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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
THE COURTYARDS AT QUAIL LAKE,
a Condominium Project

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE COURTYARDS AT QUAIL LAKE, made and entered as of the date shown below, by Courtyards at Quail Lake, L.L.C., a Delaware limited liability company, for itself, its successors and assigns, hereinafter called "Declarant", in order to create a condominium common interest community pursuant to the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101, et seq. and in accordance with the Colorado Condominium Ownership Act, C.R.S. § 38-33-101, et seq.

WITNESSETH:

WHEREAS, the Declarant is the Owner of the real property described on Exhibit "A" attached hereto (hereinafter called the "Property"), and

WHEREAS, the Declarant desires to create a common interest community in and on the Property subject to and in accordance with the Colorado Common Interest Ownership Act, C.R.S. 38-33.3-01, et seq. as amended from time to time (the "Act") and in accordance with the Colorado Condominium Ownership Act, C.R.S. § 38-33-101, et seq. (the "Condo Act"). The name of the Common Interest Community created by this Declaration is "The Courtyards at Quail Lake, a Condominium Project." The Courtyards at Quail Lake, a Condominium Project, is a condominium as defined in the Act, C.R.S. § 38-33.3-103(9) and as defined in the Condo Act;

WHEREAS, Declarant hereby declares that all of the Property is to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, restrictions, easements, conditions and covenants, all of which are declared and agreed to be in furtherance of a plan for the protection, subdivision, maintenance, improvement and sale of the Property for the purpose of enhancing the value, use, desirability and attractiveness of the Property. All provisions of this Declaration, including without limitation, the easements, uses, obligations, covenants, conditions and restrictions hereof, are hereby imposed as equitable servitudes upon the Property. All of the limitations, restrictions, easements, conditions and covenants herein shall run with the land and shall be binding on and for the benefit of all the Property and all parties having or acquiring any right, title or interest in the Property, or any part thereof, and their successive owners and assigns.

WHEREAS, Declarant, its successors, assigns and grantees, covenant and agree that the undivided interest in the Common Areas, the membership in the Association, any easements conveyed therewith and the fee title to each respective Unit conveyed therewith, as those terms are defined in this Declaration, shall not be separated or separately conveyed, and that each such undivided interest, membership and easement shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit. Any conveyance by an Owner of a Condominium, or any property thereof, shall be presumed to convey the entire Condominium, together with a membership in the Association.

WHEREAS, each Owner shall own an undivided interest in the Common Areas as a tenant in common with all other Owners of the Project, and except as otherwise limited in this Declaration, shall have the right to use the Common Areas for all purposes incident to the use and occupancy of his Unit as a place of residence, and such other incidental uses permitted by this Declaration, without hindering or encroaching upon the lawful rights of the other Owners, which rights shall be

appurtenant to and run with the Unit. The extent and amount of such ownership shall be expressed by a percentage or fraction relating to each Unit. Percentage ownership in the Common Areas relating to each Unit is as set forth in Section 1.9. None of the Common Areas, recreational facilities, parking spaces or other amenities contemplated as a part of the Project shall be leased to the Owners or to the Association; nor shall the same be subject to any other restriction in favor of Declarant or any affiliate of Declarant except as provided in Articles VII and XI hereof.

NOW, THEREFORE, Declarant hereby declares that all of the Property, as hereinafter described, with all appurtenances, facilities and improvements thereon, shall be held, sold, used, improved, occupied, owned, resided upon, hypothecated, encumbered, liened, and conveyed subject to the following easements, reservations, uses, limitations, obligations, restrictions, covenants, provisions and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property and all of which shall run with the land and be binding on and inure to the benefit of all parties having any right, title or interest in the Property or any part thereof, their heirs, successors, and assigns. The Declarant further declares that the Project shall be created pursuant to the Act.

ARTICLE I

DEFINITIONS

The terms used herein shall have the meanings stated in the Act, except as otherwise provided herein:

Section 1.1 Act. "Act" shall mean the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101, et seq., as amended.

Section 1.2 Architectural Control Committee. "Architectural Control Committee" or "Committee" shall mean the committee of three or more persons appointed by the Declarant or Association to review and approve the plans for all improvements constructed on the Property.

Section 1.3 Assessment Annual. "Annual Assessment" shall mean a charge against each Owner and his Condominium, representing a portion of the common expenses which are to be paid by each Owner to the Association in the manner and proportions as provided herein. The Annual Assessment shall be levied against each Owner and his Condominium in the same proportion as the fractional ownership interest of such Owner in the Common Areas as set forth in Section 1.9.

Section 1.4 Assessment Special. "Special Assessment" shall mean a charge against a particular Owner and his Condominium, directly attributable to, or reimbursable by, the Owner, equal to the cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration plus interest, a reasonable fine or penalty, and other charges thereon as provided for in this Declaration. Special Assessments shall also include charges levied by the Association against an Owner and his Condominium for excessive use of the water, electricity, or gas which are commonly metered or which serve the Common Areas, and maintenance, repair and replacement of heating and cooling equipment as provided herein. Special Assessment shall further include sums assessed against all Owners pursuant to Section 4.5.

Section 1.5 Association. "Association" shall mean and refer to The Courtyards at Quail Lake Homeowners Association, Inc., a Colorado non-profit corporation, which has been organized under the laws of the State of Colorado prior to the conveyance of the first Unit in the Project, its successors and assigns.

Section 1.6 Board. "Board" means the Board of Directors of the Association and shall also be the "executive board" as defined under the Act. Except as specified herein, or in the Association's Articles of Incorporation or Bylaws or C.R.S. 38-33.3-303(3), the Board may act on behalf of the Association without any vote or consent of the members.

Section 1.7 Budget. "Budget" shall mean a written, itemized estimate of the expenses to be incurred by the Association in performing its functions under this Declaration and prepared pursuant to Section 4.6 of this Declaration.

Section 1.8 Common Areas; Limited Common Areas. "Common Areas" or "Common Elements" (which terms shall be synonymous) shall mean all areas on or in the Project, except the Units. Common Areas shall include, without limitation, for maintenance purposes of the Association, but not necessarily by way of fee title, all gas, electric, telephone, cable, water and waste pipes, all sewers, all ducts, chutes, conduits, wires and other utility installations of the structures wherever located (except the outlets thereof when located within the Units or which exclusively serve one Unit), the land upon which the buildings and structures are located and the airspace above the structures, all girders, beams, columns, supports, garage slabs, fire escapes, fire sprinkler systems, halls, corridors, lobbies, entrances, exits, stairs, bearing and other structural walls, unfinished floors, the roofs, foundation slabs, utility walls, foundations, private street parking, or building lights, exterior Unit lights, fire walls, streets or driveways, sidewalks, walkways, private storm drains, storm drain laterals and catch basins, other common facilities or equipment, common stairways or hallways, parking areas and landscaping on those areas which are not defined as a part of the Units. Notwithstanding the above, each Owner shall be permitted to locate one air conditioning condenser unit ("A/C") within the applicable portion of the Common Area specified for such use behind each Unit as indicated on the Condominium Map. The A/C shall in all events remain the sole property of the Unit Owner and the Unit Owner shall have sole responsibility for the maintenance, repair, replacement and removal thereof. There are no Common Elements which may be conveyed to any person or entity other than the Owners. "Limited Common Areas" or "Limited Common Elements" (which terms shall be synonymous) shall mean those portions of the Common Areas over which exclusive easements are reserved for the benefit of certain Owners. The Limited Common Areas in the Project shall be as shown and described on the Condominium Map. Any shutters, awnings, window boxes, garage doors, garage spaces, door steps, stoops, porches, balconies and patios and private courtyards serving a single Unit shall be Limited Common Elements appurtenant to such Unit.

Section 1.9 Condominium/Condominium Unit. "Condominium", "Condominium Unit" shall mean an undivided fee simple ownership interest in the Common Areas, any Limited Common Areas allocated to an Owner's Unit, and together with a separate ownership interest in fee in the air space comprising a Unit and all easements appurtenant thereto. The fractional or percentage ownership interest in the Common Areas attributable to each Condominium Unit in the Project to be owned by each respective Owner as a tenant in common with the other Owners of Condominiums located in the Project shall be one (1) divided by the total number of Condominium Units in the Project. For example, if the Project contains a total of seven (7) Condominium Units, the allocated share of each Condominium Unit is one-seventh (1/7).

Section 1.10 Condominium Building. "Condominium Building" and "Building" shall mean any building or structure located on the Property which houses or contains Condominium Units, as such Condominium Buildings are shown on the Condominium Map.

Section 1.11 Condominium Map. "Condominium Map" shall mean the engineering drawings and related information, as amended, supplemented and created from time to time, showing the diagrammatic floor plans of the Units, the boundaries of the Units, the Common Areas and, where applicable, dimensions, and such other information reasonably necessary to identify a Condominium. The Condominium Map shall meet the requirements of the Act and the Condo Act and may be combined with the plat (as that term is defined in the Act). The Condominium Map for the Courtyards at Quail Lake Condominiums, Phase I, shall be as recorded in the real property records of El Paso County, Colorado, as provided in Exhibit "E" and attached hereto and incorporated herein by this reference.

Section 1.12 Declarant. "Declarant" shall mean and refer to The Courtyards at Quail Lake, LLC, a Colorado limited liability company, its agents, employees, contractors, successors and assigns to whom it expressly transfers all or any part of its rights as Declarant hereunder, in compliance with C.R.S. 38-33.3-304. The Declarant hereby reserves any and all "special declarant rights" and "development rights" as created or set forth in the Act and any other rights as set forth herein. Any such rights shall apply to the Property and Expansion Property and shall terminate upon the earlier of ten (10) years from the date of recording hereof or as otherwise provided herein.

Section 1.13 Declaration. "Declaration" means this Declaration as contained herein and as it may be amended or supplemented from time to time as herein provided, which shall be indexed in the grantee's index in the name of the Project and the Association and in the grantor's index in the name of the Declarant executing the Declaration. A copy of the Declaration shall be delivered to the assessor of the county in which the Property is located after recording.

Section 1.14 Expansion Property. "Expansion Property" shall mean and refer to any part of that certain real property described on Exhibit "B" hereto, which may be annexed to the Project (defined in Section 1.25) pursuant to Article X hereof, together with all appurtenances thereto and all improvements now or hereafter thereon.

Section 1.15 First Mortgage. "First Mortgage" shall mean a Mortgage upon a Condominium having priority of record over all other recorded liens thereon, except those governmental liens made superior by statute (such as general ad valorem tax liens and special assessments). "First Mortgagee" means a mortgagee whose encumbrance is a First Mortgage. Nothing contained in this Declaration shall prohibit a mortgagee under a single mortgage from being a "First Mortgagee" upon more than one Condominium and from maintaining and exercising all First Mortgagee voting rights, approvals and/or consents with respect to each applicable Condominium for which it is First Mortgagee.

Section 1.16 Improvements. "Improvements" shall mean and refer to all structures, grading which affects the exterior vegetation or exterior appearance of the Property, and any appurtenances thereto or components thereof of every type or kind, including, but not limited to, buildings, outbuildings, patio covers, awnings, painting or other finish material of any exterior surfaces of any visible structure, additions, walkways, bicycle and/or pedestrian trails, sprinkler, fire and landscaping pipes, carports, roads, private streets, driveways, parking areas, concrete, paving, fences, screening walls, retaining walls, plantings, planted trees and shrubs, poles, signs, mailboxes, exterior tanks, on-site or off-site utility services, and any alterations changes or modifications to the foregoing.

Section 1.24 Plat. "Plat" shall mean the Condominium Map, as amended, supplemented and created from time to time as provided herein.

Section 1.25 Project. "Project" means all of the Property, together with improvements and rights, and improvements located on the Property and all rights, easements and appurtenances belonging thereto, and shall include any portion of the Expansion Property which is subsequently annexed or added to the Project pursuant to Article X of this Declaration. The term "Project" shall have the same meaning as the terms "common interest community" and "condominium" under the Act.

Section 1.26 Property. "Property" shall mean and refer to that certain real property described on Exhibit "A" hereto, together with all appurtenances thereto and all improvements now or hereafter thereon and shall include any real property which is hereafter annexed to the Project pursuant to Article X of this Declaration.

Section 1.27 Supplemental Plat; Supplemental Condominium Map. "Supplemental Plat" and "Supplemental Condominium Map" shall mean a plat and map satisfying the requirements of C.R.S. § 38-33.3-209, which is recorded pursuant to Article XI hereof to add the Expansion Property or which changes the boundaries of any Condominium or Condominiums or which is recorded in connection with any amendment of this Declaration.

Section 1.28 Unit. "Unit" shall mean the elements of a Condominium as set forth in the applicable Condominium Map not owned in common with the Owners of other Condominiums in the Project. Each of the Units in a Condominium Building shall be a separate freehold estate consisting of a space bounded by and including the interior unfinished surfaces of the perimeter floor, ceiling, walls, windows, and doors as separately shown, numbered and designated on the Condominium Map. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint and finished flooring and any other materials constituting the finished surfaces of the Unit are a part of the Unit. If any chute, flue, duct, wire, conduit, wall, column or other fixture lies partly within a Unit and partly outside the Unit, any portion serving such Unit only shall be a part of the Unit and any portion serving the Common Area or more than one Unit shall be a part of the Common Areas. All crawl space within a Unit will be Limited Common Area. Each Owner hereby acknowledges and agrees to limit its use of the Unit crawl space to the storage of legally permitted items which are nonflammable, nonhazardous or nontoxic. In addition, such storage shall in no event block the flow of air currents through the crawl space which are required for ventilation purposes. The garage within each Unit is hereby acknowledged to be a Limited Common Area. Each Owner further acknowledges that any storage within the garage will be limited to the storage of legally permitted items which are nonflammable, nonhazardous and nontoxic. Each Owner hereby acknowledges that all attic space within the Units are general Common Areas and no storage is permitted within the attic space of any Unit. In interpreting deeds, declarations and plans, the existing physical boundaries of the Unit or a Unit constructed or reconstructed in substantial accordance with the Condominium Map and the original plans thereof, if such plans are available, shall be conclusively presumed to be its boundaries, rather than the description expressed in the Deed, Condominium Map or Declaration, regardless of settling or lateral movement of the Condominium Building housing the Unit and regardless of minor variances between the boundaries, as shown on the Condominium Map or defined in the deed and Declaration, and the boundaries of a Condominium Building as constructed or reconstructed.

ARTICLE II

PROPERTY RIGHTS IN THE COMMON AREA

Section 2.1 Title to the Common Area; Taxation of Common Areas. An equal prorata, undivided interest in any Common Area owned by the Declarant that is depicted on the Condominium Map and Plat shall be transferred with the Unit to each Owner as tenant in common with all other Owners, but shall be managed by the Association subject to the provisions of this Declaration and the Association's Articles of Incorporation, Bylaws and rules and regulations. Taxes for the Common Area shall be assessed to each Condominium on an equal prorata basis.

Section 2.2 Non-Division of Common Area. The Common Area shall remain undivided and shall not be subject to partition. Any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an undivided interest in the Common Elements made without the Unit to which that interest is allocated is void. By the acceptance of his deed or other instrument of conveyance or assignment, each Owner specifically waives his right to institute and/or maintain a partition action or any other action designed to cause a division of the Common Area. Each Owner specifically agrees not to institute any action therefor. Further, each Owner agrees that this Section may be pleaded as a bar to the maintenance of such an action. A violation of this provision shall entitle the Association to personally collect, jointly and severally, from the parties violating the same, the actual attorney fees, costs and other damages the Association incurs in connection therewith. It is agreed by all Owners that the foregoing restrictions are necessary to preserve the rights of all Owners regarding the operation and management of the Common Area. Nothing contained herein shall be construed as a limitation of the right of legal partition of a Condominium between the Owners thereof, but such legal partition shall not affect any other Condominium nor shall any such partition sever any part thereof from such Condominium as a whole.

Section 2.3 Owners' Common Area Easement of Enjoyment. Subject to the limitations and restrictions of this Declaration, every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Area, including without limitation the right of ingress and egress to and from the Owner's Condominium and such easement shall be appurtenant to and shall pass with the title to every Condominium without the necessity of additional reference.

Section 2.4 Extent of Owners' Common Area Easement. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association to enforce the restrictions contained in Article VII of this Declaration and to promulgate and publish rules and regulations which every Owner, his invitees, guests, tenants, contractors and Occupants shall strictly comply with, including, but not limited to, the right of the Association to establish reasonable charges for the use of all or a portion of the Common Area if deemed necessary;

(b) The right of the Association, as provided in its Articles or Bylaws, to suspend an Owner's voting rights and the right to use the Common Area for any period during which such Owner is in default under this Declaration, including without limitation the non-payment of any assessment levied by the Association, and to make such suspensions for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) The right of the Association to consent to or otherwise cause the construction of additional Improvements on the Common Areas and to consent to or otherwise cause the alteration or removal of any existing Improvements on the Com-

mon Areas for the benefit of the Members of the Association. Further, the additional right of the Association to close or limit the use of the Common Area while maintaining, repairing and making replacements in the Common Area. The Association shall have the right to grant easements under, over, across, through and upon the Common Area as long as the easements granted do not interfere with the use of a Unit.

(d) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes, subject to the provisions of Article XI hereof and C.R.S. 38-33.3-312, and subject to such conditions as may be imposed by the public entity;

(e) The rights of the Association as set forth in the Association's Articles of Incorporation and Bylaws, including, without limitation, to borrow money for the purpose of improving the Common Area and, subject to the provisions of Article XI and C.R.S. 38-33.3-312, to mortgage said property as security for any such loan;

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

(g) The right of the Declarant (until termination of the Period of Declarant Control) or the Association's Board (after termination of the Period of Declarant Control) to assign or allocate any part of the Common Area to be a Limited Common Area, for the exclusive use of a particular Owner; and

(h) No Owner or Occupant shall be allowed to use the Common Area to conduct the business of the Owner or Occupant, without the prior written permission of the Association.

Section 2.5 Other Easements. In addition to the Owner's Common Area Easement, the Property shall be subject to the following:

(a) Utility Easements. Notwithstanding any provision of this Declaration to the contrary, Declarant reserves the right to create, grant and transfer nonexclusive easements in, under, over, across, through, and upon the Common Areas or any Condominium for the purpose of installing, maintaining, repairing and placing any utilities or related services, including but not limited to any gas, electric, water or sewer line, mains or laterals, any telephone and cable television lines, any heating or cooling installations, any master television antenna system, or for other necessary and related facilities. The foregoing easements shall include, without limitation, the right of ingress and egress, the right to erect and maintain the necessary pipes, wires, poles and other equipment, subject to the restrictions of Section 7.18, and the right to enter into agreements relating to such utility services and easements; all of which shall be binding upon the Association and the Owners. Following the completion of any Condominium Building, however, Declarant shall have no right to create, grant or transfer any nonexclusive easements in, under, over, across, through or upon that Condominium Building; provided, however, that this limitation shall not apply to other portions of the Common Area or any Improvements located thereon or to the grant of a specific easement pursuant to the provisions immediately set forth below where a general easement exists. Should any person or party furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Declarant shall have the right to grant such easement on the Property without conflicting with the terms hereof. The foregoing easements shall be in addition to any other recorded easements on the Property, including, but not limited to, any easements granted in the Condominium Map or Plat. Notwithstanding any other provision contained in this Section 2.5(a), no easements shall be granted pursuant to this Section 2.5(a) which shall unreasonably interfere with an Owner's use

of his or her Unit. The rights reserved herein for Declarant shall pass to the Association upon the termination of the Period of Declarant Control, and any and all of the covenants, terms, provisions, rights and duties arising from such easements and any agreement shall thereupon pass to the Association and be assumed by it in place of the Declarant. The Association shall thereupon perform any and all duties imposed by such easements and agreements, including without limitation the cost of any repairs, relocation or maintenance imposed thereby.

(b) Association Easement. A nonexclusive easement is hereby granted to the Declarant, the Association, their respective officers, agents, employees and assigns upon, across, over, in and under the Common Area and any Condominium as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration or otherwise, including without limitation any maintenance required or permitted hereunder, any of Declarant's rights, inspection, maintenance, repair, replacement, construction or reconstruction of any facilities or utilities on or within the Common Areas and any Condominium. Such easements over the Common Areas shall be appurtenant to and binding upon, and shall pass with the title to, every Condominium conveyed.

(c) Emergency Easement. A non-exclusive easement is further granted to all police, fire protection, ambulance and all similar persons to enter upon the Common Area in the performance of their duties.

(d) Easement for Encroachments. Declarant, the Association and Owners of contiguous Units shall have a reciprocal easement appurtenant to each of the Units over the Units and the Common Areas for the purpose of (1) accommodating any existing encroachment of any wall of the Condominium Buildings, and (2) maintaining the same and accommodating authorized construction, reconstruction, repair, shifting, movement or natural settling of the Condominium Buildings. Easements and reciprocal negative easements for utility services and repairs, replacement and maintenance of the same over all of the Common Areas are specifically reserved for the benefit of the Owners. The foregoing easements shall not unreasonably interfere with each Owner's use and enjoyment of his Unit. Any easements created herein for encroachments shall continue and extend for the period of time the encroachment exists.

(e) Easement for Ingress and Egress. Each Owner, his agents, employees, invitees, Occupants and guests are hereby granted a perpetual, nonexclusive easement, over any streets, roadways, driveways, and sidewalks, which are located upon, or which may hereafter be located upon, the Common Area, for the purpose of vehicular and pedestrian ingress to and egress from such Owner's Condominiums. If any of the streets or roadways upon the Property are private streets, Declarant shall have the right to relocate any portion of them, but only if it provides all Owners with reasonable access to their Condominiums, and Declarant may also dedicate any portion of any private street or roadway upon the Property as a public right-of-way, subject to the provisions of Section 3.12 of the Act, in which case, if accepted by a public entity, the Association's obligations for repair and maintenance of the road shall cease. The Association is further authorized and directed to take any further action, including the institution of legal proceedings, as the Association in its sole discretion deems necessary, to address the issue of responsibility for maintenance and repair of any such private street or roadway.

(f) Consolidation Easements. Declarant expressly reserves, for the benefit of those Owners who consolidate two (2) or more Units in accordance with Section 7.21 hereof, exclusive easements for access, ingress and egress between the consolidated Units over that portion of the Common Area separating such consolidated Units. Such exclusive easement shall terminate immediately upon replacement of the wall which originally separated such consolidated Units.

(g) Project Easements. The other easements to which the Property is subject at the time of the recordation of this Declaration are as set forth on Exhibit "D" attached hereto.

Section 2.6 Rights of Entry. The Board of Directors and its authorized agents shall have a limited right of entry in and upon the Common Areas and the interior of all Units for the purpose of inspecting the Property, and taking whatever corrective action may be deemed necessary or proper by the Board of Directors, consistent with the provisions of this Declaration, including providing necessary Common Area repairs or maintenance, inspecting and reading of any special electrical metering devices or sump pumps and correcting any emergency originating in or threatening the Units. However, nothing herein shall be construed to impose any obligation upon the Association to maintain or repair any property or Improvements required to be maintained or repaired by the Owners. Subject to the foregoing, each Owner shall be entitled to exclusive occupancy and control over the interior of his Unit. Furthermore, an Owner shall permit other Owners, or their representatives to enter his Unit for the purposes of performing required installations, alterations or repairs to the electrical, plumbing or other utility services to a Unit, provided that such requests for entry are made in advance and entry is made at a time reasonably convenient to the Owner whose Unit is to be entered; and provided further that the entered Unit is left in substantially the same condition as existed immediately preceding such entry. In case of an emergency, such right of entry shall be immediate. Upon receipt of reasonable notice from the Association (which shall in no event be less than seven (7) days), each Owner shall vacate his or her Unit in order to accommodate efforts by the Association to eradicate the infestation of wood destroying or other pests and organisms from the Common Areas or to perform any other maintenance or repairs pursuant to this Declaration. The cost of eradicating any such infestation or of performing any such maintenance or repairs shall be a common expense of the Association; however, each Owner shall bear his own costs of temporary relocation. The Board shall have the right of entry to the Units and the right to remove Owners from their Units, as necessary, to accomplish its duties as provided herein, in which event, the applicable Owner shall bear all costs related to such entry and removal.

Section 2.7 Delegation of Use. Subject to the provisions of this Declaration and any rules or regulations which may be established from time to time by the Association concerning the Common Area, any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his Occupants, his guests, or contract purchasers. Each Owner shall, to the extent permitted by law, be liable for any damage done to the Common Area by his family, Occupants, guests, or contract purchasers and for any breach of the Association's rules and regulations by such persons.

Section 2.8 Nondedication of Common Area. Declarant, in recording this Declaration, has designated certain areas of land as Common Area intended for the common use and enjoyment of Owners for recreation and other related activities. The Common Area is not dedicated hereby for use by the general public but is dedicated to the common use and enjoyment of the Owners, as more fully provided in this Declaration.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 3.1 Association Structure, Powers and Duties. The Association has been formed as a Colorado corporation under the Colorado Nonprofit Corporation Act. The Association shall have the duties, powers and rights set forth in this Declaration and its Articles of Incorporation and Bylaws. As more specifically set forth hereinafter, the Association shall have a Board of Directors to manage its affairs. The Board of

Directors shall be elected by its Members; provided, however, that the Declarant shall have the sole right to appoint a majority of the members of the Board of Directors during the Period of Declarant Control.

Section 3.2 Membership. The following shall be members of the Association: the Declarant and every Owner of a Condominium which is subject to assessment hereunder. Every Owner, upon becoming the Owner of a Condominium, shall automatically become a Member of the Association, and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his Membership in the Association shall automatically cease. Membership shall be appurtenant to and may not be separated from ownership of any Condominium. Ownership of such Condominium shall be the sole qualification for membership. Except as provided herein, each Member shall have voting rights based upon that Owner's Proportionate Interest. Notwithstanding anything herein to the contrary, the Declarant shall have the right to appoint a Board of Directors and to operate the Association until the Period of Declarant Control is terminated, and the Association shall not begin to function through its Members until such time, unless the Declarant otherwise consents in writing.

Section 3.3 Declarant Control. The Association shall have one class of voting membership who shall be the Owners. The Owners shall elect all the members of the Board, following the termination of the Period of Declarant Control, as set forth as follows:

(a) Notwithstanding anything herein to the contrary, the Declarant shall have the right to appoint the Board and to control the Association during the Period of Declarant Control. During the Period of Declarant Control, the Declarant, or persons designated by Declarant, subject to certain limitations, may appoint and remove the officers and members of the Board. The period of Declarant Control shall terminate no later than the earlier of (i) sixty (60) days after conveyance to Owners, other than Declarant, of seventy-five percent (75%) of the Condominiums that may be created; (ii) two (2) years after Declarant has last conveyed a Condominium in the ordinary course of business; or (iii) two (2) years after any right to add new Condominiums was last exercised, but not to exceed ten (10) years after the first Condominium in the Project is conveyed to a purchaser. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board before termination of the Period of Declarant Control, but in that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

(b) Not later than sixty (60) days after conveyance to Owners other than a Declarant of twenty-five percent (25%) of the Condominiums that may be created, at least one (1) member, and not less than twenty-five percent (25%) of the members of the Board shall be elected by Owners, other than a Declarant. Not later than sixty (60) days after conveyance to Owners, other than a Declarant, of fifty percent (50%) of the Condominiums that may be created, not less than one-third (1/3) of the members of the Board must be elected by Owners, other than a Declarant.

(c) Except as otherwise provided above, not later than the termination of any Period of Declarant Control, the Owners shall elect a Board of at least three (3) members, at least a majority of whom must be Owners other than the Declarant or designated representatives of Owners other than the Declarant. The Board shall elect the officers. These Board members and officers shall take office upon termination of the Period of Declarant Control.

(d) Notwithstanding any provision of the Declaration or Bylaws to the contrary, the Owners, by a sixty-seven percent (67%) vote (based upon Proportionate

Interest) of all persons present and entitled to vote at any meeting of the Owners at which a quorum is present following the termination of the Period of Declarant Control, may remove any member of the Board with or without cause, other than a member appointed by the Declarant.

(e) Within sixty (60) days after the Owners, other than Declarant, elect a majority of the members of the Board, the Declarant shall deliver to the Association all property and items described by C.R.S. 38-33.3-303(9).

Section 3.4 Nonliability of Association and Others. The Board of Directors, the officers and committees of the Association and the Declarant, including without limitation, the officers, directors, employees, agents, and representatives of the Declarant, shall not be liable in damages or otherwise to any person whatsoever for any act or omission done as an officer, director, agent or representative on behalf of the Association, except for willful misconduct done in bad faith or gross negligence and shall be indemnified from all such liability as provided in the Association's Bylaws. The Association may enter into cooperative arrangements for provision of services with other homeowners associations in the surrounding area and may assume responsibility for that part of the cost attributable to the Project.

ARTICLE IV

COVENANT FOR ASSESSMENTS

Section 4.1 Creation of the Obligation for Assessments. Each Owner, for each Condominium owned within the Property, by acceptance of a deed therefor or interest therein, whether or not it shall be so expressed in such deed, shall be deemed to covenant and agree to pay to the Association, in the manner, amounts and times prescribed herein, all assessments, charges, fees, fines and other sums which are described in this Declaration and which shall be both a personal obligation of the Owner and a lien against his Condominium provided herein. Each Owner shall be jointly and severally liable to the Association for the payment of all assessments, charges, fees, fines and other sums attributable to such Owner and/or his condominium. The personal obligation for delinquent assessments and sums shall not pass to an Owner's successors in title or interest unless expressly assumed by them. No Owner may waive or otherwise escape personal liability for the payment of the assessments, charges, fees, fines and other sums provided for herein by non-use of the Common Area or the facilities contained therein, by abandonment or leasing of his Condominium or by asserting any claims against the Association, the Declarant, or any other person or entity. In addition to the foregoing assessments, charges, fees, fines and other sums, each Owner shall have the obligation to pay real property ad valorem taxes and special assessments imposed by Colorado governmental subdivisions against his Condominium (including his prorata share of the assessment of the Common Area), as well as all charges for separately metered utilities servicing his Condominium. The charges for any utilities which are master metered, if any, shall be included in the annual common expense assessments levied by the Association.

Section 4.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and to fulfill the purpose and obligation of the Association including, but not limited to, improvement and maintenance of the Project and the Common Area, as more specifically provided herein.

Section 4.3 Annual Assessments. The Annual Assessment shall specifically include, but shall not be limited to, the following common expenses:

(a) expenses of management of the Project and the Association and its activities;

(b) taxes and special assessments upon the Common Area to the extent that a prorata share of the Common Area is not assessed and taxed as a part of the Condominiums;

(c) premiums for all insurance which the Association maintains as required or permitted under this Declaration, together with any expenses or sums expended by the Association for the deductible under such policies as set forth in Article VIII;

(d) common lighting, water and other common utility and sewer service charges; and any other common expenses including without limitation snow removal from private streets, driveways and public and private sidewalks to the front door or entry courtyard, and common trash collection;

(e) landscaping and care of the Common Area and any recreational or other Association facilities or improvements located thereon;

(f) maintenance for which the Association is responsible as provided in Section 5.1 of Article V.

(g) wages for Association employees;

(h) legal and accounting fees;

(i) any deficit remaining from a previous assessment year;

(j) a working capital fund;

(k) the creation of reasonable contingency reserves, surpluses, and sinking funds, and adequate reserve funds for maintenance, repairs and replacement of those elements of common property or maintenance that must be done or replaced on a periodic basis and are payable in regular installments, rather than by Special Assessments,

(l) the creation of reasonable contingency reserves for any applicable insurance deductibles,

(m) any other costs, expenses, and fees which may be incurred or may reasonably be expected to be incurred by the Board, in its sole discretion, for the benefit of the Owners under or by reason of this Declaration; and

The Association shall also have authority, to the extent it deems proper, to provide any other services requested by particular Owners, but only on a contract basis under which those Owners pay the cost thereof. The Association may enter into cooperative arrangements for provision of services with other homeowner associations in the surrounding area and may assume responsibility for that part of the cost fairly attributable to this Project.

Section 4.4 Limit on Annual Assessments. Subject to the provisions of Section 4.6, until January 1 of the year immediately following the conveyance of the first Condominium to an Owner, the maximum monthly portion of the Annual Assessment shall be as shown on Exhibit "C" attached to this Declaration.

(a) Subject to the provisions of Section 4.6, from and after January 1 of the year (the "Base Year") immediately following the conveyance of the first Condominium to an Owner, the maximum Annual Assessment may be increased each year, by not more than the greater of five percent (5%) per annum or the cumulative rise from the Base Year, if any, shown by the most recent annual Consumer Price

Index (published by the Department of Labor, Washington, D.C. or any comparable successor index as shown by an average of the following items or more comparable items: Housing -- General Shelter -- Homeowners Costs and Fuel and other Utilities) for the Denver metropolitan area.

(b) From and after January 1 of the year immediately following the conveyance of the first Condominium to an Owner, the maximum Annual Assessment may be increased above the limitation which is set forth in paragraph (a) above pursuant to the procedure set forth in Section 4.6 of this Article.

(c) Subject to the provisions of Section 4.6, the Association's Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4.5 Special Assessments. In addition to the annual assessment authorized above, the Association may levy, in any assessment year, special assessments applicable to that year only for the purpose of defraying, in whole or in part, the cost of an emergency situation or of any construction, reconstruction, repair or replacement or a capital improvement upon the Common Area, including fixtures and personal property related thereto, and any improvements and fixtures upon any Condominium.

Section 4.6 Procedure for Assessments Under Section 4 and 5. If during the Declarant Control Period, the Board determines that the Annual Assessment described in Section 4.4 is insufficient to meet the Common Area Expenses of the Association during the remainder of the Association's then current fiscal year, the Board may, by majority vote, increase the Annual Assessment not more than twenty-five percent (25%) above the maximum Annual Assessment for such fiscal year reflected by the then current Budget for the Association. Any proposed increase in the Annual Assessment following the Declarant Control Period or in excess of twenty-five percent (25%) above the maximum Annual Assessment to be levied prior to the end of the Association's then current fiscal year, shall be subject to approval by a majority vote of the Members who are voting in person or by proxy at that meeting duly called for that purpose. During the Declarant Control Period, any assessment under Section 4.5 shall require the approval of the Board, by majority vote. Following the Declarant Control Period, any assessment under Section 4.5 shall require the approval of a majority vote (by proxy or in person) of the voting power of the Association at a meeting called for that purpose. Written notice of any meeting of the Members called for the purpose of Members taking any action described in this Section 4.6 shall be sent to all Members not less than thirty (30) days or more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes (based upon one vote per Unit of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 4.7 Rate of Assessment. Except as provided herein, both annual and special assessments shall be set at the Owner's Proportionate Share as shown on Exhibit "C" attached hereto, sufficient to meet the expected needs of the Association. If an Owner's Proportionate Share is reallocated due to expansion of the Project pursuant to Article X hereof or to other provisions of this Declaration, assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Owner's Proportionate Share. Assessments shall be applicable to all Units following their annexation to the Project, including those owned by the Declarant.

Section 4.8 Assessment Procedure.

(a) Annual Assessments. No later than thirty (30) days before the beginning of each Annual Assessment period, the Board of Directors of the Association shall set the total Annual Assessment based upon anticipated cash requirements needed by it to provide for the administration and performance of its duties during the following assessment year. The annual Budget shall be adopted pursuant to C.R.S. 38-33.3-303(4). Any surplus funds of the Association remaining after the payment of or provision for Common Expenses and any prepayment of or establishment of reserves shall be applied as the Board, in its sole discretion, determines appropriate. The Board shall not be required to credit or pay such surplus funds to the Owners. That Annual Assessment shall be payable in monthly installments on the first day of each successive month, unless the Board otherwise directs. The Association shall cause to be prepared, delivered or mailed to each Owner, at least thirty (30) days in advance of each Annual Assessment period, a payment statement setting forth the Annual Assessment. The first Annual Assessment upon the Units hereunder shall commence upon the first day of the first month following the date on which Declarant conveys a Unit in the Project to an Owner other than the Declarant and shall be prorated according to the number of months remaining in the calendar year.

(b) Special Assessments and Other Sums. Special Assessments and other sums imposed hereunder shall be due and payable on the date specified by the Board in written notice to each Owner, but such date shall not be less than ten (10) days after such notice is sent. In the event that the Association incurs any expense or liability as a result of the willful, negligent or wrongful act of any Owner, his Occupants, employees, invitees or guests, or any breach by any of such parties of any of the provisions of this Declaration, the Association's Bylaws or the Association's rules and regulations, and the same is not paid for by insurance, the cost thereof shall be deemed to be a Special Assessment against such Owner and his Condominium and shall be enforceable as provided herein, except that such assessment shall not require any vote of the Members. Any other sum imposed by the Board as provided hereunder shall also be deemed a special assessment but shall not require a vote of the Members.

(c) Notice. Failure of the Board to give timely notice of any assessments provided herein shall not affect the liability of the Owner or his Condominium for such assessment, but if notice is not given, the date when payments shall be due shall be deferred to a date after such notice is given.

Section 4.9 Certificate of Payment. Upon the payment of such reasonable fee as may be determined from time to time by the Board of Directors, and upon written request, the Association shall furnish to an Owner or such Owner's designee or to a holder of a security interest or its designee, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's Condominium. The statement shall be furnished within fourteen (14) calendar days after receipt of the request and is binding on the Association, the Board, and every Owner. If no statement is furnished to the Owner or holder of a security interest or their designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a lien upon the Condominium for unpaid assessments which were due as of the date of the request. Said certificate may be relied upon by all persons acting in good faith, as conclusive evidence of the payment of any assessments therein stated to have been paid.

Section 4.10 Effect of Non-Payment of Assessments-Remedies of the Association.

(a) General. Any assessments which are not paid when due shall be delinquent. If any assessment is not paid when due, the Association may impose a late charge/administrative fee not to exceed the amount set forth in the Association's rules and regulations. Any assessment not paid within thirty (30) days after the due date thereof shall bear interest from the due date at the rate of eighteen percent (18%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against such Owner's Condominium, and/or may suspend the delinquent Owner's right to vote and the right to use the Common Area. In the event a judgment is obtained, such judgment shall include interest on the assessment as above provided, and reasonable attorneys' fees to be fixed by the court, together with the expenses, late charges, and costs of the action.

(b) Lien. Any unpaid assessment, charge, fee or other sums assessed against an Owner or his Condominium, including without limitation, with interest thereon at the rate of eighteen percent (18%) per annum, late charges, court costs and other collection costs, and reasonable attorneys' fees, an administrative charge of not to exceed the amount set forth in the Association's rules and regulations, shall be a charge on the land and shall be a continuing lien, from and after the levy or assessment thereof, in favor of the Association, upon the Condominium against which each such assessment, charge, fee or other sum is made. All payments on account shall be first applied to interest, the late charge, any costs or fees, and then to the assessment payment first due. The Board may enforce such lien by filing with the Clerk and Recorder of the county in which the Property is located a statement of lien with respect to the Condominium, setting forth the name of the Owner, the legal description of the Condominium, the name of the Association and the amount of delinquent assessments then owing. The lien statement shall be duly signed and acknowledged by an officer or authorized agent of the Association, and notice thereof shall be mailed to the Owner of the Condominium, at the address of the Condominium or at such other address as the Association may then have in its records for the Owner of the Condominium. Such a claim of lien shall also secure all assessments, charges, fees and sums which come due thereafter until the lien, together with all costs, attorneys' fees, administrative charges and interest have been fully paid or otherwise satisfied. Thirty (30) days following the mailing of such notice, the Board may proceed to foreclosure of the lien in the same manner as provided for in the foreclosure of mortgages under the statutes and laws of the State of Colorado. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from suing the Owner personally liable therefor or from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessments, charges, fees or other sums which are not fully paid when due. Except to the extent that the lien of the Association is subordinated to the lien of a First Mortgage on a Condominium pursuant to Section 4.12 of this Article and except as subordinated by law to the lien of real property taxes, the lien of the Association shall be deemed to have a priority date as of the date of the recording of this Declaration and shall have priority over all other liens and encumbrances against a Condominium. Any recorded lien may be released by recording a Release of Lien executed by an officer or authorized agent of the Association. In addition, the Association shall have the right to a statutory lien under C.R.S. 38-33.3-316.

(c) Authority. Each such Owner, by his acceptance of a deed to a Condominium, hereby expressly vests in the Association or its agents the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or deed of trust lien on real property,

and such Owner hereby expressly grants to the Association a power of sale in connection with said lien. The lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all other Condominium Owners. The Association, acting on behalf of the Condominium Owners, shall have the power to bid at foreclosure sale and to acquire and hold, lease, mortgage and convey the same, if acquired by the Association at the foreclosure sale or by deed in lieu of foreclosure. The Association shall also have the right to the appointment of a receiver for the Condominium and Unit, ex parte, without notice to the Owner. Such receiver shall have the right to lease the Condominium and Unit and to collect all rents and profits from the Condominium and Unit during the pendency of the foreclosure.

Section 4.11 Working Capital. The Association shall require an Owner who purchases a Condominium from Declarant to pay to the Association an amount equal to the greater of: two (2) times the amount of the estimated monthly assessment or \$300.00, which sum shall be non-refundable to such Owner and shall be placed in the general revenue account of the Association. Furthermore, payment of such sum shall not relieve an Owner from making the regular payment of assessments as the same become due. Upon termination of the Period of Declarant Control, the Declarant shall pay the working capital for any unsold Condominium in the Project, but shall be reimbursed by subsequent purchasers. During the Period of Declarant Control, the Declarant may not use any of the working capital funds to defray its expenses, reserve contributions, or construction costs or to make up any budget deficits.

Section 4.12 Subordination of the lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of a First Mortgage recorded before the delinquent assessment was due. Sale or transfer of any Condominium shall not affect the lien for said assessment charges except that sale or transfer of any Condominium pursuant to foreclosure of any such mortgage or any such executory land sales contract, or any proceeding in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract shall extinguish the lien of assessment charges which became due prior to any acquisition of title to such Condominium by the First Mortgagee pursuant to any such sale or transfer, or foreclosure, or any proceeding in lieu thereof, including without limitation any deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract; no such sale, transfer, foreclosure, or any above described proceeding in lieu or in cancellation thereof, shall relieve any Condominium from liability for any assessment charges becoming due after such acquisition of title, nor from the lien thereof, nor the personal liability of the Owner of such Condominium for assessments due during the period of his Ownership of such Condominium nor from the provisions of C.R.S. 38-33.3-316.

Section 4.13 Notice to First Mortgagee and Inspection of Books. Upon written request, a First Mortgagee shall be entitled to written notification from the Association of any default in the performance by the Owner of any obligation under this Declaration and/or the Bylaws of the Association, which is not cured within sixty (60) days after the Board has actual knowledge thereof, and the First Mortgagee may, at its option but without any obligation, cure such default. In addition, and upon written request (including the address for such notice), a First Mortgagee shall be entitled to simultaneous written notification from the Association of monetary defaults by the Owner under this Declaration. The Association shall make available to Owners and Mortgagees current copies of the Declaration, Bylaws, other rules concerning the Project, and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances. The Association shall provide an audited, annual financial statement to any First Mortgagee making a written request for it and without expense to such First Mortgagee, said financial statement shall be furnished within a reasonable time following such request. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become

drainage, landscaping or the sprinkler system as originally installed. Such maintenance shall include, where necessary, the removal or replacement of improperly functioning landscaping, drainage, or sprinkler system elements and shall also include preventing ponding and regrading and resurfacing where necessary to provide for adequate drainage and preventing Owners from installing landscaping or using water within the Unit or any Limited Common Area in such a way as to endanger the structural integrity or the stability of any of the landscaping, drainage or sprinkler systems, the Unit or the other improvements within the Unit or Common Area. The Association shall indemnify the Declarant as to any breach of this provision.

The Association may also undertake, but shall have absolutely no obligation to undertake, such emergency repairs as the Board of Directors believes necessary to prevent imminent danger to life or property.

Section 5.2 Willful or Negligent Damage. In the event that the need for maintenance or repair described in Section 5.1 of this Article is caused, in the sole discretionary determination of the Board of Directors, through the willful or negligent acts or omissions of any Owner, his family, guests, tenants, Occupant, contractors, or invitees, or other persons or parties acting with the consent of any of the foregoing, including without limitation any pets or animals of those persons or parties, the cost of such maintenance shall be the personal obligation of such Owner, shall be added to and become part of the assessment to which the Owner is subject, and shall become a lien against such Owner's interest in the Condominium as provided in Article IV of this Declaration.

Section 5.3 Access at Reasonable Hours. For the purpose of performing the maintenance referred to in Section 5.1 of this Article and inspections related thereto, the Board of Directors of the Association, through its duly authorized agents, contractors or employees shall have the right, after reasonable notice to the Owner or Occupants thereof and during regular business hours, to enter upon any Condominium and improvements thereon, and such entry shall not be deemed a trespass. In emergency situations, the Board of Directors or its agents, contractors or employees may enter without notice at any time, but the Owner or other Occupants thereof shall be notified as soon as reasonably possible thereafter. In performing repairs or maintenance authorized under this Article, the Association shall not be liable for any loss, cost or damage caused by its action, except of its gross negligence or willful misconduct.

Section 5.4 Owner Maintenance. Except as provided in Section 5.1 of this Article, the Owner shall be responsible for all other maintenance and repairs, including without limitation maintenance of his Unit, any fixtures, furnishings, equipment and appliances located thereon. All utilities, fixtures and equipment installed within a Condominium, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the exterior walls of such Unit shall be maintained and kept in repair by the Owner thereof. All heating, ventilation, air conditioning, electrical, plumbing and other such equipment located on, in or adjacent to a Unit that provides service only to one Unit shall be maintained by the Owner of such Unit. An Owner shall do no act nor any work that will impair any easement or utility service, nor do any act nor allow any condition to exist which will adversely affect the use and enjoyment of any other Condominium or the provision of utility services to such Condominium. No Owner shall, in whole or in part, change the landscaping adjacent to or upon his Condominium by the addition or removal of any items thereon, including fences, without the prior written approval of the Board. In addition, each Owner shall be solely responsible for removing, cleaning and repairing, at the Owner's sole cost and expense, all damage resulting from snow which may from time to time blow into the Unit attic or basement. If an Owner fails to fulfill his responsibilities under this Section, the Board, at its option, may take such action as it deems appropriate, including without limitation, performing the Owner's obligations, after ten (10) days'

notice to such Owner, except in emergencies, and any costs resulting therefrom shall be an assessment against such Owner and his Condominium and shall be due and payable by the Owner thereof.

Section 5.5 Management Agreements and Other Contracts. The Association shall enter into agreements for professional management of the Association's business. Each Owner shall be bound by the terms and conditions of any management agreement entered into by the Association. Each agreement for professional management of the Association's business shall provide for termination by either party with or without cause and without payment of a termination fee upon thirty (30) days' prior written notice, and shall have a maximum term of one (1) year. Further, each and every management contract made between the Association and a manager or managing agent during the period when the Declarant or other developer controls the Association shall be subject to review and approval by the Department of Veterans Affairs or the Federal Housing Administration and shall terminate absolutely, in any event, not later than thirty (30) days after termination of the Period of Declarant Control. Furthermore, any contracts and leases during the Period of Declarant Control shall be subject to C.R.S. 38-33.3-305. If professional management has been previously in effect after being required by any holder, insurer or guarantor at that time or later, any decision to terminate professional management and to establish self management by the Association shall require the prior consent of sixty-seven percent (67%) of the First Mortgagees (based upon one (1) vote for each First Mortgagee held) and vote or agreement of Owners of Condominiums to which at least sixty-seven percent (67%) of the votes (based upon Proportionate Interests) in the Association are attached, who are voting in person or by proxy at a meeting duly called for that purpose.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 6.1 Composition of Committee. The Architectural Control Committee shall consist of three (3) persons appointed by the Association's Board of Directors, which may appoint itself to be the Committee, provided, however, that until the Period of Declarant Control terminates, Declarant shall have the right to appoint the Architectural Control Committee. A majority of the Committee may designate a representative to act for it. It shall be the duty of the Architectural Control Committee, and it shall have the power, by the exercise of its best judgment, to determine that all structures, improvements, construction, decoration and landscaping on the Property conform to and harmonize with the existing surroundings and structures. For convenience, the Architectural Control Committee shall hereinafter sometimes be referred to in this Article as the "Committee".

Section 6.2 Review by Committee. After the purchase of a Condominium from the Declarant, no Improvements shall be constructed or maintained upon the Property; no alterations to restaining or repainting of the exterior of a Condominium shall be made (excluding exterior Unit lights); no landscaping performed; and no Owner shall enclose, by means of screens or otherwise any balcony, porch or patio, unless the following, if applicable, shall have been submitted to and approved in writing by the Committee: complete plans, specifications, and Condominium plans therefor, showing the exterior design, height, square footage, building materials and color scheme thereof, the location of the structure plotted horizontally and vertically, the location and size of driveways, the general plan of landscaping, fencing, walls and windbreaks, and grading plan. A copy of such plans and specifications as finally approved shall be deposited with the Committee. The provisions of Sections 6.1, 6.2 and 6.3 of this Article shall not apply in any way or manner whatsoever to the Declarant or any Condominium owned by Declarant.

Section 6.3 Procedures.

(a) Any Owner who submits a matter to the Committee for approval shall be required to pay to the Committee, at the time the request is submitted, the then applicable application fee, which fee shall be as established from time to time by the Committee. The application fee shall be \$100.00 as of the date of recording of these Covenants and shall be subject to change by the Committee from time to time. The Committee shall approve or disapprove all plans and requests within thirty (30) days after requests have been submitted. In the event the Committee fails to take action within thirty (30) days after plans have been received by the Committee, approval will not be required, and this Article will be deemed to have been fully complied with. A majority vote of the members of the Committee is required for approval or disapproval or proposed improvements. The Committee shall maintain written records of all applications submitted to it and of all action taken. In approving or disapproving the plans submitted to it, the Committee shall take into consideration the design, style and construction of the proposed improvements or alteration, its location upon the Property, the harmony of its design, architecture and location with the terrain and surrounding neighborhood, and shall determine whether such proposed improvements or alteration is consistent with the general terrain, the architecture of other improvements located upon the Property subject to this Declaration and whether or not the construction or alteration of said improvements will adversely affect or decrease the value of other Condominium and/or Units because of its design, location, height or type of material used in construction. The Committee may make reasonable requirements of the Condominium Owner, including the submission of additional plans, to ensure conformance of such improvements or alteration when erected with these restrictions and covenants and with the plans submitted and approved. All construction or alterations performed on any Condominium or the Common Area will conform to the approved plans and specifications. The Committee may require such changes as may be necessary to conform to the general purposes as herein expressed. The Committee shall be responsible for enforcing compliance of the approved plans with these covenants and restrictions.

(b) The Committee shall have authority to grant variances from the provisions of this Declaration in cases of conditions wherein the strict enforcement of these restrictions would result in unusual hardship. The Committee shall be the sole and exclusive judge of whether or not said hardship exists.

(c) Whenever the Committee disapproves of any proposed plans or specifications, it shall state in writing its reason for such disapproval in general terms so that the objections can be met by alterations acceptable to the Committee.

(d) All plans submitted to the Committee shall be left on file with the Committee.

(e) It is the intent of this Declaration that the Committee shall exercise broad discretionary powers hereunder and its decisions shall be final and conclusive except for an arbitrary abuse of its discretion or an excess of its authority.

(f) The Committee shall resolve all questions of interpretation under this Article. They shall be interpreted in accordance with their general purpose and intent as herein expressed.

(g) If the Committee denies or disapproves a request or submission under this Article, such matter may not be resubmitted to the Committee for one (1) year following the date of the denial or disapproval, unless the Committee consents in writing to the resubmittal and, if resubmitted without the approval of the Committee, such request shall be automatically deemed denied. The Committee may in its sole discretion waive this requirement to permit resubmission of plans and

specifications with revisions to conform with matters identified by the Committee in its disapproval of the originally submitted plans and specifications.

(h) In the event that a request or submission is approved, construction shall promptly commence and shall be completed within one (1) year after the date of approval. All construction shall be in strict compliance with the approved plans and specifications.

Section 6.4 No Waiver of Future Approvals. The approval of the Committee of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent to any similar proposals, plans and specifications, drawings or matter subsequently or additionally submitted for approval or consent.

Section 6.5 Compensation of Members. The members of the Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

Section 6.6 Declarant Can Remedy Violations. Until the expiration of the Period of Declarant control, Declarant may, including an assignee or delegate, may give notice to the Owner of the Unit where a violation of these Covenants occurs or which is occupied by the persons causing or responsible for the violation, which notice shall state the nature of the violation, and the intent of the Board or Declarant to invoke this Section unless within a period stated in the notice (not less than ten (10) calendar days), the violation is cured and terminated or appropriate measures to cure and terminate are begun and are thereafter continuously prosecuted with diligence. If the violation is not cured and terminated as required by the notice, the Committee or Declarant (whichever gives the notice) may cause the violation to be cured and terminated at the expense of the Owner or Owners so notified, and entry on Owner's property as necessary for such purpose shall not be deemed a trespass. Each Owner of a Condominium hereby grants a license to the Declarant and the Committee for the purpose of entering the Condominium to remedy violations or breaches of these Covenants. The cost so incurred by the Committee or Declarant shall be paid by the Condominium Owner and the person responsible for the breach and if not paid within thirty (30) days after such Owner has been sent notice of the amount due, such amount, plus interest at the rate of eighteen per cent (18%) per annum and costs of collection, shall be a lien on the ownership interest in the Condominium (including improvements thereon) and shall in all respects be the personal obligation of the Owner. The Committee or Declarant may bring an action at law for recovery of the costs so incurred by it, plus interest and costs of collection against the Owner and may bring an action to foreclose the lien against the Condominium and improvements subject to the lien and there shall be added to the amount of such obligation the costs of collection, and the judgment in any such action shall include interest as above provided and the costs of collection. The foregoing specified rights and remedies shall not limit the right of any Condominium Owner to enforce these Covenants pursuant to Section 12.2 or as otherwise may be provided by law or equity; provided, however, that only the Declarant and the Committee shall have the right to proceed under this Section 6.6. In the event that the Declarant or Committee elect to exercise the right to enter the Condominium to remedy a violation of these Covenants, they shall not be liable to the Owner of the Condominium for any loss or damage occasioned by such entry unless damage is caused to the Condominium or improvements thereon that is unrelated to the remediation of the breach of the Covenants and is caused by the willful and wanton acts of the Declarant or Committee. In no event shall there be any liability for damage to a structure that is in violation of these Covenants.

Section 6.7 Declarant's Rights to Complete Development of the Property. No provision of this Declaration shall be construed to prevent or limit Declarant's rights to complete the development of property within the boundaries of the Property or nearby areas and to subdivide, resubdivide, or rezone any portion of such Property; to grant licenses, easements, reservations and rights-of-way; to construct or alter improvements on any property owned by Declarant within the Property; to maintain model condominiums, offices for construction, sales, management or leasing purposes or similar facilities on any property owned by Declarant or owned by the Association within the Property and to post signs incidental to development, construction, promotion, marketing, sales or leasing of property within the boundaries of the Property. Nothing contained in this Declaration shall limit the right of Declarant or require Declarant to obtain approvals to excavate, cut, fill or grade any property owned by Declarant; to make changes or modifications to this Declaration by means of an amendment to this Declaration or addition hereto; to change any landscaping, grading, drainage, vegetation, or view, or to construct, alter, demolish or replace any improvements on any property owned by Declarant, or to use any structure on any property owned by Declarant as a construction, model home or real estate sales or leasing office in connection with the sale of any property within the boundaries of the Property, nor shall anything herein be deemed to require Declarant to seek or obtain the approval of the Architectural Control Committee or of the Association for any such activity or improvement to property by Declarant on any property owned by Declarant or by the Association. Nothing in this section shall limit or impair the reserved rights of Declarant as may be elsewhere provided in this Declaration.

Section 6.8 Provisions Regarding Exercise of Declarant's Reserved Rights. Declarant may exercise the reserved rights of Declarant as to the Property. The exercise by Declarant of some of the reserved rights of Declarant hereunder shall not require Declarant to exercise any other of Declarant's reserved rights hereunder.

ARTICLE VII

RESTRICTIONS

Section 7.1 General Plan. It is the intention of the Declarant to establish and impose a general plan for the improvement, development, use and occupancy of the Property, all thereof in order to enhance the value, desirability, and attractiveness of the Property and serve and promote the sale thereof.

Section 7.2 Leases. Any lease agreements between an Owner and a tenant shall provide that the term of such lease shall be subject in all respects to the provisions of this Declaration and the Articles of Incorporation and Bylaws of the Association, and that any failure by tenant to comply with the terms and provisions of such documents shall be a default under the lease. Further, all leases shall be in writing, and the Board of Directors may require the use of its approved lease form or the insertion of particular provisions and a copy of any lease shall be provided to it by the Owner. After notice and an opportunity for hearing, the Board may require an Owner to evict any tenant who has repeatedly violated any provision of this Declaration, the Articles of Incorporation or the Bylaws. No short-term leases (i.e., for terms less than month-to-month) shall be permitted and no time-sharing or such other forms of interval Ownership shall be permitted.

Section 7.3 Residential Use. Each Condominium and Unit shall be occupied and used as a private dwelling for the Owner, and members of his family, guests and tenants for residential purposes only, and the Board of Directors may make rules which limit the maximum occupancy permitted within the Condominiums in the Project and additional rules which restrict the ages of occupants as determined by the Board in its sole discretion. Other than the rental of private dwellings for residential purposes, no Condominium shall be used for any business, manufacturing or commercial purpose;

provided, however, if the appropriate zoning so allows and if prior written approval of the Board is obtained, an Owner may use a specifically designated portion of his Condominium as a home business office, which approval may thereafter be withdrawn or terminated by the Board at any time.

Section 7.4 Animals. No horses, snakes, insects, birds, reptiles, cattle, sheep, goats, pigs, rabbits, poultry or other animals of any description shall be kept or maintained within any Condominium or Common Area, except that, if specifically permitted by the Board's rules and regulations or written consent, any Owner may keep two (2) bona fide household pets (or such additional bona fide household pets as may be specifically approved in writing by the Board), so long as such pets comply with the Board's rules and regulations, are not kept for commercial purposes, do not make objectionable noises or otherwise constitute a nuisance or inconvenience to any of the residents of adjacent property, and are kept in compliance with all existing applicable local ordinances and any rules and regulations of the Association. An Owner, family member, tenant or guest is responsible for any damage caused by his pet and shall be obligated to clean up after his pet while it is on the Property. All dogs shall be kept on leash and attended by their Owners when present in the Common Area. The Board may institute such rules as it deems advisable for the control of pets, including without limitation, prohibitions and restrictions, and may impose such fines as are necessary in its sole discretion to enforce such rules and this Declaration.

Section 7.5 Structures. All buildings or structures erected upon the Property shall be of new construction and no buildings or structures shall be moved from other locations onto the Property. No temporary house, trailer, tent, garage or outbuilding shall be placed or erected upon the Property and no Condominium Building or other structure which shall be placed or erected upon the Property, shall be occupied in any manner at any time prior to its being fully completed in accordance with approved plans, nor shall any Condominium or Unit when completed be in any manner occupied until made to comply with all requirements, conditions, and restrictions herein set forth; provided, however, that the foregoing shall not apply to the Declarant. The work of constructing, altering, or remodeling any structure on any part of any Condominium Building shall be prosecuted diligently from the commencement thereof until the completion thereof, which shall in any event be not later than one (1) year after the approval of the plans and specifications by the Declarant.

Section 7.6 Signs, Hot Tubs and Other Miscellaneous Structures. Except as permitted in writing by the Committee or pursuant to its rules, no advertising or signs of any character shall be erected, placed, permitted or maintained on the Common Area or the Property or a street; except that the Declarant shall be permitted to use signs such as will not unreasonably interfere with Owners' use of the Common Area until all Condominiums are sold by the Declarant. Hot tubs shall only be permitted within any Condominium or Limited Common Area, other than within the interior of a Condominium itself, at such locations as are specifically approved in writing by the Declarant. All types of refrigerating, cooling or heating apparatus shall be concealed, except as installed by the Declarant. Other than on trash collection day, no garbage or trash cans or receptacles shall be maintained in any location within the Project except within Unit garages. The Association may construct and maintain signs in the Common Area to identify the Property and occupants of the Property and for directional purposes.

Section 7.7 Condominiums to be Maintained. Each Condominium at all times shall be kept in a clean, sightly, and wholesome condition. No trash, litter, junk, boxes, containers, bottles, cans, implements, machinery, lumber or other building materials shall be permitted to remain exposed upon any Common Area or any Condominium Building so that same are visible from any neighboring Condominium, Condominium building or street, except as necessary during the period of construction by Declarant or the construction or improvements as authorized by the Declaration.

No condition shall be permitted within any balcony, porch, patio or deck which is visible from other Condominiums, Unit, or the Common Area and which is inconsistent with the design integrity of the Project as determined by the Board in its sole discretion; such conditions include, but are not limited to, window treatments, draperies, shades and hangings, and articles on balconies, porches, patios, decks or Common Area or visible through a window. The Board may regulate by rule the color and appearance of drapes, shades, blinds and window coverings.

Section 7.8 Further Subdivision. No Condominium or Condominiums shall be subdivided, except for the purpose of combining one whole Unit with an adjoining Unit, provided that no additional building site is created thereby and such subdivision complies with all applicable governmental regulations. Upon such combining of Units, the Owner thereof shall continue to be responsible for all assessments related to each Unit so combined and not merely the resulting "Combined Unit." No less than one entire Condominium, as conveyed, shall be used as a building site.

Section 7.9 No Noxious or Offensive Activity. No noxious or offensive activity shall be carried on upon the Common Area or any Condominium Building nor shall anything be done or placed on the Common Area or any Condominium Building which is or may become a nuisance or cause embarrassment, disturbance, or annoyance to others. If any noxious, offensive, embarrassing, disturbing or annoying activity or action shall be deemed by the Board in its sole discretion to be carried on upon the Common Area or any Condominium Building or done or placed on the Common Area or any Condominium Building, all involved Owners shall be notified by the Board and shall comply, following an opportunity for hearing by the Board, with any reasonable determination made by the Board with regard thereto.

Section 7.10 Antennae or Devices. The installation of all outside television or radio aerial or antennae or other device for the reception or transmission of radio or television or other electronic signals is prohibited except as expressly required by law and then only in accordance with rule and regulations established from time to time by the Board.

Section 7.11 No Hazardous Activities. No activities shall be conducted on the Property which are or might be unsafe or hazardous to any person or property or might cause the cancellation or diminution of insurance or an increase in insurance premiums. Without limiting the generality of the foregoing, no firearms shall be discharged upon any of the Property and no open fires shall be lighted or permitted on the Property except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior fireplace.

Section 7.12 No Annoying Light, Sounds or Odors. Except as provided in Section 7.20, no light shall be emitted from any Condominium which is unreasonably bright or causes unreasonable glare; no sound shall be emitted from any Condominium which is unreasonably loud or annoying; and no odor shall be emitted on any Condominium which is noxious or offensive to others. Any exterior lighting installed on any Condominium shall either be indirect or of such controlled focus and intensity so as not to disturb the residents of the neighboring Condominiums and shall be subject to prior written Committee approval in accordance with the terms of these Covenants.

Section 7.13 Restrictions on Parking and Storage. Except as specifically authorized by the Board of Directors, no part of the Property, including but not limited to streets, drives, or parking areas, and no part of the streets adjoining the Property shall be used as a parking, storage, display, or accommodation area for any type of house trailer, camping trailer, boat trailer, hauling trailer, running gear, boat, or accessories thereto, truck larger than 3/4 ton, bus, or self-contained motorized recreational vehicle, except as temporary expedience for loading, delivery, or

emergency. This restriction, however, shall not restrict trucks or other commercial vehicles within the Properties which are necessary for the construction of Condominiums or the maintenance of the Common Area or Condominiums or making deliveries or performing services. No abandoned vehicles shall be stored or parked upon any part of the Property or any street adjoining the Property, but excluding any area designated for such purpose by the Board. In the event that the Board shall determine in its sole discretion that a vehicle is an abandoned vehicle, then a written notice describing the vehicle will be personally delivered to the Owner thereof (if such Owner can be reasonably ascertained) or will be conspicuously placed on the unused vehicle (if the Owner thereof cannot be reasonably ascertained, and if the unused vehicle is not removed within seventy-two (72) hours thereafter, the Board shall have the right to remove the vehicle at the sole expense of the Owner thereof. For the purpose of this Section, an "abandoned vehicle" is any automobile, truck, motorcycle, motor bike, boat, trailer, camper, motor home, house trailer or other similar vehicle which has not been driven under its own propulsion, or has not been moved for a period of five (5) days or longer. The Board of Directors may make rules and restrictions regarding parking and vehicular traffic on the Property, and the Board may also designate any parking spaces as solely for the use of visitors or others, unless such spaces have been previously assigned by Declarant to an Owner, and requiring that all Owners park their vehicles inside their assigned spaces, rather than in driveways, streets or other parts of the Property. Neither Owners, tenants, guests, family nor other invitees shall park within or obstruct any prohibited area, including without limitation, any fire lane. Parking is prohibited within all portions of the motor court and of the Project adjacent to Unit garages. Any vehicle parking in the Common Area shall only be in those areas designated for parking. Garage doors shall be kept closed at all times except when in immediate use for ingress and egress of a motor vehicle. Any vehicle or other item which is parked in violation of any rules or restrictions shall be subject to immediate removal by the Board or its agents at the expense of the Owner of such vehicle. Notwithstanding any other provision contained herein, no vehicles of any type shall be parked on any private street within the Property.

Section 7.14 Clotheslines and Storage. Outside clotheslines, basketball hoops, storage shed and storage areas shall not be allowed unless approved by the Architectural Control Committee in its sole discretion.

Section 7.15 Garbage and Refuse Disposal. No garbage, refuse, rubbish or cuttings shall be deposited on any street, on the Common Area, unless placed in an appropriate, clean container suitably located, solely for the purpose of garbage pick-up. All trash and refuse containers, except when placed as noted above as the sole purpose of garbage pick-up, will be kept inside the Units. The burning of trash in outside incinerators, barbecue pits or the like is prohibited, it being intended that all refuse, trash, garbage and the like shall be hauled from the Property. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.

Section 7.16 Repair. No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting or servicing of any kind of vehicles, trailers, boats, or vans may be performed on the Common Area unless it is done within completely enclosed structures which screen the sight and sound of the activity from the street and from adjoining property.

Section 7.17 Tanks. No tanks of any kind, either elevated or buried, shall be erected, placed or permitted upon the Property.

Section 7.18 Underground Electric Lines. All electric, television, radio and telephone line installations and connections which shall be placed on the Property following the date of this Declaration shall be placed underground, except for power

substations and switching stations which shall be adequately screened from view and except for customary surface devices for access or control and except that during the construction of a residence the contractor or builder may install a temporary overhead utility line which shall be promptly removed upon completion of construction and which shall be subject to Declarant's prior written approval.

Section 7.19 Use of Common Area.

(a) No use shall be made of the Common Area which will in any manner violate the statutes, rules, or regulations of any governmental authority having jurisdiction over the Common Area.

(b) The use of the Common Area shall be subject to such rules and regulations as may be adopted from time to time by the Board of Directors of the Association.

(c) No use shall ever be made of the Common Area which will deny ingress and egress to the Condominiums, except as is permitted by the Association in the exercise of its right in Section 2.4.

Section 7.20 Sales and Construction Facilities and Activities of Declarant.

Notwithstanding any provision to the contrary contained herein, Declarant, its agents, employees and contractor shall have all rights set forth in C.R.S. 38.33.3-215 and shall be permitted to maintain during the period of any construction on and sale of the Condominiums upon such portion of the Property as Declarant may choose, such uses and facilities as may be reasonably required, convenient or incidental to the construction, sale or rental of Condominiums and to the development of the Property, including without limitation, storage of equipment and vehicles, a business office, use of a Condominium, or clubhouse, if applicable, for a sales office, storage area, construction yards, signs of any size and type, model Condominiums with typical model Condominium flood lighting, sales offices, construction office, flags, parking area and lighting and temporary parking facilities for all prospective tenants or purchasers of Condominiums. In addition, Declarant, its agents, employees, financiers, any contractor involved in the construction or sale of said improvements and Condominiums or in the development of the Property, shall have all rights set forth in C.R.S. 38-33.3-216, and shall have the right to ingress and egress over the Common Area as in Declarant's discretion may be necessary to complete the Project.

Section 7.21 Consolidation of Units. Subject to all applicable building and fire codes of the City and only after obtaining the written approval of the Committee, the Board of Directors and all Mortgagees having a lien on such Condominiums, the Owner of any two contiguous Units may alter, or remove or replace all or portions of the intervening wall separating such Units, provided that (a) the structural integrity of the Condominium Building is not affected thereby, (b) no utility connections serving other Units are disturbed, and (c) if the intervening wall is a load-bearing or structural wall, the portion of such wall which is removed shall have a width approved by the Board and a structural beam shall be placed in the opening created by the removal of such wall if required by the requirements of the Board. Upon termination of the common ownership of such contiguous Units and if the intervening wall shall have been altered or removed pursuant to the foregoing provisions, each of the Owners of such Units shall be obligated to restore such intervening wall to substantially the same condition in which it existed prior to such alteration or removal.

ARTICLE VIII

INSURANCE

Section 8.1 Common Insurance. The Association shall obtain and maintain at all times, to the extent reasonably obtainable, insurance policies covering the following risks:

(a) Casualty. A policy of property insurance covering all insurable personal property owned by the Association, and all insurable improvements located upon the Common Area, together with all fixtures and appliances attached thereto except for the value of the land, foundation, excavation and other items normally excluded, with a "Replacement Cost Endorsement" providing that any claim will be settled on a full replacement cost basis without deduction for depreciation, and including an "Inflation Guard Endorsement" and an "Agreed Amount Endorsement". The Association may also purchase a "Demolition Endorsement" and "Increased Cost of Construction Endorsement" and/or a "Contingent Liability from Operation of Building Laws Endorsement" or the equivalent. Such insurance as maintained by the Association pursuant to this Section shall afford protection against at least the following:

(i) loss or damage by fire and other hazards covered by the standard all risk form including without limitation endorsements for vandalism and malicious mischief, and

(ii) such other risks as shall customarily be covered with respect to projects similar in construction, location and use.

(b) Public Liability. Comprehensive general liability and property damage insurance in such limits as the Board of Directors of the Association may, from time to time, determine, but not in an amount less than \$500,000.00 for bodily injury, per person, per occurrence and umbrella liability limits of \$1,000,000.00 per occurrence covering claims for bodily injury and \$50,000.00 for property damage arising out of one occurrence or \$1,000,000.00 combined single limit coverage. To the extent reasonably obtainable, coverage shall include, without limitation, liability for personal injuries, operation of automobiles (whether owned, non-owned or hired) on behalf of the Association, and activities in connection with the ownership, operation, maintenance and other use of the Common Area and the Units by the Association, off-premises employee coverage, its officers, directors, agents, employees, representatives and the Owners, water damage liability, contractual liability, and liability for property of others.

(c) Workmen's Compensation. Workmen's Compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

(d) Fidelity Insurance. The Association shall purchase, in an amount equal to the maximum amount of funds in the Association's custody at any one time, but not less than the greater of either any sum required under C.R.S. 38-33.3-306(3) or the sum of three (3) months' assessments on the entire Project, plus reserves, blanket fidelity insurance covering losses resulting from dishonest or fraudulent acts or omissions committed by the Association's directors, managers, including without limitation, any person employed as an independent contractor for the purpose of managing the Association and any employee thereof, trustees, employees, volunteers, or anyone who manages the funds collected and held for the benefit of the Owners, provided however, any managing agent which handles funds of the Association should be covered by its own fidelity insurance policy, which must provide the same coverage required of the Association. Such policy shall also cover destruction or disappearance

- (b) To the extent possible, all insurance policies shall:
- (i) be obtained from responsible companies duly authorized and licensed to do insurance business in the State of Colorado, and having at least a "B" general policyholder's rating or a financial performance index of six (6) or better in the Best's Key Rating Guide;
 - (ii) provide for a waiver of subrogation by the insurer as to claims against the Association, its directors, officers, employees, agents, its Owners and members of their households;
 - (iii) provide that the insurance cannot be canceled, invalidated, or suspended on account of the conduct of the Association, its officers, directors, employees and agents;
 - (iv) provide for a waiver of any defense based on co-insurance;
 - (v) provide that the policy of insurance shall not be permitted to lapse, be terminated, canceled or materially or substantially changed or modified without at least thirty (30) days' prior written notice to the Association, the Owners and the First Mortgagees which have given notice of their liens;
 - (vi) 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;
 - (vii) provide that if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance; and
 - (viii) provide that no assessments therefor may be made against First Mortgagees and any such assessments made against someone other than First Mortgagees shall not become a lien on the Property superior to the First Mortgagee.
- (c) On written request the Association shall furnish, by certificate or otherwise, a copy of any insurance policy, identifying the interest of the Owner in question, to any Owner or First Mortgagee, together with proofs of payment of premiums. Further, the Association may require the insurer to furnish to each Owner and First Mortgagee a certificate of insurance.
- (d) Any insurance policy may contain such deductible provisions as the Association deems consistent with good business practice. Any loss falling within the deductible portion of the policy shall be borne by the Association, except as otherwise provided in this Declaration.

Section 8.4 Owner's Personal Property and Liability Insurance. An insurance policy issued to the Association does not obviate the need for Owners to obtain insurance for their own benefit. Each Owner shall be solely responsible, at his expense, for all insurance covering all loss or damage to any and all fixtures, appliances, furniture, furnishings or other personal property supplied, maintained or installed by the Owner and covering liability for injury, death or damage occurring within his Unit. Such insurance shall contain waivers of subrogation and shall be so written that the insurance obtained by the Association shall be affected or diminished thereby. The Association shall have no responsibility regarding the obtaining or continuation of any such insurance. If at any time of any loss under any policy which

is in the name of the Association there is other insurance in the name of any Owner and such Owner's policy covers the same property or loss, or any portion thereof, which is covered by such Association policy such Association policy shall be primary insurance not contributing with any of such other insurance.

ARTICLE IX

DAMAGE, DESTRUCTION, CONDEMNATION AND MERGER

Section 9.1 (a) Attorney-in-Fact. All of the Owners and First Mortgagees irrevocably constitute and appoint the Association as their true and lawful attorney in their name, place and stead, for the purpose of dealing with the Property in the event of their destruction, damage or condemnation, including without limitation the repair, replacement and improvement of any buildings, fixtures, improvements and service equipment located on the Property (but excluding any furniture, furnishings and other personal property installed by the Owners). Title to and/or the lease of any Condominium is declared and expressly made subject to the terms and conditions hereof, and acceptance by any Owner, grantee of a deed, lease or other instrument of conveyance from the Declarant or from any Owner or grantor shall constitute appointment of the attorney-in-fact herein provided. As attorney-in-fact, the Association, by its President and Secretary or Assistant Secretary or its other duly authorized officers and agents, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed, or other instrument with respect to the interest of an Owner which is necessary and appropriate to exercise the power herein granted. The proceeds of any insurance collected shall be payable to the Association, as trustee, for the purpose of repair, restoration, reconstruction or replacement as provided in this Declaration. In the event that the Association is dissolved or becomes defunct, a meeting of the Owners shall be held within thirty (30) days after either such event. At such meeting a new attorney-in-fact to deal with the Project upon its destruction, damage, or condemnation shall be appointed. Said appointment must be approved by vote or agreement of Owners of Condominiums to which at least sixty-seven (67%) percent of the votes (based upon Proportionate Interests) in the Association are attached, who are voting in person or by proxy at a meeting duly called for that purpose, and at least sixty-seven (67%) percent of the First Mortgagees.

(b) Insurance Trustee. Notwithstanding any other provision contained in this Declaration, and except as otherwise required by Colorado law, in the event the insurance proceeds applicable to any single casualty to damage or destruction of a Building or Common Area ("Casualty") are greater than \$250,000.00, such insurance proceeds shall be delivered to an insurance trustee ("Insurance Trustee"), who will be required to disburse such proceeds in accordance with the provisions of this Declaration. The Insurance Trustee must be reasonably acceptable to First Mortgagees which collectively have a lien on at least 67% of the Units involved in the Casualty.

(c) Disbursements. The insurance proceeds applicable to any single Casualty shall be disbursed to cause reconstruction or repair of the applicable Building in an efficient and timely manner and in accordance with all Applicable Laws. Such Insurance Trustee shall also take all reasonable precautions to avoid having mechanics liens filed against the applicable Buildings in connection with any such reconstruction or repair.

Section 9.2 Reconstruction or Repair. Subject to the provisions of Colorado law and the rights of Mortgagees and First Mortgagees as set forth in this Declaration, in case of fire, casualty or any other disaster, the insurance proceeds, if sufficient to reconstruct the Buildings damaged, shall be applied to such reconstruction. "Reconstruction of the Buildings", as used in Section 9.3, means restoring the

Condominium Buildings to substantially the same condition in which they existed prior to the fire, casualty or other disaster, with each Unit and the Common Area having the same vertical and horizontal boundaries as before. The Board shall cause such reconstruction to be accomplished.

Section 9.3 Insufficiency of Proceeds. If the insurance proceeds are insufficient to reconstruct a Condominium Building, damage to or destruction of such Building shall be promptly repaired and restored by the Board using proceeds of insurance, if any, on the Buildings for that purpose, and the Owners shall be liable in proportion to their respective percentage interests in the Common Areas for assessment for any deficiency. If Reconstruction of the Buildings comprises the whole or more than two-thirds (2/3rds) of the Project (exclusive of the land and appurtenant easements) as determined by the Board, unless otherwise agreed upon by 51% of the Owners and 51% of the Mortgagees, the damage shall be repaired or restored. In the event that the Owners and the Mortgagees do not elect to repair or rebuild any damage in accordance with the preceding sentence, the Board shall Record a notice setting forth such fact, and upon the recording of such notice:

(a) The Project shall be deemed to be owned in common by the Owners;

(b) The undivided interest in the Project owned in common which shall appertain to each Owner shall be the fractional undivided interest previously owned by such Owner in the Common Areas;

(c) Any liens affecting any of the Condominiums shall be deemed to be transferred in accordance with the existing priorities to the undivided interest of the Owner in the Project;

(d) The Project shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the Project, if any, shall be considered as one fund and shall be divided among all the Owners in proportion to the fractional undivided interest owned by each Owner in the Common Areas, after first paying out of the respective shares of the Owners, to the extent sufficient for the purposes, of all indebtedness secured by liens on the undivided interest in the Project owned by each Owner; and

(e) Notwithstanding any other provision hereof, no Unit in the Project may be partitioned or subdivided without the prior written approval of the holder of each Mortgage on such Unit.

Section 9.4 Excess Insurance Proceeds. With the prior written approval of sixty-seven percent (67%) of the First Mortgagees (based on one (1) vote for each First Mortgage held) and by vote or agreement of Owners of Condominiums to which at least sixty-seven percent (67%) of the votes (based upon Proportionate Interests) in the Association are attached, who are voting in person or by proxy at a meeting duly called for that purpose, any insurance proceeds remaining after any repairs or reconstructions are completed shall be paid to each Owner and his First Mortgagee jointly on a prorata per Condominium basis. Without such approval, any excess insurance proceeds shall be placed in the Association's reserves.

Section 9.5 Notice of Loss to First Mortgagee. Provided that a First Mortgagee has, in writing, requested the following information with respect to a Condominium upon which said First Mortgagee holds the First Mortgage and has furnished the Association with the address to which said First Mortgagee wants the information sent, then in the event that there shall be any damage to or destruction of: (a) any Unit on which such First Mortgagee holds the First Mortgage which shall be in excess of Ten Thousand Dollars (\$10,000.00) and/or (b) the Common Area

which shall be in excess of Ten Thousand Dollars (\$10,000.00), then timely written notice of any such damage, destruction or condemnation shall be given by the Association to such First Mortgagee.

Section 9.6. Eminent Domain. Subject to the rights of Mortgagees, the following provisions shall apply in the event of any taking of a portion of a Unit or of the Common Areas by eminent domain. The taking of a portion of a Unit or of the Common Areas by eminent domain shall be deemed to be a casualty, and the awards for such taking shall be deemed to be proceeds from insurance on account of the casualty and shall be deposited with the Association or Insurance Trustee, if any. The Association or the Insurance Trustee shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Elements or part thereof. The awards or proceeds for such taking shall be payable to the Association, or any Insurance Trustee, for the use of the Owners and their Mortgagees, as their interests may appear. Notwithstanding any other provision of this Article IX, any distribution made as a result of any termination of the Project shall be accomplished on a reasonable and equitable basis. Even though the awards may be payable to the Owners, the Owners shall deposit the awards with the Insurance Trustee; and in the event of failure to do so, in the discretion of the Board of Directors of the Association, a Special Assessment shall be made against a defaulting Owner in the amount of his award, or the amount of such award shall be set off against the sums hereafter made payable to such Owner. If any Unit or portion thereof or the Common Areas or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the Mortgagee of such Unit shall be entitled to timely written notice of any such proceeding or proposed acquisition and no provision hereof shall entitle the Owner of such Unit or other party to priority over such Mortgagee with respect to the distribution to such Unit of any award of settlement. Subject to the rights of the Mortgagees under the terms of their Mortgages, the proceeds of the awards shall be distributed or used in the manner heretofore provided for insurance proceeds, except that when the Condominium is not to be terminated and one or more Units are taken in part, the taking shall have the following effects:

(a) If the taking reduces the size of a Unit and the remaining portion of that Unit can be made tenable, the award for the taking of a portion of the Unit shall be used for the following purposes in the order stated, and the following changes shall be effected in the Condominium:

(1) the Unit shall be made tenable, and if the cost of such work exceeds the amount of the award, the additional funds shall be assessed against the Owner of the Unit.

(2) the balance of the award, if any, shall be distributed to the Owner of the Unit and to the Mortgagees of the Unit, the remittance being payable jointly to such Owner and Mortgagees.

(3) if there is a balance of the award distributed to the Unit Owner and Mortgagee, the share in the Common Areas appurtenant to the Unit shall be equitably reduced. This shall be done by reducing such share by the proportion which the balance of the award so distributed bears to the market value of the Condominium immediately prior to the taking, and then recomputing the shares of all Owners in the Common Areas as percentages of the total of their shares as reduced by the taking.

(b) If the taking destroys or so reduces the size of a Unit that it cannot be made tenable, the award for the taking of the Unit shall be used for the following purposes in the order stated, and the following changes shall be effected in the Condominium:

(1) the market value of such Unit immediately prior to the taking shall be paid to the Owner of the Unit and to each Mortgagee of the Unit, the remittance being payable jointly to the Owner and Mortgagee.

(2) the remaining portion of such Unit, if any, shall become a part of the Common Areas and shall be placed in condition for use by all of the Owners, in the manner approved by the Board of Directors of the Association; provided, however, that if the cost of such work shall exceed the balance of the fund from the award for the taking, such work shall be approved in the manner elsewhere required for further improvement of the Common Areas.

(3) the shares in the Common Areas appurtenant to the Unit which continue as a part of the Condominium shall be equitably adjusted to distribute the ownership to the Common Areas among the reduced number of Owners. This shall be done by recomputing the shares of such continuing Owners in the Common Areas as percentages of the total of the shares of such Owners as they existed prior to the adjustment.

(4) if the amount of the award for taking is not sufficient to pay the market value of the condemned Unit to the Owner and to restore the remaining portion of the Unit in condition for use as a part of the Common Areas, the additional funds required for such purposes shall be raised by Special Assessments against all the Owners who will continue as Owners of Units after the changes in the Project affected by the taking. Such Special Assessments shall be made in proportion to the shares of such Owners in the Common Areas after the changes effected by the taking.

(c) If the market value of the Unit prior to the taking cannot be determined by agreement between its Owner and Mortgagee and the Association within thirty (30) days after notice by any such party, such values shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the Unit; and a judgment of specific performance upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The cost of arbitration proceedings shall be assessed against all Owners in proportion to the shares of the Owners in the Common Areas as they existed prior to the changes effected by the taking.

(d) Subject to the rights of Mortgagees and subject to Section 12.7 regarding governmental agency approval, the changes in Units, in the Common Areas, in the Ownership of the Common Areas, and in shares of liability for Common Expenses which are effected by eminent domain, shall be evidenced by an amendment of this Declaration which need to be approved only by a majority of the Board of Directors of the Association.

ARTICLE X

PHASED DEVELOPMENT

Section 10.1 Right to Expand. For a period continuing until seven (7) years from the date of the recording of this Declaration, Declarant reserves the right to expand this Project, without the approval of the Owners or First Mortgagees, except as provided in Article XI, Section 11.2, to include additional land and one or more additional buildings located upon all or any part of the Expansion Property; provided, however, that the total number of units in the Project, as expanded, shall not exceed 150 Units and any additional buildings to be constructed shall be of comparable or greater cost or size in relation to those Condominium Buildings existing on the Property at the time of expansion except for such alterations or modifications as may be approved by the Department of Veterans' Affairs or the Federal Housing Administration. By accepting a deed to a Condominium, each Owner hereby grants to Declarant a right to expand the Project and to modify the Owner's Proportionate Share and right, title and interest in the Common Area accordingly, as set forth in this Article X and Article XI, Section 11.2 and shall not make or constitute any amendment or modification in this Declaration except as provided in this Article X. Any expansion hereunder shall comply with C.R.S. 38-33.3-209 and 210.

Section 10.2 Procedure for Expansion. Such expansion may be accomplished by the filing for record by Declarant with the Clerk and Recorder of the county in which the Project is located, no later than seven (7) years from the date of this Declaration, an amendment or amendments to this Declaration containing a legal description of the land area to be added to the Project, together with any supplemental plats which may be required. Any such amendment or amendments to this Declaration shall also contain a listing of the number of Condominiums to be contained in the expanded portion of the Project and shall assign an identifying number to each new Condominium thereby created, shall reallocate each Owner's Proportionate Share and shall describe any Common Areas and, except as otherwise provided herein, any limited Common Areas thereby created and designate the Condominiums to which each is allocated to the extent required by C.R.S. 38-33.3-208. The expansion may be accomplished in "phases" by successive amendments.

Section 10.3 Effect of Expansion.

(a) In the event of such expansion, the definitions used in this Declaration shall automatically be expanded to encompass and refer to the Project as so expanded; e.g., "Property" shall mean the real property described on Exhibit "A" hereto plus any additional real property added by any amendment to this Declaration; similarly, "Common Area" and "Condominiums" shall include those areas located within the real property described on Exhibit "A" hereto, as well as those so designated on any amendment or supplemental plat relating to any real property which is annexed pursuant to this Article X. References to this Declaration shall mean this Declaration as so amended. Every Owner of a Condominium in the area shall, by virtue of such Ownership and upon recordation of the amendment, be a member of the Association and shall be entitled to the same rights and privileges and subject to the same duties and obligations as any other Association member. The recording with the Clerk and Recorder of the county in which the Property is located of an amendment to this Declaration incident to any expansion shall operate automatically to grant, transfer and convey to all of the Owners of the Condominiums, located within the Property and the part of the Expansion Property added thereby, their respective, appurtenant, undivided rights, titles, interests, privileges, duties and obligations in and to both the existing Common Area and the new Common Area, if any, added to the Property as a result of such expansion; provided, however, assessments for Condominiums within the annexed area shall commence as set forth in Section 4.8 of Article IV hereof, but no

part of the Expansion Property shall be subject to assessments or any provision of this Declaration until the annexation of that part is completed in accordance with this Article X.

(b) Upon recording of the amendment or amendments to Declaration and any supplemental Condominium Map with the Clerk and Recorder of the county in which the Project is located, the additional Condominiums and Common Area shall be subject to the provisions of this Declaration.

(c) At such time, prior to seven (7) years from the date of this Declaration, that the Declarant determines that the Project is completed, he shall record with the Clerk and Recorder of the county in which the Project is located a Certificate of Completion. Said Certificate shall contain a statement of the total number of Condominiums.

(d) Until the expansion of the Project is accomplished by recording the amendment(s) to this Declaration and supplemental plat(s), the Expansion Property and any improvements constructed thereon shall not be subject to this Declaration in any way whatsoever, including but not limited to consideration for the purpose of apportioning assessments or determining voting rights or privileges. If such expansion does not occur, nothing contained in this Declaration or otherwise shall restrict, impair, hinder, encumber or burden, in any way whatsoever, Declarant's, or its successors' or assigns' sole and complete right, title and interest to the Expansion Property and any improvements constructed thereon. The Declarant alone shall be liable for all expenses of the Expansion Property unless and until annexed hereunder, and shall be entitled to any income and proceeds therefrom. The Declarant's right to annex, and other development rights, may be exercised at different times and as to different portions of the Property or Expansion Property, and so no assurances are made hereby regarding the boundaries of any portion of real property which may be annexed hereunder nor the order in which said portion may be annexed. If the Declarant exercises any right to annex additional portions, the Declarant is not required to exercise any development rights to any and all portions of the remaining Property or Expansion Property. Any portion of the Property or Expansion Property may be designed as general or limited areas or elements as shown by the plat or map which has been or will be recorded regarding that portion.

ARTICLE XI

ADDITIONAL RESTRICTIONS

Section 11.1 Restrictions Upon Association and Owners. Unless at least sixty-seven percent (67%) of the First Mortgagees (based upon one (1) vote for each Condominium Unit encumbered by a First Mortgage) and the Owners (other than Declarant) by vote or agreement of the Members of which at least sixty-seven percent (67%) of the votes (based upon Proportionate Interests) in the Association are attached, have given their prior written approval, neither the Association nor the Owners shall be empowered or entitled to do any of the following:

(a) by act or omission, seek to abandon or terminate this Declaration or any scheme or architectural control, or enforcement thereof, as set forth in this Declaration, regarding the architectural design, exterior appearance, or exterior maintenance of the Common Area or improvements thereon;

(b) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer any of the Common Area, except for the granting of utility easements as provided by Section 2.5(a) of Article II hereof;

(c) fail to maintain full current replacement cost, fire, and extended insurance coverage on the Condominiums and Common Areas, and such other insurance as is required under this Declaration;

(d) use hazard insurance proceeds for loss to the improvements for other than repair, replacement or reconstruction of such improvements as herein provided;

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

(f) a material change in any of the following provisions of this Declaration: voting rights; assessments, assessment liens or the priority of assessment liens; reserves for maintenance, repairs, and replacement of Common Areas; responsibility for maintenance and repairs; reallocation of interests in the Common Areas, or rights to their use; restoration or repair of the Project (after a hazard damage or partial condemnation) in a manner other than that specified in this Declaration; any action to terminate the legal status of the Project after substantial destruction or condemnation occurs; or any provisions that expressly benefit First Mortgage holder, insurers, or guarantors.

Section 11.2 Additional Restrictions During Declarant Control. In addition to the provisions of Section 11.1 of this Article, after the Declarant has obtained evidence of approval for guaranteed or insured loans by Federal Housing Administration or the Department of Veterans' Affairs and continuing until such time as the Period of Declarant Control has terminated, the prior written approval of the Department of Veterans' Affairs or the Federal Housing Administration of the U.S. Department of Housing and Urban Development shall be required for any of the following:

(a) Amendment of this Declaration;

(b) Amendment of the Articles of Incorporation of the Association;

(c) Annexation of all or any part of any additional property to this Declaration;

(d) Encumbering or mortgaging of all or any part of the Common Area;

(e) Dedication of all or any part of the Common Area, except for the granting of utility easements as provided by Section 2.5(a) of Article II hereof; and

(f) Merger, consolidation or dissolution of the Association. Any merger or consolidation shall also comply with C.R.S. 38-33.3-221.

Section 11.3 Implied Approval by Mortgagee. Notwithstanding any provision of this Declaration, any matter requiring Mortgagee approval will be assumed when that Mortgagee fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal provided the notice was delivered by certified or registered mail, with a "return receipt" requested. Any First Mortgagee shall be given notice of any proposed action requiring its consent, if the First Mortgagor has sent a written request to the Association, stating both its name and address and the Unit number or address of the Unit on which it has (or insures or guarantees) the Mortgage.

ARTICLE XII

GENERAL PROVISIONS

Section 12.1 Acceptance of Provision of All Documents. The conveyance or encumbrance of a Unit shall be deemed to include the acceptance of all provisions of this Declaration, the Articles of Incorporation of the Association and the Association's Bylaws and rules and regulations, all of which shall be binding upon each Owner, his heirs, personal representatives, family, guests, Occupants, tenants, successors and assigns, and everyone having an interest in the Condominium without the necessity of inclusion of an express provision in the instrument of conveyance or encumbrance.

Section 12.2 Enforcement. The Board, the Declarant or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Board or by the Declarant or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Board shall have the right to promulgate rules and regulations to enforce or apply this Declaration, and all Owners and other parties subject thereto shall strictly comply therewith. In addition to all other remedies, the Board of Directors shall have the right, after notice and an opportunity of hearing, to impose upon any Owner reasonable fines for any breach by that Owner of the provisions of this Declaration, the Bylaws and/or the Association's rules and regulations. All rights and remedies provided in this Declaration are distinct and cumulative to any other right or remedy hereunder or afforded by law or in equity, and may be exercised concurrently, independently or successively.

Section 12.3 Non-Waiver. Any forbearance or failure to enforce any provision of this Declaration shall not operate as a waiver of any such provision or of any other provision of this Declaration or of any subsequent enforcement of any such provision. The rights and remedies of the Association are distinct and cumulative to any other right or remedy hereunder or afforded by law in equity and may be exercised concurrently, independently or successively without effect or impairment upon one another.

Section 12.4 Cumulative. Each of these covenants is cumulative and independent and is to be construed without reference to any other provision dealing with the same subject matter or imposing similar or dissimilar restrictions. A provision shall be fully enforceable although it may prohibit an act or omission sanctioned or permitted by another provision.

Section 12.5 Severability. Invalidation of any of these covenants or restrictions by judgment or court order shall in no way affect or limit any other provisions which shall remain in full force and effect.

Section 12.6 Conflicts of Provisions. In case of conflict between this Declaration and the Articles of Incorporation or the Bylaws, this Declaration shall control. In case of conflict between the Articles of Incorporation and the Bylaws, the Articles of Incorporation shall control.

Section 12.7 Duration and Amendment. Each and every provision of this Declaration shall be binding upon each and every Owner, his heirs, successors, assigns and personal representatives and shall run with and bind the land for a term of twenty (20) years from the date of recording of this Declaration, after which time this Declaration shall be automatically extended for successive periods of ten (10) years each. Except as is otherwise provided herein, this Declaration shall not be revoked or terminated unless all of the Owners and all of the First Mortgagees agree to such termination or revocation by an instrument duly recorded and such termination and

revocation shall comply with C.R.S. 38-33.3-218. Subject to the provisions of Section 1.8, this Declaration may be amended or modified by written document signed by Owners of Condominiums to which at least sixty-seven percent (67%) of the Proportionate Interests in the Association are attached and not less than sixty-seven percent (67%) of the First Mortgagees; provided, however, that (a) until the Period of Declarant Control is terminated, and except as otherwise provided below, Declarant shall be permitted to reject any such amendment or modifications, (b) any Section in this Declaration which requires a particular percentage of Owners and/or Mortgagees may be amended only by written consent of that percentage of those parties, (c) this Section may be amended by an instrument signed by Owners owning not less than ninety percent (90%) of the Condominiums, and one hundred percent (100%) of the First Mortgagees who have given the Association notice of their lien; and (d) Declarant hereby reserves the right, until the Period of Declarant Control is terminated, but without the vote of the Owners, to make such amendments to this Declaration, the Articles of Incorporation and/or the Bylaws as may be permitted by the Act or as may be necessary to make clarifications which are deemed necessary or advisable by Declarant or as may be approved in writing by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration or Department of Veterans' Affairs so as to induce any of such organizations to make, purchase, sell, insure or guarantee First Mortgages covering any portion of the Property, and each Owner and Mortgagee by accepting a deed, Mortgage or other instrument affecting a Condominium appoints Declarant as his attorney-in-fact for purposes of executing in said Owner's and/or Mortgagee's name and recording any such amendments to this Declaration, and each deed, mortgage, trust deed, other evidence of obligation or other instrument affecting a Condominium and the acceptance thereof shall be deemed to be a grant and acknowledgment of and a consent to the reservation of the power to the Declarant to make, execute and record any such amendments. The consent of any junior Mortgagee shall not be required under the provisions of this Article. In determining whether the appropriate percentage of First Mortgagee approval is obtained, each First Mortgagee shall have one (1) vote for each First Mortgage owned. To be effective, all amendments to this Declaration must be recorded in the office of the Clerk and Recorder of the county in which the Property is located, and an amendment must be indexed in the Grantee's index in the name of the Project and the Association and in the Grantor's index in the name of each person executing the amendment. The amendment shall be prepared, executed, recorded, and certified on behalf of the Association by any officer of the Association designated for that Association. All expenses associated with preparing and recording an amendment to the Declaration shall be the sole responsibility of the persons or parties as set forth in C.R.S. 38-33.3-217(6). The Association shall notify any First Mortgagee who has requested notice in writing of any proposed action under this Declaration which would require the consent of a specified percentage of First Mortgagees.

Section 12.8 Registration by Owner of Mailing Address. Each Owner shall register his mailing address with the Association, and except for monthly statements and other routine notices, all other notices or demands intended to be served upon an Owner shall be sent by either registered or certified mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. All notices, demands or other notices intended to be served upon the Board of Directors of the Association or the Association shall be sent by certified mail, postage prepaid, to the registered agent of the Association at his address filed with the Secretary of State of the State of Colorado, together with a copy addressed to the President of the Association at his registered address.

Section 12.9 Assignment of Declarant's Rights. The Declarant may assign its rights and authority hereunder, in whole or in part, by express written assignment, duly recorded.

Section 12.10 Number and Gender. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

Section 12.11 Captions. The captions to the Articles and Sections are inserted herein only as a matter of convenience and for reference, and are in no way to be construed to define, limit, or otherwise describe the scope of the Declaration or the intent of any provisions hereof.

Section 12.12 Association to Resolve Ambiguities. If any doubt or question shall arise concerning the true intent or meaning of any of this Declaration, the Board of Directors of the Association shall, by resolution, determine the proper construction of the provision in question and such resolution shall fix and establish the meaning, effect and application of the provision. However, this provision shall not apply to any such question concerning Declarant, unless Declarant has given its specific prior written authorization for the Board of Directors to make the determination.

Section 12.13 Governing Law. This Declaration of Covenants, Conditions and Restrictions shall be governed by, and construed in accordance with, the statutes and laws of the State of Colorado.

IN WITNESS WHEREOF, the Declarant has hereunto set its hand and seal as of NOV. 13, 1997.



DECLARANT:

COURTYARDS AT QUAIL LAKE, L.L.C., a Delaware limited liability company

By: ELITE PROPERTIES OF AMERICA, INC., a Colorado corporation, as Manager

By: Janet R. Merriman
Its: Chief Financial Officer

ATTEST:

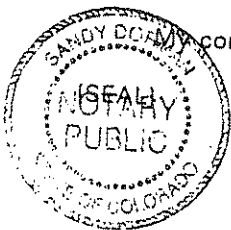
By: [Signature]
Its: ASST. SECT.

STATE OF COLORADO)
COUNTY OF EL PASO) ss.

This document was acknowledged before this 13th day of November, 1997 by JANET R. MERRIMAN and [Signature], as CEO of Elite Properties of America, Inc., a Colorado corporation as Manager of COURTYARDS AT QUAIL LAKE, L.L.C., a Delaware limited liability company.

Witness my hand and official seal.

My commission expires: 9-17-98



[Signature]
Notary Public

EXHIBIT "A"
TO
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF
THE COURTYARDS AT QUAIL LAKE

JR Engineering, Ltd.

LEGAL DESCRIPTION: THE COURTYARDS AT QUAIL LAKE, PHASE 1

A TRACT OF LAND BEING A PORTION OF LOT 1 OF CHEYENNE MEADOWS APARTMENT SUBDIVISION, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE RECORDED PLAT OF CHEYENNE MEADOWS APARTMENT SUBDIVISION, AS RECORDED IN PLAT BOOK W-3 AT PAGE 64, RECORDS OF EL PASO COUNTY, COLORADO.

COMMENCING AT THE MOST NORTHERLY CORNER OF CHEYENNE MEADOWS APARTMENT SUBDIVISION; THENCE S54°54'00"E ON THE NORTHERLY LINE OF SAID SUBDIVISION, A DISTANCE OF 327.14 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE ALONG THE NORTH LINE OF SAID SUBDIVISION, THE FOLLOWING THREE (3) COURSES:

1. S54°54'00"E, A DISTANCE OF 83.05 FEET;
2. S54°08'54"E, A DISTANCE OF 128.48 FEET;
3. S54°08'55"E, A DISTANCE OF 120.60 FEET TO THE MOST EASTERLY CORNER OF SAID SUBDIVISION;

THENCE ON THE SOUTHEASTERLY LINE OF SAID SUBDIVISION, THE FOLLOWING TWO (2) COURSES:

1. S35°53'04"W, A DISTANCE OF 91.14 FEET;
2. ON THE ARC OF A CURVE TO THE LEFT, HAVING A DELTA OF 04°46'04", A RADIUS OF 540.00 FEET, A DISTANCE OF 44.94 FEET TO A POINT ON CURVE;

THENCE N55°14'56"W, A DISTANCE OF 154.80 FEET; THENCE S48°16'53"W, A DISTANCE OF 29.59 FEET TO A POINT OF CURVE; THENCE ON THE ARC OF A CURVE TO THE LEFT, HAVING A DELTA OF 14°47'30", A RADIUS OF 185.00 FEET, A DISTANCE OF 47.76 FEET TO A POINT OF TANGENT; THENCE S33°29'23"W, A DISTANCE OF 79.41 FEET; THENCE S56°30'37"E, A DISTANCE OF 120.88 FEET TO A POINT OF CURVE; THENCE ON THE ARC OF A CURVE TO THE LEFT, HAVING A DELTA OF 10°36'19", A RADIUS OF 324.00 FEET, A DISTANCE OF 59.97 FEET TO A POINT OF TANGENT; THENCE S67°06'56"E, A DISTANCE OF 9.51 FEET; THENCE S22°53'04"W ON THE AFOREMENTIONED SOUTHEASTERLY LINE, A DISTANCE OF 57.00 FEET; THENCE N67°06'56"W, A DISTANCE OF 9.51 FEET TO A POINT OF CURVE; THENCE ON THE ARC OF A CURVE TO THE RIGHT, HAVING A DELTA OF 10°36'19", A RADIUS OF 381.00 FEET, A DISTANCE OF 70.52 FEET TO A POINT OF TANGENT; THENCE N56°30'37"W, A DISTANCE OF 15.94 FEET; THENCE N11°30'37"W, A DISTANCE OF 15.56 FEET; THENCE N58°30'37"W, A DISTANCE OF 172.76 FEET TO A POINT OF CURVE; THENCE ON THE ARC OF A CURVE TO THE LEFT, HAVING A DELTA OF 20°18'34", A RADIUS OF 130.00 FEET, A DISTANCE OF 46.08 FEET TO A POINT OF TANGENT; THENCE N76°49'11"W, A DISTANCE OF 33.47 FEET; THENCE S13°10'49"W, A DISTANCE OF 20.00 FEET TO A POINT ON CURVE; THENCE ON THE ARC OF A CURVE TO THE RIGHT, WHOSE CENTER BEARS N13°10'49"E, HAVING A DELTA OF 10°20'03", A RADIUS OF 190.00 FEET, A DISTANCE OF 34.27 FEET TO A POINT ON CURVE; THENCE N23°30'52"E, A DISTANCE OF 60.00 FEET TO A POINT ON CURVE; THENCE ON THE ARC OF A CURVE TO THE LEFT, WHOSE CENTER BEARS N23°30'52"E, HAVING A DELTA OF 10°20'03", A RADIUS OF 130.00 FEET, A DISTANCE OF 23.45 FEET TO A POINT OF TANGENT; THENCE S76°49'11"E, A DISTANCE OF 25.43 FEET; THENCE N31°26'58"E, A DISTANCE OF 124.42 FEET; THENCE N37°50'27"W, A DISTANCE OF 39.12 FEET; THENCE N41°57'17"E, A DISTANCE OF 185.07 FEET TO THE POINT OF BEGINNING, FROM WHENCE THE POINT OF COMMENCING BEARS N54°54'00"W, A DISTANCE OF 327.14 FEET.

THE ABOVE DESCRIBED PARCEL CONTAINS A CALCULATED AREA OF 2.119 ACRES (92,290 SQUARE FEET).

LEGAL DESCRIPTION STATEMENT:

I, G. LAWRENCE BURNETT, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY STATE THAT THE ABOVE LEGAL DESCRIPTION AND ATTACHED EXHIBIT WERE PREPARED UNDER MY RESPONSIBLE CHARGE AND ON THE BASIS OF MY KNOWLEDGE, INFORMATION AND BELIEF ARE CORRECT.

G. Lawrence Burnett
G. LAWRENCE BURNETT, PROFESSIONAL LAND SURVEYOR
COLORADO P.L.S. NO. 10376
FOR AND ON BEHALF OF JR ENGINEERING LTD.

Feb 10, 1997
DATE

97133374-46

EXHIBIT "A-1"
TO
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF
THE COURTYARDS AT QUAIL LAKE

Title Exceptions

Any and all matters of Record in El Paso County, Colorado

EXHIBIT "B"
TO
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF
THE COURTYARDS AT QUAIL LAKE

JR Engineering, Ltd.

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OCTOBER 21, 1997
PAGE 1 OF 2

LEGAL DESCRIPTION:

COURTYARDS AT QUAIL LAKE
"EXPANSION PROPERTY"

THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 14 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN IN THE CITY OF COLORADO SPRINGS, EL PASO COUNTY, COLORADO, BEING LOT 1, CHEYENNE MEADOWS APARTMENT SUBDIVISION, AS RECORDED IN PLAT BOOK W-3 AT PAGE 64 OF THE RECORDS OF THE CLERK AND RECORDER OF EL PASO COUNTY, COLORADO, EXCEPT THAT PORTION OF LOT 1 OF CHEYENNE MEADOWS APARTMENT SUBDIVISION, BEING DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS:

THE RECORDED PLAT OF CHEYENNE MEADOWS APARTMENT SUBDIVISION, AS RECORDED IN PLAT BOOK W-3 AT PAGE 64, RECORDS OF EL PASO COUNTY, COLORADO.

COMMENCING AT THE MOST NORTHERLY CORNER OF CHEYENNE MEADOWS APARTMENT SUBDIVISION; THENCE S54°54'00"E ON THE NORTHERLY LINE OF SAID SUBDIVISION, A DISTANCE OF 327.14 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE ALONG THE NORTH LINE OF SAID SUBDIVISION, THE FOLLOWING THREE (3) COURSES:

1. S54°54'00"E, A DISTANCE OF 83.05 FEET;
2. S54°06'54"E, A DISTANCE OF 128.48 FEET;
3. S54°06'55"E, A DISTANCE OF 120.60 FEET TO THE MOST EASTERLY CORNER OF SAID SUBDIVISION;

THENCE ON THE SOUTHEASTERLY LINE OF SAID SUBDIVISION, THE FOLLOWING TWO (2) COURSES:

1. S35°53'04"W, A DISTANCE OF 91.14 FEET;
2. ON THE ARC OF A CURVE TO THE LEFT, HAVING A DELTA OF 04°46'04", A RADIUS OF 540.00 FEET, A DISTANCE OF 44.94 FEET TO A POINT ON CURVE;

THENCE N55°14'56"W, A DISTANCE OF 154.80 FEET; THENCE S48°16'53"W, A DISTANCE OF 29.59 FEET TO A POINT OF CURVE; THENCE ON THE ARC OF A CURVE TO THE LEFT, HAVING A DELTA OF 14°47'30", A RADIUS OF 185.00 FEET, A DISTANCE OF 47.76 FEET TO A POINT OF TANGENT; THENCE S33°29'23"W, A DISTANCE OF 79.41 FEET; THENCE S56°30'37"E, A DISTANCE OF 120.88 FEET TO A POINT OF CURVE; THENCE ON THE ARC OF A CURVE TO THE LEFT, HAVING A DELTA OF 10°36'19", A RADIUS OF 324.00 FEET, A DISTANCE OF 59.97 FEET TO A POINT OF TANGENT; THENCE S67°06'56"E, A DISTANCE OF 9.51 FEET; THENCE S22°53'04"W ON THE AFOREMENTIONED SOUTHEASTERLY LINE, A DISTANCE OF 57.00 FEET; THENCE N67°06'56"W, A DISTANCE OF 9.51 FEET TO A POINT OF CURVE; THENCE ON THE ARC OF A CURVE TO THE RIGHT, HAVING A DELTA OF 10°36'19", A RADIUS OF 381.00 FEET, A DISTANCE OF 70.52 FEET TO A POINT OF TANGENT; THENCE N56°30'37"W, A DISTANCE OF 15.94 FEET; THENCE N11°30'37"W, A DISTANCE OF 15.56 FEET; THENCE N56°30'37"W, A DISTANCE OF 172.76 FEET TO A POINT OF CURVE; THENCE ON THE ARC OF A CURVE TO THE LEFT, HAVING A DELTA OF 20°18'34", A RADIUS OF 130.00 FEET, A DISTANCE OF 46.08 FEET TO A POINT OF TANGENT; THENCE N76°49'11"W, A DISTANCE OF 33.47 FEET; THENCE S13°10'49"W, A DISTANCE OF 20.00 FEET TO A POINT ON CURVE; THENCE ON THE ARC OF A CURVE TO THE RIGHT, WHOSE CENTER BEARS N13°10'49"E, HAVING A DELTA OF 10°20'03", A RADIUS OF 190.00 FEET, A DISTANCE OF 34.27 FEET TO A POINT ON CURVE; THENCE N23°30'52"E, A DISTANCE OF 60.00 FEET TO A POINT ON CURVE; THENCE ON THE ARC OF A CURVE TO THE LEFT, WHOSE CENTER BEARS N23°30'52"E, HAVING A DELTA OF 10°20'03", A RADIUS OF 130.00 FEET, A DISTANCE OF 23.45 FEET TO A POINT OF TANGENT; THENCE S76°49'11"E, A


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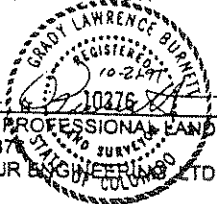
DISTANCE OF 25.43 FEET; THENCE N31°26'58"E, A DISTANCE OF 124.42 FEET; THENCE N37°50'27"W, A DISTANCE OF 39.12 FEET; THENCE N41°57'17"E, A DISTANCE OF 185.07 FEET TO THE POINT OF BEGINNING, FROM WHENCE THE POINT OF COMMENCING BEARS N54°54'00"W, A DISTANCE OF 327.14 FEET.

THE ABOVE DESCRIBED EXCEPTION PARCEL CONTAINS A CALCULATED AREA OF 2.119 ACRES (92,290 SQUARE FEET), LEAVING A REMAINING AREA OF 7.929 ACRES.

LEGAL DESCRIPTION STATEMENT:

I, G. LAWRENCE BURNETT, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY STATE THAT THE ABOVE LEGAL DESCRIPTION WAS PREPARED UNDER MY RESPONSIBLE CHARGE AND ON THE BASIS OF MY KNOWLEDGE, INFORMATION AND BELIEF, IS CORRECT.


G. LAWRENCE BURNETT, PROFESSIONAL LAND SURVEYOR
COLORADO P.L.S. NO. 10376
FOR AND ON BEHALF OF JR ENGINEERING LTD.



Oct 21, 1997
DATE

EXHIBIT "C"
TO
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF
THE COURTYARDS AT QUAIL LAKE

Owner's Proportionate Share and Maximum Annual Assessment

All of the following Units located within The Courtyards at Quail Lake, El Paso County, State of Colorado.

<u>Unit</u>	<u>Current Proportionate Interest</u>	<u>Initial Maximum Monthly Assessments</u>
1	1/12	\$250.00
2	1/12	\$250.00
3	1/12	\$250.00
4	1/12	\$250.00
5	1/12	\$250.00
6	1/12	\$250.00
7	1/12	\$250.00
8	1/12	\$250.00
9	1/12	\$250.00
10	1/12	\$250.00
11	1/12	\$250.00
12	1/12	\$250.00

97133374-51

EXHIBIT "E"
TO
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF
THE COURTYARDS AT QUAIL LAKE

Condominium Map

The Courtyards at Quail Lake Condominiums, Phase 1, as
recorded in El Pas County, Colorado, at Reception No.

97133372

(File No. 477)

EXHIBIT "D"
TO
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF
THE COURTYARDS AT QUAIL LAKE

Project Easements

Private storm sewer system created within the Common Area to serve the Project;

All nonvacated Easements which are indicated upon the Plat of Cheyenne Meadows Apartment Subdivision.