

**DECLARATION
OF
COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR
LAKE FOREST CONDOMINIUMS**

**For readability purposes and electronic distribution, this document has been transcribed from the original Declarations of Covenants, Conditions, Restrictions and Easements for Lake Forest Condominiums recorded in the records of the Clerk and Recorder of Summit County, Colorado on March 27, 1995 at Reception No. 488386.*

TABLE OF CONTENTS

RECITALS	1
ARTICLE I - DECLARATION AND SUBMISSION	1
Section 1.1. Submission	1
Section 1.2. Common Interest Ownership Act.....	1
ARTICLE II - NAME, DIVISION INTO UNITS	1
Section 2.1. Name	1
Section 2.2. Association	1
Section 2.3. Number of Units	1
Section 2.4. Identification of Units	1
Section 2.5. Legal Description	2
ARTICLE III - DEFINITIONS	2
Section 3.1. Definitions	2
ARTICLE IV - MEMBERSHIP AND VOTING RIGHTS; ASSOCIATION OPERATIONS.....	4
Section 4.1. The Association.....	4
Section 4.2. Powers.....	4
Section 4.3. Transfer of Membership	4
Section 4.4. Class of Membership	4
Section 4.5. Period of Declarant Control	4
Section 4.6. Compliance with Association Documents	4
Section 4.7. Books and Records.....	4
Section 4.8. Manager.....	4
Section 4.9. Implied Rights and Obligations	4
ARTICLE V - POWERS OF THE EXECUTIVE BOARD OF THE ASSOCIATION	4
ARTICLE VI - COMMON ELEMENTS AND ROADS	5
Section 6.1. Maintenance of Common Elements	5
Section 6.2. Maintenance of Roads	5
Section 6.3. Limited Common Elements	5
Section 6.4. Expense Allocation.....	5
Section 6.5. Allocation of Specified Common Elements	5
ARTICLE VII - PROPERTY RIGHTS OF OWNERS AND RESERVATIONS BY DECLARANT	5
Section 7.1. Owner's Easement of Enjoyment	5
Section 7.2. Recorded Easements.....	5
Section 7.3. Common Elements and Utility Easements	5
Section 7.4. Declarant's Rights Incident to Construction	5
Section 7.5. Reservation of Easements, Exceptions, and Exclusions	6
Section 7.6. Easement for Ingress and Egress.....	6
Section 7.7. Reservation of Easements Over Common Elements, Private Roads and Property Roads	6
Section 7.8. General Maintenance Easement	6
Section 7.9. Delegation of Use	6
ARTICLE VIII - MAINTENANCE AND LANDSCAPING	6
Section 8.1. Maintenance and Landscaping of Units	6

Section 8.2. Common Elements, Sidewalks and Driveways	7
Section 8.3. Maintenance Contract	7
Section 8.4. Owner's Failure to Maintain	7
 ARTICLE IX - INSURANCE AND FIDELITY BONDS	7
Section 9.1. Authority to Purchase	7
Section 9.2. Notice of Owners	7
Section 9.3. General Insurance Provisions	7
Section 9.4. Physical Damage Insurance on Improvements	7
Section 9.5. Provisions Common to Physical Damage Insurance	8
Section 9.6. Liability Insurance	8
Section 9.7. Fidelity Insurance	8
Section 9.8. Provisions Common to Physical Damage Insurance, Liability Insurance, and Fidelity Insurance	8
Section 9.9. Personal Liability Insurance of Officers and Directors	9
Section 9.10. Workmen's Compensation Insurance	9
Section 9.11. Other Insurance	9
Section 9.12. Insurance Obtained by Owners	9
 ARTICLE X - INCIDENTS OF OWNERSHIP	9
Section 10.1. Inseparability	9
Section 10.2. No Partition	9
Section 10.3. Residential Use/Declarant's Use	9
Section 10.4. Vehicles and Miscellaneous Equipment	9
 ARTICLE XI - ASSESSMENTS	10
Section 11.1. Obligation	10
Section 11.2. Purpose of Assessments	10
Section 11.3. Budget	10
Section 11.4. Periodic Assessments	10
Section 11.5. Apportionment of Assessments	10
Section 11.6. Special Assessments	10
Section 11.7. Default Assessments	10
Section 11.8. Effect of Nonpayment; Assessment Lien	10
Section 11.9. Personal Obligation	11
Section 11.10. Successor's Liability for Assessment	11
Section 11.11. Subordination of Lien	11
Section 11.12. Statement of Status of Assessment Payment	11
Section 11.13. Reserve Fund	11
 ARTICLE XII - ASSOCIATION AS ATTORNEY-IN-FACT	12
 ARTICLE XIII - DAMAGE OR DESTRUCTION	12
Section 13.1. The Role of the Executive Board	12
Section 13.2. Estimate of Damages or Destruction	12
Section 13.3. Repair and Reconstruction	12
Section 13.4. Funds for Repair and Reconstruction	12
Section 13.5. Disbursement of Funds for Repair and Reconstruction	12
Section 13.6. Decision Not to Rebuild Common Elements	12
 ARTICLE XIV - CONDEMNATION	12
Section 14.1. Rights of Owners	13
Section 14.2. Partial Condemnation, Distribution of Award; Reconstruction	13
Section 14.3. Complete Condemnation	13

ARTICLE XV - MORTGAGEE'S RIGHTS	13
Section 15.1. Approval Requirements.....	13
Section 15.2. Right to Pay Taxes and Charges.....	13
Section 15.3. Notice of Default.....	13
 ARTICLE XVI - DURATION OF COVENANTS AND AMENDMENT	 13
Section 16.1. Term.....	13
Section 16.2. Amendment.....	13
Section 16.3. When Modifications Permitted.....	13
Section 16.4. Revocation.....	13
 ARTICLE XVII - RESTRICTION ON TIMESHARING.....	 14
 ARTICLE XVIII - EXPANSION AND DEVELOPMENT RIGHTS	 14
Section 18.1. Expansion Rights	14
Section 18.2. Development and Withdrawal Rights	14
Section 18.3. Amendment of the Declaration	14
Section 18.4. Amendment of the Plat.....	14
Section 18.5. Interpretation	14
Section 18.6. Maximum Number of Units	14
Section 18.7. Reciprocal Easements.....	14
Section 18.8. Termination of Expansion and Development Rights	15
Section 18.9. Transfer of Expansion and Development Rights	15
 ARTICLE XIX - PROTECTIVE COVENANTS.....	 15
Section 19.1. Improvements Prohibited.....	15
Section 19.2. Signs	15
Section 19.3. Trash.....	15
Section 19.4. Pets	15
Section 19.5. Landscaping.....	15
Section 19.6. Trade Names.....	15
Section 19.7. Continuity of Construction.....	15
Section 19.8. Noxious or Offensive Activity.....	15
Section 19.9. Annoying Lights, Sounds or Odors.....	15
Section 19.10. Fences.....	16
Section 19.11. House Number.....	16
Section 19.13. No Mining, Drilling or Quarrying.....	16
Section 19.14. No Exterior Clothes Lines	16
Section 19.15. Barbecue Grills.....	16
 ARTICLE XX - GENERAL PROVISIONS.....	 16
Section 20.1. Enforcement.....	16
Section 20.2. Severability.....	16
Section 20.3. Conflicts Between Documents.....	16
Section 20.4. References to Town Standards	16
Section 20.5. Claims Regarding Declarant.....	16

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
LAKE FOREST CONDOMINIUMS**

A Condominium Project

THIS DECLARATION, made on the date hereafter set forth by Lake Forest Limited Liability Company ("Declarant").

RECITALS

A. Declarant is the owner of certain real estate in the Town of Frisco, Summit County, State of Colorado, which is more particularly described as set forth in Exhibit A attached hereto and by reference made a part hereof, and;

B. Declarant desires to create a condominium project on the real estate described in Exhibit A, in which portions of the real estate described in Exhibit A will be designated for separate ownership and the remainder of which will be designated for common use and ownership by the Owners in undivided interests; and

C. Declarant also desires to protect and maintain the project as a prime mountain residential area of the highest quality and value to enhance and protect its desirability and attractiveness.

D. Declarant further desires to provide for the operation and maintenance of the Common Elements (as defined below), roads and other related facilities serving the project.

E. Declarant has deemed it necessary and desirable, for the welfare of the residents of the project and the reservation of the Property, to subject the Property to the covenants, restrictions, easements, charges, assessments and liens set forth below, which shall be burdens and benefits to the Declarant and the other Owners (as defined below) and their respective successors, heirs, executors, administrators, devisees, grantees or assigns.

F. Declarant hereby desires to create an association to delegate and assign to the association the power and duties of maintaining and administering the Common Elements, and administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges created under this Declaration.

ARTICLE I - DECLARATION AND SUBMISSION

Section 1.1. **Submission.** Declarant hereby declares that the Property shall be held, sold, and conveyed subject to the following covenants, restrictions and easements which are for the purpose of protecting the value and desirability of the Property, and which shall run with the land and be binding on all parties and heirs, successors, and assigns of parties having any right, title, or interest in all or any part of the Property.

Section 1.2. **Common Interest Ownership Act.** Additionally, Declarant hereby submits the real estate to the provisions of the Colorado Common Interest Ownership Act, Sections 38-33.3-101, et seq., Colorado Revised Statutes, as it may be amended from time to time (the "Act"). In the event the Act is repealed, the Act, on the effective date of this Declaration, shall remain applicable.

ARTICLE II - NAME, DIVISION INTO UNITS

Section 2.1. **Name.** The name of the project is Lake Forest Condominiums; the project is a condominium project as defined in the Act.

Section 2.2. **Association.** The name of the association is The Lake Forest Condominium Association. Declarant has caused to be incorporated under the laws of the State of Colorado the Association as a non-profit corporation with the purpose of exercising the functions as herein set forth.

Section 2.3. **Number of Units.** The total number of Units in the project is twenty-four (24). The Declarant reserves the right to create additional Units on all or a portion of that particular real property described in Exhibit B attached hereto and incorporated herein by this reference as more fully discussed in Article XIX below. Except as provided in the Act, no Unit shall be partitioned or subdivided without the written consent of the Declarant, two-thirds (2/3) of the First Mortgagees and Owners holding two-thirds of the votes in the Association.

Section 2.4. **Identification of Units.** The identification number of each Unit is shown on the subdivision plat depicting the Property and designated on the Plat of Lake Forest recorded concurrently herewith in the real property records of Summit County, Colorado (the "Plat"). Each Unit shall also include the garage and balcony and other Limited Common Elements designated for exclusive use of the Unit as depicted on the Plat.

Section 2.5 **Legal Description.** Any contract of sale, deed, lease, deed of trust, mortgage, will or other instrument affecting a Condominium Unit shall legally describe it substantially as follows:

Condominium Unit _____, Lake Forest Condominiums, according to the Condominium Declaration for Lake Forest Condominiums recorded on _____, 199_, at Reception Number _____ and the Condominium Map of Lake Forest Condominiums recorded on _____, 199_ at Reception Number _____ of the real estate records of the Summit County, Colorado Clerk and Recorder.

Every such description shall be good and sufficient for all purposes to sell, convey, transfer, encumber, lease or otherwise affect no only the Condominium Unit, but also the allocated interest in the common elements and the interest in the easements made appurtenant to such Unit by this Declaration. The interest in the easements made appurtenant to any Unit shall be deemed conveyed or encumbered with that Unit, even though the legal description in the instrument conveying or encumbering such Condominium Unit may only refer to that Condominium Unit. The reference to the Declaration in any instrument shall be deemed to include any supplements or amendments to the Declaration, without specific reference thereto.

ARTICLE III - DEFINITIONS

Section 3.1. **Definitions.** The following words when used in this Declaration, unless inconsistent with the context of this Declaration, shall have the following meanings:

A. "Allocated Interests" means the undivided interest in the Common Elements, the Common Expense liability which allocated interest shall be divided among the Units as provided in Exhibit C.

B. "Articles" mean the Articles of Incorporation for The Lake Forest Condominium Association, currently on file with the Colorado Secretary of State, and any amendments which may be made to those Articles from time to time.

C. "Assessments" means the Periodic, Special, and Default Assessments levied pursuant to Article XI below. Assessments are further defined as a Common Expense Liability as defined under the Act.

D. "Association" means The Lake Forest Condominium Association, a Colorado nonprofit corporation, and its successors and assigns.

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

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

G. "Common Elements" means all the real property and improvements therein, if any, in which the Owners own an undivided interest as provided in Exhibit C on a non-exclusive basis including, without limitation those parcels labeled as Common Elements on the Plat. Structural walls and plumbing facilities which are located within a Unit but serve other Units are Common Elements. Such interest may include, without limitation, estates in fee, for terms of years, or easements.

H. "Common Expenses" means (i) all expenses expressly declared to be common expenses by this Declaration, or the Bylaws of the Association; (ii) all other expenses of administering, servicing, conserving, managing, maintaining, repairing, or replacing the exterior surfaces and roofs of the Condominium Buildings where the Units are located; (iii) all expenses of maintaining, repairing or replacing all or any part of the Common Elements (including but not limited to utility lines serving more than one Owner, lighting, walkways and foot bridges), all access roads and parking areas within the Property (altogether termed the "Property Roads"); (iv) all expenses of maintaining, repairing or replacing road, drainage and detention facilities and utility improvements benefitting more than one (1) Owner, including without limitation, the cost of supplying water, sewer, trash removal for all Owners and snow removal for the Common Elements; (v) insurance premiums for the insurance carried under Article IX except as set forth in Section 11.5 herein; and (vi) all expenses lawfully determined to be common expenses by the Executive Board of the Association.

I. "Condominium Building" shall mean and refer to any building (including all fixtures and improvements therein contained) located on the Property and within which one or more Individual Air Space Units are Located.

J. "Condominium Map" or "Plat" shall mean and refer to the Condominium Map for Lake Forest, recorded or to be recorded in the records of 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 without limiting the generality of the foregoing, separate Condominium Maps may be recorded for each Condominium Building. If more than one condominium map or supplements thereto are recorded, then the term Condominium Map shall collectively mean and refer to all of such condominium maps and supplements thereto.

K. "Condominium Unit" or "Unit" shall mean and refer to the fee simple interest in and to an Individual Air Space Unit, together with the undivided interest in the Common Elements and the right to the exclusive use of the Limited Common Elements allocated thereto, all fixtures and improvements therein contained, and together with the membership in the Association as provided in Article IV.

L. "Declarant" means Lake Forest Limited Liability Company, and its successors and assigns.

M. "Declaration" means and refers to this Declaration of Covenants, Conditions, Restrictions and Easements for Lake Forest Condominiums.

N. "Default Assessment" means the Assessments levied by the Association pursuant to Article XI, Section 11.7. below.

O. "Executive Board" means the governing body of the Association elected to perform the obligations of the Association relative to the operation, maintenance, and management of the Property and all improvements on the Property.

P. "Expansion Property" means such additional real property as Declarant shall make subject to the provisions of this Declaration as provided in Article XVII below, which is labeled as Expansion Areas A, B, E and F on the Condominium Map.

Q. "First Mortgage" means any Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

R. "First Mortgagee" means any person named as a mortgagee or beneficiary in any First Mortgage, or any successor to be interest of any such person under such First Mortgage.

S. "Lake Forest" or "Project" shall mean the condominium project created by this Declaration, consisting of the Property, the Condominium Buildings, the Units, all real property made subject to this Declaration pursuant to Article XIX and any other improvements constructed on the Property and as shown on the Plat.

T. "Limited Common Element" means a portion of the Common Elements, designated in this Declaration, or on the Plat, or by the Act, for the exclusive use of one or more but fewer than all of the Units.

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

V. "Member" shall mean every person or entity who holds membership in the Association.

W. "Mortgage" shall mean any mortgage, deed of trust, or other document pledging any Unit or interest therein as security for payment of a debt or obligation. Mortgage is further defined as a Security Interest as defined under the Act.

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

Y. "Owner" means the owner of record, whether one or more persons or entities, of fee simple title to any Unit, and "Owner" also includes the purchaser under a contract for deed covering a Unit, but excludes those having such interest in a Unit merely as security for the performance of an obligation, including a Mortgagee, unless and until such person has acquired fee simple title to the Unit pursuant to foreclosure or other proceedings. Owner is further defined as a Unit Owner as defined under the Act.

Z. "Property" means and refers to that certain real Property described on Exhibit A attached to this Declaration, together with any portion of the Expansion Property which is subject to this Declaration.

AA. "Property Conveyed or Leased by Declarant" means any real or personal property which Declarant sells, grants, assigns, conveys or leases to the Association including, but not limited to, buildings, other improvements, roads, trails, utilities, signage, equipment, inventory, furniture, fixtures, fences and lighting. The Association shall be obligated to and shall accept title to, interests in, or rights to use or a lease with respect to any property which may be sold, assigned, granted, conveyed or leased to the Association by Declarant, subject to such reservations, restrictions and conditions as Declarant may reasonably provide, and the provisions of Colorado law and the Act, including C.R.S. 38-33.3-305.

AB. "Property Roads" means all access roads from the public street to the Project and all drives and parking areas on the Project.

AC. "Special Assessment" means an assessment levied pursuant to Article XI, Section 11.6 below on an irregular basis.

AD. "Successor Declarant" means any party or entity to whom Declarant assigns any or all of its rights, obligations, or interest as Declarant, as evidenced by an assignment or deed of record in the office of the Clerk and Recorder of Summit County, Colorado, designating such party as a Successor Declarant. Upon such recording, Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such document.

Each capitalized term as otherwise defined in this Declaration or in the Plat shall have the same meanings specified or used in the Act.

ARTICLE IV - MEMBERSHIP AND VOTING RIGHTS; ASSOCIATION OPERATIONS

Section 4.1. **The Association.** The business affairs of the project shall be managed by the Association, a Colorado nonprofit corporation. The Association shall be governed by its Bylaws, as amended from time to time. Every Owner of a Unit shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit.

Section 4.2. **Powers.**

A. The Association shall have all of the powers, authority and duties permitted pursuant to the Act necessary and proper to manage the business and affairs of the project.

B. The Association may assign its future income including its rights to receive Common Expense assessments only by the affirmative vote of the Owners to which at least 51 percent of the votes in the Association are allocated, at a meeting called for that purpose.

Section 4.3. **Transfer of Membership.** An Owner shall not transfer, pledge, or alienate his membership in the Association in any way, except upon the sale or encumbrance of his Unit and then only to the purchaser or Mortgagee of his Unit.

Section 4.4. **Class of Membership.** The Association shall have one (1) class of voting membership. Members shall be all Owners, who except as otherwise provided for in this Declaration, shall be entitled to vote in Association matters pursuant to this Declaration on the basis of one vote for each Unit owned. When more than one person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised by one person or alternative persons (who may be a tenant of the Owners) appointed by proxy in accordance with the Bylaws. In the absence of a proxy, the vote allocated to the Unit shall be suspended in the event more than one person or entity seeks to exercise the right to vote on any one matter. Any Owner of a Unit which is leased may assign his voting right to the tenant, provided that a copy of a proxy appointing the tenant is furnished to the Secretary of the Association prior to any meeting in which the tenant exercises the voting right. In no event shall more than one vote be cast with respect to any one Unit.

Section 4.5. **Period of Declarant Control.** Declarant and any successor of Declarant who takes title to all or part of the Property for the purpose of development and sale of the Property and who is designated as Successor Declarant in a recorded instrument executed by Declarant shall have exclusive power to appoint and remove members of the Executive Board and officers of the Association to the fullest extent permitted by Section 38-33.3-303 of the Colorado Revised Statutes ("C.R.S."). This period of Declarant control shall terminate no later than the earlier of: (1) sixty (60) days after conveyance of 75% of the Units that may be created to Unit Owners other than Declarant; (2) two (2) years after the last conveyance of a Unit by the Declarant in the ordinary course of business; or (3) two (2) years after any right to add new Units was last exercised. Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of the period of Declarant control, but, in that event, the Declarant may require for the duration of the period of Declarant control, that specified actions of the Association or the Executive Board, as described in a recorded instrument by the Declarant, be approved by the Declarant before they become effective.

Section 4.6. **Compliance with Association Documents.** Each Owner shall abide by and benefit from each provision, covenant, condition, restriction and easement contained in the Association Documents. The obligations, burdens, and benefits of membership in the Association concern the land and shall be covenants running with each Owner's Unit for the benefit of all other Units and for the benefit of Declarant's adjacent properties.

Section 4.7. **Books and Records.** The Association shall make available for inspection, upon request, during normal business hours or under other reasonable circumstances, to Owners and to Mortgagees, current copies of the Association Documents and the books, records, and financial statements of the Association prepared pursuant to the Bylaws. The Association may charge a reasonable fee for copying such materials.

Section 4.8. **Manager.** The Association may employ or contract for the services of a Manager for a term not to exceed three (3) years to whom the Executive Board may delegate certain powers, functions, or duties of the Association, as provided in the Bylaws of the Association. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice. The Manager shall not have the authority to make expenditures except upon prior approval and direction by the Executive Board. The Executive Board shall not be liable for any omission or improper exercise by a Manager of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

Section 4.9. **Implied Rights and Obligations.** The Association may exercise any right or privilege expressly granted to the Association in the Association Documents, and every other right or privilege reasonably implied from the existence of any right or privilege given to the Association under the Association Documents or reasonably necessary to effect any such right or privilege. The Association shall perform all of the duties and obligations expressly imposed upon it by the Association Documents, and every other duty or obligation implied by the express provisions of the Association Documents or necessary to reasonably satisfy any such duty or obligation.

ARTICLE V - POWERS OF THE EXECUTIVE BOARD OF THE ASSOCIATION

The Executive Board shall have power to take the following actions:

A. Adopt and publish rules and regulations governing the use of the Common Elements, including any recreational facilities which may be constructed on such property and governing the personal conduct of the Members and their guests, and the Association may establish penalties, including, without limitation, the imposition of fines, for the infraction of such rules and regulations;

B. Prohibit the use of the Common Elements by a Member, including water and sewer services, or suspend the voting rights of a Member during any period in which such Member is in default on payment of any Assessment levied by the Association, as provided in Article XI. Such rights may also be suspended after notice and hearing for a period not to exceed ninety (90) days for infraction of published rules and regulations, unless such infraction is ongoing, in which case the rights may be suspended during the period of the infraction and for up to ninety (90) days thereafter, and;

C. Exercise for the Association all powers, duties, and authority vested in or delegated to the Executive Board and not reserved to the Members or Declarant by other provisions of this Declaration or the Articles or Bylaws of the Association or as provided by law.

ARTICLE VI - COMMON ELEMENTS AND ROADS

Section 6.1. **Maintenance of Common Elements.** The Association shall maintain and keep the Common Elements and certain other property in good repair, and the cost of such maintenance shall be funded as provided in Article XI. This maintenance shall include, but shall not be limited to, upkeep, repair and replacement, subject to any insurance then in effect, of all landscaping, walls, gates, fences, signage, irrigation systems, drainage and detention facilities, driveways and improvements, if any, located in the Common Elements. In the event the Association does not maintain or repair the Common Elements, Declarant shall have the right, but not the obligation, to do so at the expense of the Association.

Section 6.2. **Maintenance of Roads.** The Association will remain responsible for the maintenance, repair and replacement of said Property Roads, which costs shall be funded as provided in Article XI. In the event the Association does not maintain or repair the Property Roads, Declarant shall have the right, but not the obligation, to do so at the expense of the Association.

Section 6.3. **Limited Common Elements.** The fireplaces, garages and balconies depicted on the Plat are designated as Limited Common Elements. The garages for Units 102C, 103C, 104C, 101D, 102D, 103D and 104D MUST BE BUILT by Declarant in the Expansion Area labeled on the Plat as Expansion Area E. The garages for Units 101C, 201C, 202C, 203C, 204C, 301C, 302C, 303C, 304C, 201D, 202D, 203D, 204D, 301D, 302D, 303D and 304D MUST BE BUILT by Declarant in the location depicted on the Plat.

Section 6.4. **Expense Allocation.** Any expense associated with the maintenance, repair or replacement of a Limited Common Element which is an appurtenance and common to all Units in the Project shall be assessed as a Common Expense. Any expense associated with the maintenance, repair or replacement of a Limited Common Element which is not appurtenant to all Units shall be assessed equally against the Units to which the Limited Common Element is assigned.

Section 6.5. **Allocation of Specified Common Elements.** The Executive Board may designate parts of the Common Elements from time to time for use by less than all of the Unit owners or by nonowners for specified periods of time or by only those persons paying fees or satisfying other reasonable conditions for use as may be established by the Executive Board. Any such designation by the Executive Board shall not be a sale or disposition of such portions of the Common Elements.

ARTICLE VII - PROPERTY RIGHTS OF OWNERS AND RESERVATIONS BY DECLARANT

Section 7.1. **Owner's Easement of Enjoyment.** Every Owner has a right and easement of enjoyment in and to the Common Elements, which shall be appurtenant to and shall pass with the title to every Unit, subject to the provisions contained herein.

Section 7.2. **Recorded Easements.** The Property shall be subject to all easements as shown on any recorded plat affecting the Property and to any other easements of record or of use as of the date of recordation of this Declaration. In addition, the Property is subject to those easements set forth in this Article VII.

Section 7.3. **Common Elements and Utility Easements.** There is hereby created a general easement upon, across, over, in, and under the Property for ingress and egress and for installation, replacement, repair, and maintenance of the Common Elements and all utilities, including, but not limited to, gas, telephone, electrical, and cable communications systems. By virtue of this easement, it shall be expressly permissible and proper for the companies providing such services to install and maintain necessary equipment, wires, circuits, and conduits under and over the Property. Such utilities may temporarily be installed above ground during construction, if approved by Declarant.

Section 7.4. **Declarant's Rights Incident to Construction.** Declarant, for itself and its successors and assigns, hereby reserves an easement for construction, utilities, drainage, ingress and egress over, in, upon, under and across the Common Elements, together with the right to store materials on the Common Elements, to build and maintain temporary walls, and to make such other use of the Common Elements as may be reasonably necessary or incident to any construction on the Units of improvements on the Property or other real property owned by Declarant, or other properties abutting and contiguous to the Property; provided, however, that no such rights shall be exercised by Declarant in a way which unreasonably interfere with the occupancy, use, enjoyment, or access to Lake Forest by the Owners or which conflicts with the landscape plan approved by the Town of Frisco. Declarant reserves the right to execute and receive the benefits from any reimbursement agreements pertaining to the main lines on the Common Elements. The Association shall maintain all utility lines on the common Area as provided in Section 8.2.

Section 7.5. **Reservation of Easements, Exceptions, and Exclusions.** Declarant reserves to itself and hereby grants to the Association the concurrent right to establish from time to time, by declaration or otherwise, utility and other easements, permits, or licenses over the Common Elements, for purposes including, but not limited to, streets, paths, walkways, drainage, recreation areas, parking areas, conduit installation areas, and to create other reservations, exceptions, and exclusions for the best interests of all the Owners and the Association.

Section 7.6. **Easement for Ingress and Egress.** Declarant hereby grants as an appurtenance of each Unit a non-exclusive easement of ingress and egress across the Property Roads as shown on the Plat to each Unit to assure access from a public road to each Unit. The specific means of ingress and egress shall be subject to change as Declarant shall from time to time deem necessary so long as a reasonable means of access is always provided. The Property Roads are designated as private roads and do not necessarily meet requirements of public streets in the Town of Frisco. The Property Roads will not be maintained, plowed, or improved in any way by the Town of Frisco. The Property Roads as depicted on the Plat shall be maintained by the Association, subject to the sharing of expenses with others who may utilize a Property Road, as more fully described in Section 7.7.

Section 7.7. **Reservation of Easements Over Common Elements, Private Roads and Property Roads.** Declarant hereby reserves for itself and its successors and assigns, non-exclusive easements over, under and across all or any part of the Common Elements. The easements so reserved by Declarant shall be for the benefit of the Expansion Property, or for such other use or benefit which Declarant may designate in an instrument of record and which is not inconsistent with the use and enjoyment of such areas by the Owners.

The assigns of Declarant, if any, who may be entitled to use these easements reserved by Declarant shall include, without limitation, owners of the Expansion Property, whether the Expansion Property is annexed into the Property and developed as part of Lake Forest or developed as a separate and independent project or projects, and owners of lots utilizing any Property Roads for access to and from their lots; provided, however, that any such persons not subject to this Declaration sharing in the use of the Common Elements or the Property Roads, if any, pursuant to this Section shall pay to the Association their pro rata share of the operation and maintenance expenses, overhead, repair costs, and a reasonable reserve for replacement of the Common Elements or Property Roads so shared. The Association shall use its best efforts to enter into agreements with such persons to pay such sums upon any terms as the parties deem desirable. The agreements will provide that neither the Association nor the other parties entitled to use the Common Elements or the Property Roads as provided above may be exempt from liability for the above-described expenses of such shared areas by abandonment or waiver of the use or enjoyment of such shared areas. The agreements shall determine the pro rata shares of the expenses allocable to the shared areas by calculating the total expenses and dividing such total by the number of (i) Units within Lake Forest and (ii) platted lots or units within the additional property whose owners are entitled to use such shared areas, subject, however, to such additional terms and limitations as the Association may negotiate with such parties.

The Association shall be authorized to contract with any such other owners, homeowner's association or homeowner group entitled to use the shared Common Elements or Property Roads to better provide for the sharing of these expenses.

Section 7.8. **General Maintenance Easement.** An easement is hereby reserved to Declarant, and granted to the Association, and any member of the Executive Board or the Manager, and their respective officers, agents, employees, and assigns, upon, across, over, in, and under the Property and a right to make such use of the Property as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Association Documents, including the right to enter upon any Unit for purpose of performing maintenance to the Common Elements as set forth in Article VIII below.

Section 7.9. **Delegation of Use.** Any Owner may delegate his right of enjoyment to the Common Elements to the members of his family, his tenants, guests, licensees, and invitees, but only in accordance with and subject to the limitations of the Association Documents.

ARTICLE VIII - MAINTENANCE AND LANDSCAPING

Section 8.1. Maintenance and Landscaping of Units.

A. Except for the maintenance obligations assumed by the Association as provided below, each Owner shall be solely responsible for all maintenance and repair of his Unit and of the interior of his residence and interior of garage, including all fixtures, utility lines, glass, wall coverings, decks in the rear part of the Unit and equipment located in, on or upon his Unit. Each Owner is required to maintain the Unit and any appurtenant Limited Common Elements in a clean condition of good order and free from trash, and garbage in accordance with the provisions of Article XX. No Owner shall unreasonably damage the value of other Units such as by shoddy upkeep of such Owner's Unit. In the event of damage covered by any Association insurance policy, the provisions of Article IX shall control.

B. The Association shall maintain the exterior surfaces of all Units, balconies and garages, including the roofs but excluding all glass. Exterior maintenance by the Association shall include painting, replacement of trim and caulking and such other services deemed appropriate by the Executive Board. Such maintenance by the Association will be performed on a periodic basis as the Executive Board shall determine with all costs of maintenance paid as set forth in Article XI, Assessments.

C. Utility or service connections, facilities or other utility equipment and property located outside a Unit shall be Common Elements and all expenses and liabilities for repair and maintenance shall be borne solely by the Association, which shall have a perpetual easement in and to that part of any Unit for purposes of maintenance, repair and inspection.

D. No owner shall construct any structure or improvement or make or suffer any structural or design change (including a color

scheme change), either permanent or temporary and of any type or nature whatsoever to the Common Elements or construct any addition or improvement on his Unit without first obtaining the prior written consent thereto from the Executive Board, and in regard to structural changes, the prior written consent of the Town of Frisco.

Section 8.2. **Common Elements, Sidewalks and Driveways.** The Association shall maintain the Common Elements, if any, including but not limited to all walls, gates, fences, landscaping, signage, irrigation systems, if any, and utility lines and facilities providing service to more than one Unit at such time and in such a manner as the Association shall determine.

Section 8.3. **Maintenance Contract.** The Association or Executive Board may employ or contract for the services of an individual or maintenance company to perform certain delegated powers, functions, or duties of the Association to maintain the Common Elements and other Property Conveyed or Leased by Declarant. The employed individual or maintenance company shall have the authority to make expenditures upon prior approval and direction of the Executive Board. The Executive Board shall not be liable for any omission or improper exercise by the employed individual or management company of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

Section 8.4. **Owner's Failure to Maintain.** In the event that a Unit is not properly maintained by an Owner, then the Association, after ten (10) days prior written notice to the Owner and with the approval of the Executive Board, shall have the right to enter upon the Unit to perform such work as is reasonably required to restore the Unit and the buildings and other improvements thereon to a condition of good order and repair. All costs incurred by the Association in connection with the Owner's obligations performed by the Association shall be reimbursed to the Association by the Owner of the Unit, upon demand. All unreimbursed costs shall be a lien upon the Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid assessment levied in accordance with Article XI of this Declaration.

ARTICLE IX - INSURANCE AND FIDELITY BONDS

Section 9.1. **Authority to Purchase.** All insurance policies relating to the Common Elements shall be purchased by the Executive Board or its duly authorized agent. The Executive Board, the Manager, and Declarant shall not be liable for failure to obtain any coverages required by this Article IX or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are available only at demonstrably unreasonable cost. In such event, the Executive Board shall cause notice of such fact to be delivered to all Owners.

Section 9.2. **Notice of Owners.** The Executive Board shall promptly furnish to each Owner written notice of the procurement of, subsequent change in, or termination of, insurance coverages obtained on behalf of the Association under this Article.

Section 9.3. **General Insurance Provisions.** All such insurance coverage obtained by the Executive Board shall be governed by the following provisions.

A. As long as Declarant owns any Unit on which a certificate of occupancy has been issued, Declarant shall be protected by all such policies as an Owner. The coverage provided to Declarant under the insurance policies obtained in compliance with this Article IX shall not be deemed to protect or be for the benefit of any general contractor engaged by Declarant, nor shall such coverage be deemed to protect Declarant for (or waive any rights with respect to) claims.

B. The deductible amount, if any, on any insurance policy purchased by the Executive Board may be treated as a Common Expense payable from Annual Assessments or Special Assessments, or as an item to be paid from working capital reserves established by the Executive Board; or alternatively, the Executive Board may treat the expense as an assessment against an Owner whose Unit is specifically affected by the damage or whose negligence or willful act resulted in damage. The Association may enforce payment of any amount due from an individual Owner toward the deductible in accordance with Sections 11.6. and 11.7. below.

C. The insurance coverage described in this Article IX shall be considered minimum coverage and the Association shall be obligated to secure and maintain such other and/or additional coverage as may be required by law, including, without limitation, Section 38-33.3-313 of the Colorado Revised Statutes.

D. Except as otherwise provided in this Declaration, insurance premiums for the insurance coverage provided by the Executive Board pursuant to this Article shall be a Common Expense to be paid by regular Assessments levied by the Association.

Section 9.4. **Physical Damage Insurance on Improvements.** The Executive Board shall obtain and maintain in full force and effect physical damage insurance on all insurable improvements within the project, if any, in an amount equal to full replacement value (i.e., 100% of the current "replacement cost" exclusive of land, foundation, excavation, and other items normally excluded from coverage). Such insurance shall afford protection against at least the following:

A. Loss or damage caused by fire and other hazards covered by the standard extended endorsement, and caused by debris removal, demolition, vandalism, malicious mischief, windstorm, and water damage;

B. Such other risks as shall customarily be covered with respect to projects similar in construction, location, and use.

Section 9.5. Provisions Common to Physical Damage Insurance.

A. In contracting for the policy or policies of insurance obtained pursuant to Section 9.4. above, the Executive Board shall make reasonable efforts to secure coverage, as the Board deems advisable, which provides the following:

(i) A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made pursuant to this Declaration not to do so.

(ii) The following endorsements (or equivalent): (i) "cost of demolition;" (ii) "contingent liability from operation of building laws or codes;" (iii) "increased cost of construction;" and (iv) "agreed amount" or elimination of co-insurance clause.

(iii) Periodic appraisals to determine replacement cost, as more fully explained in Section 9.5.B below.

(iv) A provision that no policy may be cancelled, invalidated, or suspended on account of the conduct of any Owner (including such Owner's tenants, servants, agents, invitees, and guests), any member of the Executive Board, officer, or employee of the Association or the Manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be covered by the Association, the Manager, any owner, or Mortgagee.

B. Prior to obtaining any policy of physical damage insurance or any renewal thereof, and at such other intervals as the Executive Board may deem advisable, the Executive Board shall obtain an appraisal from an insurance company, or such other source as the Board may determine, of the then replacement cost of the property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage) subject to insurance carried by the Association, without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this Article.

C. A duplicate original of the policy of physical damage insurance, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premiums and any notice issued under Section 9.5.A. (iv) above, shall be delivered by the insurer to any Mortgagee requesting the same, at least thirty (30) days prior to expiration of the then current policy. The Mortgagee of any Unit shall be notified promptly of any event giving rise to a claim under such policy arising from damage to such residence.

D. The Association may not use Physical Damage Insurance proceeds for losses to any property on the Project (whether Units or Common Elements) for other than the repair, replacement or reconstruction of the Project except as provided in the Act or unless Declarant, at least two-thirds (2/3) of the First Mortgagees and the Owners (other than Declarant) holding not less than two-thirds (2/3) of the votes in the Association have given their prior written approval.

Section 9.6. Liability Insurance.

A. The Executive Board shall obtain and maintain in full force and effect comprehensive general liability (including libel, slander, false arrest and invasion of privacy coverage) and property damage insurance with such limits as the Executive Board may from time to time determine, insuring each member of the Executive Board, the Manager, each Owner, and the employees of the Association against any liability to the public or to the Owners (and their guests, invitees, tenants, agents and employees) arising out of or incident to the ownership or use of the Common Elements or Property Conveyed or Leased by Declarant. Such comprehensive policy of public liability insurance shall also cover contractual liability, liability for non-owned and hired automobiles, and if applicable, bailee's liability, garagekeeper's liability, host liquor liability, employer's liability insurance, and such other risks as shall customarily be covered with respect to projects similar to this project in construction, location, and use.

B. The Executive Board shall review such limits once each year, but in no event shall such insurance be less than \$1,000,000.00 covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than \$5,000,000.00.

Section 9.7. Fidelity Insurance. To the extent obtainable at reasonable cost, fidelity bonds shall be maintained by the Association to protect against dishonest acts on the part of its officers, directors, trustees, and employees and on the part of all others who handle or are responsible for handling the funds belonging to or administered by the Association. In addition, if responsibility for handling funds is delegated to a Manager, such bond shall be obtained for the Manager and its officers, employees, and agents, as applicable. Such fidelity coverage shall name the Association as an obligee and shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association, including reserves. Such bonds shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions.

Section 9.8. Provisions Common to Physical Damage Insurance, Liability Insurance, and Fidelity Insurance. Any insurance coverage obtained by the Association under the provisions of this Article IX shall be subject to the following provisions and limitations:

A. The named insured under any such policies shall include Declarant, until all the Units have been conveyed, and the Association, as a trustee for the Owners and their Mortgagees, as their interests may appear, or the authorized representative of the Association (including any trustee with whom the Association may enter into an insurance trust agreement, or any successor trustee, each of which is sometimes referred to in this

Declaration as the "Insurance Trustee") who shall have exclusive authority to negotiate losses and receive payments under such policies;

B. In no event shall the insurance coverage obtained and maintained pursuant to this Article be brought into contribution with insurance purchased by the Owners or their Mortgagees;

C. The policies shall provide that coverage shall not be prejudiced by (i) any act or neglect of any Owner (including an Owner's tenants, servants, agents, invitees, and guests) when such act or neglect is not within the control of the Association, or (ii) any act or neglect or failure of the Association to comply with any warranty or condition with regard to any portion of the Property over which the Association has no control;

D. The policies shall contain the standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the Property is located, and provide that coverage may not be cancelled or substantially modified or reduced (including cancellation for non-payment of premium) without at least thirty (30) days' written notice to any First Mortgagee of any Unit, and all insurers named in the policies;

E. The policies shall contain a waiver of subrogation by the insurer as to any and all claims against Declarant, the Executive Board, the Association, the Manager, and any Owner or their respective agents, employees, or tenants, and in the case of Owners, members of their households; and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured; and

F. All policies shall be written with a company licensed to do business in Colorado and holding a rating of B/VI or better in the financial category as established by A.M. Best Company, Inc., if reasonably available, or, if not reasonably available, the most nearly equivalent rating.

Section 9.9. **Personal Liability Insurance of Officers and Directors.** To the extent obtainable at reasonable cost, appropriate personal liability insurance shall be maintained by the Association to protect the officers and directors from personal liability in relation to their duties and responsibilities in acting as such officers and directors on behalf of the Association.

Section 9.10. **Workmen's Compensation Insurance.** The Executive Board shall obtain workmen's compensation or similar insurance with respect to its employees, if applicable, in the amounts and forms as may now or hereafter be required by law.

Section 9.11. **Other Insurance.** The Executive Board may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate with respect to the Association's responsibilities and duties.

Section 9.12. **Insurance Obtained by Owners.** Each Owner may obtain physical damage and liability insurance for such Owner's benefit, at such Owner's expense, covering the Owner's Unit and improvements, personal property and personal liability. In addition, an Owner may obtain such other and additional insurance coverage on the Unit as such Owner in the Owner's sole discretion shall conclude to be desirable; provided, however, that none of such insurance coverage obtained by the Owner shall operate to decrease the amount which the Executive Board, on behalf of all Owners, may realize under any policy maintained by the Board or otherwise affect any insurance coverage obtained by the Association or cause the diminution or termination of that insurance coverage. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners, including Declarant, should Declarant be the Owner of any Unit. No Owner shall obtain separate insurance policies on the Common Elements.

The Executive Board may require an Owner who purchases insurance coverage for the Owner's Unit (other than coverage for the Owner's personal property) to file copies of such policies with the Association within thirty (30) days after purchase of the coverage to eliminate potential conflicts with any master policy carried by the Association.

ARTICLE X - INCIDENTS OF OWNERSHIP

Section 10.1. **Inseparability.** Every gift, devise, bequest, transfer, encumbrance, conveyance, or other disposition of a Unit and improvements thereon shall be presumed to be a gift, devise, bequest, transfer, encumbrance, or conveyance respectively of the entire Unit, including each easement, license, and all other appurtenant rights created by this Declaration.

Section 10.2. **No Partition.** The Common Elements shall be owned in the undivided interest set forth in Exhibit C by all the Owners, and no Owner, group of Owners or the Association shall bring any action for partition or division of the Common Elements.

Section 10.3. **Residential Use/Declarant's Use.** A Unit may be used for residential purposes only. The Unit may be used for permanent or short-term occupancy by its Owner, its family, servants, agents, guests, invitees, and tenants, and such Owner shall be allowed to rent or arrange for rental of its improvements for any length of time, except that such improvements may not be used as a retail or commercial office or for any other commercial purpose. Notwithstanding the foregoing, Declarant is authorized to maintain an office in any unsold Unit or on the Common Elements in a location agreed upon by the Town of Frisco, as well as other facilities (including signage and model) which, in the sole opinion of Declarant, may be reasonably necessary, convenient or incidental for construction sales or property management purposes. Any office located on a Unit shall not be deemed to designate such office or Unit as part of the Common Elements.

Section 10.4. **Vehicles and Miscellaneous Equipment.** No automobile, truck, pickup, camper, boat, motorbike or motorcycle, trail bike, trailer, mobile home, recreation vehicle, tractor, snowmobile, or any other vehicle of any type, except bicycles (in any case, "Vehicles"), shall be parked, stored or operated upon the Property, except as provided below.

Licensed automobiles shall only be parked upon the exterior parking spaces or within any garage depicted on the Plat. Vehicles may be parked in a garage. However, at all times there shall be sufficient space within a garage to park one motor vehicle. Campers or motor homes may be parked on the designated parking spaces on a temporary basis as determined by the Executive Board.

ARTICLE XI - ASSESSMENTS

Section 11.1. **Obligation.** Declarant, for each Unit owned by Declarant, covenants, and each Owner, by accepting a deed for a Unit, is deemed to covenant to pay to the Association (1) the Annual Assessments imposed by the Executive Board as necessary to meet the Common Expenses of maintenance, operation, and management of the Common Elements and to perform the functions of the Association; (2) Special Assessments for capital improvements and other purposes as stated in this Declaration, if permitted by law; and (3) Default Assessments which may be assessed against a Unit for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense on behalf of the Owner under the Association Documents.

Section 11.2. **Purpose of Assessments.** The Assessments shall be used exclusively to promote the health, safety and welfare of the Owners and occupants, and for the improvement and maintenance of the Common Elements and exterior surfaces and roofs of all Units, balconies and garages, all as more fully set forth in this Article below.

Section 11.3. **Budget.** Within thirty (30) days after the adoption of any proposed budget for the Association, the Executive Board 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 delivery of the summary. Unless at that meeting a majority of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

Section 11.4. **Periodic Assessments.** Assessments for Common Expenses made shall be based upon the estimated cash requirements as the Executive Board shall from time to time determine to be paid by all of the Owners, subject to Section 11.3. above. Estimated Common Expenses shall include, but shall not be limited to the cost of routine maintenance and operation of the Common Elements; expenses of management; taxes and special governmental assessments pertaining to the Common Elements and insurance premiums for insurance coverage as deemed desirable or necessary by the Association; landscaping, care of grounds and improvements within the Common Elements; routine repairs and renovations within the Common Elements; wages; water, sewer and utility charges for the project; legal and accounting fees; management fees; expenses and liabilities incurred by the Association under or by reason of this Declaration; payment of any default remaining from a previous assessment period; and the creation of a reasonable contingency or other reserve or surplus fund in an amount not less than ten percent (10%) of total Common Expenses for general, routine maintenance, repairs, and replacement of improvements within the Common Elements, on a periodic basis, as needed.

Assessments shall be payable on a prorated basis each in advance due on the first day of each month, or in such other periods as the Executive Board may determine. The omission or failure of the Association to fix the Assessments for any assessment period shall not be deemed a waiver, modification, or release of the owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Annual Assessments in excess of the actual expenses incurred in any fiscal year.

Section 11.5. **Apportionment of Assessments.** Assessments shall be divided among the Owners in accordance with the allocated interest set forth in Exhibit C, subject to the following exceptions. Any extraordinary maintenance, repair or restoration work on fewer than all of the Units shall be borne by the Owners of those affected Units only. Any extraordinary insurance costs incurred as a result of the value of a particular Owner's residence or the actions of a particular Owner (or his agents, servants, guests, tenants, or invitees) shall be borne by that Owner. Any Common Expense caused by the misconduct of any Owner shall be assessed solely against such Owner's Unit.

Section 11.6. **Special Assessments.** In addition to the Annual Assessments authorized by this Article, the Association may levy in any fiscal year one or more Special Assessments, if permitted by applicable law, payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the project or for any other expense incurred or to be incurred as provided in this Declaration. This Section 11.6. shall not be construed as an independent source of authority for the Association to incur expense, but shall be construed to prescribe the manner of assessing expenses authorized by other sections of this Declaration, and in acting under this Section, the Association shall make specific references to this Section. Any amounts assessed pursuant to this Section shall be assessed to Owners in the same proportion as provided for Assessments in Section 11.5. Notice in writing in the amount of such Special Assessments and the time for payment of the Special Assessments shall be given promptly to the owners, and no payment shall be due less than thirty (30) days after such notice shall have been given.

Section 11.7. **Default Assessments.** All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Association Documents, shall be a Default Assessment and shall become a lien against such Owner's Unit which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least ten (10) days prior to the due date.

Section 11.8. **Effect of Nonpayment; Assessment Lien.** Any Assessment installment, whether pertaining to any periodic, Special, or Default Assessment, which is not paid within thirty (30) days after its due date shall be delinquent. If an Assessment installment becomes delinquent,

the Association, in its sole discretion, may take any or all of the following actions:

- A. Assess a late charge for each delinquency in such amount as the Association deems appropriate;
- B. Assess an interest charge from the date of delinquency at the yearly rate of fifteen (15%) percent, or such other rate as the Executive board may establish, not to exceed twenty-one percent (21%) per annum;
- C. Suspend the voting rights of the Owner during any period of delinquency;
- D. Disconnect any utility service to the Unit of a delinquent Owner;
- E. Accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;
- F. Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and
- G. File a statement of lien with respect to the Unit and proceed with foreclosure as set forth in more detail below.

Assessments chargeable to any Unit shall constitute a lien on such Unit, including any improvements on the Unit. To evidence the lien created under this Section, the Association may, but shall not be required to, prepare a written notice setting forth (i) the address of the Association, (ii) the amount of such unpaid indebtedness, (iii) the amount of accrued penalty on the indebtedness, (iv) the name of the Owner of the Unit, and (v) a description of the Unit. The notice shall be signed and acknowledged by the President or a Vice-President of the Association or by the Manager, and the Association shall serve the notice upon the Owner by mail to the address of the Unit or to such other address as the Association may have in its files for such Owner. At least ten (10) days after the Association mails the Owner such a notice, the Association may record the same in the office of the Clerk and Recorder of Summit County, Colorado. Such lien for Assessments shall attach from the due date of the Assessment. Thirty (30) days following the date the Association mails the notice, the Association may institute foreclosure proceedings against the defaulting Owner's Unit in the manner for foreclosing a mortgage on real property under the laws of the State of Colorado. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien, and all reasonable attorney's fees incurred in connection with the enforcement of the lien. The Association shall have the power to bid on a unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same.

Section 11.9. Personal Obligation. The amount of any Assessment chargeable against any Unit shall be a personal and individual debt of the Owner of same. No Owner may exempt himself from liability for the Assessment by abandonment of his Unit or by waiver of the use or enjoyment of all or any part of the Common Elements. Suit to recover a money judgment for unpaid Assessments, any penalties and interest, thereon, the cost and expenses of such proceedings, and all reasonable attorney's fees in connection therewith shall be maintainable without foreclosing or waiving the Assessment lien provided in this Declaration.

Section 11.10. Successor's Liability for Assessment. In addition to the personal obligation of each Owner to pay all Assessments and the Association's perpetual lien for such Assessments, all successors to the fee simple title of a Unit, except as provided in Section 11.13. below, shall be jointly and severally liable with the prior Owner or owners thereof for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorney's fees against such Unit without prejudice to such successor's right to recover from any prior Owner any amounts paid by such successor. This liability of a successor shall not be personal and shall terminate upon termination of such successor's fee simple interest in the Unit. In addition, such successor shall be entitled to rely on the statement of status of Assessments by or on behalf of the Association under Section 11.12. below.

Section 11.11. Subordination of Lien. The lien of the Assessments provided for in this Declaration shall be subordinate to (a) the lien of real estate taxes and special governmental assessments, (b) liens and encumbrances recorded prior to the recordation of the Declaration, and (c) liens for all sums unpaid for a first mortgage of record, recorded before the date on which the assessment sought to be enforced became delinquent, subject to the prioritized portion of the Assessments and reasonable attorney's fees noted by the Act. The lien of the Assessments shall be superior to and prior to any homestead exemption provided now or in the future by the laws of the State of Colorado. A transfer of any Unit shall not affect the Association's lien except that sale or transfer of any Unit pursuant to foreclosure of any first mortgage, or any proceeding in lieu thereof, or cancellation or forfeiture shall only extinguish the Association's liens as provided in the Act. The amount of such extinguished lien may be reallocated and assessed to all Units as a Common Expense at the direction of the Executive Board. No sale or transfer shall relieve the purchaser or transferee of a Unit from liability for, or the Unit from the lien of, any Assessments made after the sale or transfer.

Section 11.12. Statement of Status of Assessment Payment. 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 statement setting forth the amount of unpaid assessments currently levied against such Owner's Unit. The statement shall be furnished within fourteen business days after receipt of the request and is binding on the Association, the Executive Board and every Owner. If no statement is furnished to the Owner or holder of a security interest or their designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, the Association shall have no right to assert a priority lien upon the Unit for unpaid assessments which were due as of the date of the request.

Section 11.13. Reserve Fund. The Association or Declarant shall require each Owner of each Unit (other than Declarant) to make a non-

refundable payment to the Association in an amount equal to two months of the Assessment against that Unit in effect at the closing thereof, which sum shall be held, without interest, by the Association as a reserve fund. The Reserve Fund shall be collected and transferred to the Association at the time of closing of the sale of each Unit, as aforesaid, and shall be maintained for the use and benefit of the Association. Such payment shall not relieve an owner from making regular payments of assessments as the same become due.

ARTICLE XII - ASSOCIATION AS ATTORNEY-IN-FACT

Each Owner, by his acceptance of a deed or other conveyance vesting in him an interest in a Unit, does irrevocably constitute and appoint the Association and/or Declarant with full power of substitution as the Owner's name, place and stead to deal with Owner's interest in order to effectuate the rights reserved by Declarant or granted to the Association, as applicable, with full power, right and authorization to execute and deliver any instrument affecting the interest of the Owner and to take any other action which the Association or Declarant may consider necessary or advisable to give effect to the provisions of this Section and this Declaration generally. The Association shall have full authorization, right, and power to make, execute, and deliver any contract, assignment, deed, waiver, or other instrument with respect to the interest of any owner which may be necessary to exercise the powers granted to the Association as attorney-in-fact. If requested to do so by the Association or Declarant, each Owner shall execute and deliver a written, acknowledged instrument confirming such appointment. No Owner shall have any rights against the Association or Declarant or any of their officers or directors with respect thereto except in the case of fraud or gross negligence.

ARTICLE XIII - DAMAGE OR DESTRUCTION

Section 13.1. **The Role of the Executive Board.** Except as provided in Section 13.6, in the event of damage to or destruction of all or part of any Common Elements Improvement, or other property covered by insurance written in the name of the Association under Article IX, the Executive Board shall arrange for and supervise the prompt repair and restoration of the damaged property (the property insured by the Association pursuant to Article IX is sometimes referred to as the "Association-Insured Property").

Section 13.2. **Estimate of Damages or Destruction.** As soon as practicable after an event causing damage to or destruction of any part of the Association-Insured Property, the Executive Board shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction. "Repair and reconstruction" as used in Article XIII shall mean restoring the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction. Such costs may also include professional fees and premiums for such bonds as the Executive Board or the Insurance Trustee, if any, determines to be necessary.

Section 13.3. **Repair and Reconstruction.** As soon as practical after the damage occurs and any required estimates have been obtained, the Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Association-Insured Property. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction of any damage to the Association-Insured Property, and no consent or other action by any Owner shall be necessary. Assessments of the Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

Section 13.4. **Funds for Repair and Reconstruction.** The proceeds received by the Association from any hazard insurance carried by the Association shall be used for the purpose of repair, replacement, and reconstruction of the Association-Insured Property.

If the proceeds of the Association's insurance are insufficient to pay the estimated or actual cost of such repair, replacement, or reconstruction, or if upon completion of such work the insurance proceeds for the payment of such work are insufficient, the Association may, pursuant to Article XI, Section 11.6. but subject to applicable law, levy, assess, and collect in advance from the Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair, replacement, or reconstruction.

Section 13.5. **Disbursement of Funds for Repair and Reconstruction.** The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for above, constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as Special Assessments, then in equal shares per Unit, first to the Mortgagees and then to the Owners, as their interests appear.

Section 13.6. **Decision Not to Rebuild Common Elements.** If Declarant, Owners representing at least 80% of the total allocated votes in the Association (other than Declarant) and two-thirds (2/3) of the First Mortgagees (based on one (1) vote for each Mortgage which encumbers a Unit) and all directly adversely affected Owners agree in writing not to repair and reconstruct improvements within the Common Elements and if no alternative improvements are authorized, then and in that event the damaged property shall be restored to its natural state and maintained as an undeveloped portion of the Common Elements by the Association in a neat and attractive condition. Any remaining insurance proceeds shall be distributed in accordance with applicable law.

ARTICLE XIV - CONDEMNATION

Section 14.1. **Rights of Owners.** Whenever all or any part of the Common Elements shall be taken by any authority having power of condemnation or eminent domain or whenever all or any part of the Common Elements is conveyed in lieu of a taking under threat of condemnation by the Executive Board acting as attorney-in-fact for all Owners under instructions from any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice of the taking or conveying. The Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

Section 14.2. **Partial Condemnation, Distribution of Award; Reconstruction.** The award made for such taking shall be payable to the Association as trustee for those Owners for whom use of the Common Elements was conveyed, and the award shall be disbursed as follows:

If the taking involves a portion of portion of the Common Elements on which improvements have been constructed, then, unless within sixty (60) days after such taking Declarant, Owners who represent at least two-thirds (2/3) of the votes in the Association and two-thirds of the First Mortgagees shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Elements to the extent lands are available for such restoration or replacement in accordance with plans approved by the Executive Board and the Executive Board. If such improvements are to be repaired or restored, the provisions in Article XIII above regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Elements, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be distributed in equal shares per Unit among the Owners, first to the Mortgagees, if any, and then to the Owners, as their interests appear.

Section 14.3. **Complete Condemnation.** If all of the Property is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Elements shall be distributed as provided in Article XIII, Section 13.5. above.

ARTICLE XV - MORTGAGEE'S RIGHTS

The following provisions are for the benefit of holders, insurers, or guarantors of First Mortgages on Units. To the extent applicable, necessary, or proper, the provisions of this Article XV apply to this Declaration and also to the Articles and Bylaws of the Association.

Section 15.1. **Approval Requirements.** Unless at least two-thirds (2/3) of the First Mortgagees (based on one vote for each Mortgage owned), at least two-thirds (2/3) of the Owners (other than Declarant) and Declarant have given their prior written approval, the Association shall not be entitled to:

A. By act or omission seek to abandon, partition, subdivide, sell, or transfer all or part of the Common Elements (provided, however that the granting of easements for public utilities or for other public purposes consistent with the intended use of such Common Elements shall not be deemed a transfer within the meaning of this clause);

B. Change the method of determining the obligations, Assessments, dues, or other charges which may be levied against an Owner.

Section 15.2. **Right to Pay Taxes and Charges.** Mortgagees who hold First Mortgages against Units may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Elements, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such Common Elements, and Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

Section 15.3. **Notice of Default.** A First Mortgagee, upon request to the Association, is entitled to written notification from the Association of any default in the performance by the mortgagee's borrower of any obligation under the Association Documents not cured within sixty (60) days.

ARTICLE XVI - DURATION OF COVENANTS AND AMENDMENT

Section 16.1. **Term.** The covenants and restrictions of this Declaration shall run with and bind the land until January 1, 2013, after which time they shall be automatically extended for successive periods of time of ten (10) years each, subject to the following provisions.

Section 16.2. **Amendment.** This Declaration, or any provision of it, may be amended at any time by an instrument signed by Owners holding not less than two-thirds (2/3) of the votes possible to be cast under this Declaration and signed by Declarant (during the period of Declarant control as further described in Section 4.4 herein) and at least two-thirds (2/3) of the First Mortgagees (based on one vote for each Mortgage owned). Any amendment must be executed by the President of the Association and recorded, and approval of such amendment may be shown by attaching a certificate of the Secretary of the Association to the recorded instrument certifying that signatures of a sufficient number of Owners approving the amendment are on file in the office of the Association.

Section 16.3. **When Modifications Permitted.** Notwithstanding the provisions of Section 16.2. above or Section 16.4. below, no termination, extension, modification, or amendment of this Declaration made prior to the termination of Declarant control shall be effective unless the prior written approval of Declarant is first obtained.

Section 16.4. **Revocation.** This Declaration shall not be revoked, except as provided in Section 14.3 regarding total condemnation,

without the consent of all of the Owners and two-thirds of the First Mortgagees as evidenced by a written instrument duly recorded.

ARTICLE XVII - RESTRICTION ON TIMESHARING

No Owner of any Unit shall offer or sell any interest in such Unit under a "timesharing" or "interval ownership" plan, or any similar plan without the specific prior written approval of the Association and during the period of Declarant control as further described in Section 4.4., Declarant.

ARTICLE XVIII - EXPANSION AND DEVELOPMENT RIGHTS

Section 18.1. **Expansion Rights.** Declarant expressly reserves the right to convert all or any part of Expansion Areas A, B, E or F, as depicted on the Plat and described in Exhibit B, into additional Units, Common Elements and Limited Common Elements (the "Expansion Property"). Declarant may exercise such rights for expansion on all or any portion of the Expansion Property in whatever order of development Declarant, in its sole discretion, determines. The consent of the existing Owners or Mortgagees shall not be required for any such conversion, and Declarant may proceed with such conversion without limitation at its sole option. Owners and Mortgagees hereby agree not to oppose any proposed rezoning and/or replatting to allow up to forty-nine (49) Units on the Expansion Property.

Section 18.2. **Development and Withdrawal Rights.** Declarant expressly reserves the right to withdraw all or any portion of the Expansion Property by recording a document evidencing such withdrawal in the office of the Clerk and Recorder of Summit County; provided, however, that no portion of the Expansion Property may be withdrawn after a Unit in that portion of the Property has been conveyed to a Purchaser. The property withdrawn from the Property shall be subject to whatever easements, if any, are reasonably necessary for access to or operation of the project. Declarant shall prepare and record in the office of the Clerk and Recorder of Summit County whatever documents are necessary to evidence such easements.

Section 18.3. **Amendment of the Declaration.** If Declarant elects to convert the Expansion Property, or any part thereof, or submit additional improvements to this Declaration, or to subdivide Units, at such time as construction of the improvements on the Expansion Property or the additional improvements are substantially complete, Declarant shall record an Amendment to the Declaration reallocating the Allocated Interests so that the Allocated Interests appurtenant to each Unit will be apportioned according to the total number of Units submitted to the Declaration. The Allocated Interests appurtenant to each Unit in the Condominium Project, as expanded, shall be based on the relative Allocated Interest as provided in Exhibit C for all of the Units in the Condominium Project, as expanded, and/or on such other information as Declarant shall reasonably determine is relevant to the reallocation.

Section 18.4. **Amendment of the Plat.** Declarant shall, contemporaneously with the Amendment of the Declaration, file an Amendment of the Plat showing the location of the additional Units and Common Elements. The Amendment to the Plat shall substantially conform to the requirements contained in this Declaration.

Section 18.5. **Interpretation.** Recording of amendments to the Declaration and Plat in the office of the Clerk and Recorder of Summit County shall automatically:

- (i) Vest in each existing Unit Owner any additional rights or interest appurtenant to his/her Unit; and
- (ii) Vest in each existing Mortgagee a perfected security interest in the additional rights or interest appurtenant to the encumbered Unit.

Upon the recording of an Amendment to the Declaration, the definitions used in this Declaration shall automatically be extended to encompass and to refer to the Property, as expanded. All conveyances of Units after such expansion shall be effective to transfer rights in the Common Elements as expanded, whether or not reference is made to any Amendment to the Declaration of Plat. Reference to the Declaration and Plat in any instrument shall be deemed to include all Amendments to the Declaration and Plat without specific reference thereto.

Section 18.6. **Maximum Number of Units.** The maximum number of Units in the project shall not exceed seventy-three (73) Units or the maximum number of lots allowed by any governmental entity having jurisdiction over the Property, pursuant to any development plan for the Property and the Expansion Property. Declarant shall not be obligated to expand the project beyond the number of Units initially submitted to this Declaration. However, the maximum number of Units permitted in the first filing of the Project shall be twenty-four (24) and the maximum number of Units permitted on Expansion Property shall be forty-nine (49) unless approval for additional units is obtained pursuant to the Town Code of Frisco.

Section 18.7. **Reciprocal Easements.** If property is withdrawn from the Property ("Withdrawn Property"):

- (i) the Unit Owner(s) of the Property and/or Withdrawn Property shall have whatever easements are necessary or desirable, if any, for access, utility service, repair, maintenance and emergencies over and across the Property; and

(ii) the Unit owner(s) in the Expansion Property shall have whatever easements are necessary or desirable, if any, for access, utility service, repair, maintenance and emergencies over and across the Property and Withdrawn Property.

Declarant shall prepare and record in the office of the Clerk and Recorder of Summit County whatever documents are necessary to evidence such easements and shall amend the Condominium Map to include reference to the recorded easement(s). Preparation and recordation by Declarant of an easement pursuant to this Section shall conclusively determine the existence, location and extent of the reciprocal easements that are necessary or desirable as contemplated by this Section.

Section 18.8. Termination of Expansion and Development Rights. The rights reserved to the Declarant for itself, its successors and assigns for the expansion and development of the Expansion Property ("Expansion and Development Rights"), shall expire seven (7) years from the date of recording this Declaration, unless the Expansion and Development rights are (i) extended as allowed by law or (ii) reinstated or extended by the Association, subject to whatever terms, conditions, and limitations the Executive Board may impose on the subsequent exercise of the Expansion and Development rights by Declarant.

Section 18.9. Transfer of Expansion and Development Rights. The Expansion and Development Rights created or reserved under this Article for the benefit of Declarant may be transferred to any person by instrument describing the rights transferred and recorded in every county in which any portion of the Project is located. Such instrument shall be executed by the transferor Declarant and the transferee.

ARTICLE XIX - PROTECTIVE COVENANTS

Section 19.1. Improvements Prohibited. No used or second-hand structure, no building of a temporary character, no mobile home, house trailer, tent, shack, or outbuilding shall be placed or used on the Property, either temporarily or permanently; except those items which are necessary for construction.

Section 19.2. Signs. No signs, billboards, posterboards, or advertising structure of any kind, including, but not limited to "For Sale", "For Rent", or similar real estate signs, shall be erected or maintained for any purpose whatsoever except such signs as have been approved by the Executive Board pursuant to its regulations. Any signs which are permitted under the foregoing restrictions shall be erected or maintained on the Property only with the prior written approval of the Executive Board.

Section 19.3. Trash. No trash, ashes or other refuse or debris may be thrown or dumped on the Property. The burning of refuse out-of-doors shall not be permitted. No incinerators or other device for the burning of refuse indoors shall be constructed, installed or used except as approved by the Executive Board. Waste materials, garbage and trash shall be kept in sanitary containers, enclosed and screened from public view, protected from disturbance, and disposed of with reasonable promptness. Each Owner shall keep his vacant Unit free of trash, refuse, or debris of any kind.

Section 19.4. Pets. Dogs, cats or customary household birds may be kept on the Property by Owners, not to exceed a total of one (1) household pet per Unit without the written approval of the Executive Board. No pets owned by guests and tenants, nor any wild animal, reptile, or bird may be trapped, transported, kept or maintained anywhere upon the Property. No other animal or bird except a domestic dog, cat or bird may be kept anywhere on the Property. No pet may be kept on the Property which abnormally interferes with the rights, comforts or convenience of other Owners. Breeding of any animals on the Property is specifically prohibited. All pets must be kept under an Owner's control when outside its Owner's Unit.

Section 19.5. Landscaping. All surface areas disturbed by construction shall be returned promptly to the condition required by the approved landscape plan, if applicable, or if not, to their natural condition. Any and all landscaping, other than returning surface areas to their natural condition, must be consented to in writing by the Executive Board and must be in conformance with Town of Frisco regulations. This section shall not be construed to prohibit any seasonal changes made in the natural environment such as flower or vegetable gardening, and shall not include the addition or isolated removal of plantings or trees unless such results, or could result, in a material change to the Property. No disturbance of the natural or landscaped state of the Common Elements, including the removal of living trees, plants, shrubs, bushes, sagebrush, grass or topsoil, is permitted except in conformance with the approved landscape plan and the site drainage plan.

Section 19.6. Trade Names. No word, name, symbol or combination thereof shall be used to identify for commercial purposes any structure, business, or service located on or conducted in connection with a Unit or the Property, unless the same shall have been first approved in writing by the Executive Board.

Section 19.7. Continuity of Construction. All structures commenced shall be constructed diligently to completion.

Section 19.8. Noxious or Offensive Activity. No noxious or offensive activity shall be conducted on any Unit, nor shall anything be done or placed on a Unit or the Property which is or may become a nuisance or cause embarrassment, disturbance or annoyance to others. Hunting, target practice or the discharge of firearms shall be prohibited on any part of the Property.

Section 19.9. Annoying Lights, Sounds or Odors. No lights shall be emitted from any Unit which are unreasonably bright or cause unreasonable glare; no sound shall be emitted from any Unit which is unreasonably loud or annoying; and no odor shall be emitted from any Unit which is noxious or unreasonably offensive to other owners.

Section 19.10. **Fences.** No fences or other barriers shall be permitted except as shown on the approved site plans. Any other fences or barriers shall be constructed in conformance with Town of Frisco regulations and must be approved by the written consent of the Executive Board.

Section 19.11. **House Number.** Each unit shall have a number with a design and at a location established by the Executive Board.

Section 19.13. **No Mining, Drilling or Quarrying.** Mining, quarrying, tunnelling, excavating or drilling for any substances within the earth, including oil, gas, minerals, gravel, sand, rock and earth, shall not be permitted.

Section 19.14. **No Exterior Clothes Lines.** Laundry may not be hung on any clothes lines except within any Unit or garage.

Section 19.15. **Barbecue Grills.** Except in the designated barbecue area, no natural gas, propane, charcoal or other grills may be used on any deck until such time as Declarant no longer appoints directors to the Executive Board, and then only upon the affirmative vote of the members of the Condominium Association.

ARTICLE XX - GENERAL PROVISIONS

Section 20.1. **Enforcement.** Except as otherwise provided in this Declaration, the Executive Board, Declarant, or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Executive Board of the Association, Declarant, or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

Additionally, any such violation shall give the Declarant or the Executive Board the right, in addition to any other rights set forth therein, (a) to enter the Unit or improvement thereon in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein in violation of the Declaration or rules adopted by the Executive Board or Manager without being deemed guilty in any manner of trespass or any other civil or legal violation; and (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach, with each Owner or other person constructing improvements upon the Property hereby waiving the posting of a bond upon entry of such injunction. All reasonable attorneys fees and costs incurred by the Declarant or the Association in a suit to enforce the terms hereof shall, if said Declarant or the Association prevails in such action, be recoverable from the losing party.

Section 20.2. **Severability.** Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 20.3. **Conflicts Between Documents.** In case of conflict between this Declaration and the Articles and the Bylaws of the Association, this Declaration shall control. In case of conflict between the Articles and the Bylaws, the Articles shall control.

Section 20.4. **References to Town Standards.** Wherever in this Declaration there is a reference to Town land use regulations, zoning, other Town standards, any plats approved by the Town or any other federal, state or local rule, law or regulation, such references shall automatically be waived, released, modified or amended, as the case may be, to correspond with any subsequent waiver, release, modification or amendment of such regulations, zoning, other Town standards, approval resolutions, plats or any other rule or law. To the extent any provisions of this Declaration conflict with the ordinances, rules or regulations adopted by the Town of Frisco, the provisions in the ordinances, rules or regulations of the Town shall control.

Section 20.5. **Claims Regarding Declarant.** The Association and all Owners shall have a period of two (2) years from the date Property Conveyed or Leased by Declarant is actually granted, assigned, conveyed or leased to the Association, within which to assert by legal action or otherwise any claim, demand, cause of action or lawsuit against Declarant with regard to said Property Conveyed or Leased by Declarant however arising and for whatever cause or reason whatsoever. Nothing herein shall be construed to limit, impair, diminish or bar any claim by the Association, Owners, Mortgagees, Declarant or any other person with standing to bring such claim to ever assert by legal proceedings or otherwise any claim, demand, cause of action or lawsuit against any engineer, architect, contractor, subcontractor, supplier, materialman or other person involved in the design, installation, manufacture, assembly, construction, operation, maintenance, repair or replacement of any Property Conveyed or Leased by Declarant.

LAKE FOREST LIMITED LIABILITY COMPANY

By: Robert R. Fulton
Manager

By: Kathryn J. Law
Manager

STATE OF COLORADO)
)ss.
County of Summit)

The foregoing instrument was acknowledged before me this _____ day of _____, 1995 by Robert R. Fulton as Manager for Lake Forest Limited Liability Company.

My Commission expires: _____

Notary Public

STATE OF COLORADO)
)ss.
County of Summit)

The foregoing instrument was acknowledged before me this _____ day of _____, 1995 by Kathryn J. Law as Manager for Lake Forest Limited Liability Company.

My Commission expires: _____

Notary Public

EXHIBIT A

PROPERTY DESCRIPTION

A tract of land located in the Southeast 1/4 and the Southwest 1/4 of Section 23, Township 5 South, Range 78 West of the 6th Principal Meridian, Summit County, Colorado, said tract being more particularly described as follows:

Beginning at a point on the Northwestern right-of-way of Dillon Dam Road (S.C.R. 7) whence the South 1/4 corner of said Section 23 bears S 00°04'30" E, 732.62 feet distant; thence 188.76 feet on the arc of a curve to the right with an interior angle of 08°51'29", a radius of 1220.92 feet and a chord which bears N 54°59'53" E, 188.57 feet distant; thence N 59°45'00" E, 311.72 feet; thence N 66°55'30" E, 817.30 feet; thence N 89°59'44" W, 796.89 feet; thence S 33°56'18" W, 743.05 feet; thence Northeasterly 47.50 feet on the arc of a curve to the right with an interior angle of 02°13'44", a radius of 1220.92 feet and a chord which bears N 49°27'16" E, 47.50 feet to the point of beginning, excepting therefrom Expansion Areas A, B, E and F, as shown on the recorded plat for Lake Forest Condominiums, County of Summit, State of Colorado.

EXHIBIT B

EXPANSION PROPERTY

Expansion Areas A, B, E and F, as shown on the recorded plat for Lake Forest Condominiums, County of Summit, State of Colorado.

EXHIBIT C

ALLOCATED INTEREST

The Allocated interest in the Common Elements have been calculated as follows. The Project contains 16, two bedroom units and 8, two bedroom plus loft units. The loft units contain bathroom facilities and square feet in excess of those in the two bedroom units. Declarant has determined that a loft unit's allocation of the Common Expense Liability should be approximately 8.3% greater than a two bedroom unit.

The undivided interest in the Common Elements and Common Expense Liability appurtenant to each unit is set forth below:

<u>Unit</u>	<u>Allocated Interest</u>
101C	.04054
102C	.04054
103C	.04054
104C	.04054
201C	.04054
202C	.04054
203C	.04054
204C	.04054
301C	.04392
302C	.04392
303C	.04392
304C	.04392
101D	.04054
102D	.04054
103D	.04054
104D	.04054
201D	.04054
202D	.04054
203D	.04054
204D	.04054
301D	.04392
302D	.04392
303D	.04392
304D	.04392
TOTAL	1.00