

DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR
WHISPERING PINES RANCH

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS of Whispering Pines Ranch (the "Declaration") is made on July __, 1998 by SLBG, LLC, a Colorado limited liability company (the "Declarant").

RECITALS

- A. Declarant is the owner of certain real property in Summit County, Colorado, more particularly described on the attached Exhibit A (the "Property").
- B. Declarant desires to create a planned community on the Property, pursuant to the Colorado Common Interest Ownership Act, Colorado Revised Statutes § 38-33.3-101, et seq. (the "Act"), to be known as Whispering Pines Ranch.
- C. Declarant also desires to protect and maintain the Property as a prime mountain residential area of high 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 Area (as defined below), roads and other related facilities serving the Property.
- E. Declarant has deemed it necessary and desirable, for the welfare of the residents of Whispering Pines Ranch and the preservation 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, personal representatives, devisees, grantees or assigns.
- F. Declarant also desires to create certain agencies and to delegate and assign to said agencies the power and duties of maintaining and administering the Common Area, and administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges created under this Declaration.

ARTICLE 1
DECLARATION AND SUBMISSION

Declarant hereby declares that the Property shall be held, sold, and conveyed subject to the following covenants, restrictions, easements and servitudes 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, personal representatives, successors and assigns of parties having any right, title, or interest in all or any part of the Property. Additionally, Declarant hereby submits the Property to the provisions of the Act.

ARTICLE 2 NAME OF PROJECT; DIVISION INTO LOTS

Section 2.1 Name. The name of the project is Whispering Pines Ranch, a planned community pursuant to the Act.

Section 2.2 Association. The name of the association for the project is Whispering Pines Ranch Homeowners' Association, Inc. Declarant has caused to be incorporated under the laws of the State of Colorado the Association as a nonprofit corporation for the purpose of exercising the functions of the Association as set forth in this Declaration.

Section 2.3 Number of Lots. The total number of Lots in the project is sixty (60). The Declarant reserves the right to create additional Lots on all or portions of the Expansion Property as more fully discussed in Article 19 below.

Section 2.4 Identification of Lots. The identification number of each Lot is shown on the subdivision plat depicting the Property recorded in the real property records of Summit County, Colorado, and such amended, additional or supplemental plats or maps as may be filed for the Property or the Expansion Property.

ARTICLE 3 DEFINITIONS

Section 3.1 Definitions. Each term defined in the Act and not otherwise defined in this Declaration shall have the meaning specified in the Act. The following words when used in this Declaration, unless inconsistent with the context in which they are used, shall have the following meanings:

- A. "Annual Assessment" means the Assessment levied annually.
- B. "Architectural Review Committee" or "ARC" means the Architectural Review Committee defined in and created pursuant to Article 15 below.
- C. "Articles" means the Articles of Incorporation for the Association on file with the Colorado Secretary of State, as such Articles may be amended from time to time.
- D. "Assessments" means the Annual, Special, and Default Assessments levied pursuant to Article 11 below. Assessments are a common expense liability as the latter term is used in the Act.
- E. "Association" means Whispering Pines Ranch Homeowners' Association, Inc., a Colorado nonprofit corporation.
- F. "Association Documents" means this Declaration, the Articles, the Bylaws of the Association, and any procedures, rules, regulations, or policies adopted under such documents by the Association.

- G. "Board" means the board of directors of the Association.
- H. "Bylaws" means the Bylaws adopted by the Board, as amended from time to time.
- I. "Common Area" means all the real property and improvements thereon, if any, in which the Association owns an interest for the common use and enjoyment of all of the Owners on a non-exclusive basis, including the areas shown on the Plat as "Open Space". Such interest may include, without limitation, estates in fee, for terms of years, or easements. Common Area is a common element as the latter term is used in the Act.
- J. "Common Expenses" means (i) all expenses expressly declared to be common expenses by this Declaration or the Bylaws; (ii) all other expenses of administering, enforcing, conserving, managing, maintaining, repairing or replacing the Common Area and any improvements or facilities located thereon, including reasonable reserves for replacement; (iii) all expenses of maintaining, repairing or replacing common access roads, trails and open space areas which have not been dedicated to the County and accepted by the County for maintenance, repair and replacement responsibilities; (iv) expenses, including attorneys' fees, incurred in collecting Assessments and otherwise enforcing the provisions of the Association Documents; (v) expenses incurred by the ARC in performing its duties and exercising its powers under Article 15; (vi) insurance premiums for the insurance carried under Article 9; and (vii) all expenses lawfully determined to be Common Expenses by the Board.
- K. "County" means Summit County, Colorado.
- L. "Declarant" means SLBG, LLC, a Colorado limited liability company, and any entity to which such limited liability company may transfer its rights as Declarant in accordance with the provisions of the Act.
- M. "Declarant Control Period" means the period beginning with the recording of this Declaration and ending on the earlier to occur of (i) the date that is 60 days after conveyance to Owners other than Declarant of 75% of the maximum number of Lots that may be created by Declarant under this Declaration, including Lots that may be created on the Expansion Property, or (ii) the date that is two years after the last conveyance of a Lot by Declarant or a Successor of Declarant in the ordinary course of business.
- N. "Declaration" means this Declaration of Covenants, Conditions, Restrictions and Easements of Whispering Pines Ranch, as it may be amended from time to time in accordance with the provisions of Section 17.2.
- O. "Default Assessment" means Assessments levied by the Association pursuant to Section 11.8.
- P. "Development Rights Period" means the period beginning with the recording of this Declaration and ending on the tenth anniversary of that date, or, if earlier, on the date or dates specified in an instrument executed by Declarant and recorded in the County,

setting forth the date or dates on which some or all of Declarant's development rights (as that term is defined in the Act) will terminate.

Q. "Expansion Property" means the real property described on Exhibit B attached hereto and incorporated herein by this reference.

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

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

T. "Lot" means a plot of land subject to this Declaration and designated as a "Lot" on any subdivision plat of the Property recorded by Declarant in the office of the Clerk and Recorder of the County, together with all appurtenances and improvements now or in the future located on the Lot. A Lot is a unit as the latter term is used in the Act.

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

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

W. "Mortgage" means any mortgage, deed of trust, or other document pledging any Lot or interest therein as security for payment of a debt or obligation. A Mortgage is a security interest as the latter term is used in 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 Lot. "Owner" includes a purchaser who is entitled to possession under a contract for deed covering a Lot, but excludes anyone having such interest in a Lot merely as security for the performance of an obligation, including a Mortgagee, unless and until such person has acquired fee simple title to the Lot. An Owner is a unit owner as the latter term is used in the Act.

Z. "Plat" refers to the subdivision map depicting the Property together with such additional, supplemental or amended plats or maps as may be filed for the Property and all or part of the Expansion Property.

AA. "Project" means the planned community created by this Declaration, consisting of the Property, the Lots, any portion of the Expansion Property made subject to this Declaration pursuant to Article 19 and any improvements constructed on the Property.

BB. "Property" means the real property described on Exhibit A attached to this Declaration and, except as the context otherwise requires, any portion of the Expansion Property that has been made subject irrevocably to this Declaration pursuant to Article 19.

CC. "Special Assessment" means an assessment levied pursuant to Section 11.7 on an irregular basis.

DD. "Successor Declarant" means any Declarant other than the Declarant named on the first page of this Declaration.

ARTICLE 4 THE ASSOCIATION; MEMBERSHIP AND VOTING RIGHTS

Section 4.1 Powers of the Association. Except as otherwise provided in the Association Documents, the Association shall have and may exercise all powers permitted to a unit owners' association by the Act. Without limiting the foregoing, the Association shall have power to:

- A. Adopt and amend the Bylaws and rules and regulations;
- B. Adopt and amend budgets for revenues, expenditures, and reserves and collect Assessments for Common Expenses from Owners;
- C. Hire and terminate managing agents and other employees, agents, and independent contractors;
- D. Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Project;
- E. Make contracts and incur liabilities;
- F. Regulate the use, maintenance, repair, replacement, and modification of the Common Area;
- G. Cause additional improvements to be made as a part of the Common Area;
- H. Acquire, hold, encumber and convey in its own name any right, title, or interest to real or personal property, provided that no part of the Common Area may be conveyed or encumbered except as expressly permitted by the Act;
- I. Grant easements, leases, licenses, and concessions through or over the Common Area, provided that no such easement shall be granted during the Development Rights Period without the prior written approval of Declarant;
- J. Impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Area;

K. Impose charges for late payment of assessments, recover reasonable attorneys' fees and other legal costs for collection of assessments and other actions to enforce the power of the Association, regardless of whether or not suit was initiated, and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Association Documents;

L. Impose reasonable charges for the preparation and recordation of statements of unpaid assessments or other documents to be executed by the Association;

M. Provide for the indemnification of its officers and directors and maintain directors' and officers' liability insurance;

N. Exercise any other powers conferred by this Declaration;

O. Exercise all other powers that may be exercised by nonprofit corporations in Colorado; and

P. Exercise any other powers necessary and proper for the governance and operation of the Association.

Section 4.2 Membership in the Association. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of each Lot. No Owner shall transfer, pledge or alienate such Owner's membership in the Association in any way, except insofar as such transfer, pledge or alienation occurs by operation of law as an aspect of the sale or encumbrance of such Owner's Lot.

Section 4.3 Class of Membership. The Association shall have a single class of membership comprised of all Owners, who except as otherwise provided in this Declaration shall be entitled to vote in Association matters pursuant to this Declaration on the basis of one vote for each Lot owned. When ownership of any Lot is held by more than one person, all such persons shall be Members but shall be entitled collectively to a single vote. The vote for any such Lot may be exercised at a meeting of the Members by any Owner of such Lot who is present, except that (a) if two or more such Owners are present and do not agree as to how their vote is to be cast, the vote shall not be counted, and (b) all such Owners may designate one of them, or a third party, to cast their vote pursuant to a written proxy signed by each such Owner in accordance with the Bylaws. Any Owner of a Lot which is leased may by written proxy delegate such Owner's voting right to the tenant, provided that a copy of the 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 Lot.

Section 4.4 Period of Declarant Control. Declarant shall have exclusive power to appoint and remove members of the Board and officers of the Association throughout the Declarant Control Period, provided that (a) not later than 60 days after the conveyance to Owners other than Declarant of 25% of the total number of Lots that ~~may be created~~ within the Project (including Lots that may be created within the Expansion Property), at least one member and not less than 25% of the members of the Board must be elected by Owners other than Declarant, and (b) not later than 60 days after the conveyance to Owners other than Declarant of 50% of the

total number of Lots that may be created within the Project (including Lots that may be created within the Expansion Property), not less than 33-69% of the members of the Board must be elected by Owners other than Declarant. Declarant may voluntarily surrender in whole or in part the right to appoint and remove officers and members of the Board before termination of the Declarant Control Period, but, in that event, the Declarant may require for the duration of the Declarant Control Period that specified actions of the Association or the Board, as described in a recorded instrument by the Declarant, be approved by the Declarant in writing before they become effective. Except as otherwise specified in the instrument transferring rights from a Declarant to a Successor Declarant, the Successor Declarant may exercise the Declarant's rights under this Section to the exclusion of the former Declarant.

Section 4.5 Compliance with Association Documents. Each Owner shall abide by each provision, covenant, condition, restriction, servitude and easement contained in the Association Documents. The obligations, burdens, and benefits of membership in the Association concern the Property and shall be covenants running with each Owner's Lot for the benefit of all other Lots and for the benefit of the Expansion Property.

Section 4.6 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 4.7 Manager. The Association may employ or contract for the services of a Manager to whom the Board may delegate certain powers, functions, or duties of the Association, as provided in the Bylaws of the Association. The Manager shall not have the authority to make expenditures except upon prior approval and direction by the Board. The 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 Board.

ARTICLE 5 POWERS OF THE BOARD

Section 5.1 Powers Granted. Except as otherwise expressly provided in the Association Documents, the Board shall have and may exercise all rights and powers available to executive boards of associations under the Act, all rights and powers available to the boards of directors of nonprofit corporations under the Colorado Corporation Code, and all rights and powers vested in the Association by this Declaration. Without limiting the preceding sentence, the Board may:

A. Adopt, publish and amend from time to time rules and regulations governing the use of the Common Area, 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, after notice and opportunity to be heard, for the infraction of such rules and regulations; and

B. 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 11. Such rights may also be suspended after notice and opportunity to be heard, for a period up to 90 days for infraction of published rules and regulations, or, if the infraction is ongoing, for the period of the infraction and up to 90 days after the infraction has ceased.

Section 5.2 Limitation of Powers. Notwithstanding any other provision of the Association Documents, the Board shall not have power, on behalf of the Association or otherwise, to:

- A. Amend this Declaration; or
- B. Terminate the Association or the applicability of this Declaration as to the Property; or
- C. Elect directors to the Board, except to fill a vacancy for the unexpired portion of a director's term; or
- D. Determine the qualifications, powers, duties or terms of office of directors.

ARTICLE 6 COMMON AREA AND ROADS

Section 6.1 Maintenance of Common Area. The Association shall maintain and keep the Common Area and certain other property in good repair, and the cost of such maintenance shall be funded as provided in Article 11. This maintenance shall include, but shall not be limited to, upkeep, repair and replacement, subject to any insurance then in effect, of all roads (other than roads that have been dedicated to and accepted for maintenance by a governmental authority), landscaping, walls, gates, fences, signage, irrigation systems, driveways and improvements, if any, located in the Common Area. In the event the Association fails to maintain or repair the Common Area, Declarant shall have the right, but not the obligation, to do so at the expense of the Association.

ARTICLE 7 PROPERTY RIGHTS OF OWNERS AND RESERVATIONS BY DECLARANT

Section 7.1 Owners' Easement of Enjoyment. Every Owner has a right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with title to such Owner's Lot, 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 in use

as of the date of recordation of this Declaration. In addition, the Property is subject to those easements set forth in this Article 7.

Section 7.3 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 Area, together with the right to store materials on the Common Area, to build and maintain temporary walls, and to make such other use of the Common Area as may be reasonably necessary or incident to any construction of any improvements on any part of the Property or the Expansion 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 the Property by the other Owners. Declarant's rights under this Section shall end with the end of the Development Rights Period.

Section 7.4 Reservation of Easements, Exceptions, and Exclusions. Declarant reserves to itself the right to establish from time to time, by declaration or otherwise, utility and other easements, permits or licenses over the Common Area, for purposes including, but not limited to, streets, paths, walkways, drainage, recreation areas, parking areas and conduit installation areas, and to create other reservations, exceptions and exclusions as Declarant considers to be in the best interests of all the Owners and the Association.

Section 7.5 Easement for Ingress and Egress. Declarant hereby grants as an appurtenance to each Lot a non-exclusive easement of ingress and egress across all private access roads shown on any recorded plat of the Property to each Lot to assure access from a public road to each Lot. 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.

Section 7.6 Owners' Easements for Maintenance. In the event utility service lines or similar facilities or equipment are installed by Declarant solely for the benefit of a single Lot (referred to as a benefited Lot) but are located partly in, on or under another Lot or in, on or under the Common Area (referred to in either case as a burdened area), the Owner of the benefited Lot shall have an easement over such portion of the burdened area as is reasonably necessary for the use, maintenance and repair of the portion of such service lines, facilities or equipment as is located in, on or under the burdened area.

Section 7.7 Reservation of Easements Over Common Area. Declarant hereby reserves for itself and its successors and assigns, non-exclusive easements over, under and across all or any part of the Common Area, for the benefit of the Property and the Expansion Property, or for such other purpose as Declarant may designate in an instrument of record and which is not inconsistent with the use and enjoyment of such areas by the other Owners. Notwithstanding the foregoing, until such time as, and except to the extent that, the Expansion Property is irrevocably made subject to this Declaration, if such easements are used by persons who own portions of the Expansion Property, such use shall be conditioned on the payment by such persons of their pro rata share of the operation and maintenance expenses, overhead, repair costs, and a reasonable reserve for replacement of the Common Area, if any, so shared. The

Association shall use its best efforts to enter into agreements with such persons to pay such sums upon any terms and conditions that the parties deem desirable. The agreements will provide that neither the Association nor the other parties entitled to use the Common Area 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) Lots within the Property 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, or any homeowners' association or homeowner group representing persons entitled to use the shared Common Area (if any) to provide better 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 their respective officers, agents, contractors, employees and assigns, 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 but not limited to the right to enter upon any Lot for purpose of performing maintenance to the landscaping or the exterior of any improvement on such Lot pursuant to the provisions of Section 8.4 below.

ARTICLE 8 MAINTENANCE AND LANDSCAPING

Section 8.1 Maintenance and Landscaping of Lots.

A. Subject to and in compliance with Article 15 hereof, each Owner shall be solely responsible for all landscaping on and all maintenance and repair of such Owner's Lot, and for the maintenance and repair of the exterior and interior of such Owner's residence, including all fixtures and improvements and all utility lines and equipment located therein or in, on or upon such Owner's Lot, provided that maintenance and repair of facilities for the common use of multiple Owners shall be the responsibility of the Association and the cost thereof shall be a Common Expense. Each Owner shall be required to maintain such Owner's Lot and all improvements located thereon in a condition of good order and repair. No Owner shall unreasonably damage the value of other Lots by shoddy upkeep of such Owner's Lot or any structure located on the Lot.

B. Utility or service connections, facilities and other utility equipment and property that is located in, or upon a Lot and is used solely to supply a service or utility to such Lot shall be owned by the Owner of such Lot, and all expenses and liabilities for repair and maintenance shall be borne solely by that Owner.

C. No Owner shall make any structural or design change (including a color scheme change) of any type or nature whatever, either permanent or temporary, to the exterior of

such Owner's residence, nor shall any Owner construct any addition or improvement on such Owner's Lot, without first obtaining the prior written approval thereof from the ARC pursuant to Article 15 hereof.

Section 8.2 Common Area, Sidewalks and Driveways. The Association shall maintain the Common Area, including but not limited to all walls, gates, fences, landscaping, signage, and irrigation systems, if any, located in the Common Area. Such maintenance shall be performed at such time and in such manner as the Association shall determine in its reasonable discretion.

Section 8.3 Maintenance Contract. The Association 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 Area. Any individual or maintenance company so employed shall have the authority to make expenditures upon prior approval and direction of the Association. The Association 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 with appropriate authority by or on behalf of the Association.

Section 8.4 Owner's Failure to Maintain or Repair. In the event that the improvements on any Lot are damaged or destroyed by fire or other casualty and the Owner of such Lot does not promptly take reasonable measures to begin and thereafter to pursue diligently the repair and reconstruction of the damaged or destroyed improvements to substantially the same condition as existed prior to the casualty, or fails to maintain all landscaping in accordance with the original landscaping plan approved for the Lot, including the replacement of dying or dead vegetation, then the Association, after 30 days' prior written notice to the Owner, shall have the right to enter upon the Lot to perform such work as is reasonably required to restore the Lot and the buildings, the landscaping and other improvements thereon to a condition of good order and repair. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Lot, upon demand, as a Default Assessment.

ARTICLE 9 INSURANCE AND FIDELITY BONDS

Section 9.1 General Insurance Provisions. The Board shall cause the Association to maintain broad form property insurance with respect to the Common Area and commercial general liability insurance against claims and liabilities arising in connection with the ownership, existence, use or management of the Common Area. All insurance policies relating to the Common Area shall be purchased in the name of the Association and by the Association or its designated Manager. All such insurance coverage obtained by the Board shall comply with the Act and with the following additional provisions:

A. As long as Declarant owns any Lot, 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 9 shall not be deemed to protect or be for the benefit of any general contractor engaged by Declarant.

B. Insurance premiums for the insurance coverage provided by the Association pursuant to this Article shall be a Common Expense to be paid by regular Assessments levied by the Association.

Section 9.2 Physical Damage Insurance on Common Area. The Association shall obtain and maintain in full force and effect physical damage insurance on all insurable improvements within the Common Area, 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), plus costs of demolition and debris removal. Such insurance shall afford protection against at least loss or damage caused by fire and other hazards covered by the standard extended coverage endorsement, vandalism, malicious mischief, windstorm, and water damage, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use.

Section 9.3 Provisions Common to Physical Damage Insurance.

A. In contracting for the policy or policies of insurance obtained pursuant to Section 9.2 above, the Association 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 9.3.B below.

(iv) A provision that no policy may be canceled, 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 Board, any officer or employee of the Association or the Manager, without prior demand in writing delivered to the Association to remedy the conduct in question and the allowance of a reasonable time thereafter within which the conduct may be corrected by the Association, the Manager, any owner or any Mortgagee.

B. Prior to obtaining any policy of physical damage insurance or any renewal thereof, and at such other intervals as the Board may deem advisable, the Association 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. The deductible amount, if any, on any insurance policy purchased by the Association 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 Association; provided, that if the casualty or other damage giving rise to an insurance claim was caused by the act or negligence of an identified Owner or of the guest or invitee of an identified Owner, then the deductible amount associated with the claim shall be the responsibility of that Owner and may, if necessary, be enforced by way of a Default Assessment against the Owner.

D. A certified copy 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 9.3.A.(iv) above, shall be delivered by the insurer to any First Mortgagee requesting the same, at least 30 days prior to expiration of the then current policy.

Section 9.4 Liability Insurance.

A. The Association shall obtain and maintain in full force and effect comprehensive general liability (including libel, slander, false arrest and invasion of privacy coverage) insurance with such limits as the Board may from time to time determine, insuring each member of the Board, the Manager, each Owner, and the officers and 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 Area. 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, garage keeper's liability, host liquor liability, employer's liability, and coverage against such other risks as shall customarily be covered with respect to projects similar to the Property in construction, location and use.

B. The Board shall review such limits once each year, but in no event shall such insurance be less than \$1,000,000 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.

Section 9.5 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 9.6 Provisions Common to Physical Damage Insurance, Liability Insurance and Fidelity Insurance. Any insurance coverage obtained by the Association under the provisions of this Article 9 shall be subject to the following provisions and limitations:

A. In no event shall the insurance coverage obtained and maintained pursuant to this Article be brought into contribution or proration with insurance purchased by any Owner or Mortgagee;

B. 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 or 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;

C. The policies shall provide that coverage may not be canceled, or substantially modified or reduced (including cancellation for nonpayment of premium) without at least 30 days' written notice to each insured named in the policies, and to any First Mortgagee who has made a written request to the insurer for such notice;

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

E. 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 9.7 Officers' and Directors' Liability Insurance. To the extent obtainable at reasonable cost, appropriate personal liability insurance shall be maintained by the Association to protect the officers and directors of the Association and the members of the Architectural Review Committee from personal liability in relation to their duties and responsibilities as such officers, directors and committee members.

Section 9.8 Workers' Compensation Insurance. The Association shall obtain workers' compensation or similar insurance for its employees, if applicable, in such amounts and forms as may be required by law.

Section 9.9 Other Insurance. The Association 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 9.10 Notice to Owners. The Association shall promptly furnish to each Owner written notice of the procurement of, subsequent change in dollar limits of coverage under, or termination of, insurance coverage obtained on behalf of the Association.

Section 9.11 Unavailability of Insurance. Neither the Association nor any member of the Board, nor the Manager nor the Declarant shall be liable for failure to obtain any coverages required by this Article 9, or for any loss or damage resulting from such failure, if such coverages are not reasonably available. If the Association determines that any such coverage is not reasonably available, the Association shall notify all Owners promptly of that determination in accordance with the requirements of the Act.

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 Lot and improvements, personal property and personal liability (except to the extent any such Lot is encumbered by an easement conveyed to the Association as Common Area). In addition, an Owner may obtain such other and additional insurance coverage on the Lot 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 Association, on behalf of all Owners, may realize under any policy maintained by the Association 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 to subrogation against the Association and other Owners, including Declarant, should Declarant be the Owner of any Lot. No Owner shall obtain separate insurance policies on the Common Area. The Association may require an Owner who purchases insurance coverage for the Owner's Lot (other than coverage for the Owner's personal property) to file copies of such policies with the Association within 30 days after purchase of the coverage to eliminate potential conflicts with any master policy carried by the Association. The Association may, but shall not be obligated to, obtain on behalf of the Owners a master or group insurance policy covering physical damage and liability (a standard homeowners type coverage) covering the Owners' Lots and improvements, personal property and personal liability, where the Association determines that by obtaining such insurance on a group basis individual Owners will benefit through lower premium rates for comparable coverage.

ARTICLE 10 INCIDENTS OF OWNERSHIP IN THE PROPERTY

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

Section 10.2 No Partition. The Common Area shall be owned by the Association, and no Owner, group of Owners or the Association shall bring any action for partition or division of the Common Area.

Section 10.3 Residential Use/Declarant's Use. A Lot may be used for residential purposes only. The improvements on the Lot 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 less than or greater than 30 days, except that such improvements may not be used for retail or commercial purposes. The Association may, however, adopt rules and regulations which limit the number of unrelated persons who may occupy any Lot, either on a long term or short term basis. Notwithstanding the foregoing, Declarant is authorized to maintain a sales office or property management office on any unsold Lot or on Common Area, 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. The fact that an office is located on a Lot shall not be deemed to designate such office or Lot as part of the Common Area.

Section 10.4 Vehicles and Miscellaneous Equipment. No automobile, truck, pickup, camper, motorbike or motorcycle, trail bike, trailer, mobile home, recreation vehicle, tractor, snowmobile, or any other vehicle of any type (in any case, "Vehicles"), except bicycles, and no garden and maintenance equipment, shall be parked, stored or operated upon the Property, except as provided below. Licensed passenger automobiles shall only be parked upon the exterior parking spaces constructed upon Lots or within any garage located within a Lot. Garden and maintenance equipment may be stored upon the Lots, and if stored upon any Lot shall, except as hereafter provided, be kept in an enclosed building having four walls and a roof. For single family homes a minimum of four permanent parking spaces shall be continuously maintained on each Lot. Two garage parking spaces shall be required in addition to two exterior parking spaces. Passenger automobiles and trucks or pickup trucks may be parked regularly, and campers or mobile homes may be parked on a temporary basis as determined by the Board, on a Lot outside of an enclosed structure on any exterior parking areas or spaces which have been provided by an Owner for said purpose. The Association may adopt rules and regulations to further define the right to carry out the terms and provisions of this Section 10.4, including the assessment of costs and charges to one or more Lots but fewer than all Lots, as provided in Section 11.6 hereof.

ARTICLE 11 ASSESSMENTS

✓ Section 11.1 Obligation. Declarant, for each Lot owned by Declarant, hereby covenants, and each Owner, by accepting a deed for a Lot, is deemed to covenant to pay to the Association (a) the Annual Assessments imposed by the Association as necessary to meet Common Expenses; (b) Special Assessments for capital improvements and other purposes as stated in this Declaration, to the extent permitted by the Act; and (c) Default Assessments which may be assessed against a Lot for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense for which the Owner is responsible under the Association Documents.

Section 11.2 Purpose of Assessment. The Assessments shall be used exclusively to promote the health, safety and welfare of the Owners and occupants of the Property, and for the improvement and maintenance of the Common Area, all as more fully set forth in this Article 11.

Section 11.3 Budget. Within 30 days after the adoption of any proposed budget for the Association, the 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 14 nor more than 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 Board.

Section 11.4 Annual Assessments. Annual Assessments for Common Expenses shall be based upon the estimated cash requirements of the Association as the Board shall from time to time determine to be paid by all of the Owners, subject to Section 11.3 above. Annual Assessments shall be payable on a prorated basis each year in advance and shall be due on the first day of each year, or such other periods as the Board may determine. The omission or failure of the Association to fix the Annual 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 Common Expenses incurred in any fiscal year.

Section 11.5 Common Area Working Fund. The Association or Declarant shall require each Owner (other than Declarant) to make a non-refundable payment to the Association in an amount equal of \$500.00, which sum shall be held, without interest, by the Association as a working fund. Said working fund shall be collected and transferred to the Association at the time of closing of the sale by Declarant of each Lot, and the contribution to the working fund shall be made upon each sale or conveyance of a Lot by each successive owner. The working fund 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. The amount of the contribution to the working fund may be altered by the Board when the Declarant no longer appoints members of the Board as provided in Section 4.4.

Section 11.6 Apportionment of Annual Assessments. Each Owner shall be responsible for that Owner's share of the Common Expenses which shall be divided equally among the Lots. Notwithstanding the preceding sentence, the Board may, at the request of one or more Owners or otherwise, propose from time to time to undertake a special project or activity that will benefit fewer than all of the Lots and, with the written concurrence of the Owners of at least 66-2/3% of the Lots that will be benefited, may assess the cost of such special project or activity solely against the benefited Lots.

Section 11.7 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 the Act, payable over such 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 Common Area or for any other Common Expense incurred or to be incurred as provided in this Declaration. Any amounts assessed pursuant to this Section shall be assessed to Owners in the same proportion as provided for Annual Assessments in Section 11.6, subject to the requirements that any extraordinary maintenance, repair or restoration work necessitated by the actions of a particular Owner (or such Owner's agents, servants, guests, tenants, or invitees) shall be borne by that Owner. Notice in writing in the amount of such Special Assessments and the time for payment of the Special Assessments shall be given promptly to all Owners, and payment shall be due not less than 30 days after such notice is given.

Section 11.8 Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, and each 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, if not otherwise paid by such Owner, be a Default Assessment and shall become a lien against such Owner's Lot 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 30 days prior to the due date.

Section 11.9 Effect of Nonpayment; Assessment Lien. Any Assessment installment, whether pertaining to any Annual, Special, or Default Assessment, which is not paid within 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 two points above the prime rate charged by the Association's bank, or such other rate as the Board may establish, not to exceed twenty-one percent (21%) per annum or as permitted by law;
- C. Suspend the voting rights of the Owner during any period of delinquency;
- D. Accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;
- E. Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and
- F. File a statement of lien with respect to the Lot and proceed with foreclosure as set forth below.

Assessments chargeable to any Lot shall constitute a continuing lien on such Lot, including any improvements on the Lot and any appurtenant rights, from the date the amount of the Annual or other Assessment is determined until it is paid. To evidence the lien created under

this Section, the Association may, but is not 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 Lot, and (v) the legal description of the Lot. The notice shall be signed and acknowledged by the President or a Vice-President of the Association, the Association attorney or by the Manager, and the Association shall serve the notice upon the Owner by mailing it to the address of the Owner as provided to the Association or as set out in the real property records. Not less than ten days after the Association mails the Owner such notice, the Association may record the same in the office of the Clerk and Recorder of the County. At any time that is at least 30 days following the date the Association mails the notice, the Association may institute foreclosure proceedings against the defaulting Owner's Lot in the manner for foreclosing a mortgage on real property under Colorado law. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, and penalties and interest thereon, the costs and expenses of such proceeding, the costs and expenses for filing the notice of the claim and lien, and all reasonable attorneys' fees incurred in connection with the enforcement of the lien. The Association shall have the power to bid on a Lot at foreclosure sale and to acquire and hold, lease, mortgage and sell the same. The Owner shall have such redemption rights as are provided by law with respect to judicial foreclosures generally, but if the Owner fails to redeem, the Association shall not be accountable to the Owner for any proceeds of sale or other disposition of the Lot after the Association acquires legal title.

Section 11.10 Personal Obligation. The amount of any Assessment chargeable against any Lot shall be a personal and individual debt of the Owner of the same. No Owner may exempt himself from liability for the Assessment by abandonment of such Owner's Lot or by waiver of the use or enjoyment of all or any part of the Common Area. Suit to recover a money judgment for unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, and all reasonable attorneys' fees in connection therewith shall be maintainable without foreclosing or waiving the Assessment lien provided in this Declaration.

Section 11.11 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 Lot, except as provided in Section 11.14 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 attorneys' fees against such Lot without prejudice to such successor's right, if any, under applicable law, 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 Lot. 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 11.14 below.

Section 11.12 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 this Declaration, and (c) liens for all sums secured by a First Mortgage on a Lot that was recorded before the date on which the assessment sought to be enforced became delinquent; provided, that the

Association's lien shall be superior to the lien of a previously recorded Mortgage to the extent permitted by the Act. The lien of the Assessments shall be superior to and prior to any homestead or other exemption provided now or in the future by the laws of the State of Colorado or any present or future federal exemption law. The transfer of any Lot shall not affect the Association's lien except that sale or transfer of any Lot pursuant to foreclosure of any First Mortgage shall extinguish the Association's lien to the extent the lien of the First Mortgage has priority over the Association's lien. The amount of lien so extinguished may be reallocated and assessed to all Lots as a Common Expense at the direction of the Board. No sale or transfer shall relieve the purchaser or transferee of a Lot from liability for, or the Lot from the lien of, any Assessments made after the sale or transfer.

Section 11.13 Notice to Mortgagee. The Association may report to any Mortgagee any unpaid Assessments remaining unpaid for longer than 60 days after the same shall have become due, if such Mortgagee shall have furnished to the Association written notice of the Mortgage and a request for notice of unpaid Assessments. Any Mortgagee holding a lien on a Lot may pay any unpaid Assessment payable with respect to such Lot, together with interest, penalties and any costs and expenses, including reasonable attorneys' fees, incurred with respect to the unpaid Assessment.

Section 11.14 Statement of Status of Assessments. Within 14 calendar days after receiving a written request, delivered personally or by certified mail to the Association by any Owner or Owner's designee, or by any Mortgagee, the Association shall furnish to the requesting party or its designee a written statement setting forth the amount of unpaid Assessments currently levied against such Owner's Lot. Any such statement shall be binding on the Association and every Owner, except that an erroneous statement shall not be binding as between the Association and the Owner of the affected Lot as of the date of the statement. If no statement is furnished by the Association in accordance with the foregoing requirement, the Association shall have no right to enforce a lien upon the Lot for unpaid assessments that were due as of the date of the request.

ARTICLE 12 ASSOCIATION AS ATTORNEY-IN-FACT

Each Owner hereby irrevocably appoints the Association as the Owner's true and lawful attorney-in-fact to deal with any improvements covered by insurance written in the name of the Association pursuant to Article 9 upon their damage or destruction as provided in Article 13 or a complete or partial taking as provided in Article 14. Acceptance by a grantee of a deed or other instrument of conveyance from Declarant or any other Owner conveying any Lot shall constitute appointment of the Association as the grantee's attorney-in-fact, and 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 necessary to exercise the powers granted to the Association as attorney-in-fact.

ARTICLE 13 DAMAGE OR DESTRUCTION

Section 13.1 The Role of the Board. Except as provided in Section 13.5, in the event of damage to or destruction of all or part of any improvement on the Common Area, or other property covered by insurance written in the Association's name under Article 4, the Board shall arrange for and supervise the prompt repair and restoration of the damaged property (the property insured by the Association pursuant to Article 9 may be referred to as "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 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 this Article 13 shall mean restoring the damage 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 Board 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. Proceeds received by the Association from any hazard insurance carried by the Association shall be used to repair, replace, and reconstruct the Association-Insured Property. If said proceeds 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 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 and reconstruction.

Section 13.5 Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Association, with any amounts received from the Special Assessments provided for above, constitute a fund for 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 may be distributed to the Owners in proportion to the contributions

Each Owner made as Special Assessments, then in equal shares per Lot, first to the Mortgagees and then to the Owners, as their interests appear. In the alternative, the Association may retain such funds and credit them against future assessments payable by Owners.

ARTICLE 14 CONDEMNATION

Section 14.1 Rights of Owners. Whenever all or any part of the Common Area shall be taken by any authority having power of condemnation or eminent domain, or whenever all or any part of the Common Area is conveyed in lieu of a taking under threat of condemnation by the Board 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 in the best interests of the Owners in the proceedings incident to the condemnation proceeding, unless prohibited by law from doing so.

Section 14.2 Partial Condemnation; Distribution of Award; Reconstruction. Any award made for such a taking shall be payable to the Association, and the award shall be used or disbursed as follows:

A. If the taking involves a portion or portions of the Common Area on which improvements have been constructed, then, unless within 60 days after such taking Declarant (if the Development Rights Period has not expired) and Owners who represent at least 67% of all of the Owners shall otherwise agree, the Association shall restore or replace such improvements so that on the remaining Common Area to the extent space is reasonably available for such restoration or replacement in accordance with plans approved by the Board and the Architectural Review Committee. If such improvements are to be repaired or restored, the provisions in Article 13 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 Area, 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 Lot 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 common interest community created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Area shall be distributed as provided in Section 3.5 above.

ARTICLE 15 ARCHITECTURAL REVIEW COMMITTEE

Section 15.1 Approval Required. No building, house, barn, corral, outbuilding, shed, garage, house, pen, doghouse, pool, hot tub, spa, tennis court, porch, patio, gazebo, excavation,

landscaping, pit, cave, tunnel, bridge, dog run, fence, wall or any other structure of any kind shall be commenced, erected or maintained upon the Property, nor shall any exterior addition, change or alteration to any part of the Property be made, until satisfactory and complete plans and specifications showing the design, nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures, topography, and natural surroundings by the ARC appointed as provided in Section 15.2 below; provided, that improvements and alterations which are completely within a building may be undertaken without such approval. Approval by the ARC is in addition to and not in lieu of county and other building code requirements.

Section 15.2 - Committee. The ARC shall consist of three members who shall be designated by Declarant during the Declarant Control Period and thereafter shall be designated by the Board. Declarant's right to appoint the members of the ARC shall be limited by applicable provisions of the Act, and Declarant may delegate such power to the Board before the end of the Declarant Control Period. The ARC shall review and approve or reject proposed improvements upon the Property subject to these covenants and restrictions and as further set forth in the rules and regulations of the ARC, adopted as provided below.

Section 15.3 Rules - Architectural Guidelines. The ARC may make such rules and regulations as it deems appropriate to govern its proceedings. The ARC shall also adopt Architectural Guidelines setting forth, in reasonable detail, the design elements, material specifications, landscaping requirements and other matters deemed necessary for Lots and improvements in the Property. The rules and regulations and the Architectural Guidelines shall be collectively referred to as "Guidelines." These Guidelines may include submission requirements concerning the type of information, reports, plans and specifications and the like which need to be submitted with any application, site specific limitations or restrictions for each Lot, and may also include guidelines governing the development of each Lot. By way of illustration only and without requirement to do so, said rules and Guidelines may address and the ARC shall have the power and authority to regulate any and all of the following: application procedures and processing fees; charges by and outside professionals or other costs incident to evaluating any application, bonds in the form of cash deposit, letters of credit or otherwise regarding damage to the Property or other subdivision infrastructure and for revegetation and restoration of lands; color and materials, including, but not limited to, roofs, chimneys, siding, masonry and glazing; setbacks, height limitations, building profiles and driveway locations; construction staging, construction hours which may be controlled during certain times of the year, storage for construction materials, location of temporary construction facilities such as trailers, dumpsters and toilets; routing of utility extensions; drainage, grading and erosion control; landscape and vegetation, fencing, lighting, signage, and trails; concerns or objectives regarding maintenance of agricultural lands and preservation of wildlife; and privacy and visual characteristics. Such rules and Guidelines shall be adopted, amended or replaced by affirmative vote of a majority of the ARC, subject to further review by the Board.

Section 15.4 Expert Consultation. The ARC may avail itself of such technical and professional advise and consultants as it deems appropriate.

Section 15.5 Expenses. The ARC may charge a fee for each application submitted to it for review, to help defray the expenses of operations.

Section 15.6 Criteria. In passing upon the plans and specifications for any proposed improvement on the Property, the ARC shall consider the following:

A. Architectural and Engineering Services. Each Owner will hire competent design and engineering advisors to coordinate the plans and specifications and provide on-site job observation for the construction of each structure, or material addition, change or alteration. The plans and specifications shall include a construction schedule with an estimated date of completion for each major phase of construction. The ARC may require reasonable additional information in order to make decisions. The provisions of this subparagraph 15.6.A may be waived by the ARC, in its discretion, for minor work that an Owner wishes to perform.

B. General Objectives. The ARC shall attempt to ensure that no improvements impair the aesthetic and monetary values of the Property. The ARC shall consider the suitability of improvements (including landscaping and construction materials; the quality of materials utilized in any proposed improvement; the effect of any improvements on neighboring property; the location, character and method of utilization of all utility lines; the impact of any proposed improvement upon the natural surroundings; the timely and orderly completion of all such improvements. Without limiting the generality of the foregoing, the ARC shall have the right to establish any requirements with respect to the location of any improvements on the Lots, or to enforce any such restrictions set forth in the Plat for the Property or any deed by Declarant conveying a Lot to an Owner as necessary to preserve and protect the Property and as otherwise necessary or desirable in the reasonable discretion of the ARC.

C. Improvements Set-back Requirements. When traditional lots are developed, minimum side lot setbacks from structures to the lot line shall be 15 feet, with front and rear setbacks of 25 feet from the structure to the lot line.

Section 15.7 Contractor Suitability. The ARC may deny the choice by any Owner of any construction contractor for the construction of any building, house, barn, corral, outbuilding, shed, treehouse, pen, doghouse, pool, hot tub, spa, tennis court, porch, patio, gazebo, excavation, landscaping, pit, cave, tunnel, bridge, dog run, fence, wall or any other structure of any kind on any Lot. The grounds for such disapproval shall be limited to the following: (1) a reasonable belief that the contractor is not financially responsible; (2) non-conformance by the contractor with approved plans when previously undertaking construction work on a Lot; and (3) failure by the contractor to obtain or maintain appropriate licensing by the County. The ARC shall have no duty to investigate the financial responsibility of construction contractors or the performance by any contractor of construction work, and neither Declarant nor any Owner, contractor or other third party shall have any claim against the ARC or the Association by reason of the approval or disapproval of any contractor.

Section 15.8 Contractor Approval and Construction Inspection. Neither the Declarant nor any other Owner shall build any building, house, barn, corral, outbuilding, shed, treehouse, pen, doghouse, pool, hot tub, spa, tennis court, porch, patio, gazebo, excavation,

landscaping, pit, cave, tunnel, bridge, dog run, fence, wall, or any other structure of any kind on any Lot until Declarant or such other Owner has obtained any required building permit from the County or from any other governmental body having jurisdiction over construction within the Property and until the approved building permit and the construction contract shall have been submitted to the ARC for approval of contractor suitability as specified in Section 15.7.

Section 15.9 Utilities. The ARC must approve all Lot utility connections (and improvements thereon) prior to installation, subject to the criteria set forth elsewhere in Article 15.

Section 15.10 Restoration of Lots. Upon completion of any construction on any Lot, the Owner shall, to the extent reasonably possible, restore all portions of the Lot that will not be landscaped to the condition which existed prior to such construction (taking into account such construction). The Lot (including the improvements thereon) shall be in harmony with the surrounding unimproved property. If a certificate of occupancy is issued or actual occupancy of any Lot occurs prior to July 1 of any calendar year, the Owner must complete restoration prior to issuance of the certificate of occupancy or actual occupancy of the Lot, whichever is earlier. If a certificate of occupancy is issued or actual occupancy of the Lot occurs after July 1 of any given year, the Owner must complete the restoration of the Lot on or before July 1 of the following year. If restoration is not completed within the applicable time period, the Declarant (during the Declarant Control Period) or the Association shall have the right, but not the obligation, to complete said restoration at the expense of the Owner.

Section 15.11 Limitation of Liability. The ARC shall use reasonable judgment in accepting or denying plans and specifications submitted to it. Neither the ARC nor any of its individual members shall be liable to any person for any official act of the ARC in connection with submitted plans and specifications, except to the extent the ARC or any of its individual members acted with actual malice. Approval by the ARC does not assure approval by the appropriate governmental board or commission for the County. Notwithstanding that the ARC has approved plans and specifications, neither the ARC nor any member of the ARC shall be responsible for or liable to any Owner, developer or contractor with respect to any loss, liability, claim or expense which may arise by reason of such approval. Neither Declarant, nor any of its employees, agents or consultants shall be responsible in any way for any defects in any plans and specifications submitted, reviewed or approved in accordance with the provisions of this Article 15.

Section 15.12 Enforcement. Noncompliance with any provisions of this Article 15 shall, without limiting any other remedy which the Association or any other person or entity may possess, be grounds for injunctive relief, each Owner or other person constructing improvements upon the Property hereby waiving the posting of a bond upon entry of such injunction. All attorneys' fees and costs incurred by the Association or such other person or entity in a suit to enforce the terms of this Article shall, if the Association or such other person or entity prevails in such action, shall be recoverable from the losing party.

Section 15.13 Written Records. The ARC shall keep and safeguard complete and permanent written records of all approved applications, including one set of the finally approved construction plans, and of all actions of approval or disapproval and all other formal actions taken by it under the provisions of this instrument. The records of the ARC shall be maintained by the Association within Summit County, Colorado.

Section 15.14 Inspection and Compliance. The ARC shall have no duty or obligation to make inspections of any construction; however, nothing herein shall prevent the ARC from making inspections prior to or after completion. Upon the completion of any work for which approved plans and specifications are required, the Owner shall give written notice of completion to ARC. Within 30 days after receipt of such notice, the ARC may inspect the work to determine its compliance with the approved plans. If the ARC finds that the work was not done in compliance with the approved plans or any construction or change in natural conditions on any Lot was undertaken without first obtaining approval from the ARC, written notice shall be sent by the ARC to such Owner specifying the noncompliance and requiring the Owner to cure such noncompliance within 30 days or any extension thereof granted. If the Owner fails to cure the noncompliance or to enter into an agreement to cure same on a basis satisfactory to the ARC within such 30-day period or any extension thereof as may be granted, the ARC may, at its option, cause the noncomplying improvement to be removed or the noncompliance to be cured. Upon demand, the Owner shall reimburse the Association for all costs and expenses incurred by it in taking corrective action, plus all costs incurred in collecting amounts due, including reasonable attorneys' fees and costs and any amounts not paid may, without waiver of any other right or remedy, be collected as a Default Assessment. Notwithstanding any other provision hereof, the ARC shall not be responsible for: (a) determining that any construction or construction documents conform to applicable building codes, zoning or other land use regulations, (b) the accuracy or content of any construction documents or specifications prepared by any architect, engineer or any other person, (c) construction means, methods, techniques, sequences or procedures, safety precautions or subsequent loss, damage or failures due to soil or any other natural or man-made conditions that may exist, or (d) any failure to carry out any construction in accordance with plans or specifications.

ARTICLE 16 MORTGAGEES' RIGHTS

The following provisions are for the benefit of holders, insurers, or guarantors of First Mortgages to the extent applicable, necessary, or proper. The provisions of this Article 16 apply to this Declaration and also to the Articles and Bylaws of the Association.

Section 16.1 Approval Requirements. Without the prior written approval of the holders of First Mortgages on at least 51% of those Lots that are subject to Mortgages at the time of such approval (as well as the prior written approval of the Owners of at least 67% of all Lots, excluding Lots owned by Declarant), 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 Area (provided, however, that the granting of easements for public utilities or for other public purposes consistent with the intended use of such Common Area shall not be deemed a transfer within the meaning of this clause); and

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

Section 16.2 Right to Pay Taxes and Charges. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such Common Area, and Mortgagees making such payment shall be owed immediate reimbursement therefor from the Association.

ARTICLE 17 DURATION OF COVENANTS AND AMENDMENT

Section 17.1 Term. The covenants and restrictions of this Declaration shall run with and bind the Property until January 1, 2013, after which time they shall be automatically extended for successive periods of ten years each, subject to the following provisions.

Section 17.2 Amendment. This Declaration may be amended at any time by an instrument signed by Owners holding not less than 67% of the votes possible to be cast under this Declaration and signed by Declarant (during the Development Rights Period) and the holders of First Mortgages on at least 51% of those Lots that are subject to Mortgages at the time of such instrument is recorded. Any amendment must be executed by the President of the Association and recorded, and approval of such amendment shall 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 17.3 When Modifications Permitted. Notwithstanding the provisions of Section 17.2 above or Section 17.4 below, no termination, extension, modification, or amendment of this Declaration made prior to the end of the Development Rights Period shall be effective without the prior written approval of Declarant.

Section 17.4 Revocation. This Declaration shall not be revoked or terminated, except as provided in Article 14 regarding total condemnation, without the consent of all of the Owners evidenced by a written instrument duly recorded.

ARTICLE 18 RESTRICTION ON TIMESHARING

No Owner of any Lot shall offer or sell any interest in such Lot under a "timesharing" or "interval ownership" plan, or any similar plan without the specific prior written approval of the Association and, during the Development Rights Period, the prior written approval of Declarant.

ARTICLE 19 EXPANSION AND DEVELOPMENT RIGHTS

Section 19.1 Expansion Rights. Declarant expressly reserves the right during the Development Rights Period to subject all or any part of the Expansion Property to this Declaration. No notice to or consent of other Owners or Mortgagees shall be required for any such expansion, and Declarant may proceed with such expansion without limitation at its sole option.

Section 19.2 Development and Withdrawal Rights. Declarant expressly reserves the right to increase the number of Lots and the Common Area (the "Expansion Property Improvements") on all or any portion of the Expansion Property as further described in Section 19.1 herein. Declarant may exercise such rights for expansion on all or any portion of the Expansion Property in whatever order of development Declarant determines in its sole discretion. If all or any part of the Expansion Property is submitted to this Declaration, this right to reserve property for future development shall apply to such property as well. Declarant expressly reserves the right to withdraw from this Declaration all or any portion of the Expansion Property that may have been subjected to this Declaration by recording a document evidencing such withdrawal in the office of the Clerk and Recorder of the County; provided, however, that no portion of the Property may be withdrawn after a Lot in that portion of the Property has been conveyed to a Purchaser, or after the expiration of the Development Rights Period. Any land withdrawn from the Property shall be subject to whatever easements, if any, are reasonably necessary for access to or operation of the Property.

Section 19.3 Amendment of the Declaration. If Declarant elects to submit the Expansion Property, or any part thereof, to this Declaration, Declarant shall record an Amendment to the Declaration, which shall contain at a minimum the legal description of the Expansion Property, or a part thereof, or a description of the property on which the Lots and/or Common Area being submitted to this Declaration are located.

Section 19.4 Interpretation. Recording of amendments to the Declaration and any additional Plat in the office of the Clerk and Recorder of the County shall automatically:

A. Vest in each existing Lot Owner any additional rights or interest appurtenant to such Owner's Lot; and

B. Vest in each existing Mortgagee a perfected security interest in the additional rights or interest appurtenant to the encumbered Lot.

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. The Expansion Property, or any part hereof, shall be added to and become a part of the Property for all purposes. All conveyances of Lots after such expansion shall be effective to transfer rights in the Common Area as expanded, whether or not reference is made to any Amendment to the Declaration or the 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 19.5 Maximum Number of Lots. The maximum number of Lots in the Project shall not exceed 197 or, if less, the maximum number 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 Property beyond the number of Lots initially submitted to this Declaration. However, the maximum number of Lots permitted on the Property described on Exhibit A shall be 60 and the maximum number of Lots permitted on the Expansion Property shall be 137 unless approval for additional Units is obtained pursuant to the Summit County Land Use and Development Code.

Section 19.6 Construction Easement. Declarant expressly reserves the right to perform any work, repairs and construction work, and to store materials in secure areas, on the Lots and on the Common Area and the future right to control such work and repairs, and the right to access thereto, until its completion. All work may be performed by Declarant without the consent or approval of any Owner or Mortgagee. Declarant has such an easement through the Common Area as may be reasonably necessary for the purpose of discharging Declarant's obligations and exercising Declarant's reserved rights in this Declaration. Such easement includes the right to construct underground utility lines, pipes, wires, ducts, conduits, and other facilities across the land not designated as reserved for future development. Declarant's reserved construction easement includes the right to grant easements to public utility companies and to convey improvements within those easements anywhere in the Common Area not occupied by an improvement, if any.

Section 19.7 Reciprocal Easements. If all or part of the Expansion Property is not submitted to this Declaration, or if property is withdrawn from the Property ("Withdrawn Property"):

A. The Lot Owners 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;

B. Expansion Property Lot Owners 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; and

C. Declarant shall record in the office of the Clerk and Recorder of Summit County whatever documents are necessary to evidence such easements. 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 19.8 Sales Activities. Subject to any requirements imposed by the County, the right to maintain six sales offices, six management offices, up to 50 signs advertising the Property and up to 20 model residences on the Common Area and on Lots owned by Declarant, whether contained within the Property initially subject to this Declaration, or within the Expansion Property. The offices, model residences and signs will be of sizes and styles governed by the Design Guidelines and may be relocated by Declarant from time to time. At all times, the model residences and signs will remain the property of Declarant and may be removed from the Property by Declarant at any time during or promptly after the expiration of the Special Declarant Rights Period.

ARTICLE 20 PROTECTIVE COVENANTS

Section 20.1 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 or to be used during the period extending no later than (i) eighteen (18) months after commencement of construction or (ii) the date of substantial completion of said improvement, whichever is earlier. The placement, appearance and maintenance of such temporary structures may be subject to reasonable rules of the ARC governing such matters.

Section 20.2 Signs. Subject to Declarant's Development Rights described herein, 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 ARC 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 ARC.

Section 20.3 Water and Sewer. Dwellings constructed upon the Lots within the Property shall initially be served by the Snake River Sewer Authority and the East Dillon Water District, respectively. The location of such lines shall be subject to review and approval by the ARC as well as governmental agencies having jurisdiction over the Property.

Section 20.4 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, except that slash may be burned with the approval of the regulatory agency(ies) having jurisdiction to regulate such burning. No incinerators or other device for the burning of refuse indoors shall be constructed, installed or used except as approved by the 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 such Owner's Lot free of trash, refuse, noxious weeds or debris of any kind, whether such Lot is vacant or improved.

Section 20.5 Pets. Dogs, cats or customary household birds may be kept on the Property, not to exceed a total of four (4) household pets per Lot, with a maximum combination of three (3) dogs and cats per Lot. Owning, keeping or maintaining any dog upon a Lot requires that the Owner of such Lot either construct an ARC approved electric field/dog collar run or conventionally fenced dog run for such dog(s). No 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 the control of their owner when outside the Lot owned or occupied by the pets' owner.

Section 20.6 Landscaping. Subject to compliance with a landscaping plan approved by the ARC, all surface areas disturbed by construction shall be returned promptly 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 ARC; provided, that this 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 or Lot, as applicable.

Section 20.7 Trade Names. No word, name, symbol or combination thereof shall be used to identify for commercial purposes any structure, business, or service location on or conducted in connection with a Lot or the Property, unless the same shall have been first approved in writing by the ARC.

Section 20.8 Continuity of Construction. All structures commenced shall be prosecuted diligently to completion.

Section 20.9 Noxious or Offensive Activity. No noxious or offensive activity shall be conducted on any Lot, nor shall anything be done or placed on a Lot or the Property which is or may become a nuisance or cause embarrassment, disturbance or annoyance to others.

Section 20.10 Maintenance of Property. Every Lot (including the improvements thereon) shall be kept and maintained by the Owner thereof in a clean, safe, attractive and sightly condition and in good repair; and no lumber, grass, shrub, or tree clippings or plant waste, metals, bulk materials, scrap, refuse or trash shall be kept, stored or allowed to accumulate on any Lot.

Section 20.11 Annoying Lights, Sounds or Odors. No lights shall be emitted from any Lot which are unreasonably bright or cause unreasonable glare; no sound shall be emitted from any Lot which is unreasonably loud or annoying; and no odor shall be emitted from any Lot which is noxious or unreasonably offensive to other Owners.

Section 20.12 Fences. No fences or other barriers shall be permitted except with the written consent of the ARC. All approved fences to be erected by an Owner within a Lot shall be in harmony with the nature, setting and surroundings of the Property and the development on said Lot.

Section 20.13 Natural State. No hunting, target practice, discharge of firearms, or disturbance of the natural state of the Property, including the removal of living trees, plants, shrubs, bushes, sagebrush, grass or topsoil, is permitted without the consent in writing of the ARC, except as set forth in Section 20.6 herein.

Section 20.14 Restrictions on Use. No part or parcel of the Lots shall be used except for residential purposes and for purposes incidental or accessory thereto, except for sales and/or construction trailers and model homes used by Declarant or its assigns. Determination as to whether uses are incidental or accessory to single-family residential purposes shall be made by the ARC, but under no circumstances shall such incidental or accessory use be construed to permit the carrying on of any trade, business, profession or employment (other than a home occupation as may be permitted under applicable zoning codes), or use of the Lot for a boarding house.

Accessory and conditional uses shall be as defined for the R-4 zone in the Summit County Land Use and Development Code. Accessory apartments meeting all standards of the Development Code as currently approved and amended from time to time shall be considered conditional uses to be approved as required in the Development Code and by the Association.

Section 20.15 House Number. Each dwelling shall have a house number with a design and at a location established by the ARC.

Section 20.16 Completion of Construction. Any construction activity on any Lot in the Property shall be completed and fully cleaned up within eighteen (18) months from its commencement or a variance shall be obtained from the ARC to allow for a longer period of construction upon proof of due diligence.

Section 20.17 Fireplaces. Wood or coal burning fireplaces or stoves are prohibited on the Property. Natural gas fireplaces are permitted.

Section 20.18 Driveways. Driveway design, location of surfacing material and construction methods shall be approved by the ARC. The design and construction of driveways shall comply with Summit County standards and specifications governing driveways. All access driveways shall be constructed at the expense of the Owner whose Lot is served by that particular driveway. Owners shall remain responsible for the maintenance and repair of access driveways to their individual homesites. In the event all or any portion of driveways are used in common with other Lot Owners as shown on the Plat, an easement over and across the Lot where such driveway is located shall exist in favor of the Lot or Lots served by such driveway. The costs and expenses and the responsibility for plowing, maintaining and repairing any shared driveway shall be the equal responsibility of the Owners whose Lots are served by the driveway.

Section 20.19 Size. Single family residential structures on Lots shall be a minimum of 1500 square feet of living space for one-story units, and 1700 square feet of living space of multi-story units, exclusive of areas in basements, porches, decks, patios and garages.

Section 20.20 Modular Construction. The use of "manufactured", modular, or factory-built structures is strongly discouraged on the Property unless the ARC design standards are strictly complied with and a modular type appearance, in the sole discretion of the ARC, is avoided.

ARTICLE 21 GENERAL PROVISIONS

Section 21.1 Enforcement. Except as otherwise provided in this Declaration, the 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 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 Board the right, in addition to any other rights set forth therein, (a) to enter the Lot 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 ARC 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 21.2 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

Section 21.3 Rule Against Perpetuities. Notwithstanding anything in this Declaration to the contrary, the creation of any interest under this Declaration shall vest, if at all, within the period of time measured by the life of the survivor of the now living children of Prince Charles, Prince of Wales, plus 21 years.

Section 21.4 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 21.5 References to County Standards. Wherever in this Declaration there is a reference to County land use regulations, zoning, other County standards, any plats approved by the County 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 County standard, approval resolutions, plats or any other rule or law.

DECLARANT:

SLBG, LLC,

By _____

Title: _____

ATTEST:

By _____

Title: _____

STATE OF COLORADO)

)

COUNTY OF SUMMIT)

The foregoing instrument was acknowledged this ____ day of _____, 1998 by _____ as _____ and _____ as _____ of SLBG, LLC, a Colorado limited liability company.

Witness my hand and official seal.

My Commission expires: _____

Notary Public

EXHIBIT A
THE PROPERTY

EXHIBIT B
EXPANSION PROPERTY

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