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JOHN L. BRILL

DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS
OF
CINNAMON RIDGE III CONDOMINIUMS

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RECITALS

A. THIS DECLARATION is made by Cinnamon Ridge III, Ltd., a Colorado limited partnership, hereinafter referred to as the "Declarant."

B. Declarant is the owner of the real property situate in the County of Summit, State of Colorado which is described on Exhibit 1 attached hereto and incorporated herein by reference, hereinafter referred to as the "Property."

C. Declarant desires to establish a condominium project under the Condominium Ownership Act of the State of Colorado, C.R.S. §§ 38-33-101, et seq., as amended.

D. Declarant does hereby establish a plan for the separate fee simple ownership of real property estates consisting of the Units, as hereinafter defined, in the building improvements on the Property and the ownership by the individual and the separate owners thereof, as tenants in common, of all of the remaining portions of the Property, which is hereinafter defined and referred to as the General Common Elements.

E. NOW, THEREFORE, Declarant does hereby publish and declare that the following terms, covenants, conditions, easements, restrictions, uses, reservations, limitations, and obligations shall be deemed to run with the land encompassing the Property and shall be a burden and a benefit to Declarant, its grantees, successors, and assigns, and any person acquiring or owning an interest in the real property and improvements thereon which is subject to this Declaration, their grantees, successors, heirs, legal representatives, devisees, and assigns.

DECLARATION

1. Definitions. As used in this Declaration, unless the context otherwise requires, the terms hereinafter set forth shall have the following meanings:

1.1. "Articles" means the articles of incorporation of the Association.

1.2. "Association" means Cinnamon Ridge III Condominium Association, a Colorado nonprofit corporation, its successors and assigns, the Articles and Bylaws of which, as hereinafter defined, along with this Declaration, shall govern the administration of the Project; the members of which shall be all of the Owners.

1.3. "Board of Directors" or "Board" means the board of directors which is the governing body of the Association.

1.4. "Building" means one or more of the building improvements erected within the Project which contain Units.

1.5. "Bylaws" means the bylaws of the Association.

1.6. "Common Elements" means the General Common Elements other than the Limited Common Elements.

1.7. "Common Expenses" means and includes:

1.7(a) all sums lawfully assessed against the Owners by the Board, as hereinafter defined;

1.7(b) expenses of administration, maintenance, repair, or replacement of the General Common Elements, as hereinafter defined;

1.7(c) expenses declared Common Expenses by provisions of this Declaration or the Bylaws; and

1.7(d) expenses agreed upon as Common Expenses by a vote of the Owners representing an aggregate ownership interest of at least fifty-one percent of the General Common Elements.

1.8. "Condominium Unit" means the fee simple interest and title in and to a Unit, together with the undivided fee simple interest in the General Common Elements appurtenant to such Unit and all other rights and burdens created by this Declaration.

1.9. "Declarant" means Cinnamon Ridge III, Ltd. and such successor, successors, or assigns as may be designated hereafter by Declarant by recorded written notice of succession or assignment.

1.10. "Declaration" means the Declaration of Covenants, Conditions, and Restrictions of Cinnamon Ridge III Condominiums, as it may hereafter be amended or supplemented.

1.11. "General Common Elements" means all of the Project, as hereinafter defined, except the portions thereof which constitute Units, and also means all parts of a Building or any facilities, improvements and fixtures which may be within a Unit which are or may be necessary or convenient to the support, existence, use, occupation, operation, maintenance, repair or safety of a Building or any part thereof or any other Unit therein.

Without limiting the generality of the foregoing, the following shall constitute General Common Elements:

1.11(a) all of the land and easements which are part of the Property and all related facilities and recreational facilities and

building(s) which may be located on the Property;

1.11(b) all foundations, columns, girders, beams, and supports of a Building;

1.11(c) all deck or yard areas, porches, storage lockers or areas, balconies, patios, fireplaces, doors, windows, carports, and parking spaces (subject to specific designation for individual Owner use as Limited Common Elements, as hereinafter defined and provided);

1.11(d) the exterior walls of a Building, the main or bearing walls within a Building, the main or bearing subflooring, and the roofs of a Building;

1.11(e) all entrances, exits, vestibules, halls, corridors, lobbies, lounges, linen rooms, laundry rooms, locker rooms, shower and dressing rooms, kitchen facilities, exercise rooms, saunas, whirlpools, steam baths, stairs, stairways, elevators, and fire escapes, if any, not within any Unit;

1.11(f) all offices (except as otherwise provided herein); utility, service and maintenance rooms; common fixtures, apparatus, installations and central facilities for power, light, gas, telephone, television, hot water, cold water, heating, refrigeration, air conditioning, trash, incineration, or similar utility, service or maintenance purposes, including furnaces, tanks, pumps, motors, fans, compressors, flues, vents, similar fixtures, apparatus, installations, and facilities;

1.11(g) all other parts of the Project in common use which are necessary or convenient to its existence, maintenance, and safety; and

1.11(h) items labelled as General Common Elements or Limited Common Elements on the Map.

1.12. "Guest" means any agent, employee, tenant, guest, licensee or invitee of an Owner.

1.13. "Limited Common Elements" means those General Common Elements which are reserved for the use of certain Owners to the exclusion of the others pursuant to paragraph 5, including

but not limited to certain balconies, porches, patios, fireplaces, decks, carports, parking spaces, and storage lockers or areas.

1.14. "Managing Agent" means the Person employed by the Board to perform the management and operational functions of the Project.

1.15. "Mortgage" means and includes any mortgage, deed of trust, or other assignment or security instrument creating a lien on a Condominium Unit and "Mortgagee" means any grantee, beneficiary, or assignee of a Mortgage.

1.16. "Owner" means the Person or Persons, as hereinafter defined, owing a Unit in fee simple together with an undivided interest in fee simple in the General Common Elements in the percentage specified and established in this Declaration, including the Declarant so long as any Condominium Unit, as hereinafter defined, is owned by Declarant.

1.17. "Person" means an individual, corporation, partnership, combination, association, trustee, or any other legal entity.

1.18. "Project" means all of the Property, Condominium Units, Building(s), and improvements submitted to this Declaration.

1.19. "Unit" means an individual air space which is contained in an enclosed room or rooms occupying all or part of a floor or floors in a Building, as hereinafter defined. Each Unit is shown on the Map, as hereinafter defined, and is identified thereon with a number. The exact boundaries of a Unit are the interior unfinished surfaces of such walls, floors and ceilings which mark the perimeter boundaries thereof and where found along such walls, floors and ceilings, the interior surfaces of built-in fireplaces with their flues in their closed position, and windows and doors in their closed position; and the Unit includes both the portions of the Building so described, the air space so encompassed and together with all fixtures and improvements therein contained but not any General Common Elements which may be within a Unit.

2. Map. There has been filed for record in the County of Summit, Colorado, a condominium map, hereinafter referred to as the "Map," on April 10, 1991, at Reception No. 402038, depicting thereon:

2.1. The legal description of the Property and a survey thereof;

2.2. The name and general location of the Project;

2.3. The linear measurements and location, with reference to the exterior boundaries of said land, of the Building(s) and all improvements built on said land;

2.4. Floor plans and elevation plans of the Buildings showing the location, the designation and the linear dimensions of each Unit;

2.5. The elevations of the unfinished interior surfaces of the floors and ceilings as established from a datum plan, and the linear measurements showing the thickness of the perimeter and common walls of the Building.

The Map, and any supplement(s) thereto, shall contain, as may be appropriate, the statements of (i) the Declarant, submitting the Property to the provisions of this Declaration; and (ii) an engineer and a registered land surveyor certifying that the Map fully and accurately depicts the layout, measurements, and location of all of the Buildings and improvements, the Unit designations, the dimensions of such Units, and the elevations of the floors and ceilings.

Declarant hereby reserves unto itself and the Board, the right, from time to time, without the consent of any Owner being required, to amend the Map by recording supplement(s) thereto, to conform the Map to the actual location of any of the constructed improvements, to establish, vacate and relocate utility easements, access road easements and carports or parking spaces, and to establish certain General Common Elements as Limited Common Elements. Any General Common Element may be converted to a Limited Common Element in accordance with the foregoing as may be in the best interests if the Project, including parking spaces located beneath or on the exterior of any Building. Declarant's right to amend the Map, as hereinabove set forth, shall terminate upon the conveyance of all Units within the Project or December 31, 1999, whichever first occurs.

In interpreting any and all provisions of this Declaration or Bylaws, subsequent to deeds to and/or Mortgages of Condominium Units, the actual location of a Unit shall be deemed conclusively to be the property intended to be conveyed, reserved or encumbered, notwithstanding any minor deviations from the location of such Unit indicated on the Map.

3. Division Into Units. Declarant does hereby submit the Project to condominium ownership pursuant to the Colorado Condominium Act and the Project is hereby divided into 12 Condominium Units, each consisting of a separate fee simple estate in a particular Unit and an appurtenant undivided fee simple interest in the General Common Elements. The undivided interest in the General Common Elements appurtenant to a particular Unit is as is set forth on Exhibit 2 attached hereto and incorporated herein by reference.

4. Right to Combine and Subdivide Units. Declarant hereby reserves the right to physically combine the area or space of one Unit with the area or space of one or more adjoining Units; provided, however, that Declarant shall not exercise said right without the written consent of any Owner and first Mortgagee having an interest in said Units. Such combination shall be accomplished by the Declarant recording a supplement to this Declaration stating the Unit numbers of the Units that are being combined, the Unit number designation of the combined Unit, the interest of the Unit in the General Common Elements appurtenant to such Unit, and such other provisions consistent with the terms of this Declaration as may be necessary or appropriate. In the event of any such physical combining of Units to create a combined Unit, such combined Unit shall also include the combining of the fixtures and improvements and of the undivided interests in General Common Elements appurtenant to the Units so combined. Declarant hereby reserves the right to designate and convey to any purchaser of any such combined Unit, as additional Limited Common Elements appurtenant thereto, any walls, floors or the structural separations between the Units so combined, or any space which would be occupied by such structural separations but for the combination of such Units. With the written consent of any Owner or first Mortgagee having an interest in such Unit, any combined Units created in accordance with the foregoing may be resubdivided by Declarant into its original constituent parts by the recordation of a supplement to this Declaration withdrawing the prior supplement, in which event all matters shall be restored to their original status and all walls, floors or other structural separations of such space which became Limited Common Elements by virtue of the subdivision shall automatically become General Common Elements and shall no longer be Limited Common Elements.

The reserved rights in Declarant shall terminate upon the conveyance by Declarant of all of the Condominium Units within the Project or December 31, 1999, whichever event first occurs.

5. Limited Common Elements. Subject to the definition thereof, the Limited Common Elements shall be identified herein or on the Map or supplement(s) thereto and designated as appurtenant to a particular Condominium Unit herein or on the Map or supplement(s) or in a deed from the Declarant. Any door, window, balcony, porch, patio, deck, storage area or fireplace which is immediately accessible only from, and is associated with and/or which adjoin(s) a Unit and decks, carports, parking spaces, and storage lockers or areas identified as Limited Common Elements on the Map or supplement(s) thereto and designated as appurtenant to a particular Condominium Unit, shall, without further reference thereto, be a Limited Common Element appurtenant to and used in connection with the Unit to which it is appurtenant to the exclusion of the use thereof by the other Owners, except by invitation. Without limiting the foregoing, storage spaces, if any, indicated on the Map as "Owners Storage" shall be a Limited Common Element appurtenant to the Unit for which they are designated.

6. Inseparability of a Condominium Unit. An Owner's undivided interest in the General Common Elements and in any appurtenant Limited Common Elements shall not be separated from the Unit to which they are appurtenant and shall be deemed to be conveyed or encumbered with the Unit even though the interest is not expressly mentioned or described in a deed or other instrument.

7. Description of Condominium Unit.

7.1. Prior to Recordation of Declaration. Every contract for the sale of a Condominium Unit written prior to the filing for record of the Map and this Declaration may legally describe a Condominium Unit by its identifying Condominium Unit and Building designation followed by the words "Cinnamon Ridge III Condominiums," with further reference to the Map to be filed for record and this Declaration to be recorded and with further reference to the parking space(s), if any, appurtenant to such Condominium Unit. Upon recordation of the Map and this Declaration in the records of the Clerk and Recorder of the County of Summit, Colorado, such description shall be conclusively presumed to relate to the therein described Condominium Units.

7.2. Subsequent to Recordation of Declaration. Every deed, lease, Mortgage, will or other instrument shall legally describe a Condominium Unit by its identifying Condominium Unit number and Building designation, if any, followed by the words "Cinnamon Ridge III Condominiums, in accordance with and subject to the Declaration of Covenants, Conditions, and Restrictions of Cinnamon Ridge III Condominiums recorded on the 10th day of April, 1991, at Reception No. 402037, and Map recorded on the 10th day of April, 1991, at Reception No. 402038, County of Summit, Colorado records." Every such description shall be good and sufficient for all purposes to sell, convey, transfer, encumber, or otherwise affect not only the Unit, but also an undivided interest in the General Common Elements and the right to the use of the Limited Common Elements appurtenant thereto. Each such description shall be construed to include: a non-exclusive easement for ingress and egress throughout and for use of General Common Elements which are not Limited Common Elements; the right to the exclusive use of the appurtenant Limited Common Elements; and the other easements, obligations, limitations, rights, encumbrances, covenants, conditions, and restrictions created in this Declaration. The undivided fee simple interest in the General Common Elements appurtenant to any Condominium Unit shall be deemed conveyed or encumbered with that Condominium Unit, even though the legal description in the instrument conveying or encumbering said Condominium Unit may only refer to the title to that Condominium Unit.

7.3. Reference to Condominium Documents. The reference to the Map and Declaration in an instrument shall be deemed to include any supplement(s) or amendment(s) to the Map or Declaration, without specific reference(s) thereto.

8. No Partition. The General Common Elements shall remain undivided, and no Owner or any other Person shall bring any action for partition or division of the General Common Elements. Similarly, no action shall be brought for the physical partition of a Unit or a Condominium Unit between or among the Owners thereof. Each Owner hereby expressly waives any and all such rights of partition he may have by virtue of his ownership of a Condominium Unit. Notwithstanding the foregoing, nothing contained herein shall preclude a judicially ordered sale of the entirety of a Condominium Unit in lieu of physical partition.

9. Separate Taxation. Each Condominium Unit shall be deemed to be a parcel and shall be subject to separate assessment and taxation by each assessing unit and special district for all types of taxes authorized by law, including ad valorem levies and special assessments. Neither the Buildings, the Property, nor any use of the General Common Elements shall be deemed to be a parcel. The lien for taxes assessed to any Condominium Unit shall be confined to that Condominium Unit. No forfeiture or sale of any Condominium Unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Condominium Unit. In the event that such taxes or assessments for any year are not separately assessed to each Owner, but rather are assessed on the Property as a whole, then each Owner shall pay his proportionate share thereof in accordance with his ownership interest in the General Common Elements, and, in said event, such taxes or assessments shall be a Common Expense. Without limiting the authority of the Board provided for elsewhere herein, the Board shall have the authority to collect from the Owners their proportionate share of taxes or assessments for any year in which taxes are assessed on the Property as a whole.

10. Title. A Condominium Unit may be held and owned by more than one person in any real property tenancy relationship recognized under the laws of the State of Colorado.

11. Certain Work Prohibited. No Owner shall undertake any work in his Unit which would jeopardize the soundness or safety of the Project, reduce the value thereof or impair an easement or hereditament thereon or thereto, nor shall any Owner enclose, by means of screening or otherwise, any balcony, yard, deck, patio or porch which is accessible from, associated with and which adjoins a Unit, without having first obtained the prior written approval of the Board (which approval may be withheld for any reason) for such enclosure and with respect to the materials, plans and specifications for such enclosure. Structural alterations shall not be made by an Owner to the exterior portions of his Unit or to the Buildings or in the water, gas or steam pipes, electric conduits, plumbing or other fixtures connected therewith, nor shall an Owner remove any additions, improvements or fixtures from the Buildings without the prior written approval of the Board (which approval may be withheld for any reason) first having been obtained.

12. Liens Against Condominium Units--Removal From Lien--Effect of Part Payment.

12.1. Property To Which Lien Attaches. No labor performed or materials furnished with the consent or at the request of an Owner of a particular Condominium Unit, or his agent, shall be the basis for the filing of a lien pursuant to law against the Condominium Unit or other property of another Owner not expressly consenting to or requesting the same, except that express consent shall be deemed to be given by the Owner of any Condominium Unit to the Managing Agent or the Board in the case of emergency repairs. Labor performed or materials furnished for the General Common Elements, if duly authorized by the Managing Agent or the Board of Directors in accordance with the Declaration or Bylaws, shall be deemed to be performed or furnished with the express consent of each Owner and, subject to subparagraph 12.2, shall be the basis for the filing of a lien pursuant to law against each of the Condominium Units in the Project.

12.2. Removal of Lien. In the event a lien is effected against two or more Condominium Units, the Owners of the separate Condominium Units may remove their Condominium Units from said lien by payment of the fractional or proportional amount attributable to each of the Condominium Units affected. Individual payments shall be computed by reference to the percentages appearing in this Declaration. Subsequent to payment, discharge or other satisfaction, the Condominium Unit shall be released from the lien paid, satisfied or discharged. Partial payment, satisfaction or discharge shall not prevent the lienor from proceeding to enforce his rights against any Condominium Unit not so released or discharged.

12.3. Indemnity. Each Owner shall indemnify and hold each of the other Owners harmless from and against liability or loss arising from the claim of any lien against the Condominium Unit of the indemnified Owner, or any part thereof, for labor performed or for materials furnished in work on the indemnifying Owner's Condominium Unit or arising from such indemnifying Owner's failure to pay its share of expenses of work performed or materials supplied upon the General Common Elements. At the written request of any Owner, the Association shall enforce such indemnity by collecting from the indemnifying Owner the amount necessary to discharge any such lien upon the indemnified Owner's Unit and all costs incidental thereto, including reasonable attorney fees. Such amounts shall be deemed to be an assessment for Common Expenses and, if not promptly paid, the Association may proceed to collect the same in the manner provided herein for collection of assessments for the purpose of discharging the lien.

13. Use and Occupancy of Units. Each Owner shall be entitled to the exclusive ownership and possession of his Unit. Each Unit shall be used for residential purposes only, and no Unit shall be occupied for living or sleeping purposes by more persons than it was designed to accommodate safely. No Unit shall be used

at any time for any business or commercial activity, except as follows: (i) the Owner thereof may lease or rent such Unit for private residential or living purposes; (ii) Declarant or its nominee or agents may use any Unit(s) as a model or sales unit until all Condominium Units owned by Declarant are conveyed by Declarant; and (iii) the Association shall have the right, but not the obligation, to purchase, own, or lease any Condominium Unit for a manager's, building superintendent's, or engineer's residence or office, and the Association may also maintain offices within the General Common Elements.

14. Use of General and Limited Common Elements.

14.1. General Common Elements. Each Owner may use the General Common Elements and his appurtenant Limited Common Elements in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other Owners. The Association and/or the Board may from time to time adopt rules and regulations governing the use of the Common and Limited Common Elements, but such rules and regulations shall be uniform and nondiscriminatory. The Association and/or the Board may also from time to time adopt and enforce uniform and non-discriminatory rules and regulations regulating window coverings, displays, and other uses of or matters within a Unit which are visible from outside of the Unit or which cause noise or vibration to penetrate other Units or the Common Elements. Each Owner, by the acceptance of his deed or other instrument of conveyance or assignment, agrees to accept and be bound by any such adopted rules and regulations.

14.2. Owner's Rights in Limited Common Elements: Subject to the other provisions of this Declaration, each Owner, his family and Guests, shall have an exclusive right to use and enjoy the Limited Common Elements designated herein, in the Map or any supplement, or in the initial deed from Declarant as appurtenant to the Condominium Unit owned by such Owner.

15. Various Rights and Easements.

15.1. Association Rights: The Association, the Board and the Managing Agent shall have a nonexclusive right and easement to make such use of and to enter into or upon the General Common Elements, the Limited Common Elements, and the Units as may be necessary or appropriate for the performance of the duties and functions which they are obligated or permitted to perform under this Declaration.

15.2. Owner's Easements for Access, Support and Utilities: Each Owner shall have a nonexclusive easement for access between his Unit and the roads and streets adjacent to the Project and the roads, streets and driveways in the Project, over and on the halls, corridors, stairs, walks, bridges and exterior access and other easements which are part of the General Common Elements. Each Owner shall have a nonexclusive easement in, on

and over the General Common Elements, including the General Common Elements within the Unit of another Owner, for horizontal and lateral support of the Unit which is part of his Condominium Unit, for utility service to that Unit, including but not limited to, water, sewer, gas, electricity, telephone, and television service and for the release of smoke, arising from any fireplace within a Unit, through the flue leading therefrom.

15.3. Easements for Encroachments. If any part of the General Common Elements encroaches or shall hereafter encroach upon a Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Unit encroaches or shall hereafter encroach upon the General Common Elements, or upon another Unit, the Owner of that Unit shall and does have an easement for such encroachment and for the maintenance of same. Such encroachments shall not be considered to be encumbrances either on the General Common Elements or on a Condominium Unit for purposes of marketability of title or otherwise. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of the Buildings; by error in the Map; by settling, rising or shifting of the earth; or by changes in position caused by repair or reconstruction of the Project or any part thereof.

15.4. Easements in Units for Repair, Maintenance, and Emergencies: Some of the General Common Elements are or may be located within a Unit or may be conveniently accessible only through a particular Unit. The Association, Board, and Managing Agent and each Owner shall have an easement, which may be exercised for any Owner by the Association, the Board, or the Managing Agent, as its agent, for access through each Unit and to all General Common Elements, from time to time, during such reasonable hours as may be necessary for the maintenance, repair, or replacement of any of the General Common Elements located therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the General Common Elements located therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the General Common Elements or to another Unit, or for making repairs or replacements pursuant to Paragraph 16 hereafter. Damage to the interior or any part of a Unit resulting from the maintenance, repair, emergency repair, or replacement of any of the General Common Elements, or as a result of emergency repairs to or within another Unit, at the instance of the Association, the Board, or the Managing Agent, shall be a Common Expense of all of the Owners. No diminution or abatement of Common Expense assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements or from action taken to comply with any law, ordinance, or order of any governmental authority. Restoration of the damaged improvements shall be substantially the same as the condition in which they existed prior to the damage. Notwithstanding the foregoing, if any such damage is the result of the carelessness or negligence of any Owner, or is the result of a default of such Owner under the terms of paragraph 16, then such

Owner shall be solely responsible for the costs and expenses of repairing such damage.

15.5. Emergency Easement. A nonexclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance and other similar emergency agencies or persons, now or hereafter servicing the Project, to enter upon all streets, roads and driveways located in the Project, and upon the Property, in the performance of their duties.

15.6. Easements Deemed Appurtenant. The easements, uses and rights herein created for an Owner shall be appurtenant to the Condominium Unit of that Owner and all conveyances of and other instruments affecting title to a Condominium Unit shall be deemed to grant and reserve the easements, uses and rights as are provided for herein, even though no specific reference to such easements, uses and rights appears in any such conveyance.

16. Owner's Maintenance Responsibility. For purposes of maintenance, repair, alteration, and remodeling, an Owner shall be deemed to own and shall have the right and obligation to maintain, repair, alter and remodel the interior nonsupporting walls, the materials (such as, but not limited to, plaster, gypsum dry wall, paneling, wallpaper, paint, wall and floor tile, and flooring, but not including the sub-flooring) making up the finished surfaces of the perimeter walls, ceilings, and floors within the Unit and the Unit's doors and windows, and any and all new additions to a Unit made by the Owner thereof, including, without limitation, any new fence or other structure enclosing a patio, balcony, or deck area. The obligation to maintain any fence or other structure enclosing a patio, balcony or deck area originally conveyed by Declarant shall be that of the Association. No Owner shall, however, make any changes or alterations of any type or kind to the exterior surfaces of the doors or windows to his Unit nor to any General Common Elements, including, but not limited to, the exterior pipes, wires, conduits, or systems (which for brevity are hereafter referred to as "utilities") running through his Unit which serve one or more other Units, except as authorized in writing by the Association or Board. Each Owner shall have the obligation to replace any finishing or other materials removed with similar quality types or kinds of materials. An Owner shall maintain and keep in good repair and in a clean, safe, attractive, and slightly condition the interior of his Unit, including the fixtures, doors, and windows thereof and the improvements affixed thereto, and such other items and areas as may be required in the Bylaws. Also, an Owner shall maintain, clean and keep in a neat and clean condition the fireplace within his Unit, the deck, porch, balcony and/or patio area adjoining and/or leading to a Unit, if any, and all Limited Common Elements appurtenant to such Owner's Condominium Unit. All fixtures, appliances, and equipment installed within a Unit commencing at a point where the utilities enter the Unit shall be maintained and kept in repair by the Owner of such Unit. If any Owner fails to

carry out or neglects the responsibilities set forth in this paragraph, the Board or the Managing Agent may fulfill the same and charge such Owner therefor, all of which amounts shall be recoverable from such Owner in the same manner as unpaid assessments. Any expense incurred by an Owner under this paragraph shall be the sole expense of said Owner.

17. Compliance with Provisions of Declaration, Articles, and Bylaws of the Association. Each Owner shall comply strictly with, and shall cause each of his Guests to comply strictly with, all of the provisions of this Declaration and the Articles and Bylaws, and the decisions, rules, regulations and resolutions of the Association or the Board adopted pursuant thereto, as the same may be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due and for damages or injunctive relief or both, along with costs of suit and reasonable attorney fees, maintainable by the Managing Agent or Board of Directors in the name of the Association on behalf of the Owners, or, in a proper case, by an aggrieved Owner.

18. Cinnamon Ridge III Condominium Association, Inc.

18.1. General Purposes and Powers: The Association, through the Board or the Managing Agent, shall perform functions and hold and manage property as provided in this Declaration so as to further the interests of Owners of Condominium Units in the Project. It shall have all powers necessary or desirable to effectuate such purposes, including without limitation all powers specifically granted herein, the Articles of Incorporation, or the Bylaws.

18.2. Membership: The Owner of a Condominium Unit shall automatically become a member of the Association. Said membership is appurtenant to the Condominium Unit of said Owner and the ownership of the membership for a Condominium Unit shall automatically pass with fee simple title to the Condominium Unit. Each Owner shall automatically be entitled to the benefits and subject to the burdens relating to the membership for his Condominium Unit. If the fee simple title to a Condominium Unit is held by more than one Person, each Owner of a Condominium Unit shall be a member of the Association, however, the Owner or Owners of each Condominium Unit shall be entitled to votes or fractional vote equal to the interest in the General Common Elements for each such Condominium Unit owned by said Owner or Owners, which vote(s) shall be exercised in accordance with the Bylaws of the Association. Memberships in the Association shall be limited to Owners of Condominium Units in the Project.

18.3. Board of Directors: The affairs of the Association shall be managed by a Board of Directors which may by resolution delegate any portion of its authority to an executive committee, or to a director or Managing Agent for the Association. There shall be not less than three nor more than five members of

the Board of Directors, the specific number to be set forth from time to time in the Bylaws, all of whom shall be Owners elected by Owners or partners, agents, or delegates of the Declarant. Regardless of the number of members of the Board of Directors, the terms of at least one-third of such Board shall expire annually. Until Declarant has conveyed 75 percent of the Condominium Units in the Project or until December 31, 1999, whichever event shall first occur, the members of the Board of Directors shall be appointed by Declarant, its successors or assigns at its discretion. Upon consummation of the sale of 75 percent of the Units to Owners, or by December 31, 1999, whichever event shall first occur, an election shall be conducted to elect the directors of the Association.

18.4. Bylaws and Articles: The purposes, organization, and powers of the Association and the rights and obligations with respect to Owners set forth in this Declaration may and shall be amplified by provisions of the Articles and Bylaws of the Association.

19. Certain Rights and Obligations of the Association.

19.1. Association as Attorney-in-Fact for Owners: The Association is hereby irrevocably appointed attorney-in-fact for the Owners, and each of them, to manage, control and deal with the interest of each Owner in the General Common Elements so as to permit the Association to fulfill all of its duties and obligations hereunder and to exercise all of its rights hereunder, to deal with the Project upon its destruction or obsolescence as hereinafter provided, and to grant or realign utility or other easements through any portion of the General Common Elements. The acceptance by any Person of any interest in any Condominium Unit shall constitute an appointment of the Association as attorney-in-fact as provided above and hereinafter. The Association is hereby granted all of the powers necessary to govern, manage, maintain, repair, rebuild, administer, and regulate the Project and to perform all of the duties required of it. Notwithstanding the above, but subject to the provisions of Paragraphs 8, 29, 30 and 31 hereof, unless at least two-thirds of the first Mortgagees of Condominium Units (based upon one vote for each first Mortgage owned) or at least two-thirds of the Owners (excluding Declarant) have given their prior written approval, the Association shall not be empowered or entitled to:

19.1(a) by act or omission, seek to abandon or terminate the Project;

19.1(b) change the pro rata interest or obligations of any individual Condominium Unit for the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards;

19.1(c) partition or subdivide any Condominium Unit;

19.1(d) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer (excluding the granting of easements for public utilities or other purposes consistent with the intended use of the General Common Elements) the Common or Limited Common Elements;

19.1(e) use hazard insurance proceeds for loss to the Project (whether Units or General Common Elements) for other than repair, replacement, or reconstruction thereof; and

19.1(f) effectuate any decision to terminate professional management and assume self-management of the Project.

19.2. General Common Elements: The Association shall provide for the care, operation, management, maintenance, repair, and replacement of the General Common Elements, except as is provided for in Paragraph 16 herein. Without limiting the generality of the foregoing, said obligations shall include the keeping of such General Common Elements in good, clean, attractive and sanitary condition, order, and repair; removing snow and any other materials from such General Common Elements which might impair access to the Project or the Units; keeping the Project safe, attractive and desirable; and making necessary or desirable alterations, additions, betterments or improvements to or on the General Common Elements.

19.3. Other Association Functions: The Association may undertake any activity, function or service for the benefit of or to further the interests of all, some or any Owners on a self-supporting, special assessment or common assessment basis. Such activities, functions or services may include the providing of police or similar security services, the providing of garbage and trash collection services, the providing of firewood, and the providing of maid and cleaning service for individual Units.

19.4. Labor and Services: The Association: (i) may obtain and pay for the services of a Managing Agent to manage its affairs, or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall determine to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any Person with whom or which it contracts; (ii) may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration; and (iii) may arrange with others to furnish lighting, heating, water, trash collection, sewer service, and other common services.

19.5. Property of Association: The Association may pay for, acquire and hold or lease real property (for the purpose set forth in Paragraph 13 herein) and tangible and intangible personal property and may dispose of the same by sale or otherwise. Subject to the rules and regulations of the Association, each Owner and each Owner's family and Guests may use such

property. Upon termination of condominium ownership of the Project and dissolution of the Association, if ever, the beneficial interest in any such property shall be deemed to be owned by the then Owners as tenants in common in the same proportion as their respective interests in the General Common Elements. A transfer of a Condominium Unit shall transfer to the transferee ownership of the transferor's beneficial interest in such property without any reference thereto. Each Owner may use such property in accordance with the purposes for which it is intended, without hindering or encroaching upon the lawful rights of the other Owners. The transfer of title to a Condominium Unit under foreclosure shall entitle the purchaser to the beneficial interest in such property associated with the foreclosed Condominium Unit.

19.6. Association Right to Lease and License General Common Elements: The Association shall have the right to lease or license or permit the use of, by less than all Owners or by non-owners, on either a short-term basis or long-term basis and with or without charge as the Association may deem desirable, any portion of the General Common Elements or any Condominium Unit owned by the Association (which Condominium Unit may be purchased from the Declarant as provided in Paragraph 13 hereinabove). The rights granted to the Association in this subparagraph shall only be used in the promotion of the collective best interests of the Owners. Further, the Association shall have the right to grant utility and other easements under, through or over the General Common Elements which are reasonably necessary to the ongoing development and operation of the Project or are in the collective best interest of the Owners.

19.7. Mortgagee Notification: The Association shall notify each first Mortgagee who has filed a written request with the Association of any proposed material amendment of the Association's Articles or Bylaws at least ten (10) days prior to the effective date of such amendment or change. Further, upon the written request of any first Mortgagee, such first Mortgagee shall be entitled to receive the most recent annual financial statement of the Association and written notice of all meetings of the Association and such first Mortgagee shall have the right to designate a representative to attend any such meeting.

19.8. Enforcement by Association: The Board may suspend any Owner's voting rights in the Association or the right of an Owner to use the recreational facilities and other General Common Elements of the Project during any period or period during which such Owner fails to comply with the Association's decisions, resolutions, rules and regulations, or with any other obligations of such Owner under this Declaration. The Association may also take judicial action against any Owner to enforce compliance with such rules, regulations or other obligations herein or in the Bylaws contained or to obtain damages for noncompliance thereof, all to the extent permitted by law. If such action for injunctive relief or recovery of sums due is maintained by the Association's

Board of Directors or Managing Agent in the name of the Association on behalf of the Owners, or, in a proper case, by an aggrieved Owner, then the breaching or defaulting Owner shall be liable for costs and attorney fees incurred.

19.9. Certificate: The Board of Directors may, from time to time, record a certificate of the identity and the mailing addresses of the persons then comprising the Board of Directors, together with the identity and address of the Managing Agent, if any there be. Such certificate shall be conclusive evidence thereof in favor of any Person relying thereon in good faith regardless of the time elapsed since the date thereof.

19.10. Implied Rights: The Association shall have and may exercise any right or privilege given to it expressly by this Declaration or the Articles or Bylaws, or reasonably to be implied from the provisions of said documents, or given or implied by law, or which may be necessary or desirable to fulfill its duties, obligations, rights, or privileges.

20. Assessment for Common Expenses.

20.1. Generally. All Owners, except Declarant, shall be obligated to pay the estimated assessments imposed by the Board of Directors to meet the Common Expenses from and after the conveyance of the first Condominium Unit to such Condominium Unit's original purchaser. The assessments shall be made pro rata according to each Owner's interest in and to the General Common Elements. Declarant shall have no obligation to pay the estimated Common Expense assessment or special assessments on Condominium Units owned by Declarant, but Declarant agrees to pay to the Association a sum equal to the difference between the monthly cost of operating and maintaining the General Common Elements, exclusive of reserves, and the amount of funds payable by the other Owners to the Association. This obligation of Declarant to subsidize the operations of the Association shall terminate when Declarant relinquishes its right to appoint the Association's Board or December 31, 1999, whichever event first occurs. Subsequent to the occurrence of either of the aforesaid events, Declarant shall be obligated as any other Owner in reference to Condominium Units then owned by Declarant to pay the estimated Common Expense assessments imposed by the Board to meet the Common Expenses.

Assessments for the estimated Common Expenses shall be due monthly, in advance, on the first day of each month. Contributions for monthly assessments shall be prorated if the ownership of a Condominium Unit commences on a day other than the first day of a month. The Managing Agent or Board of Directors shall prepare and deliver or mail to each Owner an itemized annual budget showing the various estimated or actual expenses for which the assessments are made. The assessments made for Common Expenses shall be based upon the requirements deemed to be such aggregate sum as the Board of Directors shall from time to time

determine is to be paid or accrued to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the General Common Elements, which sum may include, among other things: expenses of management; taxes and special assessments, until separately assessed; premiums for insurance of the types and kinds provided for in Paragraph 27 hereafter; landscaping and care of grounds; common lighting and heating; repairs and renovations; trash collections; management fees and wages; water and sewer charges; legal and accounting fees; capital expenditures made by the Board not exceeding \$50,000.00 in any one calendar year (unless a greater amount is approved by Owners owning a majority interest in the General Common Elements); expenses and liabilities incurred by the Managing Agent or Board of Directors under or by reason of this Declaration; deficits remaining from a previous period; and other costs and expenses relating to the General Common Elements. Further, it shall be mandatory for the Board to establish and segregate, out of such monthly assessments, a contingency or reserve fund for the repair, replacement, and maintenance of those General Common Elements that must be replaced periodically.

The omission or failure of the Board of Directors to fix the assessment for any month shall not be deemed a waiver, modification, or a release of the Owners from their obligation to pay same. At the end of any calendar year, the Board of Directors may, but shall not be required to, refund to each Owner his proportionate share of funds then held by the Association which are not deemed to be necessary to meet the Common Expenses. Each Owner shall be obligated to pay all charges for any separately metered utilities serving his Unit. All utilities that are master metered shall be a Common Expense hereunder.

20.2. Special Assessments. The Board of Directors shall have the right during any calendar year to levy and assess against all of the Owners one or more special assessments for such purpose or purposes, in accordance with this Declaration, the Articles, or Bylaws, as may be necessary to keep the Project as a first class residential property. Such special assessment shall be borne by the Owners in accordance with each Owner's interest in the General Common Elements and shall be due and payable as determined by the Board of Directors.

20.3. Inspection of Books and Records. Any Owner or first Mortgagee may, pursuant to C.R.S. §38-33-107, as amended, inspect the Association's records of receipts and expenditures at any reasonable time during convenient weekday business hours, and, upon 10 days' notice to the Board of Directors or Managing Agent, if any, and upon payment of a reasonable fee, not to exceed \$50.00, any Owner or first Mortgagee of such Owner shall be furnished a statement of account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

20.4. Termination of Services for Nonpayment. Each Owner hereby agrees that the Association may, at any time

when the assessments for each Owner's Condominium Unit remain unpaid for longer than 60 days, terminate any and all utilities and/or other services provided to the Unit by or through the Association including, but not limited to, water, sewer, natural gas, cable television, firewood, or other services. Additionally, the Association may terminate the right of the delinquent Owner and Guests of such Owner to utilize the Common Elements until the delinquent amounts have been paid in full.

21. Initial Working Capital Assessment. The Association may require an Owner, other than Declarant, to deposit with the Association an amount not exceeding three times the amount of the original estimated monthly common assessment, which sum shall be held by the Association as a reserve to be used for paying such Owner's monthly common assessment and for initial working capital. Such an advance payment shall not relieve an Owner from making the regular monthly payment of the monthly common assessment as the same comes due. Interest upon any unused portion of such assessment shall accrue to the benefit of the Association. Upon the transfer of his Condominium Unit, an Owner shall be entitled to a credit from his transferee for the amount of such assessment.

22. Additions, Alterations, and Improvements--General and Limited Common Elements. There shall be no special assessments in excess of \$50,000.00 levied by the Board of Directors in any one calendar year, nor any capital additions, alterations or improvements, of or to the General or Limited Common Elements by the Association requiring expenditure(s) in excess of \$50,000.00 in any one calendar year, without, in each case, prior approval by the Owners owning a majority interest in the General Common Elements, except in the event of an emergency. The limitations set forth above shall not apply to any expenditures made by the Association for maintenance and repair of the General Common Elements as set forth in Paragraph 19 hereof, or for repair in the event of damage, destruction or condemnation as provided in Paragraphs 29 and 30 hereof.

23. Lien for Nonpayment of Common Expenses.

23.1. Generally. All sums assessed by the Board pursuant to any provision of this Declaration, including, without limitation, the share of Common Expenses chargeable to any Condominium Unit, shall constitute a lien on such Condominium Unit superior (prior) to all other liens and encumbrances, excepting only:

23.1.(a) Tax and special assessment liens on the Condominium Unit in favor of any governmental assessing unit, and

23.1.(b) All sums unpaid on a first Mortgage, including all unpaid obligatory sums as may be provided by such encumbrance. As used in this Declaration, "first Mortgage" shall

mean a Mortgage of record in the Office of the Summit County Clerk and Recorder which, at the time of the first assessment of the amounts (or any portion thereof) for which a lien is claimed by the Association, constituted a first and paramount Mortgage lien upon the entirety of the subject Condominium Unit under the laws of the State of Colorado. No Mortgage which was, at any time, junior in priority to any other Mortgage on a Unit shall ever be considered a first Mortgage as that term is used in this paragraph with respect to amounts which accrued during the period that such Mortgage was not a first lien.

23.2. Interest and Late Charge. If any assessment shall remain unpaid after 20 days after the due date thereof, such unpaid sums shall bear interest from and after the due date thereof at the rate of 18 percent per annum and the Board of Directors may impose a late charge on such defaulting Owner in an amount not exceeding \$25.00 to cover the extra cost and expenses involved in handling such delinquent assessments.

23.3. Statement of Lien; Foreclosure. To evidence such lien the Board of Directors shall prepare a written notice setting forth the amount of such unpaid indebtedness, the name of the Owner of the Condominium Unit and a description of the Condominium Unit. Such a notice shall be signed by one of the officers or directors, or by the Association's Managing Agent or attorney, and shall be recorded in the office of the Clerk and Recorder of the County of Summit, Colorado. Such lien may be enforced by foreclosure of the defaulting Owner's Condominium Unit by the Association in like manner as a mortgage on real property, upon the recording of a notice or claim thereof. In any such foreclosure the Owner shall be required to pay the costs and expenses of such proceedings, the costs and expenses for filing the notice or claim of lien, interest at the rate of 18 percent per annum, late charges, and all reasonable attorney fees. The Owner shall also be required to pay to the Association the monthly assessment for the Condominium Unit during the period of foreclosure, and the Association shall be entitled to the appointment of a Receiver to take possession of the Unit being foreclosed, without bond, and to rent the Unit for the account of the defaulting Owner, with all rental amounts (net of management fees and expenses or rental commissions) being credited, first, toward the receiver's compensation; second, toward costs and fees incurred by the Association; third, toward accrued interest and late fees; fourth, toward the principal balance of condominium assessments then due; and, fifth, toward establishment of a reserve account for the payment of dues, fees, and expenses accruing until the end of all applicable redemption periods. The amount remaining in such reserve account after the end of redemption periods shall be paid to the defaulting Owner unless, prior to such disbursement, the Association has received written notice of a competing claim to such funds, in which event the Association may retain the funds or pay them into the registry of the District Court for Summit County, Colorado (after first deducting all fees and costs of the Association incurred with regard to such dispute) and the Association shall

subsequently have no liability or responsibility for the disposition of such funds. The Board of Directors shall have the power to bid on the Condominium Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey same.

23.4. Payment by Mortgagee. Any encumbrancer holding a lien on a Condominium Unit may pay, but shall not be required to pay, any unpaid Common Expenses payable with respect to such Condominium Unit, and upon such payment such encumbrancer shall have a lien on such Condominium Unit for the amounts paid of the same rank as the lien of his encumbrance, provided that any first Mortgagee who acquires a Condominium Unit by foreclosure thereof shall acquire title to such Condominium Unit free and clear of any lien for unpaid Common Expenses and shall only be responsible for Common Expenses arising after the date upon which such first Mortgagee acquires title to the Condominium Unit.

23.5. Notice to Mortgagee. The Association shall, upon written request, deliver written notice to the first Mortgagee of a Condominium Unit of any unpaid assessments remaining unpaid for longer than 30 days after the same are due, as well as of any other default of an Owner hereunder known to the Association which is not cured within 60 days.

23.6. Waiver of Homestead. Each Owner hereby agrees that the Association's liens on a Condominium Unit for assessments as hereinbefore described shall be superior to the homestead exemption provided by C.R.S. §§38-41-201, et seq., as amended, and each Owner hereby agrees that the acceptance of the deed or other instrument of conveyance in regard to any Condominium Unit within the Project shall signify such grantee's waiver of the homestead right granted in said sections of the Colorado statutes.

23.7. Release. Any recorded lien for nonpayment of the Common Expenses may be released by recording a Release of Lien executed by one of the officers or directors, or by the Managing Agent or attorney for the Association.

24. Owner's Obligations for Payment of Assessments. The amount of the Common Expenses and/or any special assessment assessed against each Condominium Unit shall be the personal and individual debt of the Owner or Owners thereof at the time the assessment is made. Suit to recover a money judgment for unpaid Common Expenses, interest, late charges, costs of suit and attorney fees shall be maintainable without foreclosing or waiving the lien securing the same. No Owner may exempt himself from liability for his contribution towards the Common Expenses and/or any special assessment by waiver of the use or enjoyment of any of the General Common Elements or by abandonment of his Condominium Unit.

25. Liability for Common Expenses Upon Transfer of Condominium Unit is Joint.

25.1. Generally; Certificate of Amount Due. The grantee of a Condominium Unit, except a first Mortgagee who acquires a Condominium Unit by foreclosure, shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor; provided, however, that upon payment of a reasonable fee not to exceed \$50.00, and upon written request, any such prospective grantee shall be entitled to a statement from the Managing Agent or Board of Directors setting forth the amount of the unpaid Common Expenses, if any, with respect to the subject Condominium Unit, the amount of the current monthly assessment, the date that such assessment becomes due, the amount of any assessment reserve on deposit with the Association and any credit for advance payments or prepaid items, including but not limited to insurance premiums, which statement shall be conclusive upon the Association in favor of all Persons who rely thereon in good faith. Unless such request for such a statement shall be complied with within ten days from the receipt thereof, then such requesting grantee shall not be liable for, nor shall the Condominium Unit conveyed by subject to, a lien for any unpaid assessments against the subject Condominium Unit at the time that the request was made. The provisions contained in this paragraph shall not apply upon the initial transfer of the Condominium Units by Declarant.

25.2. Certificate For Benefit of Mortgagee. Upon payment of a reasonable fee not to exceed \$50.00 and within 10 days of receipt of written notice from any Owner or any Mortgagee or prospective Mortgagee of a Condominium Unit, the Association, by its Managing Agent or Board of Directors, shall issue a written statement setting forth the amount of the unpaid Common Expenses, if any, with respect to the subject Condominium Unit, the amount of the current monthly assessment, the date that such assessment becomes due, the amount of any assessment reserve on deposit with the Association and any credit for advance payments or prepaid items, including but not limited to insurance premiums, which statement shall be conclusive upon the Association in favor of all Persons who rely thereon in good faith. Unless such request for such a statement shall be complied with within 10 days from the receipt thereof, all unpaid Common Expenses which become due prior to the date of making such request shall be subordinate to the lien of the Person requesting such statement.

26. Junior Mortgages. Any Owner shall have the right from time to time to mortgage or encumber his Condominium Unit by deed of trust, mortgage or other security instrument. The Owner of a Condominium Unit may create junior Mortgages (junior to the lien, deed of trust or other encumbrance of the first Mortgagee) on his Condominium Unit on the following conditions: (1) that,

except as provided by paragraph 25.2, any such junior Mortgages shall always be subordinate to all of the terms, conditions, covenants, restrictions, uses, limitations, obligations, lien for Common Expenses, and other obligations created by this Declaration, and the Bylaws; and (2) that the Mortgagee under any junior Mortgage shall release, for the purpose of restoration of any improvements upon the mortgaged premises, all of his right, title and interest in and to the proceeds under all insurance policies upon said premises which insurance policies were effected and placed upon the mortgaged premises by the Association. Such release shall be furnished forthwith by a junior Mortgagee upon written request of the Managing Agent or one of the officers of the Association, and if not furnished, may be executed by the Association as attorney-in-fact for such junior Mortgagee.

27. Insurance.

27.1. Generally. The Board of Directors shall obtain and maintain at all times, to the extent obtainable, policies of insurance, written with financially responsible and able companies licensed to do business in Colorado, covering the risks set forth below. The types of coverages to be obtained and risks to be covered are as follows:

27.1.(a) Insurance against loss or damage by fire and lightning, and such other hazards as are customarily covered in condominium projects in the County of Summit, Colorado, under extended coverage and all risk endorsements. Said casualty insurance shall insure the entire Project and any property, the nature of which is a General Common Element (including all of the Units and the fixtures therein initially installed or conveyed by the Declarant) together with all service equipment contained therein in an amount equal to the full replacement value, without deduction for depreciation. All policies shall contain a standard noncontributory mortgage clause in favor of first Mortgagees, as their interests may appear.

27.1.(b) If the Project is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards and the sale of Flood Insurance has been made available under the National Flood Insurance Act of 1968, a "blanket" policy of flood insurance on the Project in an amount which is the lesser of the maximum amount of insurance available under the Act or the aggregate of the unpaid principal balances of the first Mortgages on the Condominium Units comprising the Project.

27.1.(c) Bodily injury and property damage liability insurance in such limits as the Board may from time to time determine, but not in an amount less than \$500,000.00 per injury, per person, per occurrence and umbrella liability limits of \$1,000,000 per occurrence, covering all claims for bodily injury or property damage. Coverage shall include, without limitation, liability for personal injuries, operation of automo-

biles on behalf of the Association, and activities in connection with the ownership, operation, maintenance, and other use of the Project. All liability insurance shall name the Association, the Board, the Managing Agent, the Declarant, first Mortgagees, the Owners and the officers of the Association, as insureds thereunder. If there are steam boilers in operation on the Project, there must be in force boiler explosion insurance providing for not less than \$50,000.00 per accident per location.

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

27.1.(e) Fidelity coverage against dishonesty of employees or any other Person handling funds of the Association, destruction or disappearance of money or securities, and forgery. Said policy shall also contain endorsements thereto covering any persons who serve the Association without compensation.

27.1.(f) The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to the Project, including plate or other glass insurance, insurance for any personal property of the Association located thereon, and errors and omissions insurance with respect to the actions of the Board of Directors and officers of the Association.

27.2. Special Provisions. All policies of insurance, to the extent obtainable, shall contain waivers of subrogation and waivers of any defense based on invalidity arising from any acts of an Owner and shall, if possible, provide that such policies may not be cancelled or modified without at least 20 days' prior written notice to all of the Owners, first Mortgagees and the Association. If requested, duplicate originals of all policies and renewals thereof, together with proof of payments of premiums, shall be delivered to all Mortgagees at least 10 days prior to expiration of the then current policies. All casualty insurance shall be carried in blanket form naming the Association as the insured, as attorney-in-fact for all of the Owners, as their interests may appear, which policy or policies shall identify the interest of each Owner (Owner's name and Condominium Unit number designation) and first Mortgagee.

27.3. Determination of Replacement Cost. Prior to obtaining any policy of casualty insurance or renewal thereof, pursuant to the provisions of this insurance paragraph, the Board shall obtain an appraisal from the insurance appraiser of the company issuing such insurance, which appraiser shall reasonably estimate the full replacement value of the entire Project, without deduction for depreciation, for the purpose of determining the amount of the insurance to be effected pursuant to the provisions of this insurance paragraph. In no event shall the insurance

policy contain a co-insurance clause for less than 100 percent of the full replacement cost with an agreed amount endorsement. Determination of maximum replacement value shall be made annually, and each first Mortgagee, if requested, shall be furnished with a copy thereof, within 30 days after receipt of such written appraisals. Such amounts of insurance shall be contemporized annually in accordance with their currently determined maximum replacement value.

27.4. Insurance by Owners. Insurance coverage on improvements and fixtures installed by an Owner and furnishings, including draperies, unattached carpeting and appliances, wallpaper and other items of personal property belonging to an Owner, and public liability coverage within each Unit shall be the sole and direct responsibility of the Owner thereof, and the Board of Directors, the Association and/or the Managing Agent shall have no responsibility therefor. Owners may carry other insurance for their benefit and at their expense, provided that the liability of the carriers issuing insurance obtained by the Board shall not be affected or diminished by reason of any such additional insurance carried by an Owner.

27.5. Notice of Loss. In the event that there shall be any damage, destruction or loss to a Unit or any damage, destruction or loss to the General Common Elements, then notice of such damage or loss shall be given by the Association to the first Mortgagee of said Condominium Unit within 10 days after the occurrence of such event.

27.6. Invalidity. All policies of insurance shall provide the insurance thereunder shall be invalidated or suspended only in respect to the interest of any particular Owner guilty of a breach of warranty, act, omission, negligence, or noncompliance of any provision of such policy, including payment of the insurance premium applicable to that Owner's interest; or who permits or fails to prevent the happening of any event, whether occurring before or after a loss, which under the provisions of such policy would otherwise invalidate or suspend the entire policy; but the insurance under any such policy, as to the interests of all other insured Owners not guilty of any such act or omission, shall not be invalidated or suspended and shall remain in full force and effect.

27.7. Exception. During the period that the Declarant controls the appointment of a majority of the members of the Association Board of Directors, the terms of this Paragraph 27 shall not apply and Declarant shall obtain such insurance upon the Project as it deems to be in the best interest of the Project and Owners.

28. Restrictive Covenants and Obligations.

28.1. No Imperiling of Insurance: No Owner and no Owner's Guests shall do anything or cause anything to be kept in or on the Project which might result in an increase in the premi-

ums of insurance obtained for the Project or which might cause cancellation of such insurance.

28.2. No Violation of Law: No Owner and no Owner's Guests shall do anything or keep anything in or on the Project which would be immoral, improper, offensive, or in violation of any statute, rule, ordinance, regulation, permit, or other validly imposed requirement of any governmental body.

28.3. No Noxious, Offensive, Hazardous, or Annoying Activities: No noxious or offensive activity shall be carried on upon any part of the Project nor shall anything be done or placed on or in any part of the Project which is or may become a nuisance or cause embarrassment, disturbance, or annoyance to others. No activity shall be conducted on any part of the Project and no improvements shall be made or constructed on any part of the Project which are or might be unsafe or hazardous to any Person or property. No sound shall be emitted on any part of the Project which is unreasonably loud or annoying. No odor shall be emitted on any part of the Project which is noxious or offensive to others. No light shall be emitted from any part of the Project which is unreasonably bright or causes unreasonable glare.

28.4. No Unsightliness: No unsightliness or waste shall be permitted on or in any part of the Project. Without limiting the generality of the foregoing no Owner shall keep or store anything (except in designated storage areas) on or in any of the General Common Elements; nor shall any Owner hang, erect, affix or place anything upon any of the General Common Elements (except for decorative items within his Unit); and nothing shall be placed on or in windows or doors of Units, which would or might create an unsightly appearance.

28.5. Restrictions on Pets: Except for small birds and small fish, which are allowed, no dogs, cats, or other animals, livestock, or reptiles, (herein collectively referred to as pets) shall be kept on any part of the Project without the approval of the Board. Every owner of a pet kept on the Project pursuant to this subparagraph shall maintain strict control over his pet so the pet does not create a nuisance or disturbance by noise, bodily discharge on the General Common Elements, or any other behavior reasonably annoying to other Owners. The owner of the pet shall immediately clean up any droppings or litter of the pet on the General Common Elements or the Association shall have the right to terminate the approval of said pet on the Project or clean up the droppings or litter and charge the responsible Owner as part of that Owner's assessments. The Association may adopt rules and regulations to supplement this covenant.

28.6. Restriction on Signs: No signs or advertising devices of any nature shall be erected or maintained on any part of the Project without the prior written consent of the Board. The Board shall permit the placing of at least one sign of reasonable size and dignified form to identify the Project and the Condominium Units therein.

28.7. No Violation of Rules: No Owner and no Owner's Guests shall violate the rules and regulations adopted from time to time by the Association, whether relating to the use of Units, the use of General or Limited Common Elements, or otherwise.

28.8. Owner Caused Damages: If, due to the act or negligence of an Owner or such Owner's Guests or family, loss or damage shall be caused to any Person or property, including the Project or any Unit therein, such Owner shall be liable and responsible for the same, except to the extent that such damage or loss is covered by insurance obtained by the Association and the carrier of the insurance has waived its rights of subrogation against such Owner. The amount of such loss or damage may be collected by the Association from such Owner as an assessment against such Owner, by legal proceedings or otherwise, and such amount (including reasonable attorneys' fees) shall be secured by a lien on the Condominium Unit of such Owner as provided hereinabove for assessments or other charges.

28.9. Parking of Vehicles: Parking of any and all vehicles on the Project shall be subject to the rules and regulations of the Association.

28.10. Restrictions on Parking and Storage. No part of the Project, including the public streets and private streets, drives, or parking areas, unless specifically designated by the Association therefor, shall be used as a parking, storage, display, or accommodation area for any type of house trailer, camping trailer, boat trailer, hauling trailer, running gear, boat, or accessories thereto, truck or recreational vehicle, except as a temporary expedience for loading, delivery, emergency, etc. (provided that this restriction shall not restrict trucks or other commercial vehicles within the Project which are necessary for the construction or maintenance of the Project).

Determination with respect to whether or not a particular activity or occurrence shall constitute a violation of this Paragraph 28 shall be made by the Board of Directors and shall be final.

29. Association as Attorney-in-Fact--Damage and Destruction--Obsolescence.

29.1. Association As Attorney-In-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Project upon its destruction, repair, or obsolescence. Title to any Condominium Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed from the Declarant or from any Owner shall constitute appointment of the attorney-in-fact herein provided. All of the Owners irrevocably constitute and appoint the Association, in their names, place and stead as their attorney-in-fact for the purpose of dealing with the Project

upon its destruction, repair or obsolescence as is hereinafter provided.

29.2. Powers. As attorney-in-fact, the Association, by its president and secretary, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interest of an Owner which is necessary and appropriate to exercise the powers herein granted. Repair and reconstruction of the improvement(s) as used in the succeeding subparagraphs means restoring the improvement(s) to substantially the same condition in which it existed prior to the damage, with each Unit and the General Common Elements and Limited Common Elements having substantially the same vertical and horizontal boundaries as before. Except as is otherwise herein provided, the proceeds of any insurance collected shall be available to the Association for the purpose of repair, restoration, or replacement unless Owners representing an aggregate ownership interest of at least 75 percent of the General Common Elements and at least 75 percent of the first Mortgagees agree not to rebuild in accordance with the provisions set forth hereinafter.

29.3. Abatement of Assessments. Assessments for Common Expenses shall not be abated during the period of insurance adjustment and repair and reconstruction.

29.4. Reconstruction Following Casualty Loss. In the event of damage or destruction to the Project to the extent of not more than 50 percent of the total replacement cost thereof, not including land, due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the improvement(s) shall be applied by the Association, as attorney-in-fact, to such reconstruction, and the improvement(s) shall be promptly repaired and reconstructed. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair and restoration of the improvement(s).

29.5. Special Assessment For Reconstruction. If the insurance proceeds are insufficient to repair and reconstruct the improvement(s), and if such damage is to the extent of not more than 50 percent of the total replacement cost of the Project, not including land, such damage or destruction shall be promptly repaired and reconstructed by the Association, as attorney-in-fact, using the proceeds of insurance and the proceeds of a special assessment to be made against all of the Owners and their Condominium Units. Such deficiency assessment shall be a Common Expense and made pro rata according to each Owner's interest in the General Common Elements and shall be due and payable within 30 days after written notice thereof. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair or restoration of the improvements using all of the insurance proceeds and such assessment. The assessment provided for herein shall be a debt of each Owner and a lien on his Condominium Unit and may be enforced and collected as is provided herein-

before. In addition thereto, the Association, as attorney-in-fact, shall have the absolute right and power to sell the Condominium Unit of any Owner refusing or failing to pay such deficiency assessment within the time provided, and if not so paid, the Association shall cause to be recorded a notice that the Condominium Unit of the delinquent Owner shall be sold by the Association, as attorney-in-fact. The proceeds derived from the sale of such Condominium Unit shall be used and disbursed by the Association, as attorney-in-fact, in the following order:

29.5(a) for payment of taxes and special assessment liens in favor of any assessing entity;

29.5(b) for payment of the balance of the lien of any first Mortgage;

29.5(c) for payment of unpaid Common Expenses;

29.5(d) for payment of junior Mortgages and encumbrances in the order of and to the extent of their priority; and

29.5(e) the balance remaining, if any, shall be paid to the Owner.

29.6 Plan For Reconstruction. If the Project is destroyed or damaged to the extent of more than 50 percent of the total replacement cost thereof, not including land, the Board shall adopt a plan for the repair and reconstruction of the Project, and all Owners shall be bound by the terms and provisions of such plan, unless the Owners representing an aggregate ownership interest of 75 percent, or more, of the General Common Elements and at least 75 percent of the first Mortgagees (based upon one vote for each first Mortgage owned) vote not to adopt such plan within 100 days after the damage or destruction. The Association shall have the right to use, in accordance with such plan, all proceeds of insurance for such destruction or damages, as well as the proceeds of an assessment to be made against all of the Owners and their Condominium Units. Any assessment made in connection with such plan shall be a Common Expense and made pro rata according to each Owner's percentage interest in the General Common Elements and shall be due and payable as provided by the terms of such plan, but not sooner than 30 days after written notice thereof. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair or restoration of the improvements, using all of the insurance proceeds for such purpose, notwithstanding the failure of an Owner to pay the assessment. The assessment provided for herein shall be a debt of each Owner and a lien on his Condominium Unit and may be enforced and collected as is provided hereinabove. In addition thereto, the Association, as attorney-in-fact, shall have the absolute right and power to sell the Condominium Unit of any Owner refusing or failing to pay such assessment within the time provided, and if

not so paid, the Association shall cause to be recorded a notice that the Condominium Unit of the delinquent Owner shall be sold by the Association. The proceeds derived from the sale of such Condominium Unit shall be used and disbursed by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in subparagraphs 29.5(a) through (e).

29.7. Sale If Project Not Reconstructed. If the Project is damaged or destroyed to the extent of more than 50 percent of the total replacement cost thereof, not including land, and if the Owners representing an aggregate ownership interest of 75 percent or more of the General Common Elements and at least 75 percent of the first Mortgagees (based upon one vote for each first mortgage owned) vote not to adopt a plan for repair and reconstruction, then the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's president and secretary, the entire remaining Project shall be sold by the Association, as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration, the Map and the Articles and Bylaws. The insurance settlement proceeds shall be collected by the Association and such proceeds shall be divided by the Association according to each Owner's interest (as such interests appear on the policy or policies), and such divided proceeds shall be paid into separate accounts, each such account representing one of the Condominium Units. Each such account shall be in the name of the Association, and shall be further identified by the Condominium Unit designation and the name of the Owner. Thereafter, each such account shall be supplemented by the apportioned amount of the proceeds derived from the sale of the entire Project. Such apportionment shall be based upon each Owner's percentage interest in the General Common Elements. The total funds of each account shall be used and disbursed, without contribution from one account to another, by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided by subparagraph 29.5(a) through (e). The provisions contained in this subparagraph shall not hinder the protection given to a first Mortgagee under a mortgagee endorsement.

29.8. Reconstruction Upon Obsolescence. The Owners representing an aggregate ownership interest of 85 percent, or more, of the General Common Elements may agree that the Condominium Units are obsolete and adopt a plan for the renewal and reconstruction, which plan shall have the approval or consent of at least 85 percent of the first Mortgagees (based upon one vote for each first Mortgage owned). If a plan for the renewal or reconstruction is adopted, notice of such plan shall be recorded, then the expenses thereof shall be payable by all of the Owners as Common Expenses; provided, however, that an Owner not a party to such a plan for renewal or reconstruction may give written notice to the Association within 15 days after the adoption of such plan that his or its Condominium Unit shall be purchased by the Association for the fair market value thereof. The Association shall then have 15 days within which to cancel such plan. If such plan is not cancelled then the Condominium Unit shall be purchased by

the Association according to the following procedures. If such Owner and the Association can agree on the fair market value thereof, then such sale shall be consummated within 30 days thereafter. If the parties are unable to agree, the date when either party notified the other that he or it is unable to agree with the other shall be the "commencement date" from which all periods of time mentioned in this subparagraph shall be measured. Within 10 days following the commencement date, each party shall nominate in writing (and give notice of such nomination to the other party) an independent appraiser. If either party fails to make such a nomination, the appraiser nominated shall within five days after default by the other party appoint and associate with him another independent appraiser. If the two appraisers designated by the parties, or selected pursuant hereto in the event of the default of one party, are unable to agree, they shall appoint another independent appraiser to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire, then each appraiser previously appointed shall nominate two independent appraisers and from the names of the four persons so nominated one shall be drawn by lot by any judge of any court of record in Colorado and the name so drawn shall be such umpire. The nominations from whom the umpire is to be drawn by lot shall be submitted within 10 days of the failure of the two appraisers to agree, which, in any event, shall not be later than 20 days following the appointment of the second appraiser. The decision of the appraisers as to the fair market value, or in the case of their disagreement, then such decision of the umpire, shall be final and binding. The expenses and fees of such appraisers shall be borne equally by the Association and the Owner. The sale shall be consummated within 15 days thereafter, and the Association, as attorney-in-fact, shall disburse such proceeds as is provided in subparagraphs 29.5(a) through (e).

29.9. Sale Upon Obsolescence If Project Not Reconstructed. The Owners representing an aggregate ownership interest of 85 percent, or more, of the General Common Elements may agree that the Condominium Units are obsolete and that the same should be sold. The plan (agreement) must have the unanimous approval or consent of every first Mortgagee. In such instance, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's president and secretary, the entire Project shall be sold by the Association, as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration, the Map, the Articles and the Bylaws. The sales proceeds shall be apportioned between the Owners on the basis of each Owner's percentage interest in the General Common Elements, and such apportioned proceeds shall be paid into separate accounts, each such account representing one Condominium Unit. Each such account shall be in the name of the Association, and shall be further identified by the Condominium Unit designation and the name of the Owner. From each separate account the Association, as attorney-in-fact, shall use and disburse the total amount (of each) of such accounts, without contribution from one account to another, for the same purposes and in the same order as is provided in subparagraphs 29.5(a) through (e).

30. Condemnation.

30.1. Consequences of Condemnation: If at any time or times during the continuance of condominium ownership pursuant to this Declaration, all or any part of the Project shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the provisions of this Paragraph 30 shall apply.

30.2. Proceeds: All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award," shall be payable to the Association.

30.3. Complete Taking: In the event that the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, condominium ownership pursuant to this Declaration shall terminate. The Condemnation Award shall be apportioned among the Owners in proportion to their respective undivided interests in the General Common Elements, provided that if a standard different from the value of the Project as a whole is employed to measure the Condemnation Award in the negotiation, judicial decree, or otherwise, then in determining such share the same standard shall be employed to the extent it is relevant and applicable.

30.4. Partial Taking: In the event that less than the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each Owner shall be entitled to a share of the Condemnation Award to be determined in the following manner. As soon as practicable the Association shall, reasonably and in good faith, allocate the Condemnation Award among compensation, damages, and other proceeds, and shall apportion the amounts so allocated among the Owners as follows: (i) the total amount allocated to taking of, or injury to, the General Common Elements shall be apportioned among the Owners in proportion to their respective undivided interests in the General Common Elements, (ii) the total amount allocated to severance damages shall be apportioned to those Condominium Units which were not taken or condemned, (iii) the respective amounts allocated to the taking of, or injury to, a particular Unit and/or improvements an Owner had made within his own Unit shall be apportioned to the particular Condominium Unit involved, and (iv) the amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances. If an allocation of the Condemnation Award is already established in negotiation, judicial decree or otherwise, then in allocating the Condemnation Award the Association shall employ such allocation to the extent it is relevant and applicable.

30.5. Distribution: The Association shall as soon as practicable determine the share of the Condemnation Award to which each Owner is entitled. Such shares shall be paid into

separate accounts and disbursed as soon as practicable. Any distribution of the Condemnation Award shall be made by checks payable jointly to the Owners and their first Mortgagees.

30.6. Mortgagee Notice: The Association shall give timely written notice to each first Mortgagee of the commencement of any condemnation or eminent domain proceedings and shall notify said first Mortgagees in the event of the taking of all or any part of the General Common Elements.

30.7. Reorganization: In the event a partial taking results in the taking of a complete Unit, the Owner thereof automatically shall cease to be a member of the Association, and such Owner's interest in the General Common Elements shall thereupon terminate, and the Association, as attorney-in-fact for such Owner, may take whatever action is necessary and execute such documents as are necessary to reflect such termination. Thereafter, the Association shall reallocate the ownership and assessment ratio determined in accordance with this Declaration according to the same principles employed in this Declaration at its inception and shall submit such reallocation to the Owners of remaining Condominium Units for amendment of this Declaration as provided in Paragraph 32.2. hereof.

31. Annexation of Additional Property. Declarant reserves the right to annex all or any portion of the real property described on Exhibit 3 attached hereto to the Project, in one or more annexations, by recording supplements to the Declaration and Map. The supplement to the Map shall contain the information set forth in paragraph 2 with regard to the annexed property and the designation of Condominium Units and the Limited Common Elements appurtenant thereto. The supplement to the Declaration shall contain the legal description of the property being annexed; shall divide the property into Condominium Units; shall subject the property to the terms of the Declaration and such special provisions, consistent with the Declaration, as may be set forth in the supplement; and shall amend Exhibit 2 attached hereto to reflect the revised percentage interests in the General Common Elements appurtenant to each Condominium Unit (which revision shall be made in a manner which is consistent with the method utilized by Declarant in computing the percentages set forth in the original Exhibit 2 attached hereto). For such purposes, and notwithstanding any provision of this Declaration to the contrary, Declarant reserves the right to reduce the percentage interests in the General Common Elements appurtenant to a Condominium Unit on the attached Exhibit 2. Upon recordation of the supplements, the annexed property shall become a part of the Project and all General Common Elements shall be owned and used in common by all Owners in accordance with the terms of the Declaration.

Although it is contemplated that the property described in Exhibit 3 will be annexed to the Property and that up to 24 additional Condominium Units will be constructed thereon, Declarant shall have no affirmative obligation to annex the property and

makes no commitment regarding the density of development upon the property. In no event shall the Project consist of more than 36 Condominium Units. The right of Declarant to annex the property shall expire on December 31, 1999.

32. Miscellaneous.

32.1. Duration of Declaration: All of the provisions contained in this Declaration shall continue and remain in full force and effect until condominium ownership of the Project and this Declaration are terminated, revoked, or amended as hereinafter provided.

32.2. Amendment and Termination: Any provision contained in this Declaration may be amended, or additional provisions may be added to this Declaration, or this Declaration and condominium ownership of the Project may be terminated or revoked, by the recording of a written instrument or instruments specifying the amendment or addition or the fact of termination and revocation, executed by the Owners, as shown by the records in the Office of the Clerk and Recorder of the County of Summit, Colorado, of Condominium Units representing an aggregate ownership interest of 75 percent, or more, of the General Common Elements and first Mortgagees whose liens encumber an aggregate ownership interest of 75 percent, or more, of the General Common Elements (except that no provision of this Declaration requiring the approval or consent of more than 75 percent of such first Mortgagees may be amended without the consent of at least the minimum number of first Mortgagees whose approval or consent is required under such provision); provided, however, that in no event shall the undivided interest of an Owner in the General Common Elements be decreased without the unanimous consent of each Owner and each first Mortgagee; and provided further, that so long as Declarant continues to own one or more Condominium Units which it is holding for rental or sale or is the holder of a right to annex additional property to the Project, no rights of Declarant contained in this Declaration may be amended or modified without the consent of Declarant. The consent(s) of any junior Mortgagees shall not be required under the provisions of this paragraph.

In addition to the foregoing, until the Declarant has conveyed 100 percent of the Condominium Units or December 31, 1999, whichever first occurs, Declarant reserves the right to amend this Declaration by the recordation of supplements as may be necessary to correct typographical or scrivener's errors, to make alterations that do not materially affect the rights or interests of an existing Owner or first Mortgagee, to make amendments or supplements that are permitted by other provisions of this Declaration, or to make such amendments as may be necessary to comply with the requirements of a lender making a purchase money loan to a purchaser of one or more Condominium Units. Such amendments shall be effective upon the recordation of an amendment making reference to this Declaration and executed by Declarant or as may be required by paragraph 4.

32.3. Effect of Provisions of Declaration: Each provision of this Declaration, and an agreement, promise, covenant and undertaking to comply with each provision of this Declaration, and any necessary exception or reservation or grant of title, estate, right or interest to effectuate any provision of this Declaration shall:

32.3(a) be deemed incorporated in each deed or other instrument by which any right, title or interest in the Project or in any Condominium Unit is granted, devised or conveyed, whether or not set forth or referred to in such deed or instrument;

32.3(b) by virtue of acceptance of any right, title or interest in the Project or in any Condominium Unit by an Owner, be deemed accepted, ratified, adopted and declared as a personal covenant, shall be binding on such Owner and such Owner's heirs, personal representatives, successors and assigns and shall be deemed a personal covenant to, with and for the benefit of the Association but not to, with or for the benefit of any other non-aggrieved Owner;

32.3(c) be deemed a real covenant by Declarant, for itself, its successors and assigns, and also an equitable servitude, running, in each case, as a burden with and upon the title to the Project and each Condominium Unit and, as a real covenant and also as an equitable servitude, shall be deemed a covenant and servitude for the benefit of the Project and each Condominium Unit;

and

32.3(d) be deemed a covenant, obligation and restriction secured by a lien in favor of the Association, burdening and encumbering the title to the Project and each Condominium Unit in favor of the Association.

32.4. Supplemental to Law: The provisions of this Declaration shall be in addition and supplemental to the Condominium Ownership Act of the State of Colorado and to all other provisions of law.

32.5. Numbers and Genders: Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, the use of any gender shall include all genders and the neuter, and the use of the neuter shall include all genders.

32.6. Registration by Owner of Mailing Address: Each Owner shall register his mailing address with the Association and, except for monthly statements and other routine notices which shall be personally delivered or sent by regular mail, all other notices or demands intended to be served upon an Owner shall be delivered personally or sent by certified mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. All notices, demands or other notices intended to be served upon the Board of Directors of the Association or the Association shall be sent by certified mail, postage prepaid, to John B. Wood, 100 S. Ridge, Suite 204, P.O. Box 588, Breckenridge, Colorado 80424, agent for service, until such address is changed by a notice of change of registered agent duly filed in the office of the Secretary of State of Colorado.

32.7. Successors and Assigns: This Declaration shall be binding upon and shall inure to the benefit of the Declarant, the Association and each Owner, and the heirs, personal representatives, successors and assigns of each of them.

32.8. Severability: Invalidity or unenforceability of any provision of this Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid and enforceable part of a provision of this Declaration.

32.9. Captions: The captions and headings in this Declaration are for convenience only and shall not be considered in construing any provision of this Declaration.

32.10. No Waiver: Failure to enforce any provision of this Declaration shall not operate as a waiver of any such provision or of any other provision of this Declaration.

32.11. Sales and Construction Facilities and Activities of Declarant. Notwithstanding any provision to the contrary contained herein, Declarant, its agents, employees and contractors shall be permitted to maintain during the period of sale of the Condominium Units in the Project, upon such portion of the Project as Declarant may choose, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient, or incidental to the sale or rental of Condominium Units, including without limitation, a business office, storage area, construction yards, signs, model Units, sales office, construction office, parking areas and lighting and temporary parking facilities for all prospective tenants or purchasers of Condominium Units. In addition, Declarant, its agents, employees, and contractors shall have the right to ingress and egress over the General Common Elements as in Declarant's discretion may be necessary with regard to the foregoing. Further, Declarant, its agents, employees and contractors shall have the right to ingress and egress in and through all Units during the period of the construction and/or sale of the Condominium Units for the purpose

of any required or desired refurbishment, construction, maintenance, or repair to such Units or the Building, or any part thereof.

32.12. Rule Against Perpetuities. If any of the options, privileges, covenants, or rights created by this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provision shall continue only until 21 years after the death of the survivor of the now living descendants of the President of the United States, George Bush, and Governor of Colorado, Roy Romer.

32.13. Recording Data of Easements. The Property is or may be subject to easements as reflected on the Map or as contained in the Declaration, or as set forth in documents recorded in the Office of the Summit County Clerk and Recorder under Reception Nos. 235187, 235188, 306082, 317035, 237825, 308348, 323284, 290200, 351014, and 351015. The Property is also subject to an unrecorded easement or right of use for the benefit of owners of Cinnamon Ridge II Condominiums for access to and the use of an existing spa facility located upon the Property.

32.14. Recreational Facilities. The recreational facilities of the Project shall be subject to any rules and regulations promulgated by the Association, and same shall be available for the use of all Owners and their Guests, subject to the right of the Association to establish fees and charges for the use of same.

32.15. Time Sharing. No portion of the Project or any Condominium Unit may be divided into time share estates by any Owner or by Declarant.

32.16. Declarant's Rights Transferable. Any right or interest of Declarant hereunder established or reserved may be transferred or assigned by Declarant either separately or with one or more of such rights or interests to any person or entity by a written assignment recorded in the land records of Summit County, Colorado.

IN WITNESS WHEREOF, Declarant has executed this Declaration this 7 day of March, 1991.

CINNAMON RIDGE III, LTD.,
a Colorado limited partnership

By: Cinnamon Venture, Inc.,
a Colorado corporation,
General Partner

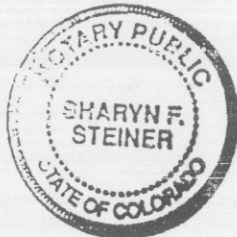
By: Robert M. Ullmann
Robert M. Ullmann, President

STATE OF Colorado)
COUNTY OF Summit) ss.

1 The foregoing instrument was acknowledged before me this
day of March, 1991, by Robert M. Ullmann as president
of Cinnamon Venture, Inc., a Colorado corporation, General Partner
of Cinnamon Ridge-III, Ltd., a Colorado limited partnership.

WITNESS my hand and official seal.

My commission expires: 5/4/94



Sharyn F. Steiner
Notary Public

My Commission Expires May 4, 1994
P. O. Box 157
Breckenridge, Colorado 80424

3101.01/do
wd171

EXHIBIT 1
Legal Description

LEGAL DESCRIPTION

A TRACT OF LAND BEING A PORTION OF TRACT A-2, FIRST AMENDED PLAT OF CINNAMON RIDGE, A SUBDIVISION AS FILED FOR RECORD IN THE OFFICE OF THE CLERK AND RECORDER SUMMIT COUNTY, COLORADO UNDER RECEPTION NO. 308343. SAID TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID TRACT A-2, THENCE S84°19'24"E ALONG THE NORTH LINE OF SAID TRACT A-2 A DISTANCE OF 157.10 FEET TO THE NE CORNER OF CINNAMON RIDGE II CONDOMINIUMS, BUILDING A, AS FILED FOR RECORD UNDER RECEPTION NO. 320225 IN SAID OFFICE OF THE SUMMIT COUNTY CLERK AND RECORDER, BEING THE TRUE POINT OF BEGINNING; THENCE CONTINUING S84°19'24"E ALONG SAID NORTH LINE, A DISTANCE OF 128.50 FEET; THENCE S21°48'57"N A DISTANCE OF 180.43 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID TRACT A-2; THENCE N64°19'24"E ALONG SAID SOUTHERLY LINE A DISTANCE OF 112.95 FEET TO THE SE CORNER OF SAID CINNAMON RIDGE II CONDOMINIUMS, BUILDING A; THENCE N14°40'48"E A DISTANCE OF 127.41 FEET; THENCE N25°40'38"E A DISTANCE OF 35.00 FEET TO THE TRUE POINT OF BEGINNING, CONTAINING 19599 SQUARE FEET OR .4497 ACRES, MORE OR LESS.

DECLARATION OF COVENANTS
CINNAMON RIDGE III CONDOMINIUMS

EXHIBIT 2

<u>CONDOMINIUM UNIT</u>	<u>BUILDING</u>	<u>UNDIVIDED INTEREST IN THE GENERAL COMMON ELEMENTS</u>
101	B	8.33
102	B	8.33
103	B	8.33
104	B	8.33
201	B	8.33
202	B	8.33
203	B	8.34
204	B	8.34
301	B	8.33
302	B	8.33
303	B	8.34
304	B	8.34
		8.33

EXHIBIT 3
Legal Description of Expansion Property

A TRACT OF LAND BEING A PORTION OF TRACT A-2, FIRST AMENDED PLAT OF CINNAMON RIDGE, A SUBDIVISION AS FILED FOR RECORD IN THE OFFICE OF THE CLERK AND RECORDER OF SUMMIT COUNTY, COLORADO, UNDER RECEPTION NO. 308348. SAID TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

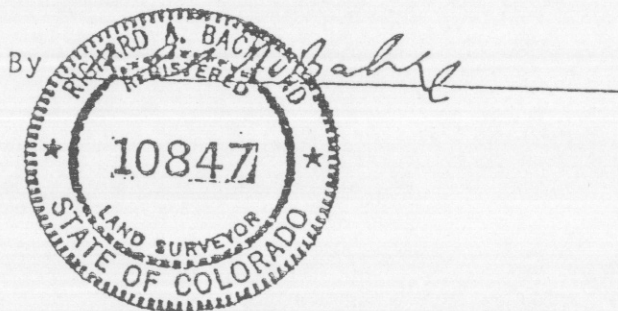
BEGINNING AT THE SOUTHEAST CORNER OF SAID TRACT A-2, THENCE ALONG THE SOUTH BOUNDARY OF SAID TRACT A-2 FOR THE FOLLOWING FIVE COURSES:

- 1) S06°05'33"W A DISTANCE OF 33.20 FEET;
- 2) S77°06'49"W A DISTANCE OF 163.55 FEET;
- 3) N14°22'51"W A DISTANCE OF 30.15 FEET;
- 4) S77°04'50"W A DISTANCE OF 80.00 FEET;
- 5) N64°19'24"W A DISTANCE OF 65.98 FEET TO THE SE CORNER OF CINNAMON RIDGE III CONDOMINIUMS BUILDING B;

THENCE N21°49'57"E A DISTANCE OF 160.43 FEET TO A POINT ON THE NORTHEASTERLY BOUNDARY LINE OF SAID TRACT A-2 ALSO BEING THE NE CORNER OF SAID CINNAMON RIDGE III CONDOMINIUMS BUILDING B; THENCE S64°19'24"E ALONG SAID NORTHEASTERLY BOUNDARY LINE A DISTANCE OF 275.42 FEET TO THE POINT OF BEGINNING, CONTAINING 32576 SQUARE FEET OR 0.7478 ACRES, MORE OR LESS.

I, RICHARD A. BACKLUND, BEING A REGISTERED LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THIS LEGAL DESCRIPTION WAS WRITTEN BY ME AND UNDER MY SUPERVISION, THAT IT IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Date MARCH 26, 1991



8229
(3/26/91)

BACKLUND LAND SURVEYS



P.O. BOX 614
FRISCO, CO 80443
PHONE (303) 668-3730

FIRST SUPPLEMENT TO DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF CINNAMON RIDGE III CONDOMINIUMS

This First Supplement to Declaration of Covenants, Conditions, and Restrictions of Cinnamon Ridge III Condominiums (the "First Supplement") is made as of June __, 1995 by Cinnamon Ridge III, Ltd., a Colorado limited partnership ("Declarant"), as Declarant under the Declaration of Covenants, Conditions, and Restrictions of Cinnamon Ridge III Condominiums (the "Declaration") and the Condominium Map for Cinnamon Ridge III Condominiums (the "Map") recorded in the Office of the Clerk and Recorder for Summit County, Colorado, on April 10, 1991 under Reception Nos. 402037 and 402038, respectively.

RECITALS

A. Pursuant to paragraph 31 of the Declaration, the Declarant reserved the right to annex all or a portion of certain additional property to the condominium regime for Cinnamon Ridge III Condominiums (the "Condominium Project"). The legal description of such property (the "Annexation Parcel") was described on Exhibit 3 to the Declaration.

B. Declarant has now completed work on twelve additional condominium units situated on a portion of the Annexation Parcel described on Exhibit A attached hereto, to be known as Building C, Cinnamon Ridge III Condominiums ("Building C"). Declarant desires to annex such portion of the Annexation Parcel to the Condominium Project and to subject the same to the terms of the Declaration.

C. Declarant has caused a condominium plat for Building C to be prepared as a supplement to the Map, which plat is recorded herewith, setting forth the legal description of Building C; the name and general location of the property; the linear measurements and location of the Building and other improvements built on said land; the floor plans and elevation plans of the Building showing the location, designation and linear dimensions of each Unit; the elevations of the unfinished interior

surfaces of the floors and ceilings and the thickness of the perimeter and common walls of the Building; and the Limited Common Elements appurtenant to each Unit.

NOW, THEREFORE, in accordance with the provisions of paragraph 31 of the Declaration, the Declarant hereby supplements the Declaration as follows:

1. Declarant does hereby submit Building C to condominium ownership and the Building is hereby divided into twelve Condominium Units, each consisting of a separate fee simple estate in a particular Unit and an appurtenant undivided fee simple interest in the General Common Elements. The designation of each Unit is shown on the supplement to the Map and on Exhibit B attached hereto.
2. Declarant further submits Building C to the terms, covenants, conditions, easements, restrictions, uses, reservations, limitations, obligations and other provisions of the Declaration and declares that the Declaration shall be deemed to run with said property and shall be a burden and a benefit to Declarant, its grantees, successors, and assigns, and to any person acquiring or owning an interest in the real property and improvements thereon, their grantees, successors, heirs, legal representatives, devisees, and assigns.
3. Exhibit 2 to the Declaration is hereby amended in accordance with Exhibit B attached hereto to reflect the revised percentage interests in the General Common Elements appurtenant to each Condominium Unit in the Condominium Project. The votes of the members of the Cinnamon Ridge III Condominium Association and the common expense liability of the Owners are reallocated accordingly.
4. Unless assigned a different meaning in this First Supplement, all capitalized terms herein shall have the same meaning as in the Declaration. Except as expressly modified herein, the Declaration shall continue in full force and effect.

In witness whereof, the Declarant has executed this First Supplement as of the date specified above.

CINNAMON RIDGE III, LTD.,
a Colorado limited partnership

By: Cinnamon Venture, Inc.,
a Colorado corporation,
general partner

By: _____
Steven M. Gensler, ____ president

STATE OF COLORADO)
) ss.
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before me this ____ day of June, 1995, by Steven M. Gensler as ____ president of Cinnamon Venture, Inc., a Colorado corporation, general partner of Cinnamon Ridge III, Ltd., a Colorado limited partnership.

Witness my hand and official seal.

My Commission expires: _____

Notary Public

EXHIBIT A
TO FIRST SUPPLEMENT TO DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF CINNAMON RIDGE III CONDOMINIUMS

LEGAL DESCRIPTION

EXHIBIT B
FIRST SUPPLEMENT TO DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF CINNAMON RIDGE III CONDOMINIUMS

REVISED INTERESTS IN COMMON ELEMENTS

Condominium <u>Unit</u>	<u>Building</u>	<u>Undivided Interest in General Common Elements</u>
101	B	4.16
102	B	4.16
103	B	4.16
104	B	4.16
201	B	4.17
202	B	4.17
203	B	4.17
204	B	4.17
301	B	4.17
302	B	4.17
303	B	4.17
304	B	4.17
111	C	4.16
112	C	4.16
113	C	4.16
114	C	4.16
211	C	4.17
212	C	4.17
213	C	4.17
214	C	4.17
311	C	4.17
312	C	4.17
313	C	4.17
314	C	4.17



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No messages.

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