

48
241

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
THE BAY CLUB AT FRISCO CONDOMINIUMS**

TABLE OF CONTENTS

**ARTICLE I
DEFINITIONS**

1.	Act	1
2.	Agencies	2
3.	Allocated Interests.....	2
4.	Architectural Review Committee.....	2
5.	Association.....	2
6.	Board of Directors.....	2
7.	Common Elements	2
8.	Common Expense Liability	3
9.	Common Expenses.....	3
10.	Community.....	3
11.	Condominium Building.....	3
12.	Condominium Map	3
13.	Declarant	4
14.	Declaration	4
15.	Development Rights.....	4
16.	First Security Interest.....	4
17.	General Common Elements	4
18.	Improvements.....	4
19.	Individual Air Space Unit	4
20.	Limited Common Elements	5
21.	Member	5
22.	Owner	5
23.	Period of Declarant Control	5
24.	Person	5
25.	Security of Interest.....	5
26.	Security Interest Holder	6
27.	Special Declarant Rights.....	6
28.	Unit.....	6
29.	Units that May Be Created.....	6

**ARTICLE II
MEMBERSHIP AND VOTING RIGHTS**

1.	Membership.....	7
2.	One Class of Membership.....	7

**ARTICLE III
BOARD OF DIRECTORS MEMBERS AND OFFICERS**

1.	Authority of Board of Directors.....	7
2.	Election of Part of Board of Directors During Period of Declarant Control.....	7
3.	Authority of Declarant During Period of Declarant Control.....	7
4.	Termination of Period of Declarant Control.....	8
5.	Delivery of Property by Declarant.....	8
6.	Budget	8

**ARTICLE IV
COVENANT FOR MAINTENANCE ASSESSMENTS**

1.	Creation of the Lien and Personal Obligation for Assessments.....	8
2.	Purpose of Assessments	9
3.	Initial Annual Assessment	9
4.	Rate of Assessment	9
5.	Date of Commencement of Annual Assessments.....	9
6.	Special Assessments.....	9
7.	Notice and Quorum for Any Special Assessments.....	10
8.	Charges for Services to Less than All of the Units.....	10
9.	Lien for Assessments	10
10.	Priority of Association Lien.....	11
11.	Receiver.....	11
12.	Certificate of Status of Assessments.....	11
13.	Effect of Nonpayment of Assessments; Remedies of the Association	12
14.	Surplus Funds.....	12
15.	Working Capital Fund.....	12
16.	Assessments for Misconduct.....	13

**ARTICLE V
ARCHITECTURAL REVIEW COMMITTEE**

1.	Composition of Committee.....	13
2.	Review by Committee.....	13
3.	Procedures	13
4.	Vote and Appeal.....	14
5.	Records	14
6.	Liability	14
7.	Variance	14
8.	Waivers.....	14

**ARTICLE VI
INSURANCE**

1.	Insurance	14
2.	General Provisions of Insurance Policies	16
3.	Deductibles.....	16
4.	Payment of Insurance Proceeds	17
5.	Association Insurance as Primary Coverage	17
6.	Acceptable Insurance Companies.....	17
7.	Insurance to be Maintained by Owners	17
8.	Annual Review of Insurance Policies.....	17
9.	Notice of Cancellation	17

**ARTICLE VII
DAMAGE OR DESTRUCTION**

1.	Damage or Destruction	18
2.	Use or Distribution of Insurance Proceeds	18
3.	Destruction of Units.....	19

**ARTICLE VIII
MAINTENANCE**

1.	Management and Maintenance Duties.....	19
2.	Association's Right to Repair, Maintain, and Replace	20
3.	Easement for Maintenance Access and Entry.....	20
4.	Owner's Negligence	20

**ARTICLE IX
RESTRICTIONS**

1.	General Plan	21
2.	Restrictions Imposed.....	21
3.	Residential Use.....	21
4.	Declarant's Use.....	21
5.	Use of Common Elements	21
6.	Exterior Changes.....	22
7.	Household Pets.....	22
8.	Signs	22
9.	Vehicular Parking, Storage, and Repairs.....	22
10.	Nuisances	23
11.	No Hazardous Activities; No Hazardous Materials or Chemicals	23
12.	No Annoying Light, Sounds, or Odors.....	24
13.	Restrictions on Trash and Materials	24
14.	Rules and Regulations.....	24
15.	Leases	24

16.	Management Agreements and Other Contracts	24
17.	Use of Common Elements	24
18.	Easement for Encroachments.....	25
19.	Drainage Easement.....	25
20.	Utilities	25
21.	Easement for Unannexed Property	25

**ARTICLE X
PROPERTY RIGHTS IN THE COMMON ELEMENTS**

1.	Owners' Easements.....	26
2.	Extent of Owners' Easements.....	26
3.	Delegation of Use.....	27
4.	Limited Common Elements	27
5.	New Additions to Common Elements	27
6.	Conveyance or Encumbrance of Common Elements	28
7.	Acquiring and Disposing of Real and Personal Property.....	28

**ARTICLE XI
CONVEYANCES, OWNERSHIP, AND TAXATION OF UNITS**

1.	Contracts Entered into Prior to Recording of Condominium Map and Declaration	29
2.	Contracts Entered into Subsequent to Recording of Condominium Map and Declaration	29
3.	Legal Effect of Description.....	29
4.	Taxation.....	29
5.	Inseparability.....	30
6.	Nonpartitionability	30

**ARTICLE XII
MECHANIC'S LIENS**

1.	Mechanic's Liens.....	30
2.	Enforcement by the Association.....	30
3.	Effect of Part Payment	31

**ARTICLE XIII
SECURITY INTERESTS**

1.	Approval by Members and Security Interest Holders of First Security Interests	31
2.	Termination of Legal Status.....	33
3.	Notice of Action.....	33
4.	Audit.....	34
5.	Confirmation of Rights of Security Interest Holders of First Security Interests.....	34

**ARTICLE XIV
GENERAL PROVISIONS**

1.	Enforcement	34
2.	Severability	34
3.	Conflict of Provisions	34
4.	Conflict with Act.....	35
5.	Annexation	35
6.	Duration, Revocation, and Amendment	36
7.	Registration of Mailing Address.....	37
8.	HUD or VA Approval.....	37
9.	Transfer of Special Declarant Rights.....	37
10.	Eminent Domain	37
11.	Termination of Community	37
12.	Association as Trustee	37
13.	Run with Land; Binding upon Successors.....	38
14.	Limitation on Liability	38
15.	No Representations or Warranties	38
16.	Disclaimer Regarding Safety	38

- Exhibit A - The Community
- Exhibit B - Allocated Interests
- Exhibit C - Title Exceptions
- Exhibit D - Annexable Area

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
THE BAY CLUB AT FRISCO CONDOMINIUMS**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF THE BAY CLUB AT FRISCO CONDOMINIUMS is made and entered into by Bay Club at Frisco Condominiums, LLC, a Colorado limited liability company ("Declarant").

WITNESSETH:

WHEREAS, the Declarant is the owner of the real property situated in the County of Summit, State of Colorado, which is described in Exhibit A, attached hereto and incorporated herein by this reference; and

WHEREAS, the Declarant desires to subject and place upon that certain property described on Exhibit A attached hereto and incorporated herein by this reference ("Community"), certain covenants, conditions, restrictions, easements, reservations, rights-of-way, obligations, liabilities and other charges set forth herein for the purpose of protecting the value and desirability of the Community and for the purpose of furthering a plan for the improvement, sale, and condominium ownership of the Community, to the end that a harmonious and attractive development of the Community may be accomplished and the health, comfort, safety, convenience, and general welfare of the Declarant, its successors and assigns in the Community, or any portion thereof, may be promoted and safeguarded; and

WHEREAS, a common interest community may be created pursuant to the Act (as hereinafter defined) only by recording a declaration executed in the same manner as a deed. The declaration must be recorded in every county in which any portion of the common interest community is located and must be indexed in the grantee's index in the name of the common interest community and in the name of the association, and in the grantor's index in the name of each person executing the declaration. No common interest community is created until the plat or map for the common interest community is recorded.

NOW, THEREFORE, Declarant hereby declares that all of the real property described in the attached in Exhibit A shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions, easements, rights-of-way, obligations, liabilities, charges, and other provisions set forth herein, which are for the purpose of protecting the value and desirability of, and which shall run with, the above-described property and be binding on all parties having any right, title, or interest in the above-described property or any part thereof, their heirs, personal representatives, successors, and assigns, and shall inure to the benefit of each owner thereof.

**ARTICLE I
DEFINITIONS**

1. "Act" means the Colorado Common Interest Ownership Act, Sections 38-33,3-101, et al., C.R.S. 1973, as amended.

2. "Agencies" collectively means the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), the Department of Housing and Urban Development (HUD), the Veterans Administration (VA) or any other governmental or quasi-governmental agency or any other public, quasi-public, or private entity which performs (or may in the future perform) functions similar to those currently performed by any of such entities.

3. Allocated Interests. There shall be two types of Allocated Interests: a) Allocated Interest in Common Elements and Voting Rights, and b) Allocated Interests for Expenses.

a. "Allocated Interest in Common Elements and Voting Rights" means the undivided ownership interest in Common Elements of the Association together with the voting rights in allocated to each Unit. The Allocated Interest in Common Elements and Voting Rights of each Unit at any time shall be equal to a fraction, the numerator of which is one (1) and the denominator of which is the total number of Units within the Community. The Allocated Interest in Common Elements and Voting Rights of each Unit which is included in the property described on the attached Exhibit A and which will become a "Unit" under this Declaration upon recording of a Condominium Map for such Unit, is set forth on Exhibit B attached hereto and incorporated herein by this reference. However, the Allocated Interest in Common Elements and Voting Rights for each Unit is subject to decrease with the annexation of additional property to this Community as provided in Article XIV, Section 5 hereof.

b. "Allocated Interests for Expenses" means the Common Expense Liability in the Association allocated to each Unit. The Allocated Interests for Expenses of each Unit is set forth on Exhibit B attached hereto and incorporated herein by this reference. However, the Allocated Interest for Expenses for each Unit is subject to decrease with the annexation of additional property to this Community as provided in Article XIV, Section 5 hereof.

4. "Architectural Review Committee" or "Committee" means the committee appointed by the Declarant or by the Association to review and approve or disapprove plans for Improvements, as more fully provided in this Declaration.

5. "Association" means The Bay Club at Frisco Condominiums Homeowners Association, Inc., a unit owners' association organized under section 38-33.3-301 of the Act.

6. "Board of Directors" means the body, regardless of name, designated in this Declaration and the Bylaws of the Association to act on behalf of the Association.

7. "Common Elements" means the totality of:

(a) The real property which is part of the Community; and

(b) The Condominium Buildings (including, but not by way of limitation, the foundations, columns, girders, beams, supports, perimeter, and supporting walls, flues, hallways, roofs, stairs, stairways, and the mechanical installations of the Condominium Buildings consisting of the equipment and materials making up any services such as power, light, gas, hot

and cold water, heating, air conditioning, and exterior security lighting, which exist for common uses, including the pipes, vents, ducts, flues, chutes, conduits, wires, and other similar utility installations used in connection therewith), except for the Individual Air Space Units; and

(c) Any amenities and amenity areas, if any, sidewalks, walkways, paths, fences, grass, shrubbery, trees, driveways, parking areas, landscaping, irrigation systems, and gardens, if any, now or hereafter located in the Community; and

(d) All apparatus, installations and equipment of the Condominium Buildings existing for common use of some or all of the Owners; and

(e) In general, all other parts of the Community including, without limitation, the Common Elements depicted on the Condominium Map, and any items designated by Declarant as Common Elements under other provisions of this Declaration, including General Common Elements and Limited Common Elements, and all other parts of the Community necessary or convenient to its existence, maintenance, or safety, or normally in common use.

8. "Common Expense Liability" means the liability for Common Expenses allocated to each Unit based on its Allocated Interest for Expenses.

9. "Common Expenses" means expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.

10. "Community" means the property described on the attached Exhibit A, as supplemented and amended from time to time, with respect to which a Person, by virtue of such Persons' ownership of a Unit, is obligated to pay for real estate taxes, insurance premiums, maintenance, or improvement of other real estate described in this Declaration. The Community is a condominium under the Act.

11. "Condominium Building" means any building (including all fixtures and Improvements therein contained) located in the Community and within which one or more Individual Air Space Units are located.

12. "Condominium Map" means the condominium map(s) of the Community and Improvements thereon that are subject to this Declaration, and which are designated as the Condominium Map for The Bay Club at Frisco Condominiums, recorded or to be recorded in the office of the Clerk and Recorder of the County of Summit, Colorado. More than one Condominium Map or supplement thereto may be recorded, and, if so, then the term "Condominium Map" collectively means all of such condominium maps and supplements thereto. The Condominium Map shall depict all or a portion of the Community in three dimensions, and shall be executed by a Person who is authorized by the Act to execute a declaration relating to this Community. Further, the Condominium Map shall include a certificate executed by a registered land surveyor stating that all Improvements shown on the Condominium Map have been substantially completed and stating that the Condominium Map contains all the information required by Section 38-33.3-209 of the Act.

13. "Declarant" means Bay Club at Frisco Condominiums, LLC, a Colorado limited liability company, and any other Person or group of Persons acting in concert to whom the Declarant, by recorded document, expressly assigns one or more of the Declarant's rights under this Declaration (which shall be the extent of the Declarant's rights to which such assignee succeeds), and who:

(a) as part of a common promotional plan, offers to dispose of to a purchaser such Declarant's interest in a Unit not previously disposed of to a purchaser; of

(b) reserves or succeeds to any Special Declarant Right.

14. "Declaration" means this Declaration of Covenants, conditions and Restrictions of The Bay Club at Frisco Condominiums, and any other recorded instruments, however denominated, that create this Community, including any amendments to those instruments and also including, but not limited to, the Condominium Map and any other maps and plats.

15. "Development Rights" means any right or combination of rights reserved by a Declarant in this Declaration to:

(a) add real estate to this Community and create Units or Common Elements within this Community in connection with the addition of such real estate; and/or

(b) withdraw real estate from this Community.

16. "First Security Interest" means a Security Interest (as hereinafter defined) that has priority of record over all other recorded liens except those liens made superior by statute (such as general ad valorem tax liens and special assessments).

17. "General Common Elements" means all of the Common Elements except the Limited Common Elements.

18. "Improvements" means all improvements, structures, and any appurtenances thereto or components thereof of every type or kind, and all landscaping features, including, but not limited to, buildings, outbuildings, patios, patio covers, awnings, solar collectors, painting or other finish materials on any visible structure, additions, walkways, irrigation systems, garages, driveways, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, trees, shrubs, flowers, vegetables, sod, gravel, bark, light fixtures, poles, signs, tanks, and air conditioning, cooling, heating, and water softening equipment.

19. "Individual Air Space Unit" means the air space contained within the enclosed rooms occupying part of a floor or floors in a Condominium Building, and bounded by the unfinished interior surfaces of the perimeter walls (or the adjoining walls, if two or more Individual Air Space Units adjoin each other), unfinished interior surfaces of floors (or the lowermost floors, if it is an Individual Air Space Unit containing more than one level), unfinished interior surfaces of ceilings (or the uppermost ceilings, if it is an Individual Air Space Unit containing more than one level), and the unfinished interior surfaces of windows and

window frames, doors and door frames of a Condominium Building, and which is separately identified on the Condominium Map.

20. "Limited Common Elements" means those parts of the Common Elements which are either limited to and reserved for the exclusive use of the Owner(s) of a particular Unit or are limited to and reserved for the common use of the Owners of more than one, but fewer than all, of the Units. Without limiting the foregoing, the Limited Common Elements shall include: the utility, heating, air conditioning, and domestic hot water equipment associated with or providing service to a Unit; porches, patios and decks attached to Units, as designated on the Condominium Map; all garages, if any, which are designated on the Condominium Map as Limited Common Elements; and other areas or Improvements designated as Limited Common Elements on the Condominium Map. The Limited Common Elements shall be used in connection with the applicable Individual Air Space Unit(s) to the exclusion of the use thereof by the other Owners, except by invitation. No reference to any Limited Common Elements need be made in any instrument of conveyance, encumbrance, or other instrument. The Limited Common Elements allocated to Units as provided in this Section may not be changed or reallocated.

21. "Member" means each Owner; membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Unit.

22. "Owner" means the Declarant or other person who owns a Unit, but does not include a Person having an interest in a Unit solely as security for an obligation. The Declarant is the owner of any Unit created by the Declaration until that Unit is conveyed to another Person who may or may not be Declarant under this Article.

23. "Period of Declarant Control" means a length of time expiring seven (7) years after initial recording of this Declaration in Summit County, Colorado; provided, that the Period of Declarant Control shall terminate no later than either sixty (60) days after conveyance of seventy-five percent (75%) of the Units that May Be Created to Owners other than a Declarant, two (2) years after the last conveyance of a Unit by the Declarant in the ordinary course of business, or two (2) years after any right to add New Units to the Declaration was last exercised.

24. "Person" means a natural person, a corporation, a limited liability company, a partnership, an association, a trust, or any other entity or any combination thereof.

25. "Security Interest" means an interest in the Community, or any portion thereof, created by contract or conveyance which secures payment or performance of any obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in the Association, and any other consensual lien or title retention contract intended as security for an obligation. For purposes of Article IV, Section 10 hereof and, with respect to notice of cancellation or substantial modification of certain insurance policies, to Article VI, Section 2 hereof, "Security Interest" shall also mean and refer to any executory land sales contract wherein the administrator of Veterans Affairs, an officer of the United States of America, is the seller, whether such contract is recorded or not, and whether such contract is owned by the said administrator or has been assigned by the administrator and is

owned by the administrator's assignee, or a remote assignee, and the land records in the office of the Clerk and Recorder of Summit County, Colorado, show the administrator as having the record title to the Unit.

26. "Security Interest Holder" means any Person named as a mortgagee or beneficiary, or in a similar capacity, under any Security Interest (including, for purposes of Article IV, Section hereof and, with respect to notice of cancellation or substantial modification of certain insurance policies, to Article VI, Section 2 hereof, the administrator of Veterans Affairs, and officer of the United States of America, and his assigns under any executory land sales contract wherein the said administrator is identified as the seller, whether such contract is recorded or not, and whether such contract is owned by the said administrator or has been assigned by the administrator and is owned by the administrator's assignee, or a remote assignee, and the land records in the office of the Clerk and Recorder of Summit County, Colorado, show the said administrator as having the record title to the Unit), or any successor to the interest of any such Person under such Security Interest.

27. "Special Declarant Rights" means rights reserved for the benefit of a Declarant to perform the following acts: To complete Improvements indicated on plats and maps filed with the Declaration; to exercise any Development Rights; to maintain sales offices, construction offices, management offices, signs advertising the Community, and models; to use easements through the Common Elements for the purpose of making Improvements within the Community or within real estate which may be added to the Community; to make the Community subject to a master association; to merge or consolidate a community of the same form of ownership; or to appoint or remove any officer of the Association or any Board of Directors member during any Period of Declarant Control. All of the Special Declarant Rights may be exercised by the Declarant with respect to any portion of the property now or hereafter within the Community. Declarant may exercise any or all of these Special Declarant Rights at any time and from time to time. Such rights shall terminate automatically on the earlier of the following events: (a) conveyance of the last Unit by Declarant to an Owner other than Declarant; or (b) seven (7) years from the date of recordation of this Declaration; except that such rights shall not terminate automatically with respect to the appointment of officers and directors, which may only be exercised in accordance with Article III hereof.

28. "Unit" means an Individual Air Space Unit, together with all fixtures and Improvements therein contained and together with the undivided interest in the Common Elements appurtenant to the Individual Air Space Unit (which shall be the Allocated Interest of such Unit) as shown on the attached Exhibit B. However, each of the Units listed on the attached Exhibit B shall become a "unit" under this Declaration only at such time as a Condominium Map is recorded in Summit County, Colorado, with respect to such Unit. The number of Units, and the undivided interest in the Common Elements appurtenant thereto, are subject to change with each annexation to this Declaration as permitted by Article XIV, Section 5, of this Declaration.

29. "Units that May be Created" means thirty-two (32) Units, which shall be the maximum number of Units that may be subject to this Declaration, including those Units which may be included if all the property provided for in Article XIV, Section 5, hereof is annexed to this Declaration. However, the aforesaid number of Units that May be Created is not a

representation or a guarantee as to the actual number of Units that will ultimately be included in or constructed as part of the Community.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

1. **Membership.** The membership of the Association at all times shall consist exclusively of all Owners or, following termination of the Community, of all former Owners entitled to distributions of proceeds under the Act or their heirs, personal representatives, successors, or assigns. Membership shall be appurtenant to and may not be separated from ownership of any Unit.

2. **One Class of Membership.** The Association shall have one class of voting membership. Each Owner shall be entitled to one (1) vote for each Unit owned in accordance with the Allocated Interest in Common Elements and Voting Rights attributable to such Unit, except that no votes allocated to a Unit owned by the Association may be cast. The total number of votes which may be cast in connection with any matter shall be equal to the total number of Units then existing within the Association. For the Period of Declarant Control, the Declarant or Persons appointed by the Declarant may appoint and remove all officers and members of the Board of Directors which have been appointed by such Declarant. A Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors 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 of Directors, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

ARTICLE III

BOARD OF DIRECTORS' MEMBERS AND OFFICERS

1. **Authority of Board of Directors.** Except as provided in this Declaration or the Association Bylaws, the Board of Directors may act in all instances on behalf of the Association.

2. **Election of Part of Board of Directors During Period of Declarant Control.** No later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units that May Be Created to Owners other than a Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board of Directors must be elected by Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units that May Be Created to Owners other than a Declarant, not less than thirty-three and one-third percent (33 1/3%) of the members of the Board of Directors must be elected by Owners other than a Declarant.

3. **Authority of Declarant During Period of Declarant Control.** Except as otherwise provided in this Article, during the Period of Declarant Control, the Declarant or Persons appointed by the Declarant may appoint all officers and directors and may remove all officers and directors of the Board of Directors appointed by it.

4. Termination of Period of Declarant Control. Not later than termination of the period of Declarant Control, the Owners shall elect a Board of Directors, at least a majority of whom must be Owners other than the Declarant or designated representatives of Owners other than the Declarant. The Board of Directors shall elect the officers. The Board of Directors members and officers shall take office upon election.

5. Delivery of Property by Declarant. After the Owners other than the Declarant elect a majority of the members of the Board of Directors, the Declarant shall deliver to the Association all property of the Owners and of the Association held by or controlled by the Declarant, if and to the extent required by the Act.

6. Budget Within thirty (30) days after adoption of any proposed budget for the Community, the Board of Directors shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other deliver of the summary. Unless at that meeting the budget is rejected by the vote or agreement of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated, then the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors.

ARTICLE IV **COVENANT FOR MAINTENANCE ASSESSMENTS**

1. Creation of the Lien and Personal Obligation for Assessments. Each Owner, including Declarant, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees and shall be personally obligated to pay to the Association: Annual assessments or charges, special assessments, and other charges, fines, fees, interest, late charges, and other amounts, all as provided in this Declaration; with such assessments and other amounts to be established and collected as hereinafter provided. The annual and special assessments, and other charges, fees, and fines, together with interest, late charges, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Unit against which each such assessment is made. The obligation for such payments by each Owner to the Association is an independent covenant with all amounts due, from time to time, payable in full when due without notice or demand (except as otherwise expressly provided in this Declaration), and without set-off or deduction. All Owners of each Unit shall be jointly and severally liable to the Association for the payment of all assessments, fees, charges, and other amounts attributable to their Unit during their ownership of such Unit. Each assessment, charge, fee, and all other amounts under this Declaration, together with interest, late charges, costs, and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of such Unit at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to such Owner's successors in title unless expressly assumed by them. The Association's lien on a Unit for assessments and other amounts shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Colorado or any exemption now or hereafter provided by the laws of the United States. The

acceptance of a deed to a Unit subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said lien.

2. Purpose of Assessments. The assessments levied by the Association shall be used for maintenance, repair, and replacement of the Common Elements, as provided in this Declaration, to promote the recreation, health, safety, and welfare of the residents of the Units, and for all of those purposes and activities which may be required of the Association or which the Association may be empowered to pursue pursuant to this Declaration or the Articles of Incorporation or Bylaws of the Association, or by law; provided, however, that such assessments levied during the Period of Declarant Control may not be used for the purpose of constructing capital Improvements.

3. Initial Annual Assessment. Until the effective date of an Association budget ratified by the Owners with a different amount for the annual assessment, as provided above, the amount of the annual assessment against the Units shall be computed at a rate not in excess of \$210 per Unit per month for those units legally described in the attached Exhibit A as units 107, 108, 109, and 110, and at a rate not in excess of \$231 per Unit per month for those units legally described in the attached Exhibit A as units 207, 208, 209, and 210.

4. Rate of Assessment. Annual and special assessments shall be fixed at a rate sufficient to meet the expected needs of the Association. The annual assessments shall include an adequate reserve fund for the maintenance, repair, and replacement of those items that must be maintained, repaired, or replaced on a periodic basis, and for the payment of insurance deductibles. All assessments shall be assessed against all the Units in accordance with the Allocated Interests for Expenses set forth in this Declaration, except as specifically elsewhere provided in this Declaration. If the Common Expense Liability is reallocated, annual assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense Liability.

5. Date of Commencement of Annual Assessments. Until the Association makes an annual assessment, which shall commence at such time as the Board of Directors may determine in its discretion, the Declarant shall pay all Common Expenses. After any annual assessment has been made by the Association, annual assessments shall initially not be greater than the amount set forth in Section 3 of this Article, and thereafter shall be based on a budget adopted by the Association as provided above. A budget shall be so adopted by the Association no less frequently than annually. The annual assessments shall be due and payable in monthly installments, in advance, or on such other dates, and with such frequency (which may be other than monthly, but not less frequently than annually), as the Board of Directors may determine in its discretion from time to time; provided that the first annual assessment shall be adjusted to reflect the time remaining in the first Association fiscal year. Any Owner purchasing a Unit between installment due dates shall pay a pro rata share of the last payment due.

6. Special Assessments. In addition to the annual assessments authorized in this Article, the Board of Directors may levy, in any fiscal year, with the approval of two-thirds (2/3) of the Association votes cast by the Members voting in person or by proxy at a meeting duly called for this purpose, a special assessment applicable to that year only, for the purpose of

defraying in whole or in part the cost of any construction, reconstruction, repair, or replacement of a capital Improvement upon the Common Elements or any property for which the Association has repair and/or reconstruction obligations, including fixtures and personal property related thereto, or for repair or reconstruction of any damaged or destroyed Improvements, or for the funding of any operating deficit incurred by the Association. Any such special assessment shall be set against each Unit in accordance with the Allocated Interests for Expenses therefor. A meeting of the Members called for the purpose of considering the establishment of a special assessment shall be held in conformance with Section 7 of this Article IV. Notwithstanding the foregoing, special assessments levied during the Period of Declarant Control may not be used for the purpose of constructing capital Improvements.

7. Notice and Quorum for Any Special Assessments. Written notice of any meeting called for the purpose of taking any action authorized under Section 6 of this Article shall be sent to all Members not less than 30 days nor more than 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 Membership votes 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 (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

8. Charges for Services to Less than All of the Units. The Association may, at any time from time to time, provide services to less than all of the Units, and the Owners of such Units shall pay the Association for such services as, when, and in such manner as may be determined by the Board of Directors in its discretion from time to time, which amounts shall be in addition to the annual and special assessments, and which amounts shall include overhead charges of the Association. Any such services shall be provided, if at all, pursuant to an agreement in writing between the Association and the Owners of the Units for which such service(s) are to be provided. Services which may be provided by the Association pursuant to this Section include, without limitation (a) the construction, care, operation, management, maintenance, upkeep, repair, replacement, and renovation of Improvements or property owned by such Owner(s); (b) the provision of any services or functions to or for such Unit(s); (c) the enforcement of the provisions of any document or agreement for, on behalf of, and in the name of the applicable Owners; (d) the payment of taxes or other amounts for Owners with funds provided by such Owners; and (e) the procurement of insurance for Owners.

9. Lien for Assessments.

(a) The Association has a statutory lien on a Unit for any assessment levied against that Unit or for fines imposed against its Owner. Fees, charges, late charges, attorney fees, fines, and interest charged pursuant to this Declaration are enforceable as assessments under this Article. The amount of the lien shall include all those items set forth in this section from the time such items become due. If an assessment is payable in installments, each installment is a lien from the time it becomes due, including the due date set by any valid Association acceleration of installment obligations.

(b) Recording of the Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessments is required. However, the Board of Directors or managing agent of the Association may prepare, and record in the county in which the applicable Unit is located, a written notice setting forth the amount of the unpaid indebtedness, the name of the Owner of the Unit, and a description of the Unit. If a lien is filed, the costs and expenses thereof shall be added to the assessment for the Unit against which it is filed and collected as part and parcel thereof. The Association's lien may be foreclosed in like manner as a mortgage on real estate.

(c) A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within six (6) years after the full amount of assessments becomes due.

(d) Unless the Declaration otherwise provides, if two (2) or more associations have liens for assessments created at any time on the same property, those liens have equal priority.

10. Priority of Association Lien.

(a) A lien under this Article IV is prior to all other liens and encumbrances on a Unit except:

(1) Liens and encumbrances recorded before the recordation of the Declaration;

(2) A First Security Interest on the Unit, which was recorded or perfected before the date on which the assessment sought to be enforced became delinquent; and

(b) A lien under this Section is also prior to the First Security Interests described in the preceding subsection (a)(2) to the extent of an amount equal to the annual assessment based on a periodic budget adopted by the Association as provided above which would have become due, in the absence of any acceleration, during the six (6) months immediately preceding institution by either the Association or any party holding a lien senior to any part of the Association lien created under this section of an action or a nonjudicial foreclosure either to enforce or to extinguish the lien.

(c) This Section does not affect the priority of mechanics' or materialmen's liens or the priority of liens for other assessments made by the Association.

11. Receiver. In any action by the Association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver of the Owner to collect all sums alleged to be due from the Owner prior to or during the pending of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pending of the action to the extent of the Association's assessments.

12. Certificate of Status of Assessments. The Association shall furnish to an Owner or such Owner's designee or to a holder of a Security Interest or its designee, upon written

request delivered personally or by certified mail, first class postage prepaid, return receipt, to the Association's registered agent, a written statement setting for the amount of unpaid assessments currently levied against such Owner's Unit. The statement shall be furnished within fourteen (14) calendar days after receipt of the request and is binding on the Association, the Board of Directors, and every Owner. If no statement is furnished to the Owner or Security Interest Holder 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 Unit for unpaid assessments which were due as of the date of the request. The Association shall have the right to charge a reasonable fee for the issuance of such certificates.

13. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within ten (10) days after the due date thereof may bear interest from the due date at the rate of twenty-one percent (21%) per annum, or at such lesser rate as may be set from time to time by the Board of Directors, and the Board of Directors may assess thereon a late charge not in excess of Thirty-five and No/100 Dollars (\$35.00) per month. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Unit. If a judgment or decree is obtained, including without limitation in a foreclosure action, such judgment or decree shall include a reasonable attorney's fee to be fixed by the court, together with the costs of the action, and may include interest and late charges as above provided. No Owner may be exempt from liability for payment of the assessments by waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Unit against which the assessments are made. This Article does not prohibit actions or suits to recover sums for which this Declaration creates a lien or to prohibit the Association from taking a deed in lieu of foreclosure.

14. Surplus Funds. Any surplus funds of the Association remaining after payment of or provisions for Common Expenses and any prepayment of or provision for reserves shall be retained by the Association as reserves and need not be paid to the Owners in proportion to their Common Expense Liability or credited to them to reduce their future assessments.

15. Working Capital Fund. The Association or Declarant shall require the First Owner of any Unit who purchases that Unit from Declarant to make a nonrefundable contribution to the Association in an amount equal to two (2) times the monthly installment of the annual assessment at the time of closing (regardless of whether or not assessments have commenced as provided in Section 5 of this Article). Said contribution shall be collected and transferred to the Association at the time of closing of the sale by Declarant of each Unit and shall, until use, be maintained in a segregated account with other such working capital funds for the use and benefit of the Association, including, without limitation, to meet unforeseen expenditures or to purchase additional equipment, property, or services; provided, however, that the working capital fund shall not be used to defray any of the assessments, or any of the reserve contributions, which are payable by the Declarant to the Association, or to pay for construction costs, or to make up any budget deficits, during the Period of Declarant Control. Such contribution to the working capital fund shall not relieve an Owner from making regular payments of assessments as the same become due. Upon the transfer of his Unit, an Owner shall be entitled to a credit from his transferee (but not from the Association) for the aforesaid contribution to working capital fund.

16. Assessments for Misconduct. If any Common Expense is caused by the misconduct of any Owner, the Association may assess that Common Expense exclusively against such Owner and his Unit.

ARTICLE V

ARCHITECTURAL REVIEW COMMITTEE

1. Composition of Committee. The Architectural Review Committee shall consist of three (3) or more persons appointed by the Board of Directors; provided, however, that until all of the Units have been conveyed to the first Owner thereof (other than Declarant), Declarant shall appoint the Architectural Review Committee. The power to "appoint," as provided herein, shall include without limitation the power to: constitute the initial membership of the Architectural Review Committee; appoint member(s) to the Architectural Review Committee on the occurrence of any vacancy therein, for whatever reason; and remove any member of the Architectural Review Committee, with or without cause, at any time, and appoint the successor thereof. Each such appointment may be made for such term(s) of office, subject to the aforesaid power of removal, as may be set from time to time in the discretion of the appointor.

2. Review by Committee. Other than as to the Declarant, no Improvements shall be constructed, placed, planted, applied, or installed on any General Common Elements, nor shall any structural alteration be made to any Unit or any Common Elements. Subject to the foregoing, no Improvements shall be constructed, erected, placed, planted, applied, or installed on any Limited Common Elements unless complete plans and specifications therefor, including without limitation such information and materials as may be required by the Architectural Review Committee in its discretion from time to time, shall have been first submitted to and approved in writing by the Architectural Review Committee; provided, however, that the Declarant shall be exempt from seeking or obtaining Architectural Review Committee approval during Declarant's development of, construction on, or sales of any Unit. The Architectural Review Committee shall exercise its reasonable judgment to the end that all Improvements conform to and harmonize with the existing surroundings, residences, landscaping, and structures, and do not affect the structural integrity of any Unit or other Improvement. In its review of such plans, specifications and other materials and information, the Architectural Review Committee may require that the applicant(s) reimburse the Committee for the actual expenses incurred by the Committee in the review and approval process. Such amounts, if any, shall be levied in addition to the assessments against the Unit for which the request for Architectural Review Committee approval was made, but shall be subject to the Association's lien for assessments and subject to all rights of the Association for the collection of assessments, as more fully provided in this Declaration.

3. Procedures. The Architectural Review Committee shall decide all requests for approval within forty-five (45) days after the complete submission of all plans, specifications, and other materials and information which the Committee may require in conjunction therewith. If the Architectural Review Committee fails to approve or disapprove any request within forty-five (45) days after the complete submission of all plans, specifications, materials and other

information with respect thereto, approval shall not be required and this Article shall be deemed to have been fully complied with.

4. Vote and Appeal. A majority vote of the Architectural Review Committee is required to decide a request for approval pursuant to this Article, unless the Committee has appointed a representative to act for it, in which case the decision of such representative shall control. In the event a representative acting on behalf of the Architectural Review Committee decides a request for architectural approval which is adverse to the applicant, then the applicant shall have the right to an appeal of such decision to the full Committee, upon a request therefor submitted to the Committee within thirty (30) days after such decision by the Committee's Representative.

5. Records. The Architectural Review Committee shall maintain written records of all applications submitted to it and all actions taken by it thereon, and such records shall be available to Members for inspection at reasonable hours of the business day.

6. Liability. The Architectural Review Committee and the members thereof shall not be liable in damages to any Person submitting requests for approval or to any Person by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove in regard to any matter within its jurisdiction hereunder.

7. Variance. The Architectural Review Committee may grant reasonable variances or adjustments from any conditions and restrictions imposed by this Article or Article IX hereof, in order to overcome practical difficulties or prevent unnecessary hardships arising by reason of the application of any such conditions and restrictions. Such variances or adjustments shall be granted only in case the granting thereof shall not be materially detrimental or injurious to any other property or Improvements in the Community and shall not militate against the general intent and purposes hereof.

8. Waivers. The approval or consent of the Architectural Review Committee to any application for architectural approval shall not be deemed to constitute a waiver of any right to withhold or deny approval or consent by the Committee on any application or other matters whatsoever as to which approval or consent may subsequently or additionally be required.

ARTICLE VI **INSURANCE**

1. Insurance. The Association shall maintain the following types of insurance on the Common Elements, to the extent that such insurance is reasonably available, considering the availability, cost, and risk coverage provided by such insurance, and the cost of said coverage shall be paid by the Association as Common Expenses. Notwithstanding any of the specific insurance requirements specified in this Article, the Association may also consider, in determining the types and amount of insurance it needs to obtain, the then-existing requirements of any of the Agencies with respect to their insurance, guaranty, or purchase of Security Interests.

(a) Property insurance for broad form covered causes of loss, including Units (but not the finished interior surfaces of the walls, floors, and ceilings of the Units); except that the total amount of insurance must not be less than the fully insurable replacement cost of all the insured property less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, foundations, excavations, and other matters normally excluded from property policies.

(b) Commercial general liability insurance against claims and liabilities arising in connection with the ownership, existence, use, or management of the Common Elements, insuring the Association in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence, insuring the Board of Directors, the Association, any managing agent, and their respective employees, agents, and all Persons acting as agents. The Declarant shall be included as an additional insured in such Declarant's capacity as an Owner and member of the Board of Directors. The Owners shall also be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use, or management of the Common Elements. The insurance shall cover claims of one or more insured parties against other insured parties.

(c) A policy providing comprehensive fidelity coverage or fidelity bonds to protect against dishonest acts on the part of officers, directors, trustees and employees of the Association, and/or any independent contractor employed by the Association for the purpose of managing the Community, in an amount at least equal to the estimated maximum of funds, including maintenance reserves, in the custody of the Association at any given time; provided, however, that such fidelity coverage or fidelity bonds shall not be in an amount less than two (2) months' aggregate assessments on the Units, plus such reserve funds as calculated from the current budget of the Association. The Association may carry fidelity insurance in amounts greater than required hereinabove and may require any independent contractor employed for the purposes of managing the Community to carry more fidelity insurance coverage than required hereinabove. In the event the Association has delegated some or all of its responsibility for the handling of funds to a managing agent, the Association may require the managing agent to purchase, at its own expense, a policy of fidelity insurance or bonds which fully complies with the provisions of this subparagraph (c).

(d) If any Common Elements are located within an area identified by the Federal Emergency Management Agency as having special flood hazards, and flood insurance coverage on such parcels has been made available under the National Flood Insurance Program, then such a policy of flood insurance on such parcels in an amount at least equal to the lesser of:

(1) the maximum coverage available under the National Flood Insurance Program for all Condominium Buildings and other insurable property located within a designated flood hazard area; or

(2) one hundred percent (100%) of current replacement cost of all Condominium Buildings and other insurable property located within a designated flood hazard area.

(e) In addition, the Association may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate from time to time, to the extent that such coverage is reasonably available, including, but not limited to, personal liability insurance to protect directors and officers of the Association from personal liability in relation to their duties and responsibilities in acting as directors and officers on behalf of the Association, and coverage on fixtures, equipment, and other personal property inside Units.

2. General Provisions of Insurance Policies. All policies of insurance carried by the Association shall be carried in blanket policy form naming the Association as insured, or its designee as trustee and attorney-in-fact for all Owners, and each Owner shall be an insured person under such policies with respect to liability arising out of any Owner's membership in the Association. The policy or policies shall contain a standard noncontributory Security Interest Holder's clause in favor of each Security Interest Holder and a provision that it cannot be canceled or materially altered by either the insured or the insurance company until at least thirty (30) days' prior written notice thereof is given to the insured and each Security Interest Holder, insurer, or guarantor of a Security Interest. The Association shall furnish a certified copy or duplicate original of such policy or renewal thereof, with proof of premium payment and a certificate identifying the interest of the Owner in question, to any party in interest, including Security Interest Holders, upon request. All policies of insurance carried by the Association shall also contain waivers of subrogation. All policies shall contain waivers of any defense based on invalidity arising from any acts or neglect of any Owner where such Owner is not under the control of the Association.

3. Deductibles. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment.

(a) To the extent the Association settles claims for damages, it shall have the authority to assess negligent Owners causing such loss or benefiting from such repair or restoration all deductibles paid by the Association. In the event that more than any one (1) Unit is damaged by a loss, the Association, in its reasonable discretion, may assess each Owner a pro rata share of any deductible paid by the Association.

(b) Any loss to any Unit or to any Common Elements which the Association has the duty to maintain, repair, and/or reconstruct, which falls within the deductible portion of such policy, shall be borne by the Person who is responsible for the repair and maintenance of the property which is damaged or destroyed. In the event of a joint duty of repair and maintenance of the damaged or destroyed property, then the deductible may be apportioned among the Persons sharing in such joint duty or may be partly or wholly borne by the Association, at the election of the Board of Directors. Notwithstanding the foregoing, after notice and hearing, the Association may determine that a loss, either in the form of a deductible to be paid by the Association or an uninsured loss, resulted from the act or negligence of an Owner. Upon said determination by the Association, any such loss or portion thereof may be assessed to the Owner in question and the Association may collect the amount from said Owner in the same manner as any assessment.

4. Payment of Insurance Proceeds. Any loss covered by an insurance policy described in Section 1 of this Article must be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any Security Interest Holder. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Association, Owners, and Security Interest Holders as their interests may appear. Subject to the provisions of the Section 1 of Article VII of this Declaration, the proceeds must be disbursed first for the repair or restoration of the damaged property; and the Association, Owners and Security Interest Holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Community is terminated.

5. Association Insurance as Primary Coverage. If at the 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. An Owner shall be liable to the Association for the amount of any diminution of insurance proceeds to the Association as a result of policies of insurance of an Owner, and the Association may collect the amount from said Owner in the same manner as any assessment. Any such Owner's policy shall also contain waivers of subrogation.

6. Acceptable Insurance Companies. Each hazard insurance policy purchased by the Association must be written by a hazard insurance carrier which is authorized by law to do business in the State of Colorado. The Association shall not obtain any policy where (a) under the terms of the insurance company's charter, bylaws, or policy, contributions or assessments may be made against the mortgagor or mortgagee's designee, or (b) under the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's Board of Directors, policy holders, or members, or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent mortgagees or any Owner from collecting insurance proceeds.

7. Insurance to Be Maintained by Owners. An insurance policy issued to the Association does not obviate the need for Owners to obtain insurance for their own benefit. Insurance coverage on the furnishings and other items of personal property belonging to an Owner, and public liability insurance coverage on each Individual Air Space Unit, shall be the responsibility of the Owner of such Unit.

8. Annual Review of Insurance Policies. All insurance policies carried by the Association shall be reviewed at least annually by the Board of Directors to ascertain that the coverage provided by such policies adequately covers those risks intended to be insured by the Association. In making the aforesaid determination, the Board of Directors or the managing agent of the Association may obtain a written appraisal from a duly qualified real estate or insurance appraiser, or seek other advice or assistance.

9. Notice of Cancellation. If the insurance described in Section 1 of this Article is not reasonably available, or if any policy of such insurance is canceled or not renewed without a

replacement policy therefor having been obtained, the Association promptly shall cause notice of that fact to be hand-delivered, or sent prepaid by United States mail, to all Owners.

ARTICLE VII
DAMAGE OR DESTRUCTION

1. **Damage or Destruction.**

(a) Any portion of the Community which is covered by a policy of insurance carried by the Association and which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

(1) The Community is terminated;

(2) Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;

(3) Eighty percent (80%) of the Owners, including every Owner of a Unit that will not be rebuilt, vote not to rebuild; or

(4) Prior to the conveyance of any Unit to a Person other than the Declarant, the holder of a deed of trust or mortgage on the damaged portion of the Community rightfully demands all or a substantial part of the insurance proceeds.

(b) The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If the entire Community is not repaired or replaced, the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Community, and except to the extent that other Persons will be distributees, the insurance proceeds attributable to Units that are not rebuilt must be distributed to the Owners of those Units or to lienholders, as their interests may appear, and the remainder of the proceeds must be distributed to all the Owners or lienholders, as their interests may appear, in proportion to the Allocated Interest for Expenses of all the Units. If the Owners vote not to rebuild any Unit, that Unit's Allocated Interests are automatically reallocated upon the vote as if the Unit had been condemned as provided in Article XIV, Section 10, hereof, and the Association promptly shall prepare, execute, and record an amendment in the Declaration reflecting such reallocations.

2. **Use or Distribution of Insurance Proceeds.** In the event of damage or destruction to all or a portion of the Common Elements, due to fire or other adversity or disaster, the insurance proceeds, if sufficient to reconstruct or repair the damage, shall be applied by the Association to such reconstruction and repair. If the insurance proceeds with respect to such damage or destruction are insufficient to repair and reconstruct the damaged or destroyed area, the Association shall levy a special assessment in the aggregate amount of such insufficiency pursuant to Article IV, Section 6, hereof, but without approval of the Owners, and shall proceed to make such repairs or reconstruction. No distributions of insurance proceeds shall be made

unless made jointly payable to the Owners and any Security Interest Holders of their respective Units. The assessment provided for herein shall be a debt of each Owner and a lien on his Unit and the Improvements thereon, and may be enforced and collected in the same manner as any assessment provided for in this Declaration.

3. Destruction of Units. If due to casualty, or for any other reason, an Individual Air Space Unit shall be destroyed or damaged, then the Owner thereof shall, within a reasonable time thereafter, commence and diligently pursue repair and reconstruction of the Individual Air Space Unit, using any available personal insurance proceeds and personal funds of such Owner, unless the Common Elements are not repaired and reconstructed as hereinabove provided.

ARTICLE VIII **MAINTENANCE**

1. Management and Maintenance Duties. Subject to the rights of Owners as set forth in this Declaration:

(a) The Association shall be responsible for the management, control, maintenance, repair, replacement, and improvement of the Common Elements (including the Limited Common Elements except as hereinafter provided), and of any property owned by the Association, including facilities, furnishings, and equipment related thereto, and shall keep the same in good, clean, attractive, and sanitary condition, order, and repair. However, each Owner shall be responsible for exclusive maintenance, repair, and replacement of all fixtures, equipment, and utilities installed or located within such Owner's Individual Air Space Unit, any windows, window screens, and doors to the Unit (except painting or staining of exterior doors), and all other equipment providing exclusive service thereto or therefor and any service lines from such equipment to the Unit, including, without limitation, all utility, heating, plumbing, air conditioning, and domestic hot water equipment and appurtenances (excluding any landscaping irrigation system), regardless of whether such fixtures, equipment, and utilities are owned by said Owner or are Common Elements. Each Owner shall also keep the Limited Common Elements, or portions thereof, designated for use solely in connection with his Unit, in a good, clean, sanitary, and attractive condition, order, and repair.

(b) Further, the Association shall be responsible for maintenance, repair, and replacement of any drainage structure or facilities, or other public Improvements required by the local governmental entity as a condition of development of the Community or any part thereof, and of any other property or Improvements that the Board of Directors may elect on behalf of the Association, unless such Improvements have been dedicated to and accepted by a local governmental entity for the purpose of maintenance, repair, or replacement, or unless such maintenance, repair, or replacement has been authorized by law to be performed by a special district or other municipal or quasi-municipal entity.

(c) Finally, the Association shall collect as assessments, and expend funds for the costs of the maintenance, repair, and replacement to be performed by the Association under this Section, subject to Section 4 of this Article.

(d) Notwithstanding anything to the contrary contained in this Declaration, none of the responsibilities of the Association for management, control, maintenance, repair, replacement, and improvement of the Common Elements or Improvements thereon shall give rise to any interest of the Association in any Unit or the quality of any Improvements therein or thereon, nor any right by the Association to pursue any claims against the Declarant, any member thereof, or any other Person, for negligence, breach of express or implied warranties, or any other matters, with respect to such Improvements or the construction thereof.

(e) Except as otherwise provided in this Declaration, the Owner of each Unit shall be solely responsible for maintaining, repairing, and replacing his Unit and the Improvements therein or appurtenant thereto.

2. Association's Right to Repair, Maintain, and Replace. In the event any Owner shall fail to perform his maintenance, repair, and replacement obligations in a manner satisfactory to the Board of Directors, the Association may, if said failure continues for a thirty (30) day period after written notice to said Owners by the Board of Directors, enter upon said Unit subsequent to the expiration of said thirty (30) day time period to perform any or all of such maintenance, repair, or replacement. The cost of such maintenance, repair, and replacement shall be the personal obligation of the Owner of the Unit on which such work is performed, and shall be subject to all of the terms and provisions applicable to "assessments" as provided in Article IV hereof, including, without limitation, interest, late charges, and lien rights.

3. Easement for Maintenance Access and Entry. Each Owner shall afford to the Association and the other Owners, and to their agents or employees, access through such Owner's Unit reasonably necessary for maintenance, repair, and replacement of any Common Elements and any other property or Improvements maintained, repaired, or replaced by the Association. If damage is inflicted, or a strong likelihood exists that it will be inflicted, on the Common Elements, any other property, or any Unit, the Owner responsible for the damage or expense to avoid damage, or the Association if it is responsible, is liable for the cost of prompt repair or avoidance. Further, each Unit shall be subject to an easement in favor of the Association (including its agents, employees, and contractors) for performing maintenance, repair, and/or reconstruction as provided in this Article during reasonable hours after reasonable notice to the Owners or occupants of any affected Unit, except that in emergency situations entry upon a Unit may be made at any time provided that the Owner or occupants of each affected Unit shall be warned of impending emergency entry as early as is reasonably possible.

4. Owner's Negligence. Notwithstanding anything to the contrary contained in this Declaration, in the event that the need for maintenance, repair, or reconstruction of the Common Elements, any other property, a Unit, or any Improvements located thereon, is caused by the willful or negligent act or omission of any Owner, any member of such Owner's family, or by a guest or invitee of such Owner, the cost of such repair, maintenance, reconstruction, or expense to avoid such damage shall be the personal obligation of such Owner to the extent that said Owner would be liable for the acts of such Persons under the laws of the State of Colorado; and any costs, expenses, and fees incurred by the Association for such maintenance, repair, or reconstruction shall be added to the assessment to which such Owner's Unit is subject and shall be subject to all of the terms and provisions of Article IV of this Declaration. A determination of

the negligence or willful act or omission of any Owner, or any member of an Owner's family or a guest or invitee of any Owner, and the amount of the Owner's liability therefor, shall be determined by the Association at a hearing after notice to the Owner, provided that any such determination which assigns liability to any Owner pursuant to the terms of this Section may be appealed by said Owner to a court of law.

ARTICLE IX **RESTRICTIONS**

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 Units, all in order to enhance the value, desirability, and attractiveness of the Units and subserve and promote the sale thereof.

2. **Restrictions Imposed.** This Community is subject to the recorded easements, licenses, and other matters listed on Exhibit C attached hereto and incorporated herein by this reference. In addition, the Declarant declares that all of the Units shall be held and shall henceforth be sold, conveyed, used, improved, occupied, owned, resided upon, and hypothecated, subject to the following provisions, conditions, limitations, restrictions, agreements, and covenants, as well as those contained elsewhere in this Declaration.

3. **Residential Use.** Subject to Section 4 of this Article, Units shall be used for residential use only, including uses which are customarily incident thereto, and shall not be used at any time for business, commercial, or professional purposes; provided, however, that an Owner may use his Unit for professional or home occupation(s) so long as the applicable zoning permits such use, there is no external evidence thereof, and no unreasonable inconvenience to other residents of the Units is created thereby.

4. **Declarant's Use.** Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible and proper for Declarant and its employees, agents, and contractors, to perform such reasonable activities, and to maintain upon portions of the Community such facilities, as Declarant deems reasonably necessary or incidental to the construction and sale of Units, and development and construction of Improvements, specifically including, without limiting the generality of the foregoing, maintaining management offices, signs, model units, and sales offices, in such numbers, of such sizes, and at such locations as Declarant may determine from time to time in its reasonable discretion. Notwithstanding the foregoing, Declarant shall not perform any activity or maintain any facility on any portion of the Units in such a way as to unreasonably interfere with or disturb any Owner, or to unreasonably interfere with the use, enjoyment, or access of such Owner, his family members, guests, or invitees, of and to his Unit and to a public right-of-way. Any real estate used as a sales office, management office, or a model, shall be a Unit.

5. **Use of Common Elements.** Subject to the rights of Declarant as provided in this Declaration, there shall be no obstruction of the Common Elements, nor shall anything be kept or stored on any part of the Common Elements except as provided in this Declaration with respect to Limited Common Elements. Other than those Improvements erected or installed by Declarant in its completion of the Community, nothing shall be altered on, constructed in, or removed from

the Common Elements except as provided in this Declaration with respect to Limited Common Elements.

6. Exterior Changes. Except for those Improvements erected, constructed, or installed by Declarant in its completion of the Community, no exterior additions to, alterations, or decoration of any Condominium Building or Units shall be commenced, erected, placed, or maintained, except as provided in this Declaration with respect to Limited Common Elements.

7. Household Pets. No animals, livestock, birds, poultry, reptiles, or insects of any kind shall be raised, bred, kept, or boarded in or on the Units; provided, however, that the Owners of each Unit, but no tenant or renter, may keep a reasonable number of dogs, cats, or other domestic animals which are bona fide household pets, so long as such pets are not kept for any commercial purpose and are not kept in such number or in such manner as to create a nuisance to any resident of the Units. The Association shall have, and is hereby given, the right and authority to determine in its sole discretion that dogs, cats, or other household pets are being kept for commercial purposes or are being kept in such number or in such manner as to be unreasonable or to create a nuisance, or that an Owner is otherwise in violation of the provisions of this Section, and to take such action or actions as it deems appropriate to correct the same. An Owner's right to keep household pets shall be coupled with the responsibility to pay for any damage caused by such pets, as well as any costs incurred by the Association as a result of such pets, and any such costs and damages shall be subject to all of the Association's rights with respect to the collection and enforcement of assessments as provided in Article IV hereof.

8. Signs. No advertising or signs of any character shall be erected, placed, permitted, or maintained on any Unit other than a name plate of the occupant and a street number, and except for a "For Sale," "Open House," or "For Rent" sign of not more than five (5) square feet in a window of the Unit. Notwithstanding the foregoing, reasonable signs, advertising, or billboards used by the Declarant in connection with the sale or rental of Units, or otherwise in connection with the development of or construction in the Community, shall be permissible, provided that such use shall not interfere with the Owners' use and enjoyment of their Unit or with their ingress or egress from a public way to their Unit.

9. Vehicular Parking, Storage, and Repairs.

(a) No house trailer, camping trailer, boat trailer, hauling trailer, boat, or accessories thereto, truck (larger than 3/4 ton), self-contained motorized recreational vehicle, or other type of recreational vehicle or equipment, nor any commercial vehicle, may be parked or stored in the Community unless such parking or storage is within the garage of any Unit or is in any area(s), if any, designated from time to time by the Board of Directors, except that any such vehicle may be otherwise parked as a temporary expedient for loading, delivery, or emergency. This restriction, however, shall not restrict trucks or other commercial vehicles which are necessary for construction or for the maintenance of the Units, Common Elements, other property, or any Improvements.

(b) Except as hereinabove provided, no abandoned or inoperable automobiles or vehicles of any kind shall be stored or parked in the Community. An "abandoned or inoperable

vehicle" shall be defined as any automobile, truck, motorcycle, or other similar vehicle, which has not been driven under its own propulsion for a period of one (1) week or longer, or which does not have an operable propulsion system installed therein, or which does not have a current license plate thereon; provided, however, that otherwise permitted vehicles parked by Owners while on vacation (for a maximum of two (2) weeks) or during a period of illness shall not be deemed to be abandoned.

(c) In the event the Association shall determine that a vehicle is parked or stored in violation of subsections (a) or (b) of this Section, then a written notice describing said vehicle shall be personally delivered to the owner thereof (if such owner can be reasonably ascertained) or shall be conspicuously placed upon the vehicle (if the owner thereof cannot be reasonably ascertained), and if the vehicle is not removed within a reasonable time thereafter, as determined by the Association in its discretion from time to time, the Association shall have the right to remove the vehicle at the sole expense of the owner thereof.

(d) No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting, or servicing of any kind of vehicles, trailers, or boats, may be performed or conducted on any Unit unless it is done within completely enclosed structure(s) which screen the sight and sound of the activity from the street and from adjoining property. The foregoing restriction shall not be deemed to prevent washing and polishing of any motor vehicle, boat, trailer, motor-driven cycle, or other vehicle, together with those activities normally incident and necessary to such washing and polishing.

10. Nuisances. No nuisance shall be permitted on any Unit nor any use, activity, or practice which is a source of annoyance or embarrassment to, or which offends or disturbs, the resident of any Unit or which interferes with the peaceful enjoyment or possession and proper use of any Unit, or any portion thereof, by its residents. As used herein, the term "nuisance" shall not include any activities of Declarant which are reasonably necessary to the development and construction of, and sales activities on, the Units; provided, however, that such activities of the Declarant shall not unreasonably interfere with any Owner's use and enjoyment of his Unit, or with any Owner's ingress and egress to or from his Unit and a public way. No noxious or offensive activity shall be carried on upon any Unit nor shall anything be done or placed on any Unit which is or may become a nuisance or cause embarrassment, disturbance, or annoyance to others, and no unsightly conditions, structures, facilities, equipment, or objects shall be so located on any Unit as to be visible from a street or from any other Unit. Further, no immoral, improper, offensive, or unlawful use shall be permitted or made of any Unit or any portion thereof. All valid laws, ordinances, and regulations of all governmental bodies having jurisdiction over the Units, or any portion thereof, shall be observed.

11. No Hazardous Activities; No Hazardous Materials or Chemicals. No activities shall be conducted on any Unit or within Improvements constructed on any Unit which are or might be unsafe or hazardous to any Person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Unit and no open fires shall be lighted or permitted on any Unit except in a contained barbecue unit while attended and in use for cooking purposes or within an interior fireplace. Further, no hazardous materials or chemicals shall at any time be located, kept, or stored in, on, or at any Unit except such as may be contained in

household products normally kept at homes for use of the residents thereof and in such limited quantities so as to not constitute a hazard or danger to person or property.

12. No Annoying Light, Sounds, or Odors. No light shall be emitted from any Unit which is unreasonably bright or causes unreasonable glare; no sound shall be emitted from any Unit which is unreasonably loud or annoying; and no odor shall be permitted from any Unit which is noxious or offensive to others.

13. Restrictions on Trash and Materials. No refuse, garbage, trash, lumber, grass, shrubs or tree clippings, plant waste, metal, bulk materials, scrap, or debris of any kind shall be kept, store, or allowed to accumulate on any Unit unless placed in a suitable container suitably located solely for the purpose of garbage pickup. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No garbage or trash cans or receptacles shall be maintained in an exposed or unsightly manner.

14. Rules and Regulations. Rules and regulations concerning and governing the Units, Common Elements, and/or this Community may be adopted, amended, or repealed from time to time by the Board of Directors, and the Board of Directors may establish and enforce penalties for the infraction thereof, including, without limitation, the levying and collecting of fines for the violation of any of such rules and regulations.

15. Leases. The term "lease," as used herein, shall include any agreement for the leasing or rental of a Unit, or any portion thereof, and shall specifically include, without limitation, month-to-month rentals and subleases. Any Owner shall have the right to lease his Unit, but all leases shall be in writing and all leases shall provide that the terms of the lease and lessee's occupancy of the leased premises shall be subject in all respect to the provisions of this Declaration, and the Articles of Incorporation, Bylaws, and rules and regulations of the Association.

16. Management Agreements and Other Contracts. Any agreement for professional management of the Association's business or other contract providing for the services of the Declarant shall have a maximum term of three (3) years, and any such agreement shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon not more than ninety (90) days' prior written notice. Notwithstanding the foregoing, however, any such management agreement(s) entered into by the Association with a manager or managing agent prior to termination of the Period of Declarant Control shall be subject to review and approval by HUD or VA if, at the time such agreement is entered into, HUD has insurance or VA has a guarantee(s) on one of more First Security Interests, and shall terminate absolutely, in any event, no later than thirty (30) days after termination of the Period of Declarant Control.

17. Use of Common Elements. An easement is hereby granted to the Declarant through the Common Elements as may be reasonably necessary for the purpose of discharging any of Declarant's obligations or exercising any Special Declarant Rights. Subject to the immediately preceding sentence:

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

(b) No Owner shall engage in any activity which will temporarily or permanently deny free access to any part of the Common Elements to all Members, nor shall any Owner place any structure whatsoever upon the Common Elements.

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

(d) No use shall ever be made of the Common Elements which will deny ingress and egress to those Owners having access to their Units only over Common Elements, and the right of ingress and egress to said Units is hereby expressly granted.

18. Easement for Encroachments. To the extent that any Unit or Common Element encroaches on any other Unit or Common Element, a valid easement for the encroachment exists.

19. Drainage Easement. An easement is hereby granted to the Association, its officers, agents, employees, successors, and assigns, to enter upon, across, over, in, and under the Common Elements for the purpose of changing, correcting, or otherwise modifying the grade or drainage channels of the Community so as to improve the drainage of water in the Community.

20. Utilities. There is hereby created a blanket easement upon, across, over, and under the Common Elements for utilities and the installation, replacement, repair, and maintenance of utilities, including, but not limited to, water, sewer, gas, telephone, electricity, computer cable, and master television antenna or cable or satellite television systems, if any. By virtue of this blanket easement, it shall be expressly permissible to erect and maintain the necessary facilities, equipment, and appurtenances on the Common Elements, and to affix, repair, and maintain water and sewer pipes, gas, electric, telephone, computer and television wires, cables, circuits, conduits, and meters. In the event any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, Declarant reserves and is hereby given the right and authority to grant such easement upon, across, over, or under any part or all of the Common Elements without conflicting with the terms hereof; provided, however, that such right and authority shall cease and determine upon the earlier of seven (7) years after recordation of this Declaration in the County of Summit, Colorado, or conveyance by Declarant of the last Unit to the first Owner thereof (other than Declarant), at which time said reserved right shall vest in the Association. The easement provided for in this Section shall in no way affect, avoid, extinguish, or modify any other recorded easement (s) on the Common Elements.

21. Easement for Unannexed Property. The Declarant hereby reserves, for the use and benefit of the property described on Exhibit D attached hereto and incorporated herein by this reference (said area, plus the 10% referred to in Article XIII, Section 5(a) hereof, is herein referred to as the "Annexable Area"), a nonexclusive, perpetual easement and right-of-way for pedestrian and vehicular access, ingress and egress, on, over, and across the roads, driveways, streets, sidewalks, and similar Common Elements, now or hereafter constructed, erected,

installed, or located in or on the Community, and on, over, across, and under the Common Elements for utilities and the construction, location, erection, installation, storage, maintenance, repair, renovation, replacement, and use of any utilities Improvements that may now or hereafter serve the Annexable Area or any portion thereof (herein the "Annexable Area Easement"). By virtue of this Annexable Area Easement, the Declarant generally intends to provide for pedestrian and vehicular access and for utilities services, to those portion(s) of the Annexable Area which have not been included, from time to time, in the Community pursuant to Article XIV, Section 5, hereof. Hence, the Annexable Area Easement shall be in effect for each portion of the Annexable Area from and after recording of this Declaration, but shall cease to be effective as to each portion of the Annexable Area at such time as both of the following have occurred: annexation of such portion of the Annexable Area to this Declaration pursuant to the aforesaid Section; and expiration of the Declarant's right to withdraw such portion of the Annexable Area from this Declaration.

ARTICLE X
PROPERTY RIGHTS IN THE COMMON ELEMENTS

1. **Owners' Easements.** Subject to the provisions of Section 2 of this Article, every Owner shall have a nonexclusive right and easement of enjoyment in and to the General Common Elements and those Limited Common Elements appurtenant to his Unit, plus a right and easement of egress and egress over, across, and upon the General Common Elements and those Limited Common Elements appurtenant to his Unit, for the purpose of getting to and from his Unit and public ways, for both pedestrian and vehicular travel, which rights and easements shall be appurtenant to and pass with the transfer of title to every Unit.

2. **Extent of Owners' Easements.** The rights and easements created hereby shall be subject to the following:

(a) The terms, provisions, covenants, conditions, restrictions, easements, reservations, uses, limitations, obligations contained in this Declaration; and

(b) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Elements and to mortgage said property as security for any such loan; provided, however, that the Association may not subject any portion of the Common Elements to a Security Interest unless such is approved by Members casting at least eighty percent (80%) of the votes in the Association, including eighty percent (80%) of the votes allocated to Units not owned by the Declarant, and unless such is approved by all of the Owners of Units to which is allocated any Limited Common Element that will be subject to a Security Interest; and

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

(d) The right of the Association to promulgate, amend, repeal, re-enact and publish rules and regulations with which each Member shall strictly comply; and

(e) The right of the Association to suspend the voting rights of a Member for any period during which any assessment against his Unit or any other amount due from such Member to the Association remains unpaid and, for a period not to exceed sixty (60) days, for any infraction of the Bylaws of the Association or the Association's rules and regulations; and

(f) The right of the Association to dedicate or transfer all or any part of the Common Elements to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer shall be effective unless first approved by the Members entitled to cast at least eighty percent (80%) of the votes in the Association, including eighty percent (80%) of the votes allocated to Units not owned by the Declarant, and unless first approved by all of the Owners of Units to which is allocated any Limited Common Element that will be dedicated or transferred, and unless written notice of the proposed agreement and the proposed dedication or transfer is sent to every Member at least thirty (30) days in advance of any action taken. Notwithstanding the foregoing, the granting of permits, licenses, and easements for public utilities, roads or for other purposes reasonably necessary or useful for the proper maintenance or operation of the Community shall not be deemed a transfer within the meaning of this subsection (e); and

(g) The right of the Association, through its Board of Directors, to enter into, make, perform, or enforce any contracts, leases, agreements, licenses, easements, and rights-of-way, for the use of real property or Improvements by Owners, other Persons, their family members, guests and invitees, for any purpose(s) the Board of Directors may deem to be useful, beneficial, or otherwise appropriate; and

(h) The right of the Association to close or limit the use of the Common Elements while maintaining, repairing, and making replacements in the Common Elements.

3. Delegation of Use. Any Owner may delegate his rights of use of and access over the Common Elements to the members of his family, his tenants, or contract purchasers who reside on his Unit.

4. Limited Common Elements. Subject to the terms and provisions of this Declaration, every Owner shall have the right to use and enjoy the Limited Common Elements appurtenant to his Unit, and such right shall be exclusive except as to those Owners with a right to use such Limited Common Elements.

5. New Additions to Common Elements. The Association shall have the right to construct new additions to the Common Elements. Ownership of any such additions to the Common elements shall be apportioned among all Units in proportion to the respective undivided interest in the Common Elements appurtenant thereto, as shown on the attached Exhibit B, which shall be subject to modification as provided in this Declaration. The Common Expenses for any such additions to the Common Elements shall be apportioned among all Units as provided in Article IV hereof. The construction of new additions to the Common Elements shall not affect an Owner by way of modification of his voting power in the Association.

6. Conveyance or Encumbrance of Common Elements.

(a) Portions of the Common Elements may be conveyed or subjected to a Security Interest by the Association only if Persons entitled to cast at least eighty percent (80%) of the votes in the Association, including eighty percent (80%) of the votes allocated to Units not owned by a Declarant, agree to that action; and all Owners of each Unit to which any Limited Common Element is allocated must agree in order to convey that Limited Common Element or subject it to a Security Interest.

(b) An agreement to convey Common Elements or subject them to a Security Interest must be evidenced by the execution of an agreement, or ratification thereof, in the same manner as a deed, by the requisite number of Owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in every county in which a portion of the Community is situated and is effective only upon recordation.

(c) The Association, on behalf of all Owners, may contract to convey an interest in the Community pursuant to subsection (a) of this section, but the contract is not enforceable against the Association until approved, executed, and ratified. Thereafter, the Association has all powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments.

(d) Unless in compliance with this section, any purported conveyance, encumbrance, judicial sale, or other transfer of Common Elements is void.

(e) A conveyance or encumbrance of Common Elements pursuant to this section shall not deprive any Unit of its rights of ingress and egress to the Unit and support of the Unit.

(f) A conveyance or encumbrance of Common Elements pursuant to this section does not affect the priority or validity of preexisting encumbrances.

7. Acquiring and Disposing of Real and Personal Property. The Association may acquire, own, and hold for the use and benefit of all Owners' tangible and intangible personal property and real property for such uses and purposes as the Board of Directors may in its discretion deem appropriate from time to time, and may dispose of the same by sale or otherwise. The beneficial interest in any such property shall be deemed to be owned by the Owners in the same undivided proportion as their respective undivided interests in the Common Elements. Such beneficial interest of an Owner shall not be transferable except with the transfer of that Owner's Unit. Transfer of a Unit, including transfer pursuant to foreclosure, shall transfer to the transferee ownership of the transferor's beneficial interest in such personal and/or real property without any reference thereto. Each Owner may use such personal and/or real property in accordance with the purposes for which such property is intended and in accordance with such conditions, limitations, restrictions, and rules and regulations as may be placed on any such property by the Board of Directors in its sole discretion from time to time, provided that such use of any Owner shall not hinder or encroach upon the lawful rights of other Owners.

ARTICLE XI
CONVEYANCES, OWNERSHIP, AND TAXATION OF UNITS

1. **Contracts Entered into Prior to Recording of Condominium Map and Declaration.**

A contract or other agreement for the sale of a Unit entered into prior to the filing for record of the Condominium Map and/or this Declaration in the office of the Clerk and Recorder of the County of Summit, Colorado, may legally describe such Unit in the manner set forth in Section 2 of this Article and may indicate that the Condominium Map and/or this Declaration are to be recorded. Upon recordation of the Condominium Map and this Declaration in the County of Summit, Colorado, such description shall be conclusively presumed to describe the corresponding Unit shown on the Condominium Map, and such Unit shall be subject in all respect to this Declaration.

2. **Contracts Entered into Subsequent to Recording of Condominium Map and Declaration.** Subsequent to the recording of the Condominium Map and this Declaration, every contract, deed, lease, mortgage, deed of trust, will, and every other instrument affecting title to a Unit may legally describe that Unit as follows:

Condominium Unit _____, Condominium Building 1, Bay Club at Frisco, according to the Condominium Map thereof, recorded on _____, 19_____, at Reception No. _____, in the records of the office of the Clerk and Recorder of the County of Summit, State of Colorado, and as defined and described in the Declaration of Covenants, Conditions, and Restrictions of Bay Club at Frisco Condominiums recorded on _____, 19_____, at Reception No. _____ in said records.

3. **Legal Effect of Description.**

(a) Every contract, deed, lease, mortgage, deed of trust, will, and every other instrument affecting title to a Unit which legally describes said Unit substantially in the manner set forth in Section 2 of this Article shall be good and sufficient for all purposes to sell, convey, transfer, encumber, or otherwise affect the Unit, including the undivided interest in the Common Elements appurtenant thereto and all other appurtenant properties and property rights, and to incorporate all of the rights, limitations, and burdens incident to ownership of a Unit as described in this Declaration and the Condominium Map. Each such description shall be construed to include a nonexclusive easement for ingress and egress to and from each Unit and the use of all the General Common Elements, as well as all of the Limited Common Elements appurtenant to said Unit, all as more fully provided in this Declaration.

(b) It shall not be necessary to use the term "unit" as a part of the legally sufficient description of a Unit.

4. **Taxation.** Each Unit shall be assessed separately for all taxes, assessments, and other charges of the State of Colorado, any political subdivision thereof, any special

improvement district, and any other taxing or assessing authority, in accordance with the Act. For the purpose of such assessments, the valuation of the Common Elements shall be apportioned among the Units in proportion to the undivided interest in the Common Elements appurtenant to the Unit in question. The Association shall furnish to the Tax Assessor of the County of Summit, Colorado, and to all other appropriate persons and authorities, all necessary information with respect to such apportionment. No forfeiture or sale of any Unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title of any other Unit.

5. **Inseparability.** Each Unit, as well as all other appurtenances, rights, and burdens connected therewith, shall be inseparable and may be transferred, conveyed, leased, devised, encumbered, or otherwise disposed of only as a Unit. Every conveyance, transfer, devise, lease, encumbrance, or other disposition of a Unit shall be deemed to be a conveyance, transfer, devise, lease, encumbrance, or other disposition, as the case may be, of the entire Unit, together with all appurtenant rights, interests, duties, and obligations created by law or by this Declaration.

6. **Nonpartitionability.** The Common Elements shall be owned in common by all of the Owners and shall remain undivided and not subject to partition, such that 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 Elements. Furthermore, each Owner agrees that this Section may be pleaded as a bar to the maintenance of such an action. Any violation of this Section shall entitle the Association to collect, jointly and severally, from the parties violating the same, the actual attorneys' fees, costs, expenses, and all damages which the Association incurs in connection therewith.

ARTICLE XII MECHANIC'S LIENS

1. **Mechanic's Liens.** No labor performed and/or materials furnished for use and incorporated in any Unit with the consent or at the request of the Owner thereof, his agent, contractor, or subcontractor, shall be the basis for the filing of a lien against a Unit of any other Owner not expressly consenting to or requesting the same, or against any interest in the Common Elements except as to the undivided interest therein appurtenant to the Individual Air Space Unit of the Owner for whom such labor shall have been performed or such materials furnished. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against any liability or loss arising from the claim of any mechanic's lien against the Unit of any other Owner, the Common Elements, or any part thereof, for labor performed and/or materials furnished in work on the first Owner's Unit.

2. **Enforcement by the Association.** At its own initiative or upon the written request of any Owner or any Security Interest Holder, if the Association determines that further action by it is proper and the mechanic's lien(s) are not disputed claims with a reasonable basis for such dispute, the Association, after notice and hearing, shall enforce the indemnity provided by Section 1 of this Article by collecting from the Owner of the Unit on which the labor was

performed and/or materials furnished, the amount necessary to discharge any such mechanic's lien, including all costs and reasonable attorney's fees incidental thereto, and obtain a discharge of such lien. In the event that the Owner of the Unit on which the labor was performed and/or materials furnished refuses or fails to so indemnify within seven (7) days after the Association shall have given notice to such Owner of the total amount, or any portions thereof, from time to time, to be indemnified, then the failure to so indemnify shall be a default by such Owner under the provisions of this Section 2 and such amount to be indemnified shall be and constitute an additional assessment for collection by the Association subject to all of the provisions of Article IV hereof.

3. Effect of Part Payment. In the event a lien attributable to labor performed and/or materials furnished on the Community, or any portion thereof, is effected against two or more Units, the Owner(s) of any of the affected Units may pay to the lienholder the amount of the lien attributable to such Owner's Unit and the lienholder shall release such Unit from the lien. The amount required to be paid by any such Owner in order to obtain release of his Unit from any such lien shall be equal to the quotient of (i) the amount of the lien divided by (ii) the total number of Units affected by the lien. Partial payment and release of any such lien with respect to any Unit(s) shall not prevent the lienholder from enforcing his rights against the Unit(s) for which payment has not been received.

ARTICLE XIII **SECURITY INTERESTS**

1. Approval by Members and Security Interest Holders of First Security Interests. Notwithstanding any provisions of this Declaration to the contrary, the Association shall not:

(a) except as provided by statute, in case of condemnation or substantial loss to the Units and/or Common Elements, unless it has obtained the prior written approval of the Owners (other than the Declarant) casting at least sixty-seven percent (67%) of the votes in the Association and of those Security Interest Holders holding at least sixty-seven percent (67%) of the First Security Interests (based upon one vote for each First Security Interest owned):

(1) by act or omission seek to abandon or terminate the Community;

(2) change the pro rata interest or obligations of any Unit in order to levy assessments or charges, allocate distribution of hazard insurance proceeds or condemnation awards, or determine the pro rata share of ownership of each Unit in the Common Elements (however, this requirement will be deemed waived to the extent necessary to allow phasing, additions, or annexations in accordance with this Declaration);

(3) partition or subdivide any Unit;

(4) seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements by act or omission. The granting of easements for public utilities or other public purposes consistent with the intended use of the Common Elements by the Community is not a transfer within the meaning of this clause. (However, this requirement will be deemed

waived to the extent necessary to allow phasing, add-ons, or annexations, in accordance with this Declaration);

(5) use hazard insurance proceeds for losses to any condominium property (whether Units or Common Elements) for other than the repair, replacement, or reconstruction of such condominium property.

(b) Unless it has obtained the consent of Owners who represent at least sixty-seven percent (67%) of the total allocated votes in the Association, and of Security Interest Holders who represent at least fifty-one percent (51%) of the votes of Units that are subject to such First Security Interests (and who have submitted a written request that the Association notify them of any proposed action requiring the consent of a specified percentage of Security Interest Holders of First Security Interests), add or amend any material provisions of this Declaration, the Articles of Incorporation, or Bylaws of the Association which govern any of the following, provided that the implied approval of any Security Interest Holder of a First Security Interest shall be assumed if such Security Interest Holder fails to submit a response to any written proposal for an amendment within thirty (30) days after such Security Interest Holder receives proper notice of the proposal delivered by certified or registered mail with a "return receipt" requested:

- (1) voting rights;
- (2) increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens, or the priority of assessment liens;
- (3) reductions in reserves for maintenance, repair, and replacement of Common Elements;
- (4) responsibility for maintenance and repairs;
- (5) reallocation of interests in the General Common Elements, Limited Common Elements, or rights to their use;
- (6) redefinition of any Unit boundaries;
- (7) convertibility of Units into Common Elements or vice versa;
- (8) expansion or contraction of the Community, or the addition, annexation or withdrawal of property to or from the Community;
- (9) hazard or fidelity insurance requirements;
- (10) imposition of any restrictions on the leasing of Units;
- (11) imposition of any restrictions on an Owner's right to sell or transfer his or her Unit;

(12) a decision by the Association (if the Community consists of fifty (50) or more Units) to establish self-management if professional management had been required previously by the Declaration, the Articles of Incorporation, or Bylaws of the Association, or by a Security Interest Holder of a First Security Interest who has submitted a written request that the Association notify them on any proposed action requiring the consent of a specified percentage of Security Interest Holders of First Security Interests;

(13) restoration or repair of the Community (after a damage or partial condemnation) in a manner other than that specified in the Declaration, the Articles of Incorporation, or Bylaws of the Association; or

(14) any provisions that expressly benefit Security Interest Holders, or insurers or guarantors of Security Interests.

2. Termination of Legal Status. Any action to terminate the legal status of the Community after substantial destruction or condemnation occurs shall be agreed to by Owners who represent at least sixty-seven percent (67%) of the total allocated votes in the Association and by Security Interest Holders of First Security Interests who have submitted a written request that the Association notify them on any proposed action requiring the consent of a specified percentage of Security Interest Holders of First Security Interests and who represent at least fifty-one percent (51%) of the votes of the Units that are subject to such First Security Interests. Termination of the legal status of the Community for reasons other than substantial destruction or condemnation of the Community shall be permitted if agreed to by Security Interest Holders of First Security Interests who have submitted a written request that the Association notify them of any proposed action requiring the consent of a specified percentage of such Security Interest Holders of First Security Interests and who represent at least sixty-seven percent (67%) of the votes of the Units subject to First Security Interests.

3. Notice of Action. Upon written request to the Association, identifying the name and address of the Security Interest Holder of a First Security Interest or insurer or guarantor of the First Security Interest, and the residence address of the Unit which is subject to such First Security Interest, each Security Interest Holder of a First Security Interest, or insurer or guarantor of a First Security Interest, shall be entitled to timely written notice of:

(a) any condemnation loss or casualty loss which affects a material portion of the Community or any Unit subject to a First Security Interest held, insured, or guaranteed by such Security Interest Holder, insurer, or guarantor of a First Security Interest;

(b) any delinquency in the payment of assessments or charges owed to the Association by the Owner of the Unit subject to a First Security Interest held, insured, or guaranteed by such Security Interest Holder, insurer, or guarantor, or any default by such Owner in any obligation under the Declaration, Article of Incorporation, or Bylaws of the Association if and when the Board of Directors has actual knowledge of such default, and such delinquency or default remains uncured for a period of sixty (60) days;

(c) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

(d) any proposed action that would require the consent of a specified percentage of Security Interest Holders of First Security Interests as provided in this Article.

4. Audit. At any time after the date when the Community includes at least fifty (50) Units, the Association shall provide an audited statement for the preceding fiscal year to any Security Interest Holder of a First Security Interest, Insurer, or guarantor of any First Security Interest, who submits a written request for such audit; and such audit shall be made available within one hundred twenty (120) days of the Association's fiscal year end. When the Community consists of fewer than fifty (50) Units and there is not an audited statement available, any Security Interest Holder will be allowed to have an audited statement prepared at its own expense.

5. Confirmation of Rights of Security Interest Holders of First Security Interests. No provision of this Declaration, the Articles of Incorporation, or Bylaws of the Association give any Owner, or any other party, priority over any rights of the Security Interest Holder of a First Security Interest, pursuant to its First Security Interest, in the case of payment to the Owner of insurance proceeds or condemnation awards for losses to or taking of Units and/or Common Elements.

ARTICLE XIV **GENERAL PROVISIONS**

1. Enforcement. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges, and other provisions contained in this Declaration, the Articles of Incorporation, Bylaws, or rules and regulations of the Association, as amended, may be by any proceeding at law or in equity against any Person(s) (including, without limitation, the Association) violating or attempting to violate any such provision. The Association and any aggrieved Owner shall have the right to institute, maintain, and prosecute any such proceedings, and the Association shall further have the right to levy and collect fines for the violation of any provision of any of the aforesaid documents. In any action instituted or maintained under this Section, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto, as well as any and all other sums awarded by the Court. Failure by the Association or any Owner to enforce any Covenant, restriction, or other provision herein contained, or any other provision of any of the aforesaid documents, shall in no event be deemed a waiver of the right to do so thereafter.

2. Severability. All provisions of the Declaration, the Articles of Incorporation and Bylaws of the Association are severable. Invalidation of any of the provisions of any such documents, by judgment, court order, or otherwise shall in no way affect or limit any other provisions which shall remain in full force and effect.

3. Conflict of Provisions. In case of an conflict between this Declaration, the Articles of Incorporation, or Bylaws of the Association, this Declaration shall control. In case of

any conflict between the Articles of Incorporation and the Bylaws of the Association, the Articles of Incorporation shall control.

4. Conflict with Act. In the event that any of the terms or provisions of this Declaration are in conflict or inconsistent with the Act, the terms and provisions of the Act shall control and govern. In case of any such conflict or inconsistency, the applicable terms and provisions contained in this Declaration shall, to the extent possible, be construed in accordance with the Act, and any conflict with or violation of the Act by any terms or provisions of this Declaration shall not affect, void, or render unenforceable any other term or provision of this Declaration (which shall be in full force and effect in accordance with their terms).

5. Annexation.

(a) Additional property may be annexed to this Declaration with the consent of two-thirds of the Members. Notwithstanding the foregoing, the Declarant may annex to this Declaration additional property within the lands described on the attached Exhibit D, until that date which is seven (7) years after the date of recording of this Declaration in Summit County, Colorado, without consent of any other Owners, Security Interest Holders, or any other Person; however, such annexation is subject to a determination by HUD or VA (if the Declarant desires to attempt to obtain HUD or VA approval of the property being annexed) that the annexation is in accord with the general plan approved by them and that the structures to be located thereon will be of comparable style, quality, size, and cost to the existing Improvements. All Improvements in property to be annexed shall be substantially completed prior to annexation. Each such annexation shall be effected, if at all, by recording of a Condominium Map of the property to be annexed and by recording of an Annexation of Additional Land in the Office of the Clerk and Recorder of Summit County, Colorado. The Annexation of Additional Land for such property shall provide for annexation to this Declaration of the property described in such Annexation of Additional Land, shall state that the Declarant (or other Person) is the Owner of the Units thereby created, shall assign an identifying number to each new Unit, shall describe any Common Elements within the property being annexed, shall reallocate the Allocated Interests and undivided ownership interest in the Common Elements among all Units, and may include such other provisions as Declarant deems appropriate. All provisions of this Declaration, including, but not limited to, those provisions regarding obligations to pay assessments to the Association and any right to cast votes as Members, shall apply to annexed property immediately upon recording both a Condominium Map and an Annexation of Additional Land with respect to such property. In addition to the foregoing, the Declarant may amend this Declaration at any time during the seven (7) year period noted hereinabove, in order to add additional real estate to the Community from such locations as the Declarant may elect in its sole discretion, so long as the total additional real estate so annexed to the Community pursuant to this sentence, and not described in the attached Exhibit D, does not exceed ten percent (10%) of the total area described in the attached Exhibits A and D. The maximum total number of Units that may be added by all annexations, together, shall not exceed the Units that May Be Created less the number of Units listed on the attached Exhibit B.

(b) Upon any such annexation which adds Units, the Allocated Interest in the Common Elements appurtenant to each Unit (including all Common Elements located on the

property described on Exhibit A attached hereto, all Common Elements located on the additional property contained in such annexation and all Common Elements contained in any other property annexed to this Declaration prior to such annexation) shall automatically be reduced to a fraction, the numerator of which shall be one (1) and the denominator of which shall be the total number of Units then subject to this Declaration; and the Allocated Interests in Common Elements and Voting Rights of each Unit so annexed shall be the same fraction. The Allocated Interest for Expenses appurtenant to each Unit shall automatically be reduced to a fraction, the numerator of which shall be the result of dividing the current Allocated Interest for Expenses (as defined in Exhibit B) by .125, and the denominator of which shall be the total number of Units then subject to this Declaration. Such reduction of Allocated Interests shall be automatic, and no further documentation need be filed of record or further action need be taken by the Declarant, any Unit Owner, or any Security Interest Holder to reflect such modification in Allocated Interests.

(c) Each portion of the Community which is annexed to this Declaration by a Condominium Map and an Annexation of Additional Land, as provided in the preceding subsection (a), shall be subject to a right of withdrawal by the Declarant. Such withdrawal may be accomplished, if at all, in accordance with the Act. However, the Declarant's right to withdraw each such portion of the Community shall expire and terminate, as to each portion of the Community which has been annexed to this Declaration, upon the first conveyance of any Unit in such portion of the Community to any Person other than the Declarant.

(d) The Declarant may exercise its Development Rights in all or any portion of the property described in the attached Exhibit D over which such rights have not already been exercised, and no assurances are made as to the boundaries or order of exercise of any such development rights.

6. Duration, Revocation, and Amendment.

(a) Each and every provision of this Declaration 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 provided in Article XIII, above, this Declaration may be amended during the first twenty (20) year period, and during subsequent extensions thereof, by a vote or agreement of Owners holding at least sixty-seven percent (67%) of the Allocated Interest in Common Elements and Voting Rights.

(b) No action to challenge the validity of an amendment adopted by the Association pursuant to this Section may be brought more than one (1) year after the amendment is recorded.

(c) Every amendment to the Declaration must be recorded in every county in which any portion of the Community is located, and is effective only upon recordation.

(d) Amendments to the Declaration that are required by this Declaration to be recorded by the Association shall be prepared, executed, recorded, and certified on behalf of the

Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.

7. Registration of Mailing Address. Each Owner and each Security Interest Holder, insurer, or guarantor of a Security Interest shall register his mailing address with the Association, and except for annual statements and other routine notices, all other notices or demands intended to be served upon an Owner, or upon a Security Interest Holder, insurer, or guarantor of a Security Interest shall be sent by either registered or certified mail, postage prepaid, addressed in the name of such Person at such registered mailing address. However, if any Owner fails to notify the Association of a registered address, then a notice or demand may be delivered or sent, as aforesaid, to such Owner at the address of such Owner's Unit. All notices, demands, or other notices intended to be served upon the Board of Directors or the Association during the Period of Declarant Control shall be sent by registered or certified mail, postage prepaid, to "c/o LOUP CONSTRUCTION COMPANY, INC.; Attn: BAY CLUB AT FRISCO CONDOMINIUMS, LLC; 44 INVERNESS DRIVE EAST, BUILDING E; ENGLEWOOD COLORADO 80112, unless such address is changed by the Association during the period of Declarant Control; subsequent to termination of the Period of Declarant Control, the Association shall notify the Owners of a different address for notices.

8. HUD or VA Approval. During the Period of Declarant Control, the following actions shall require the prior approval of HUD or VA if, at the time any such action is taken, HUD has insurance or VA has a guarantee(s) on one or more First Security Interests: annexation of additional real property; amendment of this Declaration; termination of this Community; or merger or consolidation of the Association.

9. Transfer of Special Declarant Rights. A Special Declarant Right created or reserved under this Declaration may be transferred only by an instrument evidencing the transfer recorded in every county in which any portion of the Community is located, and in accordance with the Act.

10. Eminent Domain. The taking by eminent domain of a Unit(s) or Common Element(s), or any portion thereof, shall be done in accordance with applicable law, including without limitation the Act.

11. Termination of Community. The Community may be terminated only in accordance with the Act.

12. Association as Trustee. With respect to a third Person dealing with the Association in the Association's capacity as a trustee, the existence of trust powers and their proper exercise by the Association may be assumed without inquiry. A third Person is not bound to inquire whether the Association has the power to act as trustee or is properly exercising trust powers. A third Person, without actual knowledge that the Association is exceeding or improperly exercising its powers, is fully protected in dealing with Association as if it possessed and properly exercised the powers it purports to exercise. A third Person is not bound to assure the proper application of trust assets paid or delivered to the Association in its capacity as trustee.

13. Run with Land; Binding upon Successors. The benefits, burdens, and all other provisions contained in this Declaration shall be covenants running with and binding upon the Community and all real property and Improvements which are now or hereafter a part thereof. The benefits, burdens, and all other provisions contained in this Declaration shall be binding upon, and inure to the benefit of the Declarant, the Association, and all Owners, and upon and to their respective heirs, personal representatives, successors, and assigns.

14. Limitation on Liability. The Association, the Board of Directors, the Architectural Review Committee, the Declarant, and any member, agent, or employee of any of the same shall not be liable to any Person for any action or for any failure to act unless the action or failure to act was not in good faith and was done or withheld with malice.

15. No Representations or Warranties. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or its agents or employees, in connection with any portion of the Community, or any Improvement, its or their physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in writing.

16. Disclaimer Regarding Safety. DECLARANT AND THE ASSOCIATION HEREBY DISCLAIM ANY OBLIGATION REGARDING THE SECURITY OF ANY PERSONS OR PROPERTY WITHIN THE COMMUNITY. BY ACCEPTING A DEED TO PROPERTY WITHIN THE COMMUNITY, EACH OWNER ACKNOWLEDGES THAT DECLARANT AND THE ASSOCIATION ARE ONLY OBLIGATED TO DO THOSE ACTS SPECIFICALLY ENUMERATED HEREIN, OR IN THE ARTICLES OF INCORPORATION, BYLAWS, AND RULES AND REGULATIONS OF THE ASSOCIATION, AND ARE NOT OBLIGATED TO DO ANY OTHER ACTS WITH RESPECT TO THE SAFETY OR PROTECTION OF PERSONS OR PROPERTY WITHIN THE COMMUNITY.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set his hand and seal this 19th day of January, 1998.

DECLARANT:

BAY CLUB AT FRISCO, LLC,
a Colorado limited liability company

By:

Ronald Wedgley

Its:

Manager

STATE OF COLORADO

)
) ss.
)

COUNTY OF Denver

The foregoing instrument was acknowledged before me this 12th day of JANUARY, 1998, by RONALD S. WEDGE as MANAGER of Bay Club at Frisco, LLC, a Colorado limited liability company.

Witness my hand and official seal.

(SEAL)

Stephen R. Smith

Notary Public

My Commission expires: 10/26/98



Exhibit A - The Community

**LEGAL DESCRIPTION
BUILDING 1
BAY CLUB AT FRISCO**

A TRACT OF LAND BEING A PORTION OF LOTS 3 AND 4, RAIN TREE TWO, A SUBDIVISION OF RECORD IN THE TOWN OF FRISCO, SUMMIT COUNTY, COLORADO, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWESTERLY CORNER OF SAID LOT 4; THENCE 64.14 FEET ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 75.00 FEET, A CENTRAL ANGLE OF 48°59'58" AND A CHORD WHICH BEARS N61°28'48"E 62.20 FEET DISTANT; THENCE S53°01'11"E A DISTANCE OF 71.34 FEET; THENCE S04°06'52"E A DISTANCE OF 116.00 FEET; THENCE S12°50'36"W A DISTANCE OF 76.99 FEET TO THE SOUTHERLY BOUNDARY LINE OF SAID LOT 4; THENCE N77°09'24"W A DISTANCE OF 102.49 FEET TO THE SOUTHWESTERLY CORNER OF SAID LOT 4; THENCE N15°12'07"E A DISTANCE OF 30.02 FEET; THENCE N04°03'29"W A DISTANCE OF 152.60 FEET TO THE POINT OF BEGINNING, CONTAINING 22,009 SQUARE FEET OR 0.51 ACRE, MORE OR LESS.

Exhibit B - Allocated Interests

Building 1, Condominium <u>Unit Number</u>	Allocated Interest in Common Elements and <u>Voting Rights</u>	Allocated Interest for <u>Expenses</u>
107	12.5%	11.9%
108	12.5%	11.9%
109	12.5%	11.9%
110	12.5%	11.9%
207	12.5%	13.1%
208	12.5%	13.1%
209	12.5%	13.1%
210	12.5%	13.1%

Exhibit C - Title Exceptions

1. Taxes and assessments not yet due or payable and special assessments not yet certified to the Treasurer's office.
2. Any unpaid taxes or assessments against said land.
3. Liens for unpaid water and sewer charges, if any.
4. Right of the Proprietor of a vein or lode to extract and remove his ore therefrom, should the same be found to penetrate or intersect the premises hereby granted, and a right of way for ditches or canals constructed by the authority of the United States, as reserved in United States Patent recorded October 1, 1883 in Book 47 at Page 501.
5. Right-of-way for ditches or canals constructed by the authority of the United States as reserved in United States Patent recorded November 17, 1913, in Book 100 at Page 312.
6. Terms, conditions and provisions of Order of Inclusion into the Frisco Sanitation District Recorded September 14, 1993 under Reception No. 541058.
7. Public access and utility easement over the northerly 20 feet of Lot 3 as shown and reserved on the recorded plat of Raintree two.
8. Restrictive covenant as contained in deed recorded October 15, 1996 under Reception No. 525923.
9. Utility and drainage easement through the southerly 20 feet of Lot 4 as shown and reserved on the recorded plat.
10. Utility and drainage easement through the easterly 40 feet of subject property as shown on the recorded plat of Raintree Two.
11. Right-of-way for 9000 Divide over the southwest corner of Lot 4 as shown and reserved on the recorded plat of Raintree Two.

Exhibit D - Annexable Area

**LEGAL DESCRIPTION
ANNEXABLE AREA
BAY CLUB AT FRISCO**

ALL OF LOTS 3 AND 4, RAINTREE TWO, A SUBDIVISION OF RECORD IN THE TOWN OF FRISCO, SUMMIT COUNTY, COLORADO, LESS THAT PORTION OF LOTS 3 AND 4, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWESTERLY CORNER OF SAID LOT 4; THENCE 64.14 FEET ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 75.00 FEET, A CENTRAL ANGLE OF 48°59'58" AND A CHORD WHICH BEARS N61°28'48"E 62.20 FEET DISTANT; THENCE S53°01'11"E A DISTANCE OF 71.34 FEET; THENCE S04°06'52"E A DISTANCE OF 116.00 FEET; THENCE S12°50'36"W A DISTANCE OF 76.99 FEET TO THE SOUTHERLY BOUNDARY LINE OF SAID LOT 4; THENCE N77°09'24"W A DISTANCE OF 102.49 FEET TO THE SOUTHWESTERLY CORNER OF SAID LOT 4; THENCE N15°12'07"E A DISTANCE OF 30.02 FEET; THENCE N04°03'29"W A DISTANCE OF 152.60 FEET TO THE POINT OF BEGINNING, CONTAINING 22,009 SQUARE FEET OR 0.51 ACRE, MORE OR LESS.