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9.3 No Limitation of Development Rights. Nothing in this Article IX is intended or shall be deemed to limit Declarant's rights under Section 5.2.

ARTICLE X THE ASSOCIATION

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

10.2 Board of Directors. The affairs of the Association shall be governed by the Board of Directors, which may, by resolution, delegate any portion of its authority to an executive committee or an officer, managing agent or Director of the Association. Except as otherwise specifically provided by law or in this Declaration, the Articles or the Bylaws, the Board may exercise all rights and powers of the Association (including, without limitation, those powers itemized in Section 10.3) without a vote of the Members. Subject to the provisions of this Section and Section 8.1(e), the qualifications and number of Directors, the term of office of Directors, the manner in which Directors shall be appointed or elected and the manner in which Directors shall be replaced upon removal or resignation shall be as set forth in the Bylaws. In the performance of their duties, the Directors will act according to their ordinary business judgment, except to the extent the Act requires a greater standard of care.

10.3 Association Powers. Subject to the rights, powers and authority reserved by and conferred upon Declarant and any Developer authorized by Declarant pursuant to this Declaration or the Act, the Association will serve as the governing body of the Community and shall have the powers and duties set forth in this Declaration and the Bylaws. The Association may:

(a) adopt and amend the Bylaws, and make and enforce the Rules, consistent with the rights, duties, terms and conditions established by this Declaration and the Bylaws;

(b) subject to Section 11.1(d), adopt and amend budgets for revenues, expenditures and reserves and assess and collect any Assessments and any other amounts due from Owners or others to the Association;

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

(d) except as otherwise provided in Section 13.3, appoint the members of the Architectural Review Committee;

(e) exercise any of the enforcement powers set forth in Section 10.5 or elsewhere in this Declaration;

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

(g) make contracts and incur liabilities in accordance with the properly adopted and ratified budget;

(h) borrow funds to cover Association expenditures and pledge Association assets as security therefor, provided that Common Elements may be subjected to a security interest only pursuant to Section 16.3;

(i) regulate the use, maintenance, repair, replacement and modification of the Common Elements in accordance with the properly adopted and ratified budget or otherwise in accordance with this Declaration;

(j) cause additional improvements to be made as a part of the Common Elements in accordance with the properly ratified budget, or otherwise in accordance with this Declaration;

(k) acquire, hold, encumber and convey in its own name any right, title or interest to real or personal property (including, without limitation, one or more Units), provided that Common Elements may be conveyed or encumbered only pursuant to Section 16.3;

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

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

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

(o) impose reasonable charges for the preparation and recordation of amendments to this Declaration or statements of unpaid Assessments;

(p) provide for the indemnification of its officers and Directors as provided in the Bylaws or the Articles and maintain directors' and officers' liability insurance;

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

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

(s) except as prohibited by the Act, exercise all other powers that may be exercised in the State of Colorado by a nonprofit corporation;

(t) delegate any rights, powers or obligations to the Master Association, to the extent permitted by the Act and Master Declaration and subject to the consent of the Master Association;

(u) exercise all powers delegated to the Association by any Subsidiary Association pursuant to Section 220 of the Act; and

(v) exercise any other powers necessary or appropriate for the governance and operation of the Association.

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

10.4 Bylaws. The Association may adopt Bylaws for the regulation and management of the Association, provided that the provisions of the Bylaws will not be inconsistent with the provisions of this Declaration or the Act. The Bylaws may include, without limitation, provisions regarding the voting rights of the Owners, the appointment or election of the Board, and the appointment or election of officers of the Association.

10.5 Enforcement.

(a) Sanctions and Self-Help. After notice and an opportunity to be heard as provided in the Bylaws, the Association, acting through the Board or any authorized agent, may: (i) impose sanctions (including, without limitation, reasonable monetary fines) for violations of this Declaration, the Bylaws or the Rules; (ii) exercise self-help to cure any violations of this Declaration, the Bylaws or the Rules that an Owner or Permittee fails or refuses to cure; and (iii) suspend any services it provides to any Owner who is more than 15 days delinquent in paying any Assessment or other charge due to the Association. All of the remedies set forth in this Declaration and the Bylaws shall be cumulative of each other and any other remedies available at law or in equity. If the Association prevails in any action to enforce the provisions of this Declaration, the Bylaws or the Rules, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred by it in such action.

(b) No Waiver. In no event shall the Association's failure to enforce any covenant, restriction or rule provided for in this Declaration, the Bylaws or the Rules constitute a waiver of the Association's right to later enforce such provision or any other covenant, restriction or rule.

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10.6 Use of Water Rights. The Association may, but shall not be obligated to, develop and use any water or ditch rights owned by the Association for: (i) irrigation and similar uses with respect to General Common Elements; and (ii) irrigation and similar uses with respect to Limited Common Elements, subject to the payment of tap and consumption fees, and such other costs as may be deemed appropriate by the Board, by the Owners of Units to which such Limited Common Elements are allocated to which maintenance of such Limited Common Elements is delegated, as applicable, all on the terms and conditions determined by the Board from time to time; and (iii) if surplus water is available, for sale to third parties. The Owners which utilize Association water rights pursuant to clause (ii) above shall be responsible for all costs of installing individual meters and irrigation systems located on and/or serving such Limited Common Elements.

ARTICLE XI FINANCIAL MATTERS AND ASSESSMENTS

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

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

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

(c) Preparation of Budget. The Board may, and if levying Assessments shall, cause to be prepared and adopt annually, not less than 45 days prior to the beginning of each fiscal year of the Association, a proposed budget for the Association. The proposed budget will include the estimated revenue and expenses (including, without limitation, Common Expenses and Limited Common Elements Expenses) of the Association for such fiscal year, in reasonable detail as to the various categories of revenue and expense.

(d) Ratification of Budget. Within 30 days after adoption by the Board of any proposed budget for the Association, the Board will send by ordinary first-class mail or otherwise deliver to all Owners a summary of the proposed budget and will set a date for a meeting of the Owners to consider ratification of the proposed budget not less than 14 nor more than 60 days after mailing or other delivery of the summary. Unless at that meeting Owners to whom are allocated a majority of the votes in the Association vote to reject the proposed budget, the proposed budget will be ratified, whether or not a Quorum is present; provided, however, the portions of the proposed budget pertaining to any Limited Common Elements Expenses will be ratified unless Owners holding a majority of the votes allocated to the Units encumbered thereby

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(i.e., those Units subject to Assessments under Section 11.4 for such Limited Common Elements Expenses) vote to reject such portions of the budget. In the event that the proposed budget or a portion of it pertaining to Limited Common Elements Expenses is rejected, the budget or applicable portion last ratified by the applicable Owners will continue in effect until such time as the necessary Owners ratify a subsequent budget or portion pertaining to such Limited Common Elements Expenses proposed by the Board. For the first fiscal year of the Association, the Board may adopt the Declarant's estimated budget for the Association and assess Common Assessments and Limited Assessments, provided that the Board submits such budget to the Owners for ratification in accordance with the foregoing provisions within 30 days after adopting the same.

(e) Annual Financial Statements. With respect to each fiscal year in which the Association levies Assessments, the Board will cause to be prepared annually a report that fairly represents the financial condition of the Association. Such report shall consist of a balance sheet as of the end of the preceding fiscal year, an operating (income) statement for such fiscal year and a statement of changes in the Association's financial position for such fiscal year. A copy of such annual report will be distributed to each Owner within 120 days after the close of the fiscal year.

11.2 Creation of Assessments. There are hereby created assessments for such Association expenses as may be authorized from time to time pursuant to this Declaration. There shall be four types of Assessments: (a) Common Assessments; (b) Limited Assessments; (c) Special Assessments; and (d) Specific Assessments. Each Owner, by accepting a deed for any Unit, is deemed to covenant and agree to pay these Assessments pursuant to the terms and conditions of this Declaration.

11.3 Common Assessments. Subject to Section 11.10, each Unit is subject to Common Assessments for the Unit's share of the Common Expenses as allocated pursuant to Section 3.4(b). Common Assessments will be calculated, paid, adjusted and reconciled in accordance with the following provisions:

(a) Budget and Payment. The Association shall set the Common Assessments for each fiscal year at a level which is reasonably expected to produce total income for the Association for such fiscal year equal to the total Common Expenses set forth in the budget adopted by the Board and ratified by the Owners. In determining the total funds to be generated through the levy of Common Assessments, the Board, in its discretion, may consider other sources of funds available to the Association, including any surplus from prior years and any Assessment income expected to be generated from any additional Units reasonably anticipated to become subject to Common Assessments during the fiscal year.

(b) Reconciliation. As soon as reasonably possible after the end of each fiscal year, the Board will cause the actual Common Expenses incurred by the Association during such fiscal year to be reconciled against the Common Assessments received by the Association from the Owners. To the extent that any Owner has paid more than its Common Allocation of such actual Common Expenses, the Board may either refund the overpayment to the Owner or credit such overpayment against such Owner's obligation for Common Assessments for the next ensuing fiscal year. To the extent any Owner has underpaid its Common Allocation of such actual Common Expenses, the Board may either demand in writing

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

(c) Material Increase. Notwithstanding any other provision of this Section 11.3 or of Section 11.1(d), after the Board assesses Common Assessments for the Association's first fiscal year, the Board may not increase Common Assessments for any subsequent fiscal year by an amount that causes the Common Assessments levied against any Unit to increase by more than 25% over the Common Assessments levied against such Unit in the prior fiscal year unless such increase is approved by the affirmative vote of 67% of the votes in the Association and by a majority of holders of First Mortgages.

11.4 Limited Assessments.

(a) Generally. Each Owner of a Unit that is allocated any Limited Common Elements is liable for, Limited Assessments for such Unit's allocated share (as determined pursuant to Section 11.4(b) below) of the Limited Common Elements Expenses that are attributable to the Limited Common Elements allocated to such Unit. A Unit may be allocated a Limited Common Element pursuant to a Supplemental Declaration. The Association shall set the Limited Assessments for each fiscal year at a level that is reasonably expected to produce income for the Association over such fiscal year equal to the Limited Common Elements Expenses set forth in the budget adopted by the Board and ratified by the Owners.

(b) Allocation. Subject to Section 11.10, each Unit subject to Limited Assessments is allocated a percentage share of the Limited Common Elements Expenses attributable to the Limited Common Elements allocated to such Unit pursuant to a Supplemental Declaration, such percentage to be derived from a fraction, the numerator of which is the Voting Units for such Unit and the denominator of which is the sum of the Total Voting Units for every Unit to which such Limited Common Elements are allocated.

(c) Adjustment and Reconciliation. The Board shall adjust and reconcile the Limited Assessments in the same manner as provided for the Common Assessments.

11.5 Special Assessments. In addition to other authorized Assessments, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted, including, without limitation, the costs of any construction, restoration, or unbudgeted repairs or replacements of capital improvements. Subject to Section 11.10, each Unit is subject to Special Assessments as follows: (a) in the case of Special Assessments for the General Common Elements or that otherwise benefit all the Owners, each Unit is subject to the Unit's Common Allocation of the Special Assessments levied by the Association; (b) in the case of Special Assessments that benefit only Limited Common Elements, the Special Assessment shall be levied against the Units so benefitted in the same manner as Limited Common Elements Expenses; and (c) in the case of Special Assessments not covered by clauses (a) and (b) above, the Special Assessments shall be levied against the benefitted Units in proportion to their respective Voting Units. No Special Assessment proposed by the Association shall be levied until it is ratified by the Owners of the Units that will be

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subject to such Special Assessment. A proposed Special Assessment will be ratified unless Owners representing a majority of the votes allocated to the Units that will be subject to the Special Assessment vote, either in person or by proxy, to reject the Special Assessment at a meeting called for such purpose. During the Development Period, any proposed Special Assessment shall also require Declarant's consent. Special Assessments may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved. The Board shall have the right to require that Special Assessments be paid in advance of the provision of the subject services or materials. Without limiting the generality of the foregoing, the Board may levy Special Assessments to cover certain costs of restoration or replacement of General Common Elements or Limited Common Elements in the event of damage, destruction or Taking of such Common Elements.

11.6 Specific Assessments. The Association shall have the power to levy Specific Assessments against one or more particular Units as follows:

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

(b) to cover liabilities and costs (including, without limitation, attorneys' fees) incurred in bringing the Unit into compliance with the terms of this Declaration, the Bylaws or the Rules, or costs incurred as a consequence of the conduct of the Owner or such Owner's Permittees (including, without limitation, any costs incurred at the election of Declarant or the Association to cure a breach or violation of any provision of this Declaration, the Bylaws or the Rules by such Owner or Permittees); provided, however, the Board shall give the Owner of such Unit notice and an opportunity to be heard as provided in the Bylaws before levying any Specific Assessment under this Section 11.6(b); and

(c) to cover costs and expenses incurred by the Association that may be levied as Specific Assessments pursuant to the express terms of this Declaration.

11.7 Owners' Obligations for Assessments.

(a) Personal Obligation. Each Assessment, together with interest computed from the due date of such Assessment at 21% per annum or such lower rate set by the Board, late charges in such amount as the Board may establish by resolution, costs and reasonable attorneys' fees, shall be a charge and continuing lien upon the Unit against which the Assessment is made until paid, as more particularly provided in Section 11.9. Without limiting Section 16.2, each such Assessment, together with such interest, late charges, costs and reasonable attorneys' fees, and any other obligations or liabilities imposed by or pursuant to this Declaration, also shall be the personal obligation of the Person who was the Owner of such Unit at the time the Assessment, obligation or liability arose. No holder of a First Mortgage who becomes the Owner of a Unit by exercising the remedies provided in its Mortgage shall be personally liable for unpaid Assessments which accrued prior to such acquisition of title.

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Nothing in this Declaration is intended or shall be construed to limit the liability of a First Mortgagee (or its foreclosure purchaser or other successors in interest) who becomes the Owner of a Unit for any Assessments levied against such Unit while such First Mortgagee is the Owner of it.

(b) Terms of Payment. Except for Specific Assessments, which shall be paid in the manner determined by the Board, Assessments shall be paid in equal monthly, quarterly or annual installments on or before the first day of each month, quarter or fiscal year, as applicable, or in such other reasonable manner as the Board may establish. The Board may grant discounts for early payment, require advance payment of Assessments at closing of the transfer of title to a Unit, and impose special requirements upon Owners with a history of delinquent payment. The Board may, in its sole discretion, delegate the authority to the Master Association, or require any Subsidiary Association, to collect Assessments payable by the Owners who are members of the Master Association or such Subsidiary Association, on behalf of the Association.

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

(d) Estoppel Certificate. Within 10 business days after receipt of a written request from any Owner or Mortgagee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the Association's registered agent, the Association shall furnish to such Owner or Mortgagee, by personal delivery or certified mail, first-class postage prepaid, return receipt requested, an estoppel certificate in writing signed by an Association officer and addressed to such Owner or Mortgagee, or the designee of either, stating any then unpaid Assessments due from, or other known defaults by, the requesting Owner or the Owner of the Unit encumbered by such Mortgagee's Mortgage, or stating that there are no unpaid Assessments due from, or other known defaults by, such Owner, as the case may be. Such an estoppel certificate executed in favor of an Owner, Mortgagee or other Persons named therein who rely thereon in good faith will be conclusive upon the Association as to the matters set forth therein and such Owner's Unit will not be subject to a lien for any unpaid Assessments against such Unit arising before the date of such certificate and in excess of any unpaid amounts stated in such certificate. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

11.8 Declarant's Obligation for Assessments. Until the Association levies Assessments, Declarant shall pay the Association's costs and expenses.

11.9 Lien for Assessments.

(a) Perfection and Priority of Lien. The Association shall have a lien against each Unit to secure payment of delinquent Assessments, as well as interest (computed from the due date of such Assessment at a rate of 21% per annum or such lower rate set by the Board), late charges in such amount as the Board may establish by resolution, costs and

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reasonable attorneys' fees. Such lien shall be perfected upon the Recording of this Declaration and no further claim of lien shall be required. Notwithstanding the foregoing and without limitation on the effectiveness or perfection of the lien against each Unit, the Association shall have the right, but not the obligation, to prepare and Record a "Notice of Lien" in a form satisfactory to the Board which may set forth (i) the amount of any Assessment, charge, fine or other amount due and owing to the Association; (ii) the date such amount was due and payable and the date from which interest accrues; (iii) a recitation of the costs and expenses (including reasonable attorneys' fees) incurred in attempting to collect the unpaid amount as of the date of recording of such Notice of Lien; (iv) the Unit encumbered by the lien; and (v) the name or names, last known to the Association, of the Owner of the Unit. Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments and other levies which by law are superior, and (b) the lien or charge of any First Mortgage made in good faith and for value. Notwithstanding the foregoing, the Association's lien for delinquent Assessments shall be prior to a First Mortgage to the extent provided by the Act.

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

(c) Transfer of Unit. The sale or transfer of any Unit shall not affect an existing lien for previous Assessments or relieve such Unit from any lien for subsequent Assessments. Upon sale or transfer of a Unit pursuant to foreclosure of a First Mortgage, the amount of Assessments included in any lien extinguished by foreclosure of a First Mortgage shall become Common Expenses collectible as Common Assessments levied against the Units subject to Common Assessments, excluding, however, the Unit acquired through the foreclosed First Mortgage.

11.10 Commencement of Assessments. The obligation to pay Common Assessments and Special Assessments shall commence as to each Unit on the later of: (a) the day on which a temporary or final certificate of occupancy is issued for any structure constructed on the Unit or (b) the day on which the Association first levies Assessments pursuant to this Article 8; provided, that Declarant may, in a Recorded deed or closing agreement, provide that Common Assessments and Special Assessments will commence at an earlier time as to Units being purchased by any Developer if such earlier commencement date is not inconsistent with the terms of Declarant's purchase and sale agreement with such Developer. The obligation to pay Specific Assessments shall commence as to any Unit when the Association levies the Specific Assessments against the Unit pursuant to this Declaration. The first annual Common Assessments and Special Assessments levied on each Unit shall be prorated according to the number of months remaining in the Fiscal Year at the time Assessments commence on the Unit.

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

11.12 Exempt Property. The following property shall be exempt from payment of Assessments: (i) all Common Elements owned in fee simple by the Association and (ii) any property dedicated to and accepted by any governmental authority or public utility.

ARTICLE XII MAINTENANCE

12.1 Association's Responsibilities.

(a) Maintenance of Common Elements. The Association shall maintain and keep in good condition, repair and working order the Common Elements, which maintenance may pertain, without limitation, to:

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

(ii) landscaping within public rights-of-way that abut or provide access to the Property (unless maintained by any public entity);

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

(iv) all lakefronts, reservoir-fronts, beaches, wetlands, boat launch areas, conservation and open space areas owned by the Association and located on the Property or for which the Association has undertaken maintenance obligations under any agreement with any other party; and

(v) all fencing installed by Declarant or the Association situated upon the Common Elements.

(b) Maintenance of Landscaping and Improvements. Subject to the limitations set forth in Section 12.1(c), the Association shall maintain and keep in good condition, repair and working order the landscaping (and related improvements) of the Units and the exterior of the Improvements, which shall include, without limitation, the following:

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(i) the maintenance, watering and replacement of all landscaping, including the maintenance of irrigation systems, equipment and time clocks, lawns, trees, shrubs, bushes, flowers and other flora, edging, retaining walls and fencing;

(ii) the maintenance, repair and replacement of exterior siding, masonry, soffits, fascia and similar exterior components of the primary residential structure on each Unit;

(iii) the maintenance and repair of the exterior surfaces of garage doors, windows and exterior doors, but specifically excluding glass surfaces and skylights;

(iv) the maintenance, repair and replacement of roofs, gutters and downspouts;

(v) the maintenance, repair and replacement of mailboxes;

(vi) the maintenance, repair and replacement of exterior lighting fixtures;

(vii) snow removal from driveways, front walkways and front porches; and

(viii) the maintenance, repair and replacement of driveways, walkways, patios and other exterior concrete flatwork and paved surfaces, but excluding garage floors.

(c) Excluded Maintenance. Unless otherwise assumed by the Association under Section 12.1(d), the obligations of the Association under Section 12.1(b) shall expressly exclude the following, which shall be the obligation of the individual Owners:

(i) the maintenance, watering and replacement of flowers planted by Owners as permitted under this Declaration;

(ii) the maintenance, repair and replacement of garage door openers and mechanical devices; and

(iii) the maintenance, repair and replacement of skylights and glass and glazing components of windows, doors and garage doors.

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

(e) Operation of Facilities. The Association shall maintain the facilities and equipment within the Common Elements in continuous operation, except for any periods necessary, as determined in the sole discretion of the Board, to perform required maintenance or

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repairs, or unless Members representing 80% of the total vote in the Association agree in writing to discontinue such operation.

(f) Election to Perform Owners' Duties. The Association may elect to maintain or repair any Unit or portion thereof, the maintenance or repair of which is the responsibility of an Owner pursuant to Section 12.2, if (i) such Owner has failed, for more than thirty (30) days after notice from the Association, to perform its responsibilities under this Declaration with respect to the maintenance or repair of its Unit, and (ii) such failure has a material effect on the appearance of such Unit when viewed from any area outside such Unit or has a material adverse effect on the use of another Unit or any Common Element for its permitted and intended use; provided, however, that if such failure is not susceptible of being cured within such 30-day period, the Association will not be entitled to perform any repairs or maintenance if such Owner commences performance of its obligations within such 30-day period and thereafter diligently completes such performance. Such Owner will pay all costs (including, without limitation, reasonable attorneys fees) incurred by the Association in exercising its rights under this Section 12.1(d), and such costs shall be levied against such Owner as a Specific Assessment. Such payment will be made upon receipt of a demand from the Association therefor. If an Owner fails to make such payment within 30 days of receipt of a demand therefor, the Association will be entitled to take whatever lawful action it deems necessary to collect such payment including, without limitation, foreclosing its lien or instituting an action at law or in equity.

12.2 Owners' Maintenance Responsibility. Each Owner shall maintain such Owner's Unit and the Improvements thereon in a clean, safe, attractive and orderly manner and shall perform all necessary repairs of such Unit and Improvements, unless such maintenance responsibility is otherwise assumed by the Association, the Master Association or a Subsidiary Association pursuant to, respectively, this Declaration, the Master Declaration or any Supplemental Declaration applicable to such Unit.

ARTICLE XIII
ARCHITECTURAL STANDARDS

13.1 Initial Improvements. All Initial Improvements must be approved by the Design Review Committee in accordance with the Master Declaration.

13.2 General.

(a) Compliance and Approval. Subject to Section 13.1, 13.1(b), 13.1(e) and Section 13.9, no Improvements shall be constructed, installed, modified or renovated on any Unit, except in compliance with the Design Guidelines, if any, and with the prior approval of the Architectural Review Committee pursuant to this Article XIII.

(b) Interior Modifications; Modifications in Accordance with Original Plans. Any Owner may remodel, paint or redecorate the interior of structures on a Unit without approval of the Architectural Review Committee pursuant to this Article XIII. However, modifications to the interior of screened porches, patios and similar portions of structures on a Unit visible from outside such structures shall be subject to such approval. No approval shall be

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required to repair the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications.

(c) Use of Licensed Architects. All dwellings constructed on any portion of the Property shall be designed by and built in accordance with the plans and specifications of a licensed architect or licensed building designer; provided, however, that the Architectural Review Committee may waive this requirement for one or more Units or Owners, in its sole and absolute discretion.

(d) Additions to Common Elements. In connection with granting any approval pursuant to this Article XIII, and subject to Board ratification, the Architectural Review Committee may require that any Developer dedicate to the Association as Common Elements, by fee or easement grant, any landscaping tracts or similar areas.

(e) Declarant and Common Elements Exempt; Declarant Approvals. Notwithstanding any provisions to the contrary contained in this Declaration, this Article XIII shall not apply to the activities of Declarant or any Developers authorized by Declarant, or to the construction, modification or removal of Improvements on the Common Elements by or on behalf of the Association. Furthermore, in the event that Declarant, before the formation of the Architectural Review Committee or at any time during the Declarant Control Period, renders any written approval of any specified Improvements at the request of and for the benefit of any Owner, the Architectural Review Committee shall be bound by that approval as if it had given such approval in the first instance pursuant to the terms of this Declaration.

(f) No Amendment without Declarant's Consent. This Article XIII may be amended during the Development Period only with Declarant's written consent.

13.3 Architectural Review Committee. Responsibility for promulgating and enforcing the Design Guidelines and review of all applications for Improvements subject to review under this Article XIII is vested in the Architectural Review Committee. The Architectural Review Committee shall consist of either three or five members, who shall be natural Persons. Until the earlier of (i) 10 years after the date of the initial recording of this Declaration, or (ii) one year after the Declarant (or any successor Declarant) ceases to own any Units, Declarant shall have the exclusive right, in its full discretion, to appoint and remove all members of the Architectural Review Committee. Declarant may surrender its right to appoint the members of the Architectural Review Committee by a Recorded instrument executed by Declarant. After such period or upon Declarant's earlier surrender of its right to appoint and remove the members of the Architectural Review Committee, the Board shall have the exclusive right, in its full discretion, to appoint and remove the members of the Architectural Review Committee. The members of the Architectural Review Committee need not be Owners or representatives of Owners, and may, without limitation, be architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board. The Architectural Review Committee may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred by the Architectural Review Committee in having any application reviewed by architects, engineers or other professionals, and may vary between Units and types of Units.

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13.4 Design Guidelines.

(a) Generally. The Architectural Review Committee may adopt Design Guidelines at its initial organizational meeting or at any time thereafter. The Design Guidelines may contain general provisions applicable to all of the Property, as well as specific provisions that vary according to land use and from one portion of the Property to another depending upon location, unique characteristics and intended use. The Design Guidelines, if any, shall provide guidance to Owners and Developers regarding matters of particular concern to the Architectural Review Committee in considering applications hereunder. The Design Guidelines, if any, are not the exclusive basis for decisions of the Architectural Review Committee and compliance with the Design Guidelines, if any, does not guarantee approval of any application.

(b) Amendment. The Architectural Review Committee shall have sole and full authority to amend the Design Guidelines. Any amendments to the Design Guidelines shall be prospective only and shall not apply to require modifications to plans or removal of structures previously approved by the Architectural Review Committee. There shall be no limitation on the scope of amendments to the Design Guidelines; the Architectural Review Committee is expressly authorized to amend the Design Guidelines to remove requirements previously imposed and otherwise make the Design Guidelines less restrictive.

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

(d) Other Recorded Documents. The Design Guidelines shall be automatically deemed to include any other design, construction, use or landscaping guidelines, requirements or restrictions contained in any other Recorded documents affecting all or substantially all of the Property, including, without limitation, the Plat.

13.5 Procedures.

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

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matters are subjective and may vary as Architectural Review Committee members change over time.

(b) Decisions. The Architectural Review Committee shall meet from time to time as necessary to perform its duties hereunder. The vote of the majority of all of the members of the Architectural Review Committee, or the written consent of a majority of all of such members, shall constitute an act of the Architectural Review Committee. In the event that the Architectural Review Committee fails to approve or disapprove any application within thirty (30) days after submission of all information and materials reasonably requested, the application shall be deemed rejected. However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be materially inconsistent with the Design Guidelines unless a variance has been granted in writing by the Architectural Review Committee pursuant to Section 13.9.

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

13.7 Limitation of Liability. Review and approval of any application pursuant to this Article XIII are made on the basis of aesthetic considerations only and the Architectural Review Committee shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, for ensuring compliance with building codes and other governmental requirements, for ensuring that the proposed improvements do not interfere or encroach upon property boundaries, easements or setbacks, for changes in drainage on either the Owner's Unit or any adjacent property, or for ensuring compliance of such improvements with any specific requirements of this Declaration (e.g., restrictions on altering established drainage). Neither Declarant, the Association, the Board, the Architectural Review Committee, nor any member of any of the foregoing shall be held liable for the approval or rejection of any submittal, nor any injury, damages or loss arising out of the manner or quality of approved construction or modifications to any Unit. In all matters, the Architectural Review Committee and its members shall be defended and indemnified by the Association as provided in the Articles.

13.8 Enforcement.

(a) Removal of Improvements. Any Improvement constructed, installed, modified or renovated on or to any Unit in violation of this Article XIII shall be deemed to be nonconforming. Upon written request from the Architectural Review Committee, the Owner of the Unit on which such Improvement is located shall, at such Owner's own cost and expense, remove such Improvement and restore the Unit to substantially the same condition as existed prior to the nonconforming work or, if applicable, cure such nonconformance by bringing the Improvement into compliance with the requirements of the Architectural Review Committee. Should an Owner fail to remove and restore or cure as required, then the Association, acting through the Board or the Architectural Control Committee in accordance with Section 10.5(a), shall have the right, to enter the Unit, remove the nonconforming Improvement, and restore the Unit to substantially the same condition as previously existed. All costs of any such entry,

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removal and restoration, together with interest at the maximum rate then allowed by law, may be assessed against the subject Unit and collected as a Specific Assessment.

(b) Completion of Work. Unless otherwise specified in writing by the Architectural Review Committee, any approval granted under this Article XIII shall be deemed conditioned upon completion of all elements of the approved work and all work previously approved with respect to the same Unit, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved work, the Association, acting through the Board or the Association in accordance with Section 10.5(a), shall be authorized to enter upon the Unit and remove or complete any incomplete work and to assess all costs incurred against the Unit and the Owner thereof as a Specific Assessment.

(c) Exclusion from Property. Any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of this Article XIII and the Design Guidelines, if any, may be excluded from the Property, subject to the notice and hearing procedures contained in the Bylaws. Neither Declarant, the Association, nor the officers, Directors or committee members of either, shall be held liable to any Person for exercising the rights granted by this Section 13.8(c).

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

13.9 Variances, Exemptions and Subsidiary Committees. The Architectural Review Committee, in its sole discretion, may: (a) permit variances from the substantive or procedural provisions of the Design Guidelines with respect to any application submitted pursuant to Section 13.5(a), (b) exempt any Unit from the requirements of the Design Guidelines; (c) delegate its authority under this Article XIII to any architectural review committee or similar body established by or pursuant to a Supplemental Declaration with respect to any Unit subject to such Supplemental Declaration; or (d) agree that the Design Guidelines are superseded by any similar guidelines adopted pursuant to a Supplemental Declaration with respect to the any Unit subject to such Supplemental Declaration.

ARTICLE XIV **INSURANCE, DAMAGE AND TAKINGS**

14.1 Association's Insurance. The Association's responsibilities with respect to insurance will be as follows and, except as expressly provided to the contrary in this Declaration, the cost of all insurance maintained by the Association hereunder will be included in Common Expenses:

(a) Property Insurance. The Association will maintain property insurance upon all Party Wall Residences, the Common Elements, if any, and any personal property of the Association, in such amounts, against such risks, and containing such provisions as the Board may reasonably determine from time to time, but at a minimum insuring against all risks of

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direct physical loss as the result of fire or other hazard for 100% of the full replacement cost of the Party Wall Residences, the Common Elements and such personal property (excluding land, excavations, foundations and other items normally excluded from property policies) less a deductible in an amount not to exceed \$10,000, at the time such insurance is purchased and at each renewal date; provided, however, that such property insurance shall not cover Betterments to the Party Wall Residences, any other Residences not considered a Party Wall Residence and shall not cover any personal property not owned by the Association. Such property insurance will be maintained in the name of the Association, for the use and benefit of all Owners and Mortgagees, who may be named as additional insureds, as their interests may appear. To the extent available on reasonable terms, such property insurance will further (i) contain no provisions pursuant to which the insurer may impose a so-called "co-insurance" penalty; (ii) permit a waiver of claims among, and provide for a waiver of subrogation by the insurer as to claims against, the Association, its directors, officers, employees and agents, each Owner and the members of such Owner's household, each Mortgagee, any other person for whom the Association or any Owner or Mortgagee may be responsible, and any Insured Permittee; (iii) be written as a primary policy, not contributing with and not supplemental to the coverage that any Owner may carry; (iv) provide that, notwithstanding any provision that gives the insurer an election to restore damage in lieu of making a cash settlement, such option will not be exercisable if the proper party(ies) elect not to restore the damage in accordance with the provisions of this Declaration or the Act; (v) provide that no act or omission by any Owner, unless acting within the scope of such Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; (vi) provide that it may not be cancelled, nor may coverage be reduced, without 10 days' prior notice to the Association and all additional insureds named therein; (vii) include so-called "inflation guard," "building ordinance or law," and if appropriate, "steam boiler and machinery" and, if appropriate, flood coverage endorsements; and (viii) if either FNMA or FHLMC are First Mortgagees, contain a standard mortgage clause or equivalent endorsement (without contribution) that is commonly accepted by private institutional mortgage investors in the Colorado Front Range area. In the event that, as a result of any improvements or alterations made to a Party Wall Residence by its Owner, the premium for the property insurance policy described above is increased to an amount in excess of what such premium would have been had such Owner not made such improvements or alterations, the Board may assess the amount of such increase in premium against such Owner's Party Wall Residence as a Specific Assessment pursuant to Section 11.6. In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after providing notice and an opportunity to be heard in accordance with the Bylaws, that the loss is the result of the negligence or willful misconduct of one or more Owners or their Permittees, then the Board may specifically assess the full amount of such deductible against such Owners and their Unit pursuant to Section 11.6.

(b) Liability Insurance. The Association will maintain commercial general liability insurance insuring against damage, injury or death caused by the negligence of the Association or any of its Members, officers, directors, employees agents or contractors while acting on its behalf, with all Owners and First Mortgagees named as additional insureds, in such amounts and with such coverage as may be determined from time to time by the Board; provided that, to the extent available on reasonable terms, such liability insurance will (i) have a combined single occurrence limit of not less than \$1,000,000; (ii) contain a "severability of interest" or

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"cross-liability" endorsement which will preclude the insurer from denying the claim of any named or additional insured due to the negligent acts, errors or omissions of any other named or additional insured; (iii) be written as a primary policy, not contributing with and not supplemental to any coverage that any Owner may carry; (iv) provide that no act or omission by any Owner, unless acting within the scope of such Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; (v) insure all of the named and additional insured parties against liability for negligence resulting in death, bodily injury or property damage arising out of or in connection with the operation, use, ownership or maintenance of the Common Elements and legal liability arising out of lawsuits related to employment contracts of the Association; and (vi) provide that it may not be cancelled, nor may coverage be reduced, without 30 days' prior written notice to the Association and all additional insureds named therein. The liability insurance required to be maintained under this Section 14.1(b) will not include coverage for any liability arising out of the operation, use, ownership or maintenance of any Unit.

(c) Worker's Compensation and Employer's Liability. The Association will maintain such worker's compensation and employer's liability insurance as may be determined from time to time by the Board, provided that such insurance will in no event be maintained in an amount or with coverages less than that required by applicable law.

(d) Automobile Insurance. If the Association operates owned, hired or non-owned vehicles, the Association will maintain comprehensive automobile liability insurance at a limit of liability of not less than \$1,000,000 for combined bodily injury and property damage.

(e) Directors' and Officers' Insurance. The Association may maintain directors' and officers' liability coverage in such amount as it determines from time to time.

(f) Fidelity Insurance. The Association will maintain fidelity insurance or bonds covering losses resulting from dishonest or fraudulent acts committed by the Association's directors, officers, managing agents, trustees, employees or volunteers, which may include one or more of the Owners, who handle or manage the funds collected and held for the benefit of the Association. Such policy or bond (i) must name the Association as the insured or obligee (as the case may be), (ii) include a provision requiring at least 30 days' written notice to the Association and any FNMA servicer, on behalf of FNMA, before any cancellation of, or material modification in, such policy, (iii) provide coverage in an amount equal to the estimated *maximum of funds subject to such handling or management, including reserves, but no less than three months' General Assessments against all Residences, based on the General Assessments most recently approved by the Board, plus the amounts held in the Reserve Fund;* and (iv) contain waivers by the issuer of any bond or by the insurer of all defenses based on exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. If the Association engages a managing agent that will handle funds of the Association, such managing agent must also maintain fidelity insurance satisfying the foregoing requirements and provide evidence of such coverage to the Board.

(g) Other Insurance. The Association may procure and maintain such other insurance as the Board may from time to time deem appropriate to protect the Association or the Owners.

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(h) Qualifications of Insurers. All policies of insurance required to be maintained by the Association will be placed with insurers that are generally accepted as reputable insurers and that are licensed in the State of Colorado.

14.2 Owners' Insurance. The Owners' responsibilities with respect to insurance will be as follows:

(a) Property Insurance. Each Owner shall maintain at its expense (or will cause its Permittee to maintain at its expense) property insurance upon any Residence that is not a Party Wall Residence, any Betterments to a Party Wall Residence and all personal property of Owner, in such amounts, against such risks, and containing such provisions as the Owner may reasonably determine from time to time. Any such property insurance will (i) permit a waiver of claims among, and provide for a waiver of subrogation by, the insurer as to claims against the Association, its directors, officers, employees and agents, each Owner and the members of such Owner's household, each Mortgagee, any other person for whom the Association or any Owner or Mortgagee may be responsible, and any Insured Permittee; (ii) be written as a primary policy, not contributing with and not supplemental to the coverage that the Association may carry, if any; and (iii) provide that, notwithstanding any provision that gives the insurer an election to restore damage in lieu of making a cash settlement, such option will not be exercisable if the proper party(ies) elect not to restore the damage in accordance with the provisions of this Declaration or the Act. All insurance carried under this Section 14.2(a) will provide that insurance proceeds payable on account of a loss of, or damage to, the Party Wall Residence shall be adjusted with the insurance carrier by the Association and shall be payable to the Association as insurance trustee for the Owner. Such insurance proceeds shall be applied to the repair or restoration of the Party Wall Residence, in accordance with Section 14.8(c).

(b) Liability Insurance. Each Owner will maintain at its expense bodily injury and property damage liability insurance for the benefit of such Owner and such additional insureds as it may elect to name, in such amounts and with such coverage as are from time to time be customarily maintained by prudent owners of similar property; provided that such liability insurance will (i) have a combined single occurrence limit of not less than \$300,000; (ii) be written as a primary policy, not contributing with and not supplemental to any coverage that the Association or another Owner may carry; and (iii) insure all of the named and additional insured parties against liability for negligence resulting in death, bodily injury or property damage arising out of or in connection with the operation, use, ownership or maintenance of such Owner's Unit.

(c) Other Insurance. Each Owner may obtain additional insurance, at its own expense, affording personal property, association assessment, loss of rents, personal liability and any other coverage obtainable, to the extent and in the amount such Owner deems necessary to protect its own interests; provided that any such insurance will contain waivers pursuant to Section 14.5 and will provide that it is without contribution as against the insurance maintained by the Association.

(d) Assignment of Proceeds. If a casualty loss is sustained and there is a reduction in the amount of proceeds that would otherwise be payable under any policy of insurance carried by the Association due to the existence of any insurance carried by an Owner or Permittee, such Owner or the Owner of such Permittee's Unit will be liable to the Association

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to the extent of such reduction and will pay the amount of such reduction to the Association upon demand; such Owner also hereby assigns the proceeds of its insurance, to the extent of such reduction, to the Association.

14.3 Certificates of Insurance; Notices of Unavailability. Each Owner of a Party Wall Residence will provide to the Association at the Association's request, certificate(s) of insurance evidencing the insurance required to be carried under Sections 14.2(a) and 14.2(b). The Association will, upon the request of any Owner, provide certificates of insurance evidencing the insurance required to be carried by the Association under Section 14.1. If the insurance described in Sections 14.1(a) and 14.1(b) is not reasonably available or if any policy of such insurance is cancelled or not renewed without a replacement policy therefor having been obtained, the Association promptly will cause notice of such fact to be given to all Owners.

14.4 Failure to Comply; Forced Policies; Liability of Association. In the event that any Owner fails to obtain the insurance, or fails to provide the Association with certificates of insurance evidencing the insurance, required to be carried under Section 14.2(a) and 14.2(b), the Association may, but shall not be obligated to, obtain such insurance on behalf and at the expense of such Owner. Any insurance so obtained by the Association shall not be a Common Expense, but shall be an expense of the Owner on whose behalf such insurance is obtained, and the Board may assess the amount of the premium therefor, plus an administrative fee, against such Owner's Party Wall Residence as a Specific Assessment pursuant to Section 11.6. The provisions of Section 14.3 and this Section 14.4 notwithstanding, the Association shall have no liability to any Owner, Permittee, Mortgagee or other third party, for any claim, loss, cost, expense or obligation arising out of or resulting from the Association's failure to perform, or negligent performance of, any of its obligations, or its failure to exercise any of its rights, under Section 14.3 or this Section 14.4.

14.5 Waiver of Claims. The Association will make no claim against any Owner or the members of such Owner's household, any Mortgagee, any other person for whom any Owner or Mortgagee may be responsible, or any Insured Permittee, and no Owner, Mortgagee or Insured Permittee will make any claim against the Association, its directors, officers, employees or agents, or any other Owner, Mortgagee or Insured Permittee or any of their respective employees, agents, officers or directors, for any loss or damage to any portion of the Property or any personal property located thereon, and all such claims are hereby waived, to the extent that such loss or damage would be covered by any property insurance policy upon the affected property that is required to be maintained by or for the benefit of the waiving Person under this Declaration (assuming such insurance policy is maintained on a 100% replacement cost basis), that is in fact maintained by such Person, or under which such Person is named as an additional insured. All property insurance policies carried by the Association or any Owner or Insured Permittee will contain a waiver of subrogation in accordance with the preceding sentence. For purposes of this Section 14.5, the deductible amount under any property insurance policy required to be, or in fact, maintained by a waiving Person will be deemed to be "covered" by such policy so that, in addition to waiving claims for amounts in excess of such deductible (up to the covered limits, or deemed covered limits, of such policy), such waiving Person waives all claims for amounts within such deductible. The foregoing notwithstanding, to the extent that any provisions contained in this Section 14.5 would result in an insured party's insurance coverage

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being reduced, impaired or voided, such provisions of this Section 14.5 shall be deemed inoperative and of no effect.

14.6 Proceeds. Except as provided in Section 14.2(a), 14.1(d) and 14.8(c), the Association will have no claim to and each Owner will be entitled to receive all proceeds of any insurance policy maintained by such Owner. The Board will be solely responsible for adjustment of any losses under insurance policies maintained by the Association and is hereby irrevocably appointed the agent of all Owners, Mortgagees and other Persons having an interest in the Property for purposes of adjusting all claims arising under insurance policies maintained by the Association and executing and delivering releases upon the payment of claims. The Association will be entitled to receive all proceeds of any insurance policy maintained by the Association, except that the Association shall hold in trust any proceeds under casualty insurance for Owners and their First Mortgagees, as their interests may appear, to the extent they are due such proceeds, and except that other insured parties under liability insurance policies will be entitled to proceeds arising out of their insured losses. The Board will disburse the proceeds of any property insurance relating to damage to any Residence or Common Element in accordance with Section 14.8.

14.7 No Abatement. Each Unit will continue to be subject to Assessments following any damage to any portion of the Project, without abatement or modification as a result of such damage.

14.8 Damage and Destruction.

(a) Common Elements Insured by Association.

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

(ii) Any damage to or destruction of the Common Elements shall be repaired or reconstructed unless, within 60 days after the loss, a decision not to repair or reconstruct is made by Members representing at least 67% of the votes in the Association (or, with respect to Limited Common Elements, 67% of the votes of the Members to whose Units such Limited Common Elements are allocated), and, if the damage or destruction occurs during the Development Period, the vote of Declarant. If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Association within such 60 day period, then such period shall be extended until such funds and information are available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction to the Common Elements shall be repaired or reconstructed.

(iii) If a decision not to repair or reconstruct the damage or destruction to the Common Elements is made pursuant to Section 14.8(a)(ii) and no alternative

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improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive landscaped condition.

(iv) Any insurance proceeds attributable to damage to Common Elements shall be applied to the costs of repair or reconstruction and then, if any insurance proceeds remain, distributed among the Owners in proportion to the Common Allocation for each of their Units, except that with regard to damage to Limited Common Elements, the proceeds shall be distributed among the Members to whose Units such Limited Common Elements are allocated in proportion to the Voting Units of such Units.

(v) If insurance proceeds are insufficient to cover the costs of repair or reconstruction of any Common Element, the Board of Directors may levy Assessments to cover the shortfall pursuant to Section 11.5.

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

(b) Other Property Insured by Association.

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

(ii) Any damage to or destruction of such Property shall be repaired or reconstructed unless, within 60 days after the loss, a decision not to repair or reconstruct is made by all Members who own, and all First Mortgagees who hold First Mortgages on, all or a portion of such Property, and, if the damage or destruction occurs during the Development Period, the vote of Declarant. If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Association within such 60 day period, then such period shall be extended until such funds and information are available. However, such extension shall not exceed 60 additional days.

(iii) If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board of Directors may levy Assessments to cover the shortfall pursuant to Section 11.5.

(c) Property Insured by Owners.

(i) In the case of Single Residence Damage, the Board shall assign all of its rights as insurance trustee and all insurance proceeds under the Association's insurance relating to such damage to the Owner.

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(ii) In all cases other than those involving only Single Residence Damage, immediately after damage or destruction to all or any part of the Property, including, without limitation, any Party Wall Residence covered by insurance written in the name of an Association (including any policy obtained under Section 14.4), the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this paragraph, means the repair or restoration of the damaged property to substantially the condition in which it existed prior to the damage, allowing for changes necessitated by changes in applicable building codes, and excluding Betterments.

(iii) Any damage to or destruction of a Party Wall Residence shall be repaired or reconstructed unless, within 60 days after the loss, a decision not to repair or reconstruct the Party Wall Residence is made by the Owners of the damaged or destroyed Party Wall Residence and any adjacent Party Wall Residence, and the Owners obtain the consent of their respective First Mortgagees and, if the damage or destruction occurs during the Development Period, the Declarant. If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Association within such 60 day period, then such period shall be extended until such funds and information are available. However, such extension shall not exceed 60 additional days.

(iv) If a decision not to repair or reconstruct the damage or destruction to the Party Wall Residences is made pursuant to Section 14.8(c)(ii), the affected Units shall be cleared of all debris and ruins, at the Owners' expense, and thereafter shall be maintained by the respective Owners in a neat and attractive landscaped condition.

(v) Any insurance proceeds attributable to damage to a Party Wall Residence shall be applied to the costs of repair or reconstruction and then, if any insurance proceeds remain, distributed to the Owner of the affected Unit.

(vi) If insurance proceeds are insufficient to cover the costs of repair or reconstruction (excluding Betterments), the Board of Directors may levy Special Assessments to cover the shortfall pursuant to Section 11.5.

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

14.9 Takings.

(a) Taking of Units. In the event of a Taking of all or any part of any Unit, the Owner thereof will be solely responsible for negotiating with the condemning authority concerning the award for such Taking and will be entitled to receive such award after the liens of all Mortgagees on the affected Unit or portion thereof have been satisfied or otherwise discharged. If only part of a Unit is acquired by a Taking, the Owner of such Unit will be responsible for the restoration of its Unit as necessary to return the Unit to a safe and lawful condition that does not adversely affect the use or enjoyment of the other Units or Common Elements or detract from the general character or appearance of the Property. Any such restoration must be completed in accordance with the provisions of Article XIII. If a Taking occurs by which the condemning authority acquires all or any part of one or more Unit(s) in such

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a manner that such Unit(s) is or are no longer subject to this Declaration, then the Association will consider and pass an amendment to this Declaration revising the allocations made among the various Units hereunder.

(b) Taking of Common Elements.

(i) The Board will be solely responsible for negotiating, and is hereby authorized to negotiate with the condemning authority on behalf of the Owners concerning, the amount of the award for any Taking by which a condemning authority acquires 100% of the interests in and to any Common Elements owned in fee simple by the Association without also acquiring 100% of the Units, and the acceptance of such award by the Board will be binding on all Owners. Any award made for such a Taking shall be payable to the Association as trustee for the Owners and shall be disbursed as set forth in Sections 14.9(b)(ii) and 14.9(b)(iii). Notwithstanding the foregoing, no Common Elements shall be conveyed in lieu of and under threat of condemnation except in accordance with Section 16.3 and, during the Development Period, with the consent of Declarant.

(ii) If a Taking involves a portion of the Common Elements on which Improvements have been constructed, the Association shall restore or replace such Improvements on the remaining land included in the Common Elements to the extent feasible and economically cost-efficient, unless within 60 days after such Taking Members representing at least 67% of the total votes of the Association (or, with respect to Limited Common Elements, 67% of the votes of the Members to whose Units such Limited Common Elements are allocated) and, if the Taking occurs during the Development Period, Declarant shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. If the award made for such Taking is insufficient to cover the costs of restoration or replacement, the Board of Directors may levy Special Assessments to cover the shortfall pursuant to Section 11.5.

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

ARTICLE XV
MORTGAGEE PROVISIONS

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

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

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15.2 Notice to Mortgagees. Upon receipt by the Association of the notice described in Section 2.23, any Eligible Holder who provides such notice will be entitled to prompt written notice of:

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

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

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

ARTICLE XVI **CONVEYANCING AND ENCUMBRANCING**

16.1 Units. A description of any Units in accordance with the requirements of Colorado law for the conveyance of real property will, if included in an otherwise proper instrument, be sufficient for all purposes to sell, convey, transfer, encumber or otherwise affect not only such Unit but also all Easements, rights and other benefits appurtenant thereto as provided in this Declaration. A Person who becomes an Owner will promptly notify the Association of his or her ownership of a Unit. An Owner may encumber his or her Unit as he or she sees fit, subject to the provisions of this Declaration.

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

16.3 Common Elements. The Common Elements or portions thereof may be conveyed or subjected to a security interest by the Association pursuant to the minimum requirements of Section 312(1) of the Act. Any net proceeds from the sale of any portion of the Common Elements may be distributed to the Owners as if such amounts were an award paid as a result of the Taking of such portion of the Common Elements.

ARTICLE XVII **GENERAL PROVISIONS**

17.1 Amendment.

(a) Amendment by Declarant or Developers. Declarant or any Developer authorized by Declarant may unilaterally amend this Declaration during the Development Period

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in the exercise of its respective Development Rights to the extent permitted by the Act, subject to the consent of the Master Association. Additionally, notwithstanding any contrary provision contained in this Declaration, Declarant may unilaterally amend this Declaration and/or the Plat to correct any clerical, typographical or technical errors, and may amend this Declaration to comply with the requirements, standards or guidelines of recognized secondary mortgage markets, the Department of Housing and Urban Development, the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association or the Federal National Mortgage Association without the consent of the Master Association.

(b) Amendment by Association. Except in the case of amendments which may be executed unilaterally by Declarant or a Developer authorized by Declarant as set forth in Section 17.1(a), amendments which may be executed by the Association without a vote of the Members as provided in the Act and amendments that are subject to the approval of Eligible Holders pursuant to the terms of this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing 50% of the total votes in the Association and, if such amendment occurs during the Development Period, with the consent of Declarant; provided, however, that any amendment which changes the uses to which any Unit is restricted shall require the affirmative vote or written consent or any combination thereof, of Members representing 67% of the total votes in the Association and, if such amendment occurs during the Development Period, with the consent of Declarant. Notwithstanding the above, the percentage of votes necessary to amend a specific clause of this Declaration shall not be less than the prescribed percentage of affirmative votes required for action to be taken under such clause. Amendments to this Declaration shall be prepared, executed, Recorded and certified by the President of the Association.

(c) Consent of Declarant or Developer. During the Development Period, no amendment may remove, revoke or modify any right or privilege of Declarant or Developer, if applicable without the written consent of Declarant, or such Developer, as applicable.

(d) Consent of Owner. Any amendment of this Declaration made in conformity with this Declaration and the Act shall be conclusively presumed to have received the consent of each Owner and such Owner's Mortgagee, if applicable, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

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

17.2 Duration and Termination.

(a) Perpetual Duration. Unless terminated as provided in Section 17.2(b), this Declaration shall have perpetual duration. If Colorado law hereafter limits the period during which covenants may run with the land, then to the extent consistent with such law, this

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Declaration shall automatically be extended at the expiration of such period for successive periods of 20 years each, unless terminated as provided herein.

(b) Termination. This Declaration may not be terminated within 30 years of the date of Recording without the consent of all the Owners and, during the Declarant Control Period, the consent of Declarant. Thereafter, it may be terminated only by an instrument signed by Owners who represent at least 67% of the votes in the Association or such lesser percentage permitted by the Act as it may be amended from time to time. Any termination instrument shall be Recorded and must comply with the termination procedures set forth in the Act. Nothing in this Section 17.2(b) shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

17.3 Litigation. Except as provided below, no judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of Owners entitled to cast 75% of the votes in the Association. This Section 17.3 shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of Assessments as provided in Article XI; (c) proceedings involving challenges to ad valorem taxation; and (d) counterclaims brought by the Association in proceedings instituted against it. This Section 17.3 may be amended only by a vote of Owners entitled to cast 75% of the votes in the Association.

17.4 Indemnity. No Owner will hold or attempt to hold the Association or its employees or agents liable for, and each Owner shall indemnify and hold harmless the Association, its employees and agents from and against, any and all demands, claims, liens (including, without limitation, mechanics' and materialmen's liens and claims), causes of action, fines, penalties, damages, liabilities, judgments, costs and expenses (including, without limitation, attorneys' fees and costs of litigation) incurred in connection with or arising from:

(a) the use or occupancy or manner of use or occupancy of the Common Elements (or any other property owned by the Association) by such Owner or such Owner's Permittees;

(b) any activity, work or thing done, permitted or suffered by such Owner in or about the Common Elements or any other property owned by the Association; or

(c) any acts, omissions or negligence of such Owner or such Owner's Permittees;

except to the extent that any injury or damage to persons or property on the Common Elements or any other property owned by the Association is proximately caused by or results proximately from the negligence or deliberate act of the Association or its agents or employees.

Nothing contained in this Section 17.4 will be construed to provide for any indemnification which would violate applicable laws, void any or all of the provisions of this Section 17.4, or negate, abridge, eliminate or otherwise reduce any other indemnification or right which the Association or the Owners have by law.

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17.5 Use of the Name "The Village at Alder Creek". No Person shall use the name "The Village at Alder Creek" or any derivative in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "The Village at Alder Creek" in printed or promotional matter where such term is used solely to specify that a particular property is located within the Community, and the Association shall be entitled to use the name "The Village at Alder Creek" in its name.

17.6 Owner Enforcement. Except as necessary to prevent a violation or attempted violation that results or would result in direct and immediate physical damage to an Owner's Unit or the Improvements thereon, no Owner may prosecute any proceeding at law or in equity to enforce the provisions of this Declaration. Except as provided above with respect to threatened immediate physical damage, the Association, acting through the Board, shall have the exclusive right, power and authority to enforce the provisions of this Declaration. In the event the preceding provisions of this Section 17.6 are adjudged to be unenforceable, an Owner may institute a proceeding to enforce a provision of this Declaration only if the Board does not, at its election, take action to enforce such provisions within 60 days after the Owner gives written notice to the Board specifying the violation or attempted violation of the provisions of this Declaration, the facts and circumstances surrounding the violation, and the name of the Person alleged to have violated or attempted to violate the provisions of this Declaration. Nothing in this Section 17.6 is intended or shall be construed to limit the Declarant's or a Developer authorized by Declarant's exercise or enjoyment of any rights reserved or granted to Declarant or a Developer authorized by Declarant pursuant to this Declaration or the Act.

17.7 Severability. In the event any provision of this Declaration is deemed illegal or invalid by judgment or court order, a legally valid provision similar to the invalidated provision shall be substituted therefor. Invalidation of any provision of this Declaration, in whole or in part, or of any application of a provision of this Declaration, by judgment or court order shall in no way affect other provisions or applications of this Declaration.

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

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

17.10 Notices. Except for notices concerning meetings of the Association or the Board, which will be given in the manner provided in the Bylaws, any notices required or permitted hereunder or under the Bylaws to be given to any Owner, the Association, the Board or any Eligible Holder will be sent by certified mail, first-class postage prepaid, return receipt requested, to the intended recipient at, in the case of notices to an Owner, the address of such Owner at its Unit; in the case of notices to the Association or the Board, the address of the Association's registered agent; or in the case of notices to an Eligible Holder, the address thereof most recently given to the Association by notice from such Eligible Holder. All notices will be deemed given and received three (3) business days after such mailing. Any Owner or Eligible Holder may change its address for purposes of notice by notice to the Association in accordance with this Section 17.10. The Association or the Board may change its address for purposes of notice by notice to all Owners in accordance with this Section 17.10. Any such change of address will be effective five (5) days after giving of the required notice.

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17.11 Colorado Common Interest Ownership Act. This Declaration shall be subject to all mandatory requirements of the Act, as amended. In the event of any conflict between any term or provision of this Declaration and any mandatory provision of the Act, the mandatory provisions of the Act shall control in all instances, and neither the Declarant nor the Association shall have any liability to any 17.10 contrary to the provisions of this Declaration. In the event of any conflict between any term of provision of this Declaration and any permissive or non-mandatory provision of the Act, the provisions of this Declaration shall control in all instances.

17.12 FHA/VA Approval.

(a) During Declarant Control. If and to the extent required by the Fair Housing Administration (the "FHA") and the United States Department of Veterans Affairs ("VA"), during the Declarant Control Period, the following actions will require the approval of the FHA and VA: (i) amendment of this Declaration; or (ii) termination of the Community as a planned community under the Act.

(b) Amendment Cooperation. If the FHA or VA, as a condition to approving any development project on the Property for loans insured or guaranteed by them, require the Owner proposing such development project to obtain an amendment to this Declaration for the purpose of making this Declaration comply with the statutory or regulatory requirements enforced by the FHA or VA, then Declarant and the other Owners agree to cooperate reasonably with such Owner in making such amendment; provided, however, that the proposed amendment must be consistent with the Act and the Owner requesting such amendment shall pay all costs and expenses (including, without limitation, attorneys fees) reasonably incurred by Declarant and the other Owners so cooperating.

17.13 Declarant Liability. Except as otherwise provided in the Act, no Person holding the status of, or exercising any rights or performing any obligations of, Declarant under this Declaration shall be liable to any Owner or Mortgagee for any acts or omissions of another Person holding such status, or exercising any rights or performing any obligations associated with the status of Declarant.

17.14 No Merger. Notwithstanding that the Declarant currently holds title to all the Property, and notwithstanding that a subsequent Owner may own or hold title to more than one Unit, any such commonality of interests shall not result in or cause any merger and extinguishment, in whole or in part, of any provisions of this Declaration, it being intended by Declarant, for its benefit and the benefit of its successors in interest, that the terms of this Declaration not be merged by virtue of those common ownership interests to any extent, but instead that such terms be and remain in full force and effect upon and following the making and Recording of this Declaration.

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IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration effective as of the date first set forth above.

DECLARANT:

WILDFLOWER RIDGE, L.L.C., a Colorado limited liability company

By: William J. Uzzell
Name: William J. Uzzell
Its: Operating Officer

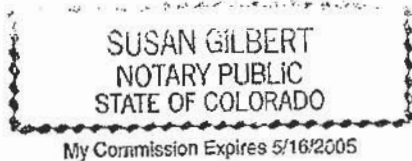
STATE OF COLORADO)
COUNTY OF Rio Grande) ss.

The foregoing instrument was acknowledged before me this 2nd day of August, 2004, by William J. Uzzell as Operating Officer of Wildflower Ridge, L.L.C., a Colorado limited liability company.

Witness my hand and official seal.

My Commission expires: 5/16/05

Susan Gilbert
Notary Public



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EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

{See Attached}

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Order Number: 200311153

LEGAL DESCRIPTION

CONDOMINIUM TRACT

Township 40 North, Range 3 East, N.M.P.M., RIO GRANDE COUNTY, COLORADO:

SECTION 34:

That fraction of the above section described by metes and bounds as follows: Beginning at a point on the South Right-of-Way line of the new position of the North River Road, County Road No. 15, from which the North Quarter-Corner of Section 34 bears North 70°41'25" West, a distance of 540.42 feet; thence South 27°43'47" East, along the West line of South Fork Ranches, La Lomita Phase I, a distance of 627.51 feet; thence South 32°36'37" West, a distance of 624.22 feet; thence following the arc of a curve to the left (Curve Data: Central Angle = 28°38'25"; Radius = 174.00 feet; Chord Bearing = South 18°17'01" West; Chord Length = 86.07 feet) a distance of 86.92 feet; thence along a non-tangent line South 60°00'00" West, a distance of 60.01 feet; thence along a non-tangent curve to the left (Curve Data: Central Angle = 21°57'10"; Radius = 100.00 feet; Chord Bearing = North 62°21'46" West; Chord Length = 38.08 feet), a distance of 38.31 feet; thence North 73°20'27" West, a distance of 858.12 feet; thence North 41°56'58" West, a distance of 757.93 feet to a point on the new South Right-of-Way line of County Road 15; thence following said Right-of-Way for the following 8 courses: North 60°00'00" East, a distance of 31.32 feet; thence following an arc of a curve to the right (Curve Data: Central Angle = 3°04'00"; Radius = 3460.00 feet; Chord Bearing = North 61°30'00" East; Chord Length = 181.14 feet), a distance of 181.17 feet; thence North 63°00'00" East, a distance of 257.95 feet; thence following the arc of a curve to the right (Curve Data: Central Angle = 37°00'00"; Radius = 460.00 feet; Chord Bearing = North 81°30'00" East; Chord Length = 291.92 feet), a distance of 297.06 feet; thence South 80°00'00" East, a distance of 133.07 feet; thence along the arc of a curve to the left (Curve Data: Central Angle = 10°00'00"; Radius = 1040.00 feet; Chord Bearing = South 85°00'00" East; Chord Length = 181.28 feet), a distance of 181.51 feet; thence North 90°00'00" East, a distance of 129.94 feet; thence along the arc of a curve to the left (Curve Data: Central Angle = 46°03'19"; Radius = 540 feet; Chord Bearing = North 66°57'21" East; Chord Length = 422.76 feet), a distance of 434.37 feet to the True Point of Beginning.

RESERVING TO South Fork Ranches, Inc., Land Properties, Inc., South Fork Water and Sanitation District and the development known as South Fork Ranches.

A permanent and perpetual easement for the purpose of utility placement, use and maintenance together with their appurtenances, over and across the above described parcel, said easement is described as follows:

Township 40 North, Range 3 East, N.M.P.M., RIO GRANDE COUNTY, COLORADO:

SECTION 34:

Continued on next page.

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Legal Description Continued

Beginning at a point on the South Right-of-Way line of the new position of the North River Road, County Road No. 15, from which the North Quarter Corner of Section 34 bears North 7°41'25" West, a distance of 548.42 feet; thence South 22°43'47" East along the West line of South fork Ranches, La Lomita Phase I, a distance of 627.51 feet; thence South 32°36'57" West, a distance of 624.32 feet; thence following the arc of a curve to the left (Curve Data: Central Angle = 28°38'25"; Radius = 174.09 feet; Chord Bearing = South 18°17'01" West; Chord Length = 86.07 feet), a distance of 86.98 feet; thence along a non-tangent line South 60°00'00" West, a distance of 68.01 feet; thence along a non-tangent curve to the left (Curve Data: Central Angle = 21°57'18"; Radius = 100.80 feet; Chord Bearing = North 62°21'46" West; Chord Length = 38.08 feet) a distance of 38.31 feet; thence North 73°20'27" West, a distance of 858.12 feet; thence North 16°39'33" East, a distance of 23.08 feet; thence South 73°20'27" East, a distance of 804.85 feet; thence North 31°38'19" West, a distance of 369.35 feet; thence North 13°36'53" West, a distance of 399.25 feet; thence North 51°43'17" West, a distance of 400.78 feet; thence North 01°36'18" East, a distance of 85.17 feet to a point on the South Right-of-Way line of the new location of the North River Road (County Road 15); thence following an arc of a curve to the right of said Right-of-Way (Curve Data: Central Angle = 82°30'39"; Radius = 460.00 feet; Chord Bearing = South 81°15'19" East; Chord Length = 20.16 feet) a distance of 20.16 feet; thence South 01°36'18" West, a distance of 72.62 feet; thence South 51°43'17" East, a distance of 397.64 feet; thence South 13°36'53" East, a distance of 402.98 feet; thence South 31°38'19" East, a distance of 392.32 feet; thence North 88°41'16" East, a distance of 75.54 feet; thence Northeasterly along a non-tangent curve to the right (Curve Data: Central Angle = 24°15'44"; Radius = 199.80 feet; Chord Bearing = North 20°28'24" East; Chord Length = 83.64 feet) a distance of 84.27 feet; thence North 32°36'57" East, a distance of 611.12 feet; thence North 22°43'47" West, a distance of 684.34 feet to said South Right-of-Way line of County Road 15; thence following the arc of a non-tangent curve to the left of said Right-of-Way (Curve Data: Central Angle = 82°51'35"; Radius = 540 feet; Chord Bearing = North 45°26'29" East; Chord Length = 26.95 feet) a distance of 26.95 feet to the True Point of Beginning.

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EXHIBIT B

EASEMENTS, LICENSES AND OTHER MATTERS AFFECTING THE PROPERTY

SCHEDULE B

Section 2

Order Number: 200311153

EXCEPTIONS

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

1. Rights or claims of parties in possession, not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the premises would disclose and which are not shown by the public records.
4. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
5. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof, but prior to the date the proposed insured acquires of record for value the estate or interest or mortgage thereon covered by this commitment.
6. Unpatented mining claims; reservations or exceptions in patents, or in acts authorizing the issuance thereof; water rights claims or title to water, whether or not the matters excepted are shown by the public records.
7. Taxes and assessments, now a lien not yet due and payable.
8. Easement for road right-of-way granted to the United States of America, as set forth in Right-of-Way Deed recorded July 30, 1930, in Book 190 Page 2, in the office of the Clerk and Recorder, Rio Grande County, Colorado, (SW1/4 SW1/4 of Sec. 22; W1/2 NW1/4, NW1/4 SW1/4, and SE1/4 SW1/4 of Sec. 27; NE1/4 NW1/4 of Sec. 34, T40N, R3E).
9. Easement granted to the United States of America for telephone and telegraph purposes, as set forth in Right-of-Way Deed recorded May 4, 1933, in Book 190 Page 120, in the office of the Clerk and Recorder, Rio Grande County, Colorado. NOTE: If use is discontinued then rights revert to land owner. (SW1/4 SW1/4 of Sec. 22; SE1/4 SW1/4, NW1/4 SW1/4, and W1/2 NW1/4 of Sec. 27; NE1/4 NW1/4 of Sec. 34, T40N, R3E)
10. Easement granted to San Luis Valley Rural Electric Cooperative, Inc. for the purpose of electric transmission or distribution line or system, as set forth in instrument recorded February 15, 1938, in Book 198 Page 81 and Book 198 Page 82, all in the office of the Clerk and Recorder, Rio Grande County, Colorado. (N1/2 of Sec. 34 lying North of Rio Grande River; NW1/4 NW1/4 of Sec. 35 lying North of Rio Grande River; and NE1/4 NE1/4 and N1/2 SE1/4 NE1/4 of Sec. 33, T40N, R3E)

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11. Reservation of all oil, gas and other minerals owned by prantor in excess of an undivided one-half (1/2) interest, as reserved by Stanley C. Walker and Audria L. Walker in deed recorded February 4, 1964, in Book 292 Page 507, in the office of the Clerk and Recorder, Rio Grande County, Colorado. (SE1/4 SE1/4 of Sec. 21; SW1/4 SW1/4 of Sec. 22; W1/2 NW1/4, NW1/4 SW1/4, and S1/2 SW1/4 of Sec. 27; E1/2 NE1/4, N1/2 SE1/4, and SE1/4 SE1/4 of Sec. 28; NE1/4 NE1/4 of Sec. 33; N1/2 NW1/4, NW1/4 NE1/4, and those portions of the E1/2 NE1/4 and S1/2 NW1/4 and SW1/4 NE1/4 lying North of Rio Grande River in Sec. 34; That portion of W1/2 NW1/4 lying North of the Rio Grande River in Sec. 35, T40N, R3E)
12. Master Declaration of Covenants, Conditions and Restrictions for South Fork Ranches, as set forth in instrument recorded November 28, 2000 as Reception No. 366491, in the office of Clerk and Recorder, Rio Grande County, Colorado.
13. Terms, Conditions and obligations, as set forth in Court's Order of Inclusion, District Court Case No. 7910, County of Rio Grande, State of Colorado, said instrument recorded on March 14, 2000 as Reception No. 363244, in the office of the Clerk and Recorder, Rio Grande County, Colorado.
14. Any tax, assessment, fee or charge by reason of the inclusion of subject property in the San Luis Valley Water Conservancy District and the Del Norte Fire Protection District.

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EXHIBIT C

COMMON ELEMENTS

A. General Common Elements:

General Common Elements to be Owned in Fee Simple by the Association:

See attached map.

General Common Elements Easements for the Benefit of the Association and Related Improvements:

All easements created herein for the benefit of the Association, and any Association and Improvements thereon.

General Common Elements Improvements to be Maintained by the Association (located on property that may not be owned by the Association):

None.

B. Limited Common Elements:

Limited Common Elements to be Owned in Fee Simple by the Association:

As described in the Declaration.

Limited Common Elements Easements for the Benefit of the Association and Related Improvements:

None.

Limited Common Elements Improvements to be Owned by the Association (located on property not to be owned by the Association):

None.

C. Allocation of Limited Common Elements:

As described in the Declaration.