotel Mall shall mean the Commercial Condominium Units created by this Declaration and as shown on the Replat, consisting of the Property, together with all General Common Elements and Limited Common Elements.

2.21 Property shall mean the real property subject to this Declaration which is located in the County of Archuleta, Town of Pagosa Springs, Colorado and which is more particularly described in Section 1.1 above.

2.22 Replat shall mean the Pagosa Hotel Mall Replat Of Unit One, recorded with the Archuleta County, Colorado Clerk and Recorder, on October 16, 2003 under Reception No. 28310754.

2.23 Rules and Regulations shall mean those rules and regulations adopted by the Association from time to time to implement, supplement or otherwise carry out the purposes and intentions of this Declaration, and to regulate the use, maintenance and operation of the Units and Common Elements.

2.24 Town shall mean the Town of Pagosa Springs, Colorado.

2.25 Unit shall mean the Commercial Condominium Units as designated on the Replat as Unit 1A, Unit 1B and Unit 2.

2.26 Utilities shall mean those utilities that service the Pagosa Hotel Mall.

3. RESTRICTIONS ON USE.

3.1 Commercial Units. The following restrictions apply to the Units:

3.1.1 Commercial Use. Each Unit shall be limited to commercial uses consistent with the character of the Pagosa Hotel Mall. No Unit shall be used for any illegal purpose or any purpose that may constitute a nuisance to any other Unit.

3.1.2 Signs. The Owner of each Unit shall be entitled to place and maintain at its expense signage identifying the business conducted therein, subject to the Owner first obtaining the prior written approval of such from the Association. All such signage shall comply with all applicable local rules and regulations, and specifically shall comply with the Sign Code established by the Town.

3.1.3 Leases. Owners of Units may rent or lease all or part of their Units. With the exception of short-term vacation rentals, any such rental or lease shall be for a minimum period of thirty (30) consecutive days. All leases shall be in writing and reference mandatory compliance with all applicable terms and conditions of this Declaration and all rules and regulations governing the Pagosa Hotel Mall. A Unit Owner proposing to lease their Unit shall ensure that the lessee complies with all applicable terms and conditions of this Declaration and all Rules and Regulations governing the Pagosa Hotel Mall.

3.1.4 Parking. The parking spaces located at the rear of the Property shall be a Common Element, and as such shall be available for use by all Units and their customers on a first-come, first-served basis.

3.1.5 Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept in the Pagosa Hotel Mall except common household pets, including dogs and cats. The dogs shall be on a leash at all times when being walked outside a Unit. All pets shall be maintained at all times so that they are not a nuisance to other residents in the Pagosa Hotel Mall. Excessive barking shall be considered a nuisance for the purpose of this Section. Owners must clean up all feces and urine from their animals at all times and at all places on the Property.

3.2 General Restrictions. The following restrictions apply to the Units:

3.2.1 Condominium Improvements. All Condominium improvements shall be located within the boundaries of the Unit as shown on the Replat.

3.2.2 Approval of Design. No Condominium improvements shall be constructed or modified on any Unit without the prior written approval of the Association.

3.2.3 Further Subdivision. Units may be further subdivided only with the express written and unanimous consent of all Owners. Any amendment to this section modifying the requirements for further subdivision can only be made with the unanimous consent of all Owners of the Pagosa Hotel Mall.

3.2.4 Utilities. Each of the Units may have its own individual electric meter and its own telephone service and each Owner shall be responsible for payment of each utility. In addition, the Units shall pay for the following:

Units	Water/Sewer	Natural Gas	Geothermal	Snow Removal	Trash Pickup
Unit 1A	.027%	.027%	.027%	.027%	.02%

Unit 1B	.840%	.840%	.840%	.840%	.49%
Unit 2	.133%	.133%	.133%	.133%	.49%

3.2.5 Parking. All onsite parking for vehicles shall be in the exterior parking spaces as shown on the Replat. The parking spaces shall be available to all Units and their customers.

3.2.6 Association Responsibility. All General Common Elements and Limited Common Elements shall be owned, controlled and maintained by the Association.

3.2.7 Maintenance of Condominium Units. All Units, together with Condominium improvements constructed thereon and Limited Common Elements, shall be kept at all times in a sanitary, healthful, safe and attractive condition and no Owner shall create, allow or maintain any nuisance in or at its Unit. The Owner or occupants shall in no way use any Unit for storage of materials and equipment except for normal commercial requirements for Units, or incidental to the construction of improvements thereon, as herein permitted.

3.2.8 Compliance With Law. No Unit shall be used, occupied, altered, changed, improved or repaired except in compliance with (i) this Declaration, (ii) the Rules and Regulations, and (iii) all present and future laws, ordinances, regulations and the like of the United States of America, State of Colorado, County, Town or other governmental or lawful authority whatsoever effecting the Unit or the improvements thereon or any part thereof, and of all their departments, bureaus and officials.

3.2.9 Variances. The Board is hereby permitted to approve minor variances from this Declaration where, in its judgment, such variances will result in a more common beneficial use.

4. ASSOCIATION FORMATION AND MEMBERSHIP.

4.1 Formation of Association. The Association shall be a nonprofit Colorado corporation charged with the duties and invested with the powers prescribed by law and as set forth in its Articles, Bylaws and this Declaration. Neither the Articles nor Bylaws of the Association shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

4.2 Board of Directors and Officers. The affairs of the Association shall be conducted by the Board of Directors, and such Officers, as the Board may elect or appoint in accordance with its Articles and Bylaws as the same, may be amended from time to time. The Association, by and through the Board, shall govern and manage the Pagosa Hotel Mall, including the Property, and any property owned by the Association, and shall enforce the provisions of this Declaration. The initial Board shall be composed of three (3) Members.

For the election of Board Members, those candidates receiving the highest number of votes shall be deemed elected. Lessees of Units shall have no voting rights.

4.3 Adoption of Rules and Regulations. The Association may, by a majority vote of the Board, adopt, amend and repeal rules and regulations to be known as the Pagosa Hotel Mall "Rules and Regulations", provided such Rules and Regulations are consistent with this Declaration. The purpose of the Rules and Regulations shall be to implement, supplement or otherwise carry out the purposes and intentions of this Declaration, and regulate the use, maintenance and operation of the Units and Common Elements.

4.4 Liability. No Member of the Board and no Officer shall be liable for actions taken, or omissions made, in performance of such Member's duties, except for wanton and willful acts or omissions. Officer or Member of the Board actions, taken upon the advice of legal counsel, certified public accountants, registered or licensed engineers, architects or surveyors, shall conclusively be deemed to be in good faith and to have met the care required under Colorado law.

4.5 Membership. The Association shall be a membership association without certificates or shares of stock. The Members of the Association shall be those persons or entities who are the Owners, from time to time, of Units within the Pagosa Hotel Mall. Membership in the Association shall automatically terminate when a Member ceases to be an Owner of a Unit. There shall be one class of membership that is a voting membership by Owners of Units.

Each of the Units shall have the same percentage of votes within the Association as the percentage of their Allocated Interests as shown on the attached Exhibit A. Except as otherwise provided herein, and in the Rules and Regulations, the affirmative vote of a majority of the Allocated Interests of Units entitled to vote on any matter shall constitute approval of such matter. If only one of the multiple Owners of a Unit is present at a meeting of the Association, such Owner shall be presumed to be entitled to cast the vote(s) allocated to such Unit. If more than one of the multiple Owners is present, the vote(s) allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of the Owners of such Unit.

4.6 Enforcement. The Association shall have the right and power to bring suit in its name for legal or equitable relief for the failure to comply with any provision of this Declaration or Rules and Regulations promulgated by the Board. In addition, the Association shall have the right to impose on any Owner monetary fines for any lack of compliance with provisions of this Declaration or Rules and Regulations promulgated by the Board, and where such fines are not paid within the time provided, such fines may be collected as an Assessment Lien, as defined in Section 5.1 below. The failure of the Association to insist upon the strict performance of any such provisions or to exercise any right or option available to it, or to serve any notice or to institute any action, shall not be a waiver or relinquishment for the future of any such provision or the enforcement thereof. Any Owner aggrieved by a lack of compliance by another Owner may also bring suit for legal and equitable remedies. If any court proceedings are instituted in connection with the rights of enforcement and remedies provided in this Declaration,

or in the Rules and Regulations, the prevailing party shall be entitled to reimbursement of its costs and expenses, including actual attorneys' fees reasonably incurred, in connection therewith.

4.7 Power of Association. Each Owner agrees that the Association has all the powers granted to it by the Colorado Nonprofit Corporation Act, and any amendments thereto or replacements thereof. Such powers shall include, without limitation, levying Assessments against Owners, imposing a lien on Units for any unpaid or uncollected Assessments or penalties, and foreclosing any such liens, enforcing any deed restrictions and this Declaration, acquiring, holding, owning, leasing, mortgaging and disposing of property, the adoption and enforcement of Rules and Regulations, the defending, prosecuting or intervention in litigation on behalf of all Members, the borrowing of monies for Association purposes and the right to pledge future income in order to secure such borrowings. The term "pledge of future income" shall include the right to impose a Special Assessment for repayment of such borrowings and to assign such Special Assessment (and all lien and collection rights appurtenant thereto) to the lender as security for repayment thereof. The Association may exercise any other right, power or privilege given to it by this Declaration, the Articles and Bylaws of the Association, or by law.

4.8 Other Association Functions. The Association shall undertake those functions and provide those services to the Pagosa Hotel Mall as described in this Section or otherwise set forth in this Declaration. Further, the Association may undertake, to the extent the Board in its sole discretion so elects, to provide the Pagosa Hotel Mall certain other functions or services for the benefit of its Members on such basis as the Board may reasonably determine. Such functions may be provided by the Association's employees, or by an independent contractor retained by the Association.

The Association shall provide, but shall not be limited to providing, the following functions or services: (i) the maintenance and repair of parking areas, stairways and common security system, if any, (ii) maintenance, repair and operation of all Utilities up to Unit utility pedestals, provided, however, that each Unit Owner shall be responsible for any costs and expenses of repairs or replacements of the HVAC unit that services that Owner's Unit; (iii) snow removal on parking areas and sidewalks; and (iv) the installation, maintenance, repair and replacement of all improvements and landscaping on the General Common Elements and Limited Common Elements.

4.9 Notice to Maintain. An Owner shall immediately report to the Association, in writing, the need for any maintenance, repair or replacement that is the Association's responsibility to provide. In the event of any disagreement as to the need for or the responsibility of the Association to provide the said maintenance, repair or replacement, the good faith decision of the Board shall be final.

4.10 Manager. The Association may employ or contract for the services of a Manager to whom the Board 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 prior approval and discretion by the Board.

4.11 Special Provisions Regarding Association Property.

4.11.1 Common Elements. The General Common Elements and Limited Common Elements shall be owned, managed, operated and maintained by the Association consistent with the provisions of this Declaration and in trust for the use, benefit and enjoyment of the Owners of the Units as designated on the Replat, together with their family members, permitted guests, permitted invitees and permitted licensees. The Common Elements shall include, without limitation, the hallways, the building shell consisting of all bearing walls, the exterior walls, roof, the restrooms, common stairways, all common heating, ventilating and air conditioning systems, the front sidewalk and the parking lot.

5. ASSESSMENTS.

5.1 Purpose of Assessments; Assessment Lien. All Members of the Association hereby covenant and agree, and each Owner by acceptance of a deed to a Unit, including public trustee or sheriff's deed, is deemed to covenant and agree, to pay the Association Annual Assessments, Special Assessments and Default Assessments, all such Assessments and charges to be established and collected as hereinafter provided. Annual Assessments, Special Assessments and Default Assessments, together with interest, costs, fees, penalties, late charges, fines, interest and actual attorneys fees reasonably incurred, shall be secured by a lien (the "Assessment Lien") on the Unit to which they relate in favor of the Association, which shall be a continuing servitude and lien upon the Unit against which each such Assessment or charge is made. The Assessment Lien shall be the personal obligation of the Owner of a Unit. Where there is more than one Owner, each shall be jointly and severally liable for all Assessments. The Association shall be entitled to purchase a Unit at any Assessment Lien foreclosure sale.

5.2 Annual Assessments.

5.2.1 Prior to the first levy of an Assessment, and thereafter on or before a date of each fiscal year set by the Board, the Board shall adopt a proposed annual budget for the Association for the following fiscal year that sets forth: (i) the Board's estimates of Common Expenses for the next fiscal year; (ii) the amount of funds for such annual Common Expenses that the Board proposes to raise through Assessments; and (iii) the amount of funds for such Common Expenses that the Board proposes to raise through Special Assessments.

5.2.2 Within thirty (30) days after adopting a proposed budget, the Board shall deliver a summary of the proposed budget to the Owners and set a date for a meeting of the Owners to consider ratification of the proposed budget. The date of such meeting shall not be less than fourteen (14) days nor more than sixty (60) days after the delivery of the summary of the proposed budget to the Owners. Unless at that meeting a majority of the votes allocated to all Unit Owners rejects the proposed budget, whether or not a quorum is present, the proposed budget shall be deemed ratified. If the proposed budget is rejected, the annual budget last ratified by the Owners shall be deemed renewed for the next calendar year and shall remain in

full force and effect until such time as the Owners ratify a subsequent budget proposed by the Board.

5.2.3 If the Board deems it necessary or advisable to amend an annual budget that has been ratified by the Owners under this Section 5.2, the Board may adopt a proposed amendment to the annual budget, deliver a summary of the proposed amendment to all Owners and set a date for a meeting of the Owners to consider ratification of the proposed amendment. The date of such meeting shall not be less than fourteen (14) days nor more than sixty (60) days after the delivery of the summary of the proposed amendment. Unless at that meeting a majority of the votes allocated to all Unit Owners rejects the proposed amendment, whether or not a quorum is present, the proposed amendment shall be deemed ratified.

5.3 Special Assessments. In addition to the Annual Assessments authorized above, the Association may levy, in any Assessment Period, as defined in Section 5.6 hereafter, a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement, or for other extraordinary expenses, provided that any Special Assessments in excess of One Thousand Dollars (\$1,000.00) shall (except in the event of an emergency where there shall be no such limit) require a majority approval of those voting in person or by proxy at a meeting duly called for such purpose at which a quorum is present pursuant to the Bylaws of the Association. If any Common Expense is caused by the misconduct of any Unit Owner, the Association, at its discretion, may assess that expense exclusively against such Owner's Unit. Additionally, the cost and expense of routine service, as well as any repair or replacement necessary for the HVAC unit which services a particular Unit, shall be assessed against the Owner of that particular Unit as a Special Assessment.

5.4 Default Assessments. All monetary fines assessed against an Owner pursuant to this Declaration and the Rules and Regulations, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to this Declaration and the Rules and Regulations, shall be a Default Assessment and shall become a lien against such Owner's Unit which may be foreclosed or otherwise collected as provided in this Declaration and the Rules and Regulations. Notice of the amount and due date of such Default Assessment shall be sent to the Owners subject to such Assessment at least ten (10) days prior to the due date.

5.5 Rate of Assessment. Annual Assessments, Special Assessments and Default Assessments shall be fixed based on the amount of the Assessment multiplied by the percentage of Allocated Interests as reflected in Exhibit A hereto. Assessments may be collected on a yearly basis or more often as the Board so determines. Assessments, in the discretion of the Board, may be equitably charged to those Units participating in or receiving Association benefits.

5.6 Establishment of Annual Assessment Period. The period for which the Annual Assessment is to be levied (the "Assessment Period") shall be from January 1 to December 31 of each year, except that the first Assessment Period shall commence upon the

recording of this Declaration and terminate on the next December 31 date. The Board, in its sole discretion, from time to time, may change the Assessment Period. The Board shall fix the amount of the Annual Assessment against each Unit at least thirty (30) days in advance of the end of each Assessment Period. Written notice of the Annual Assessment shall be sent to each Member. Failure of the Association to timely fix the Annual Assessment or to send a bill to any Member shall not relieve the Member of liability for payment of any Assessment or charge. The due date for payment of any Assessment shall be established by the Board.

5.7 Effect of Nonpayment. Any Assessment, Assessment charge or installment thereof, not paid when due, shall be deemed delinquent, shall be subject to a late payment fee of twenty dollars (\$20.00) per month and shall be subject to interest running thereon at the rate of eighteen percent (18%) per annum, compounded annually. Fees, charges, late charges, attorney's fees, fines and interest shall be applicable to such delinquent Assessment. The Board may, but shall not be required to, record a Notice of Delinquent Assessment against any Unit as to which an Assessment is delinquent. Such notice shall be executed by an officer of the Board, shall set forth the amount of the unpaid Assessment, the name of the delinquent Owner(s) and a description of the Unit. The Association may bring an action at law against the Owner(s) obligated to pay the delinquent Assessment and/or may foreclose the Assessment Lien.

5.8 Priority of Lien. The Assessment Lien shall be prior and superior to all other liens and encumbrances.

5.9 Statement from Association. Upon written request and payment of such reasonable fee as may be set by the Association, the Association shall issue a written statement to any grantee or mortgagee verifying the status of all Assessments or charges affecting the Unit. Any statement as to the existence or amount of any delinquencies shall, absent manifest error, conclusively bind the Association.

5.10 Assessments for Tort Liability. In the event of any tort liability against the Association which is not covered completely by insurance, each Owner shall contribute for the payment of such liability as a Special Assessment. The Association may, however, require a larger contribution from fewer than all Owners under any legal or equitable principles regarding liability for negligent or willful acts or omissions.

6. INSURANCE.

6.1 Condominium Insurance. The Association shall, on behalf of the Owners, (i) keep all Common Elements, including all fixtures and equipment therein (but not including furniture, furnishings or other personal property supplied or installed by Owners), insured against loss or damage by fire, with extended coverage (including insurance against loss for damage by vandalism or malicious mischief), in approximately the amount of the maximum replacement value thereof as properly determined from time to time; (ii) provide and keep in force, for the protection of the Association, its Officers and Directors, and all the Owners and First Mortgagees, general public liability and property damage insurance against claims for bodily injury or death or property damage occurring upon or in any Common Elements, in amounts of

not less than One Million Dollars (\$1,000,000.00) in respect to bodily injury or death to any one person, and not less than Two Million Dollars (\$2,000,000.00) for bodily injury or death to any number of persons arising out of one accident or disaster, and in limits of not less than One Million Dollars (\$1,000,000.00) for damage to property, and if higher limits shall at any time be customary to protect against possible tort liability, such higher limits shall be carried; and (iii) carry such other insurance as the Board may, within its discretion, determine desirable for the protection of the General Common Elements and Limited Common Elements, if any.

6.2 Common Expenses. Premiums for insurance that the Association acquires, and other expenses connected with acquiring such insurance, are Common Expenses, notwithstanding the fact that the Owners may have disproportionate liability or that some Condominiums may have greater risk of loss than others. All insurance required to be carried under this paragraph shall be carried in favor of the Association, the Owners and all First Mortgagees, as their respective interests may appear.

6.3 Owner Insurance. An insurance policy issued to the Association does not obviate the need for Owners to obtain insurance for their own benefit. Each Owner shall be responsible for all insurance covering loss or damage to personal property in his Condominium and liability for injury, death or damage occurring outside his Condominium. Owners of Units shall carry commercially reasonable insurance against commercial liability, property damage, employer liability insurance and the like to protect against claims relating to personal injury, death, or injury to or destruction of property (including loss of the use thereof) occurring upon or arising out of the party walls and easements that are the subject of this Declaration and are recorded with the Clerk and Recorder for Archuleta County, Colorado, which policy shall not provide coverage less than One Million Dollars (\$1,000,000.00) for any one occurrence in addition to coverage required by law, if any. Any such policy shall contain waivers of subrogation and shall be so written that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished thereby.

7. MAINTENANCE.

7.1 Maintenance by Owners. Each Owner shall maintain and keep in repair his Condominium, including the fixtures thereof and any Limited Common Elements assigned to his Unit, to the extent current repairs shall be necessary in order to avoid damaging other Condominium Owners. In performing such maintenance or repairs, or in improving or altering his Condominium, no Owner shall do any act or work which impairs the structural soundness of any party wall.

7.2 Owner's Failure to Maintain or Repair. In the event that a Condominium is not properly maintained and repaired, and if the maintenance responsibility for the unmaintained portion of the Condominium lies with the Owner of the Condominium, or in the event the Condominium or is damaged or destroyed by an event of casualty, and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of those portions of the damaged or destroyed Condominium for which the Owner is responsible to substantially the same condition on which they existed prior to the damage or destruction, then the

Association, after notice to Owner and with the approval of the Board, shall have the right to enter upon the Condominium to perform such work as is reasonably required to restore the Condominium to a condition of good order and repair. All costs incurred by the Association in connection with such restoration shall be reimbursed to the Association by the Owner of the Condominium, upon demand. All un-reimbursed costs shall be a lien upon the Condominium until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid Assessment levied in accordance with Article 5 of this Declaration.

7.3 Maintenance by Association. The Association shall be responsible for the maintenance and repair of the exterior of all Condominiums, all General Common Elements and Limited Common Elements, unless necessitated by damage caused by the negligence, misuse or tortuous act of an Owner or Owner's agent or lessee. The expense and cost associated with such maintenance and repairs shall be allocated in accordance with the Allocated Interests as reflected in Exhibit A hereto. The maintenance shall include, but shall not be limited to, upkeep, repair and replacement, subject to any insurance then in effect, of all parking lots, utilities, easements, landscaping, walls, fences (if any), gates, signage, irrigation systems, sidewalks, security systems, landscaping and improvements, if any. Maintenance of all areas within any Unit (other than the exterior of the Condominiums), including replacing glass, shall be the responsibility of the individual Owner of the Condominium.

7.4 Easement For Maintenance. The Association shall have the irrevocable right, to be exercised by the Manager, the Board or Officers or employees of the Association, to have access to each Condominium from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the General Common Elements or Limited Common Elements therein or accessible therefrom, or at any hour, for making emergency repairs, maintenance or inspection therein necessary to prevent damage to the General Common Elements, Limited Common Elements or another Condominium. In the event insurance proceeds under Article 6 are payable to an Owner, but the maintenance responsibility of the area to which such proceeds relate is the Association's, the Association shall complete any such repair or replacement at the Owner's cost.

7.5 Association Power. The Association shall have the right and power to prohibit activities deemed unsafe, unsightly, unreasonably noisy or otherwise offensive to the senses and perceptibility from another Condominium, the General Common Elements or Limited Common Elements. No Owner shall make any addition or other alteration to any portion of the General Common Elements or Limited Common Elements without the express written consent of the Board.

8. EASEMENTS.

8.1 Recorded Easements. The Property shall be subject to all easements as shown on the Replat, those of record, and those as set forth in this Declaration.

8.2 Created Easements.

8.2.1 Utility Easements. There is hereby created an easement upon, across, over, in and under all General Common Elements and Limited Common Elements for ingress and egress, installation, replacing, repairing and maintaining all Utilities, including, but not limited to, water, sewer, gas, telephone, cable T.V. and electricity. Said easement includes future Utility services not presently available to the Units, which may be reasonably required in the future. By virtue of this easement, it shall be expressly permissible for the companies providing Utilities to erect and maintain the necessary equipment on any of the Units or General Common Elements and to affix and maintain electrical and/or telephone wires, circuits and conduits on, above, across and under the roofs and exterior walls of the improvements, all in a manner customary for such companies in the area surrounding the Property, subject to approval by this Association as to locations. All Utilities, to the extent possible, shall be buried underground. No wires, conduit or pipe may be installed on the exterior walls of the Pagosa Hotel Mall.

8.3 Reservation of Easements, Exceptions and Exclusions. The Association is hereby granted the right to establish from time to time, by this Declaration or otherwise, Utility or pedestrian easements, permits or licenses over the General Common Elements and the Limited Common Elements for the best interest of all Owners, Members and future Members of the Association and the Association. Each Owner is hereby granted a perpetual non-exclusive right of ingress and egress, from the Owner's Unit over and across the General Common Elements and Limited Common Elements appurtenant to the Owner's Unit, which right shall be appurtenant to the Owner's Unit, and which right shall be subject to limited and reasonable restriction on the use of General Common Elements and Limited Common Elements set forth in writing by the Association.

8.4 Emergency Access Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance and other similar emergency agencies or persons to enter upon the Property within the scope and course of the proper performance of their duties.

8.5 Ownership of Easements. All General Common Elements, including all easements described herein and on the Replat, are generally intended to be owned by the Unit Owners in undivided percentages and, with the exception of Limited Common Elements, are for the benefit of all Units and the Owners thereof. No amendment to this Declaration may preclude a Unit from having access and Utility easements necessary to permit the use of such Unit for the purposes set forth in this Declaration.

9. DAMAGE OR DESTRUCTION.

9.1 The Role of the Association. In the event of damage or destruction to all or any part of any General Common Elements, Limited Common Elements and any improvements existing thereon, or other property covered by insurance written in the name of the Association, the Association shall arrange for and supervise the prompt repair and restoration of the damaged property.

9.2 Estimate of Damages or Destruction. As soon as practicable after an event causing damage to or destruction of any part of the Association insured property, the Association shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction. "Repair and reconstruction" as used in this Article shall mean restoring the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction.

9.3 Repair and Reconstruction. As soon as practical after the damage occurs and any required estimates have been obtained, the Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Association insured property. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction of any damage to the Association insured property, and no consent or other action by any Owner shall be necessary. Assessments of the Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

9.4 Funds for Repair and Reconstruction. The proceeds received by the Association from any hazard insurance carried by the Association shall be used for the purpose of repair, replacement and reconstruction of the Association insured property for the benefit of Owners and mortgagees.

If the proceeds of the Association's insurance are insufficient to pay the estimated or actual cost of such repair, replacement or reconstruction, or if upon completion of such work the insurance proceeds for the payment of such work are insufficient, the Association may, pursuant to Section 5.3, levy, assess and collect in advance from the Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair, replacement or reconstruction.

9.5 Disbursement of Funds for Repair and Reconstruction. The insurance held by the Association and the amounts received from the Special Assessments provided for above, constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, including costs of supervision and administration, such balance shall be distributed to the Owners in proportion to the contribution such Owner made as Special Assessments, the remainder to be divided among the Units, first to the First Mortgagees, and then to the Owners, as their interests appear. All costs and expenditures shall be determined and approved by the Board.

10. CONDEMNATION.

10.1 Rights of Owners. When all or any part of the General Common Elements shall be taken by any authority having power of condemnation or eminent domain, or whenever all or any part of the General Common Elements is conveyed in lieu of a taking under threat of condemnation by the Association acting as attorney-in-fact for all Owners under instructions from any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice of the taking or conveying. The Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

10.2 Partial Condemnation; Distribution of Award; Reconstruction. The award made for such a taking shall be payable to the Association for the benefit of the Owners and First Mortgagees, and the award shall be disbursed as follows. If the taking involves a portion of the General Common Elements on which improvements have been constructed, then, unless within sixty (60) days after such taking Owners who represent at least sixty-seven percent (67%) of the votes of all the Owners shall otherwise agree, the Association shall restore or replace such General Common Elements so taken on the remaining land included in the General Common Elements to the extent lands are available for such restoration or replacement in accordance with plans approved by the Association. If such General Common Elements are to be repaired or restored, the provisions in Article 6 above, regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired, shall apply. If the taking does not involve any General Common Elements, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be distributed equally among the Units, first to the First Mortgagee and then to the Owners, as their interests appear.

10.3 Complete Condemnation. If all of the Property is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate provided that the approval is first obtained by all First Mortgagees of Units, and the portion of the condemnation award attributable to the General Common Elements shall be distributed as provided in Section 10.2 above.

11. ASSOCIATION AS ATTORNEY-IN-FACT.

Each Owner hereby irrevocably appoints the Association as the Owner's true and lawful attorney-in-fact for the purposes of purchasing and maintaining insurance pursuant to Article 6, 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 pursuant to Article 6 upon their damage or destruction as provided in Article 9, or a complete or partial taking as provided in Article 10. 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 authority, 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.

12. SPECIAL PROVISIONS.

12.1 Reservation to Association for Allocation of Shared Utilities. In the circumstance that Units have to share any other Utility service except as set forth above, the Association shall then be responsible for determining the apportionment of costs for maintenance, repair and replacement of any improvement for such Utility that is being shared by the Units. The Association shall also have the right to apportion among the sharing Units, based upon consumption if possible, the cost of the Utility that is being shared by the Units.

13. TERM, AMENDMENT AND TERMINATION OF COVENANTS.

13.1 Term. The term of this Declaration shall be perpetual.

13.2 Amendments. This Declaration may be amended with the approval of a majority of the votes entitled to be cast by Members of the Association (as defined in Section 4.5 herein above); provided that such amendment shall not adversely affect marketable title to any Unit. Consent of mortgagees shall not be required, provided, however, that no such amendment may substantively and adversely affect such mortgagee's security interest. This Declaration shall be amended at a meeting called for that purpose, and within three (3) months of such meeting there shall be recorded in the real estate records of the County an instrument evidencing such amendment. Any instrument amending this Declaration shall be duly executed by the President and Secretary of the Association, as the case may be. All amendments shall require the vote of one hundred percent (100%) of the votes of the Members.

13.3 Rule Against Perpetuities. If any of the terms, covenants, conditions, easements, restrictions, uses, limitations or obligations created by this Declaration shall be unlawful or void for violation of (i) the rule against perpetuities or some analogous statutory provision, (ii) the rule restricting restraints on alienation, or (iii) any other statutory or common law rules imposing like or similar time limits, such provision shall continue for the maximum applicable period allowed by the Colorado Statutory Rule Against Perpetuities set forth at C.R.S. §15-11-1102, or similar remedial statutes then in effect.

13.4 Termination. This Declaration, and the common interests of the Owners in Association property, may be terminated only if all Owners and mortgagees agree to such termination by an executed, acknowledged instrument duly recorded in the real estate records of the County; however, any such voluntary termination must be approved by the Association. This Declaration shall also terminate in the event of a taking of all of the Pagosa Hotel Mall by condemnation, eminent domain or termination, as otherwise (except for voting) provided by C.R.S. §38-33.3-218.

13.5 Disbursement of Proceeds. Upon the termination of this Declaration, all property owned by the Association shall be disposed of, with the proceeds generated being

disbursed, as provided by C.R.S. §38-33.3-218, which statutory provision is adopted for purposes of this Section only.

14. GENERAL PROVISIONS.

14.1 Marketing Activity. Owners may conduct, on the Pagosa Hotel Mall, sales activities, including, the showing of Units by Owners and their designated sales agents, leasing, promoting or marketing events and maintaining signs advertising the Pagosa Hotel Mall property for lease.

14.2 Conflict with Plats. In the event of any conflict or inconsistency between the provisions of this Declaration and the Replat, including the plat notes thereon, the provisions of the Replat and plat notes, as the case may be, shall govern and control, and this Declaration shall be automatically amended, but only to the extent necessary to conform the conflicting provisions hereof with the provisions of said Replat, including any plat notes.

14.3 Provisions Incorporated in Deeds. Each provision contained in this Declaration shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any Unit is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument. Upon the recording of this Declaration in the office of the Clerk and Recorder, every contract, deed, lease, mortgage, trust deed or other applicable instrument may legally describe a Unit by reference to its corresponding number on the recorded Replat as follows:

Pagosa Hotel Mall Replat Of Unit One, filed for recording in La Plata County, Colorado on October 16, 2003, under Reception No. 28310754.

This legal description shall be considered to include, without the requirement of specific reference, any and all General or Limited Common Elements appurtenant to the Unit described and to incorporate all rights incident to ownership of a Unit and all limitations of ownership as described in the Replat and in this Declaration.

14.4 Number and Gender. Unless the context shall otherwise provide, a singular number shall include the plural, a plural number shall include the singular, and the use of any gender shall include all genders.

14.5 No Dedication. Unless expressly provided, nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Pagosa Hotel Mall to the public or for any public use.

14.6 Registration by Owner of Mailing Address and Notices. Each Owner shall register his mailing address with the Association and, except for monthly statements and other routine notices, all other notices or demands intended to be served upon an Owner shall be sent either by registered or certified mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. All notices, demands or other notices intended to be served

upon the Association shall be sent certified mail, postage prepaid, to the address of the Association as designated in the Bylaws of the Association.

14.7 Applicable Law, Jurisdiction and Venue. The interpretation, enforcement or any other matters relative to this Declaration shall be construed and determined in accordance with the laws of the State of Colorado. All parties to this Declaration, or those parties who are benefited by this Declaration, hereby consent to venue for any action commenced with respect to this Declaration being in the District Court in and for the County of Archuleta, State of Colorado.

14.8 Attorneys' Fees. The prevailing party in any litigation arising out of or related to the enforcement or interpretation of this Declaration shall be entitled to an award of reasonable attorneys' fees, costs and expenses of litigation.

14.9 Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

14.10 References to Standards. Wherever in this Declaration there is reference to County standards, or other federal, state or local rules, laws or regulations, such references shall automatically be waived, released, modified or amended, as the case may be, to correspond with any subsequent waiver, release, modification or amendment of such rules, laws, regulations or standards.

14.11 Run with the Land. Declarants, for themselves, their successors and assigns, hereby declare that all of the Pagosa Hotel Mall shall be held, used and occupied subject to the provisions of this Declaration, and to the covenants and restrictions contained herein, and that the provisions hereof shall run with the land and be binding upon all persons who hereafter become the Owner of any interest in the Pagosa Hotel Mall.

14.12 Binding Effect. Declarants, Owners, lessees, mortgagees, permitted guests and invitees, and their heirs, personal and legal representatives, successors and assigns, or any other person using or occupying the Pagosa Hotel Mall, shall be bound by, and shall strictly comply with, the provisions of this Declaration, the Bylaws, the Articles, any deed restrictions and all rules, regulations and agreements lawfully made by the Association.

14.13 Estoppel Statement. Upon the written request of any Owner, First Mortgagee, prospective mortgagee, purchaser or other prospective transferee of a Unit, the Association shall issue a written statement setting forth the amount of the unpaid common Assessments, if any, with respect to such Unit, the amount of the current monthly Assessment, the date on which such Assessment became or shall become due and the amount of any credit for prepaid expenses. Such statement, for which a reasonable fee may be charged, shall be binding upon the Association in favor of any person who may rely thereon in good faith. Unless a request for such statement shall be complied with within thirty (30) days after receipt thereof, all unpaid common Assessments which become due prior to the date of making such a request shall be subordinated to the lien or other interests of the person requesting such a statement.

IN WITNESS WHEREOF, Declarants have executed this Declaration this 25 day of
~~July~~, 2014.
AUGUST

Pagosa Hotel Mall

Unit 1A

Judd A. Cooney
Judd A. Cooney

Diane C. Cooney
Diane C. Cooney

STATE OF COLORADO)
) ss.
COUNTY OF ARCHULETA)

The foregoing instrument was acknowledged before me this 25 day of August, 2014,
by Judd A. Cooney and Diane C. Cooney, as Owners of Unit 1A of Pagosa Hotel Mall.

Witness my hand and official seal.

My commission expires: 1-31-17

Janice F. Lord
Notary Public

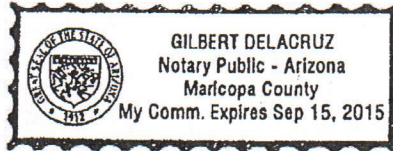
JANICE F. LORD
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20134004186
MY COMMISSION EXPIRES JANUARY 31, 2017

Unit 1B

Danny B. Wood
Danny B. Wood

Nettie L. Wood
Nettie L. Wood

Arizona
STATE OF ~~COLORADO~~)
Maricopa) SS.
COUNTY OF ~~ARCHULETA~~



The foregoing instrument was acknowledged before me this 22 day of August, 2014,
by Danny B. Wood and Nettie L. Wood, as Owners of Unit 1B of Pagosa Hotel Mall.

Witness my hand and official seal.

My commission expires: 9-15-15

[Signature]
Notary Public

Unit 2

Mark E. Monaco and Cynthia G. Monaco Family Trust

By: Mark E. Monaco, Trustee

By: Cynthia G. Monaco, Trustee

Mark E. Monaco, Trustee

Cynthia G. Monaco, Trustee

California
STATE OF COLORADO)
San Bernardino) ss.
COUNTY OF ARCHULETA)

The foregoing instrument was acknowledged before me this 17 day of August, 2014, by Mark E. Monaco and Cynthia G. Monaco, as Trustees of the Mark E. Monaco and Cynthia G. Monaco Family Trust, as Owners of Unit 2 of Pagosa Hotel Mall.

Witness my hand and official seal.

My commission expires:
March 27, 2018.

Elizabeth A. Baker
Notary Public



EXHIBIT A

The percentage of Allocated Interests for Assessments and all other matters in the Declaration shall be as follows:

Unit	Address	Fractional Interest	Total Allocated
1A	420 Pagosa Street, Pagosa Springs, CO 81147 -- (570 sf) Unit 1A	.027%	.027%
1B	422 Pagosa Street, Pagosa Springs, CO 81147 -- (17,784 sf) Unit 1B	.840%	.840%
2	418 Pagosa Street, Pagosa Springs, CO 81147 -- (2,808 sf) Unit 2	.133%	.133%