

CONDOMINIUM DECLARATION
FOR
THE LAKESIDE YACHT CLUB CONDOMINIUMS

DATED August 7, 1997

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 CONDOMINIUM DECLARATION
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CONDOMINIUM DECLARATION
OF
THE LAKESIDE YACHT CLUB CONDOMINIUMS

THIS CONDOMINIUM DECLARATION OF THE LAKESIDE YACHT CLUB CONDOMINIUMS (the "Declaration") is made as of _____, 1997, by Triton-Yacht Club, LLC, a Colorado limited liability company (the "Declarant").

KNOW ALL MEN BY THESE PRESENTS:

THAT WHEREAS, The Declarant is the owner of that certain real property situated in Adams County, State of Colorado, being more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Property"); and

WHEREAS, Declarant plans to construct multi-unit buildings on the above-described Property, including improvements and appurtenances thereon, and desires hereby to create a condominium common interest community pursuant to the Colorado Common Interest Ownership Act, Colo. Rev. Stat. §§ 38-33.3-101, *et seq.* (1992, as amended) (the "Act"). The Declarant does hereby establish a plan for the separate fee simple ownership of real Property estates consisting of the "Condominium Units," as hereinafter defined, and the co-ownership by the individual and separate owners thereof, as tenant-in-common, of that portion of the Property hereinafter defined and referred to as the "Common Elements."

WHEREAS, Declarant desires to subject and place upon the Property certain mutually beneficial covenants, conditions, restrictions, easements, reservations, rights-of-way and other charges set forth herein for the purpose of protecting the value and desirability of the Property and for the purpose of furthering a plan for the improvement, sale and condominium ownership of the Property, to the end that a harmonious and attractive development of the Property may be accomplished and the health, comfort, safety, convenience and general welfare of the Declarant, its successors and assigns in said Property, or any portion thereof, promoted and safeguarded.

NOW, THEREFORE, the Declarant hereby submits the Property to the provisions of the Act and declares that the Property, with all improvements, appurtenances and facilities thereto and now or hereafter thereon is a planned community and shall be owned, held, conveyed, encumbered, leased, improved, occupied and enjoyed subject to the following terms, provisions, covenants, conditions, restrictions, easements, reservations, uses, limitations and obligations, which shall be deemed to run with the Property and all Property hereafter annexed to this Declaration and shall be a burden and a benefit to Declarant, its successors, assigns, and any person acquiring or owning an interest in the above-described Property and/or annexed Property, their grantees, successors, heirs, executors, administrators, devisees or assigns.

ARTICLE ONE

DEFINITIONS

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

1.2 Allocated Interests. "Allocated Interests" shall mean the undivided interest in the Common Elements, common expense assessments, and votes in the Association. The formulas for the Allocated Interests are as follows:

a. Interests in Common Elements and Assessments Pursuant to Article VII. The fractional ratio in which the numerator is one and the denominator is the total number of Condominium Units within the community. Such initial ratio shall, therefore, be 1/24.

b. Voting: One vote per Completed Unit.

1.3 Annual Assessments. "Annual Assessments" shall mean the Assessment levied pursuant to an Annual Budget.

1.4 Annual Budget. "Annual Budget" shall mean the budget prepared in advance of each year by the Association as an estimate of the forthcoming year's Annual Assessment.

1.5 Articles. "Articles" shall mean the Articles of Incorporation for The Yacht Club III Condominium Association, Inc., a Colorado nonprofit corporation and as the same may be amended from time to time.

1.6 Association. "Association" shall mean and refer to The Yacht Club III Condominiums Association, Inc., a Colorado nonprofit corporation and its successors and assigns.

1.7 Association Documents. "Association Documents" means this Declaration, the Articles, Bylaws, Condominium Map and any procedures, rules, regulations or policies adopted under such documents.

1.8 Bylaws. "Bylaws" shall mean the Bylaws adopted by the Association, as amended from time to time.

1.9 Common Elements. "Common Elements" shall mean and refer to all portions of the Project except the units. The Common Elements are owned by the Owners and consist of General Common Elements and Limited Common Elements.

1.10 Common Expenses. "Common Expenses" shall mean (i) all expenses expressly declared to be Common Expenses by this Declaration or the Bylaws of the Association; (ii) all other expenses of administering, servicing, conserving, managing, maintaining, repairing or replacing the Common Elements; (iii) insurance premiums for casualty, liability or other insurance determined by the Association as necessary or prudent; and (iv) all expenses lawfully determined to be Common Expenses by the Executive Board.

1.11 Completed Unit. "Completed Unit" shall mean any Condominium Unit for which a Certificate of Occupancy has been issued.

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

1.13 Condominium Map. "Condominium Map" shall mean and refer to the Condominium Map of The Lakeside Yacht Club, recorded or to be recorded in the records of the office of the Clerk and Recorder of Adams County, Colorado. More than one Condominium Map or supplement thereto may be recorded; and, without limiting the generality of the foregoing, separate Condominium Maps may be recorded for each Condominium Building and/or for each annexation to this Declaration pursuant to the provisions of Article Twenty hereof. If more than one condominium map or supplements thereto are recorded, then the term "Condominium Map" shall collectively mean and refer to all of such condominium maps and supplements thereto.

1.14 Condominium Unit or Unit. "Condominium Unit" or "Unit" shall mean and refer to the fee simple interest in one Individual Air Space Unit, together with all fixtures, improvements, perimeter windows, doors and unfinished surfaces of perimeter walls, floors and ceilings as shown on the Condominium Map, and together with the appurtenant interest in the Common Elements.

1.15 Declarant. "Declarant" shall mean and refers to Triton-Yacht Club, LLC, a Colorado limited liability company, its successors and assigns, if such successors and assigns acquire one or more portions of the Property from the Declarant for the purpose of constructing Condominium Buildings thereon; provided, however, that for the purposes of Sections 4.1(f), 11.4, 12.10, 15.2, 18.1 and Article Twenty of this Declaration, no person or entity shall be considered a Declarant under any of the aforesaid provisions, unless such person or entity shall first be designated by Triton-Yacht Club, L.L.C., as a Declarant for one or more of said purposes by a written instrument duly recorded in Adams County, Colorado.

1.16 Declarant Control. "Declarant Control" shall mean and refer to that period of time in which the Declarant shall be vested, in accordance with the Act, with certain privileges and rights

including, but not limited to, appointment of the directors of the Executive Board, and as more fully described in Article Five.

1.17 Declaration. "Declaration" shall mean and refer to this Condominium Declaration and the Condominium Map, as each may be amended from time to time.

1.18 Executive Board. The governing body of the Association.

1.19 First Mortgage. "First Mortgage" shall mean and refer to any unpaid and outstanding mortgage, deed of trust or other security instrument encumbering a Condominium Unit, and recorded in the records of the office of the Clerk and Recorder of Adams County, Colorado, having priority of record over all other recorded liens except those governmental liens made superior by statute (such as general *ad valorem* tax liens and special assessments).

1.20 First Mortgagee. "First Mortgagee" shall mean and refer to any person named as a mortgagee or beneficiary under any First Mortgage or any successor to the interest of any such person under such First Mortgage.

1.21 General Common Elements. "General Common Elements" shall mean and refer to all of the Common Elements except the Limited Common Elements. Subject to any other applicable terms and provisions of this Declaration, upon the written consent of all Owners any General Common Element may be conveyed to any person or entity other than the Owners.

1.22 Individual Air Space Unit. "Individual Air Space Unit" shall mean and refer to the air space contained within the enclosed rooms occupying part of a floor or floors in a Condominium Building and bounded by the unfinished interior surfaces of the perimeter walls (or the adjoining walls, if two or more Individual Air Space Units adjoin each other), unfinished interior surfaces of floors (or the lowermost floors, if it is an Individual Air Space Unit containing more than one level), unfinished interior surfaces of ceilings (or the uppermost ceilings, if it is an Individual Air Space Unit containing more than one level), and the unfinished interior surfaces of windows and window frames, doors and door frames of a Condominium Building, and which is separately identified on the Condominium Map. Said Individual Air Space Unit is to be used for residential purposes and shall have access to a public street. Such Individual Air Space Unit shall also include the garage bearing the same Unit number depicted on the Condominium Map. When transferring or conveying an Individual Air Space Unit, no separate reference to the garage associated with such Individual Air Space Unit need be made. By reference solely to the Individual Air Space Unit, the garage bearing the same Unit number on the Condominium Map shall automatically be transferred and conveyed therewith. No garage may be severed or partitioned from or separately conveyed from the Individual Air Space Unit.

1.23 Lake. "Lake" shall mean and refer to those parts of Hidden Lake which are now or may hereafter be included within the Property, as hereinafter defined.

1.24 Limited Common Elements. "Limited Common Elements" shall mean and refer to those parts of the Common Elements which are either limited to and reserved for the exclusive use of the Owner or owners of a particular Condominium Unit or are limited to and reserved for the common use of the Owners of more than one, but fewer than all, of the Condominium Units. Without limiting the foregoing, the Limited Common Elements shall include any attic, porch, patio, deck, mechanical/storage area, crawl space, garden area, fireplace and flue adjacent to an Individual Air Space Unit, any parking space(s) designated as Limited Common Elements as provided in Section 4.1 hereof, and the utility, heating, air conditioning and domestic hot water equipment contained within such Individual Air Space Unit or providing exclusive service to or for the exclusive use thereof, which Limited Common Elements shall be used in connection with the applicable Individual Air Space Unit to the exclusion of the use thereof by the other Owners, except by invitation. An element labeled as a Limited Common Element and bearing a particular Unit number on the Condominium Map, including, without limitation, attics, shall be reserved to the Owner of the Unit so designated to the exclusion of other Owners, except by invitation of the Owner of the designated Unit. The exterior stairways and corridors which are intended for the exclusive use of the Owners of the Condominium Units to which they provide access shall also be Limited Common Elements. No reference to any Limited Common Elements identified in this Section 1.23 need be made in any instrument of conveyance, encumbrance or other instrument. Garages shall be deemed part of the Condominium Unit to which such Garage is designated a part on the Condominium Map and shall not be deemed a Limited Common Element. A Garage may not be partitioned from, sold or conveyed separately from the Condominium Unit.

1.25 Member. "Member" shall mean and refer to each owner. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Condominium Unit.

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

1.27 Other Building. "Other Building" shall mean and refer to any building or other similar structure (including all fixtures and improvements therein contained) located on the Property, but excluding any Condominium Building.

1.28 Owner. "Owner" shall mean and refer to any record owner (including Declarant and including a contract seller), whether one or more persons or entities, of a fee simple title interest to any Condominium Unit; but excluding, however, any such record owner having such an interest merely as security for the performance of an obligation (unless such person has acquired fee simple title interest therein pursuant to foreclosure or any proceedings in lieu thereof).

1.29 Project. "Project" shall mean and refer to the common interest community created by this Declaration and as shown on the Map consisting of the Property, Lake, Condominium Buildings, Other Buildings, Condominium Units and Common Elements.

1.30 Property. "Property" shall mean and refer to that certain Property described on Exhibit A attached hereto and incorporated herein by this reference, together with any Property which is hereafter annexed to this Declaration pursuant to the provisions of Article Twenty hereof.

ARTICLE TWO

DIVISION OF PROJECT INTO CONDOMINIUM OWNERSHIP

2.1 Name. The name of the Project is The Yacht Club III Condominiums. The Project is a condominium pursuant to the Act.

2.2 Association. The name of the Association is The Yacht Club III Condominiums Association, Inc. Declarant has caused the Association to be incorporated as a nonprofit corporation under the laws of the State of Colorado.

2.3 Number of Condominium Units. The maximum number of Condominium Units in the Project is 24.

2.4 Identification. The identification number of each Condominium Unit is shown on the Condominium Map and Exhibit B to this Declaration.

2.5 Legal Description. Any instrument affecting a Condominium Unit may describe it by its identification number, Yacht Club III Condominiums, County of Adams, State of Colorado, according to the Map thereof, recorded at Book _____, Page _____, Reception No. _____, and the Declaration recorded at Book _____, Page _____, Reception No. _____ in the records of the Clerk and Recorder of the County of Adams, Colorado, as amended from time to time.

2.6 Division Into Condominium Units. The Project is hereby initially divided into 24 separate Condominium Units, each of which shall have an undivided interest in the appurtenant Common Elements thereto, which undivided interest is described in Section 1.2. However, the number of Units and the undivided interests in the Common Elements appurtenant thereto may be modified by annexations to this Declaration pursuant to Article Twenty.

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

2.8 Non-Partitionability. The Common Elements shall be owned in common by all of the Owners and shall remain undivided. By the acceptance of a deed or other instrument of conveyance or assignment, each owner specifically waives his right to institute and/or maintain a partition action or any other action designed to cause a division of the Common Elements. Furthermore, each Owner agrees that this Section 2.8 may be pleaded as a bar to the maintenance of such an action. Any violation of this Section shall entitle the Association to collect, jointly and severally, from the parties violating the same, the actual attorney's fees, costs, expenses and all damages which the Association incurs in connection therewith.

ARTICLE THREE

CONDOMINIUM MAP

The initial Condominium Map, covering all or any portion of the Property, and any supplements and amendments thereto, if any, shall be recorded in the office of the Clerk and Recorder of Adams County, Colorado.

ARTICLE FOUR

OWNER'S PROPERTY RIGHTS IN COMMON ELEMENTS

4.1 Rights of Owner's Easements of Enjoyment and Rights of Ingress and Egress. Every Owner, his family members, guests and licensees, shall have a right and easement of enjoyment in and to the General Common Elements and those Limited Common Elements appurtenant to his Condominium Unit, plus a right and easement of ingress and egress over, across and upon the General Common Elements and those Limited Common Elements appurtenant to his Condominium Unit, for the purpose of getting to and from his Condominium Unit, parking areas, any recreational facilities and public ways, for both pedestrian and vehicular travel, which rights and easements shall be appurtenant to and pass with the transfer of title to the Owner's Condominium Unit; provided, however, that such rights and easements shall be subject to the following:

a. The terms, provisions, covenants, conditions, restrictions, easements, reservations, uses, limitations and obligations contained in this Declaration and the Condominium Map; and

b. The right of the Association to charge reasonable admission and other fees for the use of any recreational or other facility which is part of the Common Elements, which fees may be in addition to the Annual Assessments and Special Assessments provided for in this Declaration; and

c. The right of the Association to suspend the voting rights and any and all rights of any Owner to the use of any recreational facilities for any period during which any Association assessment against such Owner or against such Owner's Condominium Unit

remains unpaid and, for any period not to exceed sixty (60) days, as a result of such Owner's infraction, or the infraction by any member of such Owner's family or such owner's guests or invitees, of any rule or regulation of the Association; and

d. The right of the Association to limit the number of guests or invitees of each Owner which may use any recreational or other facilities contained in the Common Elements; and

e. The right of the Association to adopt, from time to time, rules and regulations concerning the Condominium Units, Common Elements, and/or any Property owned by the Association, and any facilities located thereon, as the Association may determine is necessary or prudent; and

f. The right of the Declarant to designate on the Condominium Map, on any Declaration of Annexation recorded pursuant to Article Twenty hereof, on any deed whereby Declarant conveys title to any Condominium Unit, or on any other document recorded by the Declarant in Adams County, Colorado, specific parking space(s), including any improvements thereto and thereon, as Limited Common Elements for the exclusive use of the Owner(s) of particular Condominium Units, provided that this right shall terminate upon conveyance by Declarant of the last Condominium Unit to the first purchaser thereof (other than Declarant); and

g. Subject to the provisions contained herein, the right of the Association to grant permits, licenses and easements over the Common Elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project.

4.2 Limited Common Elements. Subject to the terms and provisions of this Declaration, every Owner shall have the exclusive right to use and enjoy the Limited Common Elements appurtenant to his Condominium Unit.

4.3 Major Recreational Facilities. Declarant does not anticipate the construction of any Major Recreational Facilities other than a landscaped picnic area.

ARTICLE FIVE

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

5.1 Membership. Every Owner of a Condominium Unit shall be a Member of the Association, including Declarant so long as Declarant continues to own an interest in a Condominium Unit and shall remain a Member for the period of his ownership of a Condominium Unit, provided; however, that in no event shall the total number of Association votes allocated to each Unit exceed one. Membership in the Association shall be appurtenant to, and may not be separated from,

ownership of a Unit. Except as otherwise provided for in this Declaration, each member shall be entitled to vote in Association matters as set forth in Section 1.2(b) above. Each Owner, including Declarant while Declarant owns any Unit, is subject to all the rights and duties assigned to Owners under the Association Documents.

5.2 Transfer of Membership. An Owner shall not transfer, pledge or alienate his membership in the Association in any way, except upon the sale or encumbrance of his Unit and then only to the purchaser or Mortgagee of his Unit. The Association shall not create a right of first refusal on any Unit and Unit Owners may transfer ownership of their Units free from any such right.

5.3 Multiple Owners. When an Owner consists of more than one Person, while each such Person shall be a Member of the Association, only one of such co-Owners shall be entitled to exercise the single vote to which the Condominium Unit is entitled. Fractional votes shall not be allowed. If only one of the co-Owners of a Condominium Unit is present at a meeting of the Association, that co-Owner shall be entitled to cast the single vote allocated to that Condominium Unit. If more than one of the co-Owners of a Condominium Unit are present, the single vote allocated to that Condominium may be cast only in accordance with the agreement of a majority of the co-Owners of such Condominium Unit. If any one of the co-Owners of a Condominium Unit casts a vote allocated to that Condominium Unit without protests being made promptly (i.e., before the end of the meeting of the Association at which such vote was cast) by any of the co-Owners of the Condominium Unit to the director presiding over such meeting, then it shall be conclusively presumed that the vote was cast in accordance with the agreement of a majority of the co-Owners of such Condominium Unit. No change in the membership of a Member shall be effective for voting purposes until the Executive Board receives written notice of the change together with satisfactory evidence of the change.

5.4 Declarant Control. Declarant shall be entitled to appoint and remove the members of the Executive Board and officers of the Association to the fullest and longest extent permitted under the Act as set forth in the Association Documents. Unless a long period is provided in the Act or a shorter period is mandated by the Act, Declarant shall have the right and authority to appoint or remove and replace the members of the Executive Board and the officers of the Association, until the last to occur of: (a) sixty days after conveyance of seventy-five percent (75%) of the Condominium Units created for inclusion in the Project to Owners other than the Declarant; or (b) two years after the last conveyance of a Condominium Unit by the Declarant to an individual Owner in the ordinary course of business of the Declarant; or (c) two years after any right to add new Condominium Units to the Project was last exercised. Declarant may voluntarily relinquish such power by recording a notice executed by Declarant with the Clerk and Recorder of Adams County, Colorado, but, in such event, Declarant may at its option require that specified actions of the Association or the Executive Board as described in the recorded notice, during the period Declarant would otherwise be entitled to appoint and remove directors and officers, be approved by Declarant before they become effective.

5.5 Reserved Development and Special Declarant Rights.

a. Reservation of Withdrawal Rights. Declarant reserves the right for itself and any Successor Declarant at any time and from time to time to withdraw from the provisions of this Declaration individual Units and/or Common Elements, provided however that none of the real estate may be withdrawn after any Unit has been conveyed by Declarant to a Purchaser.

b. Other Reserved Rights. Declarant reserves the right for itself and any Successor Declarant at any time and from time to time to: (i) maintain and relocate, pursuant to Section 12.2, sales offices, management offices, signs advertising the Project and models, of any size, within one or more Units and within the General Common Elements so long as Declarant or Successor Declarant continues to be an Owner of a Unit or, if earlier, seven (7) years from the recording of this Declaration with the Clerk and Recorder, and (ii) to appoint or remove any officer of the Association or any Executive Board member during the period of Declarant control as set forth above.

c. Change in Allocated Interests. In the event Declarant or Successor Declarant exercises the right to withdraw Units as set forth above, the Allocated Interests of the resulting Units after such expansion or withdrawal shall be adjusted according to the formula set forth in Section 1.2 above.

d. Termination of Rights. The rights reserved to the Declarant for itself, its successors and assigns in this Article shall expire, unless sooner terminated as required by the Act, seven (7) years from the date of recording this Declaration, unless such rights are (i) extended as allowed by law, or (ii) reinstated or extended by the Association, subject to whatever terms, conditions and limitations the Executive Board may impose on the subsequent exercise of the rights of Declarant.

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

ARTICLE SIX

THE ASSOCIATION

6.1 Management and Maintenance Duties. Subject to the rights of Owners as set forth in this Declaration, and in furtherance and not in limitation of the provisions set forth in Article Sixteen, the Association shall:

a. Be responsible for the management, control, maintenance, repair, replacement and improvement of the Common Elements and any Property owned by the Association

(including facilities, furnishings and equipment related thereto), and shall keep the same in good, clean, attractive and sanitary condition, order and repair; provided, however, that each Owner shall be responsible for exclusive maintenance and repair of all fixtures, equipment and utilities installed or located within such Owner's Individual Air Space Unit, and all other equipment providing exclusive service thereto or therefor and any service lines therefrom to the Condominium Unit, including without limitation all utility, heating, plumbing, air conditioning and domestic hot water equipment and appurtenances, condensers, compressors, hot water heaters and garage door openers, if any, regardless of whether such fixtures, equipment and utilities are owned by said Owner or are Common Elements, and for keeping the Limited Common Elements, or portions thereof, designated for use solely in connection with his Condominium Unit, in a good, clean, well maintained, sanitary and attractive condition;

b. Maintain and repair the exterior surfaces of the Condominium Buildings (including, without limitation, the painting of the same as often as the Executive Board of the Association may deem appropriate within the limits of the Association's budget, the replacement of trim and caulking, and the maintenance and repair of roofs, but excluding exterior doors and garage doors (except painting), windows, window screens, window washing, or any maintenance, repair or replacement;

c. Maintain all grass, trees, shrubbery, flowers and other landscaping constituting part of the Common Elements;

d. Notwithstanding the foregoing duties of the Association for management, control, maintenance, repair, replacement and improvement of the Common Elements, the Association shall have no such responsibility with respect to any Common Elements associated with or providing any benefit or service to a Condominium Unit whose Owner is in default in the payment of any assessments, charges, costs, or fees to the Association.

The expenses, costs and fees of such management, operation, maintenance, repair replacement and improvement by the Association, as provided in this Section 6.1, shall be part of the Annual Assessment levied by the Association and the prior approval of the Owners shall not be required in order for the Association to pay any such expenses, costs and fees, regardless of the amounts thereof.

6.2 Owner's Negligence: Prohibition of Certain Activities.

a. Notwithstanding anything to the contrary contained in this Declaration, in the event that the need for maintenance, repair or replacement of the Common Elements, or any portion thereof, is caused through or by the negligent or willful act or omission of an Owner, or by any member of an Owner's family or by an Owner's guests or invitees (such determination of negligence or willful act or omission, and the amount of the owner's liability therefor, having been determined by the Association by a hearing after notice to the Owner),

then the expenses, costs and fees incurred by the Association for such maintenance, repair or replacement shall be the personal obligation of such Owner; and, if not repaid to the Association within ten (10) days after the Association shall have given notice to the Owner of the total amount of such expenses, costs and fees, or any portions thereof, from time to time, then the failure to so repay shall automatically become a Default Assessment determined and levied against such Condominium Unit and Owner, and the Association may proceed in accordance with Section 7.8 hereof.

b. Further, nothing shall be done or kept in any Condominium Unit or in or on the Common Elements, or any part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit or other imposed requirement of any governmental body having jurisdiction over the same. No damage to, or waste of, the Common Elements, or any part thereof, shall be committed by any Owner, or by any member of an Owner's family, or by a guest, invitee, or contract purchaser of any Owner. Each owner shall indemnify and hold the Association and the other Owners harmless from and against all loss and damage resulting from any action or activity committed by him, the members of his family, his guests, invitees or contract purchasers, which is in violation of this Section 6.2(b). At its own initiative or upon the written request of any Owner (and, if the Association determines that further action by it is proper), then after notice and a hearing by the Association, the amounts to be indemnified shall be and constitute a Default Assessment in accordance with Section 7.8 hereof, and the Association shall enforce the foregoing indemnity in the same manner as provided in Section 10.2 hereof with respect to an Owner's indemnity against mechanic's liens.

6.3 Management Agreements and Other Contracts. The Association may employ or contract for the services of a Manager to whom the Executive Board may delegate certain powers, functions or duties. Any agreement for professional management of the Association's business or other contract providing for services of the Declarant shall have a maximum term of three (3) years, and any such agreement shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon not more than ninety (90) days prior written notice. Such management shall not have the authority to make expenditures except upon prior approval and direction by the Executive Board.

6.4 Rights of Action. The Association on behalf of itself and any aggrieved Unit Owner shall be granted a right of action against any and all Unit Owners for failure to comply with the provisions of the Association Documents, or with decisions of the Executive Board made pursuant to authority granted to the Association in the Association Documents. The Unit Owners shall have a right of action against the Association for failure to comply with the provisions of the Association Documents, or with decisions of the Executive Board made pursuant to authority granted to the Association in the Association Documents. In any action covered by this section, the Association or any Unit Owner shall have the right but not the obligation to enforce the Association Documents by any proceeding at law or in equity, or as set forth in the Association Documents, or by mediation or binding arbitration if the parties so agree. The prevailing party in any arbitration or judicial relief shall be entitled to reimbursement from the non-prevailing party or parties, for all reasonable costs and

expenses, including attorneys' fees in connection with such arbitration or judicial relief. Failure by the Association or by any Owner to enforce compliance with any provision of the Association Documents shall not be deemed a waiver of the right to enforce any provision thereafter.

6.5 Implied Rights and Obligations. The Association may exercise any right or privilege expressly granted to the Association in the Association Documents, the Act, and the Colorado Nonprofit Corporation Act.

6.6 Notice. Any notice to an Owner of matters affecting the Project by the Association or by another Owner shall be sufficiently given if in writing and delivered personally, by courier or private service delivery, or the third business day after deposit in the mails for registered or certified mail, return receipt requested, at the address of record for real Property tax assessment notices with respect to that Owner's Unit.

6.7 Owner Use and Occupancy Regulation. The Association shall have and may exercise the right to control Owner's use and occupancy of their respective Units in order to assure Owners of eligibility of the Project for any Agency. In this regard, not less than fifty one percent (51%) of the Units must be Owner-occupied at all times. Any Owner wishing to lease a Unit shall be subject to this percentage occupancy requirement and must first apply for authorization from the Association for any non-Owner occupancy. Allowance of a Unit Owner to rent a Unit shall be on a first-come, first-served basis and the Association shall have the authority to permit or deny the use or leasing of any Unit within the Project, subject to then-current federal mortgage eligibility requirements.

6.8 Powers of Association. Except as provided in the Bylaws and the Act, the Executive Board may act in all instances on behalf of the Association, to:

- a. Adopt and amend Bylaws and rules and regulations;
- b. Adopt and amend budgets for revenues, expenditures and reserves and collect assessments;
- c. Hire and terminate managing agents and other employees, agents and independent contractors;
- d. Institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Unit Owners on matters affecting the Project;
- e. Make contracts and incur liabilities;
- f. Regulate the use, maintenance, repair, replacement and modification of Common Elements;
- g. Cause additional improvements to be made as a part of the Common Elements;

- h. Acquire, hold, encumber and convey in the name of the Association any right, title or interest to real or personal Property, except that Common Elements may be conveyed or subjected to a security interest only if Members entitled to cast at least eighty percent (80%) of the votes agree to that action and if all Owners of Units to which any Limited Common Element is allocated agree in order to convey that Limited Common Element or subject it to a security interest;
- i. Grant easements, leases, licenses and concessions through or over the Common Elements;
- j. Impose and receive any payments, fees or charges for the use, rental or operation of the General Common Elements;
- k. Impose charges for late payment of assessments, recover reasonable attorney fees and other legal costs for collection of assessments and other actions to enforce the power of the Association, regardless of whether or not suit was initiated, and after notice and opportunity to be heard, levy reasonable fines for violations of the Association Documents;
- l. Impose reasonable charges for the preparation and recordation of amendments to the Declaration or statements of unpaid Assessments;
- m. Provide for the indemnification of its officers and Executive Board and maintain directors' and officers' liability insurance;
- n. Assign its right to future income, including the right to receive assessments;
- o. Exercise any other powers conferred by the Declaration or Bylaws;
- p. Exercise all other powers that may be exercised in this state by legal entities of the same type as the Association; and
- q. Exercise any other powers necessary and proper for the governance and operation of the Association.

6.9 Design Review. No alteration or additions to the Common Elements shall be made unless first approved in writing by the Executive Board. The Executive Board shall exercise reasonable judgment to the end that all modifications to the Common Elements conform to and harmonize with existing surroundings and structures. The Executive Board has the absolute right to deny any requested changes which the Executive Board reasonably determines do not conform to and harmonize with existing surroundings and structures.

ARTICLE SEVEN

ASSESSMENTS

7.1 Personal Obligation for Assessments. All Owners of Condominium Units on which a Certificate of Occupancy has been issued, including Declarant, covenant and agree, and shall be personally obligated, to pay to the Association: (a) Annual Assessments imposed by the Association to meet the common expense and reserve requirements of the Association; (b) Special Assessments pursuant to Section 7.7; and (c) other charges, costs, fees and assessments, including without limitation, Default Assessments pursuant to Section 7.8. All Owners of each Condominium Unit shall be jointly and severally liable to the Association for the payment of all assessments, fees and charges attributable to their Condominium Unit. The personal obligation for delinquent assessments shall not pass to an Owner's successors in title or interest unless expressly assumed by them. No Owner may waive or otherwise escape personal liability for the payment of the assessments, charges and fees provided for herein by non-use of the Common Elements or the facilities contained therein or by abandonment or leasing of his Condominium Unit. The obligation for payment of assessments, charges, costs and fees by each Owner to the Association shall be an independent covenant, with all amounts due from time to time to be payable in full when due without notice or demand and without setoff or deduction. In addition to the foregoing assessments, charges and fees, each Owner shall have the obligation to pay real Property *ad valorem* taxes and special assessments imposed by Colorado governmental subdivisions against his Condominium Unit, as well as all charges for separately metered utilities servicing his Condominium Unit. The charges for utilities which are not separately metered to an individual Condominium Unit shall be included in the common expense assessments levied by the Association.

7.2 Budget. Until the Association makes a common expense assessment, the Declarant shall pay and be responsible for all Common Expenses. Prior to the first assessment imposed by the Association and no less than annually thereafter, the Executive Board shall adopt an estimated budget to provide, without limitation, for the administration, maintenance, improvement, and repair of the Common Elements (the "Annual Budget"). The Association shall levy and assess the Annual Assessments in accordance with the Annual Budget. The Annual Budget shall be submitted to the Owners for ratification pursuant to Section 303(4) of the Act.

7.3 Annual Assessments. Annual Assessments made for Common Expenses shall be based upon and pursuant to the Annual Budget, and shall be made not less frequently than annually and be payable in monthly installments on a prorated basis in advance and shall be due on the first day of

each month. In the event that an association adjoining the Property provides any of the services or performs any of the Association's operating or maintenance duties, the Annual Budget shall include, without limitation, the charges to the Association from such adjoining association. The omission or failure of the Association to fix the Annual Assessments for any assessment period shall not be deemed a waiver, modification or release of the Owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Annual Assessments in excess of the actual expenses incurred in any fiscal year. The Association shall also have the right to set certain discounts for on-time, early, or lump-sum payment of Assessments; provided, however, that such discounts are determined contemporaneously with the Annual Budget and do not discriminate between Owners.

7.4 Date of Commencement of Common Expense Assessments. Assessments shall commence, as to each Condominium Unit, 30 days after the issuance of a certificate of occupancy for a Condominium Unit. Any Owner purchasing a Condominium Unit between monthly assessment due dates shall pay a pro rata share of the last installment due.

7.5 Apportionment of Annual Assessments. Annual Assessments shall be allocated among the Units on the basis of the Allocated Interests (see Section 1.2) in effect on the date of assessment, provided, however that the Association reserves the right to allocate all expenses relating to fewer than all of the Units (such as those expenses attributable to Limited Common Elements and insurance premiums to the Owners of those affected Units only).

7.6 Reserves. The Association shall establish an adequate reserve fund for the maintenance, repair and replacement of those Common Elements that must be periodically maintained, repaired or replaced, and for the payment of insurance deductibles. Such reserves shall be funded through the monthly common expense assessments.

7.7 Special Assessments. In addition to the assessments authorized above, the Executive Board may, from time to time, determine, levy and assess a Special Assessment applicable to that particular assessment year for the purpose of defraying, in whole or in part, payments for any operating deficit and/or unbudgeted costs, fees and expenses of any construction, reconstruction, repair, demolition, replacement or maintenance of the Common Elements, specifically including without limitation any fixtures and personal Property related thereto. The amounts determined, levied and assessed pursuant hereto shall be set against each Condominium Unit in accordance with its Allocated Interest, subject to the right of the Association to assess only against the Owners of affected Condominium Units any extraordinary maintenance, repair or restoration work on fewer than all of the Condominium Units shall be borne by the Owners of those affected Condominium Units only, and any extraordinary insurance costs incurred as a result of the value of a particular Owner's Condominium Unit or the actions of a particular Owner (or his agents, servants, guests, tenants or invitees) shall be borne by that Owner. Such Special Assessment(s) shall be due and payable as determined by the Executive Board. Notice in writing setting forth the amount of such Special Assessment per Condominium Unit and the due date for payment thereof shall be given to the Owners not less than thirty (30) days prior to such due date.

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

7.9 Surplus Funds. Funds of the Association remaining after payment of or provision for Common Expenses and any pre-payment of a provision for Reserves in a fiscal year may be credited to the Owners in reduction of their future assessments or retained by the Association as additional Reserves in the Executive Board's absolute discretion.

7.10 Effect of Non-Payment. Any assessments, charges, costs or fees provided for in this Declaration including, without limitation, Annual Assessments, Special Assessments, and Default Assessments, or any monthly or other installment thereof, which is not fully paid within ten (10) days after the due date thereof shall be delinquent. If an assessment becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

- a. Assess a late charge for each delinquent assessment in such amount as the Association deems proper. However, such late charges, if any, shall be set by the Association in advance of each year and contemporaneously with the Annual Budget. Such late charge shall not discriminate between owners;
- b. Assess an interest charge from the due date of the rate of eighteen (18%) percent, or at such lesser rate as may be set by the Association from time to time;
- c. Suspend the voting rights of the defaulting Owner during any period of delinquency;
- d. Suspend the rights of the Owner, the Owner's family, guests, lessees and invitees, to use Common Element facilities during any period of delinquency;
- e. Accelerate all remaining assessment installments so that unpaid assessments for the remainder of the fiscal year shall be due and payable at once;
- f. Bring an action at law against the defaulting Owner personally obligated to pay the delinquent assessments; and
- g. Proceed with foreclosure as set forth in Section 7.11 below.

7.11 Lien.

a. The Association has a lien on a Condominium Unit for any assessment levied against the Condominium Unit or fines imposed against its Condominium Unit Owner pursuant to this Declaration, from the time the assessment or fine become due. Fees, charges, late charges, fines and interest charged are enforceable as assessments under this Section. If an assessment is payable in installments, each installment is a lien from the time it becomes due, including the due date set by any valid Association acceleration of installment obligations.

b. A lien under this Section is prior to all other liens and encumbrances on a Condominium Unit except: (1) liens and encumbrances recorded before the recordation of the Declaration; (2) a first Security Interest on the Unit recorded before the date on which the assessment sought to be enforced became delinquent; and (3) liens for real estate taxes and other governmental assessments or charges against the Condominium Unit. A lien under this Section is also prior to all Security Interests described in Subdivision (2) of this Subsection to the extent that the assessments are based on the Annual Budget adopted by the Association would have become due in the absence of acceleration, during the six months immediately preceding institution by either the Association or any party holding a lien senior to any part of the Association's lien of an action or a non-judicial foreclosure either to enforce or extinguish the Association's lien. This Subsection does not affect the priority of mechanics' or materialmen's liens or the priority of a lien for other assessments made by the Association. A lien under this Section is not subject to the exemptions provided by Colorado homestead laws, which are specifically waived by a Condominium Unit Owner as evidenced by acceptance of a deed to a Unit.

c. Recording of the Declaration constitutes record notice and perfection of the lien. Further recording of a claim of lien for a Common Expense Assessments is not required.

d. A lien for an unpaid Common Expense Assessment is extinguished unless proceedings to enforce the lien are instituted within six years after the full amount of the assessment becomes due, except that if an Owner of a Unit subject to a lien under this Section files a petition for relief under the United States Bankruptcy Code, the time period for instituting proceedings to enforce the Association's lien shall be tolled until thirty days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.

e. This Section does not prohibit an action to recover sums for which Subsection (a) of this Section creates a lien or prohibit the Association from taking a deed in lieu of foreclosure.

f. A judgment or decree in any action brought under this Section shall include costs and reasonable attorney's fees for the prevailing party, which shall be additional assessments.

g. A judgment or decree in an action brought under this Section is enforceable by execution under Colorado law.

h. The Association's liens may be foreclosed by the same procedure by which a mortgage on real estate is foreclosed.

i. In any action by the Association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver for the Owner to collect all sums alleged to be due from that Owner or a tenant of the Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's assessments, based on the Annual Budget.

j. If a holder of a first or second Security Interest in a Condominium Unit forecloses that Security Interest, the purchaser at the foreclosure sale is not liable for any unpaid assessments against that Condominium Unit which became due before the sale, other than the assessments which are prior to that Security Interest under Subsection (b) of this Section of the Declaration. Any unpaid assessments not satisfied from the proceeds of sale at the option of the Executive Board may become Common Expenses subsequently allocated to and collectible from all the Owners, including the purchaser.

k. In the case of foreclosure, the Association shall give reasonable notice of its action to each lien holder of a Condominium Unit whose interest would be affected.

l. Any payments received by the Association in the discharge of a Owner's obligation may be applied to the oldest balance due.

m. Upon payment of a reasonable fee, the Association shall furnish to a Condominium Unit Owner or such Owner's designee or to a holder of a security interest or its designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, a written statement setting forth the amount of unpaid assessments currently levied against such owner's Condominium Unit. The statement shall be furnished within fourteen calendar days after receipt of the request and is binding on the Association, the Executive Board, and every Condominium Unit owner. If no statement is furnished to the Condominium Unit owner or holder of a security interest or their designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a lien upon the Condominium Unit for unpaid assessments which were due as of the date of the request.

7.12 Effect of Non-Payment of Assessments. The Association may bring an action at law or in equity, or both, against any Owner personally obligated to pay such overdue assessments, charges, costs or fees, or monthly or other installments thereof, and may also proceed to foreclose its lien against such Owner's Condominium Unit. An action at law or in equity by the Association

against an Owner to recover a money judgment for unpaid assessments, charges, costs or fees, or any monthly or other installment thereof, may be commenced and pursued by the Association without foreclosing or in any way waiving the Association's lien therefor. In the event that any such assessment, charge, cost or fee, or any monthly or other installment thereof, is not fully paid when due and the Association shall commence such an action (or shall counterclaim or cross claim for such relief in any action) against any Owner personally obligated to pay the same, or shall proceed to foreclose its lien against the particular Condominium Unit, then all unpaid assessments, charges and fees, and all unpaid monthly or other installments thereof, any and all late charges and accrued interest under this Section, the Association's costs, expenses and reasonable attorney's fees incurred for preparing and recording any lien notice, and the Association's costs of suit, expenses and reasonable attorney's fees incurred for any such action and/or foreclosure proceedings, shall be taxed by the court as a part of the costs of any such action and/or foreclosure proceeding and shall be recoverable by the Association from any Owner personally obligated to pay the same and from the proceeds of the foreclosure sale of such Owner's Condominium Unit. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessments, charges, costs or fees, or monthly or other installments thereof, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Condominium Unit at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, convey, or otherwise deal with the same.

7.13 Personal Obligation. Each Assessment against a Condominium Unit is the personal obligation of the person who owned the Condominium Unit at the time the assessment became due and shall not pass to successors in title unless they agree to assume the obligation. No Owner may exempt himself from liability for an assessment by abandonment of the Condominium Unit or by waiver of the use or enjoyment of all or any part of the Common Elements.

7.14 Payment by Mortgagee. Any Mortgagee holding a lien on a Condominium Unit may pay any unpaid assessment payable with respect to such Condominium Unit, together with any and all costs and expenses incurred with respect to the lien, and upon such payment that Mortgagee shall have a lien on the Condominium Unit for the amounts paid with the same priority as the lien of the Mortgage.

7.15 Working Capital Fund. The Association or Declarant shall require the first owner of each Condominium Unit (other than Declarant), to make a non-refundable contribution to the Association in an amount equal to two (2) times the monthly installment of the Annual Assessment (one-sixth of the annual common expense assessment) against that Condominium Unit in effect at the closing thereof. Said contribution shall be collected and transferred to the Association at the time of closing of the sale by Declarant of each Condominium Unit and shall be maintained in a segregated account with other such working capital funds for the use and benefit of the Association, including without limitation, to meet unforeseen expenditures or to purchase additional equipment, Property or services. Such contribution to working capital funds shall not relieve an Owner from making regular payments of assessments as the same become due. Upon the transfer of his Condominium

Unit, an Owner shall be entitled to a credit from his transferee (but not from the Association) for the aforesaid contribution to working capital fund.

7.16 Maintenance Accounts: Accounting. If the Association delegates powers of the Executive Board or its officers relating to collection, deposit, transfer or disbursement of Association funds to other persons or to a manager, then such other persons or manager must (a) maintain all funds and accounts of the Association separate from the funds and accounts of other Associations managed by the other person or manager, (b) maintain all reserve and working capital accounts of the Association separate from the operational accounts of the Association, and (c) provide to the Association an annual accounting and financial statement of Association funds prepared by the manager, a public accountant or a certified public accountant.

7.17 Payment for Water and Sewer Service. In the event all Condominium Units and/or any portion of the Common Elements shall receive water and sewer service through master meter(s) and the Association shall fail or refuse to pay the costs, fees and charges for such service, the Owners of each Condominium Unit, by acceptance of a deed therefor, covenant and agree to pay their proportional share, as hereinafter provided, of such costs, fees and charges, on a continuing basis directly to the governmental agency or public utility providing such service. The "proportional share" to be paid by the Owners of each Condominium Unit, as hereinabove provided, shall be a fraction, the numerator of which shall be one (1) and the denominator of which shall be the total number of all Condominium Units on which a Certificate of Occupancy has been issued by the City of Arvada, Colorado, or its successor with jurisdiction over such matters, at the time such water and sewer service is provided.

7.18 Liens. In accordance with the requirements of the Colorado Condominium Ownership Act, as amended, Declarant hereby states that it is possible that liens other than mechanics' liens and assessment liens may be obtained against the Common Elements, including, without limitation, judgment liens and purchase money mortgage liens.

ARTICLE EIGHT

INSURANCE

8.1 Insurance on Common Elements. Commencing not later than the time of the first conveyance of a Condominium Unit to a person other than a Declarant, the Association shall maintain the following types of insurance, to the extent that such insurance is reasonably available:

a. Property Insurance. A policy of Property insurance on the Common Elements covering all insurable improvements located within the Project for broad form covered causes of loss; except that the total amount of insurance must be not less than the full insurable replacement cost of the insured Property less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from Property policies. Further, said Policy shall contain a

"Replacement Cost Endorsement" providing that any claim will be settled on a full replacement cost basis without deduction for depreciation, and include an "Inflation Guard Endorsement" and an "Agreed Amount Endorsement." The Association may also purchase a "Demolition Endorsement," an "Increased Cost of Construction Endorsement," a "Contingent Liability from Operation of Building Laws Endorsement," a "Vacancy Permit Endorsement" or the equivalent, and/or coverage on personal Property owned by the Association, including fixtures and building service equipment, furnishings and supplies. Such insurance shall afford protection against at least the following:

(i) Loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; and

(ii) Such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where, such is available.

The Association may also obtain, if appropriate, coverage for loss or damage resulting from a boiler or machinery in an amount not less than the lesser of \$2,000,000.00 or the insurable value all the building(s) housing the boiler or machinery.

Any hazard insurance policy purchased by the Association must be written by a hazard insurance carrier which has a current rating by Best's Insurance Reports of B/VI or better, or a financial rating of Class V provided it has a general policy holder's rating of at least A, and is authorized by law to do business in the State of Colorado. The Association shall not obtain any policy where (a) under the terms of the insurance company's charter, Bylaws, or policy, contributions or assessments may be made against the mortgagor or mortgagee's designee or (b) under the terms of the carrier's charter, Bylaws, or policy, loss payments are contingent upon action by the carrier's Executive Board, policy holders or members, or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent mortgagees or any Owner from collecting insurance proceeds.

b. Comprehensive Liability. A comprehensive policy of public liability insurance covering the Project, insuring the Association in an amount not less than \$1,000,000.00 against claims arising in connection with the ownership, existence, use, or management of the Common Elements. Such coverage shall include, without limitation, legal liability of the insureds for Property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Project, legal liability arising out of lawsuits related to employment contracts of the Association, and protection against liability for non-owned and hired automobiles; such coverage may also include, if applicable, comprehensive automobile liability insurance, garagekeeper's liability, liability for Property of others, host liquor liability, water damage liability, contractual liability, workmen's compensation insurance for employees of the Association, and such other risks as shall customarily be required by private institutional mortgage investors with respect to similar projects. The Declarant shall be

included as an additional insured in such Declarant's capacity as an owner and Executive Board member. The owners shall be included as additional insureds for claims and liabilities arising in connection with the ownership, existence, use, or management of the Common Elements. The insurance shall cover claims of one or more insured parties against other parties.

8.2 General Provisions of Insurance Policies. All policies of insurance described in Section 8.1 above carried by the Association shall be carried in blanket policy form naming the Association as the insured for the use and benefit of, and as attorney-in-fact for the Owners. The policy or policies shall contain a standard non-contributory First Mortgagee's clause in favor of each First Mortgagee and a provision that it cannot be canceled or materially altered by either the insured or the insurance company until thirty (30) days prior written notice thereof is given to the insured, First Mortgagee, insurer, or guarantor of a First Mortgage. Each Mortgagee and its successors or assigns shall be a beneficiary of the policy in the percentages of Common Expenses for the Unit which the Mortgage encumbers. The Association shall furnish a certified copy or duplicate original of such policy or renewal thereof, with proof of premium payment and a certificate identifying the interest of the Owner in question, to any party in interest including First Mortgagees, upon request. If the insurance described in this Article is not reasonably available, or, if any policy of such insurance is canceled or not renewed without a replacement policy having been obtained, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Owners and to all First Mortgagees. All policies of insurance shall further provide:

a. Each Owner is an insured person under the policies with respect to liability arising out of each Owner's interest in the Common Elements or membership in the Association;

b. The insurer waives its rights to subrogation under the policies against any Owner or member of his household;

c. No act or omission by an Owner, unless acting within the scope of such Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and

d. If, at the time of a loss under the policy, there is other insurance in the name of a Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

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

a. Fidelity Insurance. A policy providing comprehensive fidelity coverage or fidelity bonds to protect against dishonest acts on the part of officers, directors, trustees and employees of the Association and all others who handle or are responsible for handling funds of the Association, in an amount at least equal to the estimated maximum of funds, including maintenance reserves in the custody of the Association at any given time; provided, however, that such fidelity coverage or fidelity bonds shall not be in an amount less than the aggregate of two months' current assessments plus reserves calculated using the current year's Annual Budget.

(i) All such fidelity coverage or bonds shall name the Association as an obligee;

(ii) Such fidelity coverage or bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

In the event the Association has delegated some or all of its responsibility for the handling of funds to a managing agent, the Association may require the managing agent to purchase, at its own expense, a policy of fidelity insurance or bonds which fully complies with the provisions of this subparagraph.

b. Flood Insurance. If the Project, or any portion thereof, is located within an area identified by the Federal Emergency Management Agency as having special flood hazards, and flood insurance coverage has been made available under the National Flood Insurance Program ("NFIP"), a "master" or "blanket" policy of flood insurance on the Condominium Buildings, Other Buildings and any other Property covered by the required form of policy (herein "insurable Property") in an amount deemed appropriate, but not less than the lesser of:

(i) The maximum coverage available under the NFIP for all Condominium Buildings, Other Buildings and other insurable Property within any portion of the Project located within a designated flood hazard area; or

(ii) One hundred percent (100%) of current replacement cost of all Condominium Buildings, Other Buildings and other insurable Property within any portion of the Project located within a designated flood hazard area.

8.4 Deductibles. No policy of insurance of which the Association or its designee is the beneficiary shall include a deductible clause in an amount which is greater than the lesser of \$1,000.00 or 1% of the face amount of the policy. Any loss falling within the deductible portion of such policy shall be borne by the person or entity who is responsible for the repair and maintenance of the Property which is damaged or destroyed. In the event of a joint duty of repair and maintenance of the damaged or destroyed Property, then the deductible may be apportioned among the parties

sharing in such joint duty or may be partly or wholly borne by the Association, at the election of the Executive Board. Notwithstanding the foregoing, after notice and hearing, the Association may determine that a loss, either in the form of a deductible to be paid by the Association or an uninsured loss, resulted from the act or negligence of an Owner. Any loss or deductible, or portion thereof, provided for in this Section 8.4, may be assessed to the Owner in question as part of the annual assessment against such Owner's Condominium Unit, with such amounts subject to all provisions of this Declaration applicable to such assessments.

8.5 Insurance Trustee. The Association may authorize a representative to act for it, including any trustee or successor thereto, who shall have exclusive authority to negotiate losses under any policy providing Property or liability insurance. Such insurance trustee shall act as attorney-in-fact for the purpose of purchasing and maintaining insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. Said party may also receive, hold or otherwise properly dispose of any proceeds of insurance in trust for Owners and their First Mortgagees as their interest may appear.

8.6 Insurance to be Maintained by Owners. Insurance coverage on furnishings, including carpet, draperies, oven, range, refrigerator, wallpaper and other items of personal Property belonging to an Owner, and public liability coverage within each Condominium Unit and workman's compensation insurance covering work within each Condominium Unit shall be the sole and direct responsibility of the Owner(s) thereof, unless any of such insurance is provided by the Association at its option.

8.7 Insurance Proceeds. Any loss covered by the Property insurance policy described in Section 8.1(a) must be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designed for that purpose, or otherwise to the Association, and not to any holder of a security interest. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Owners and Mortgagees as their interest may appear. Subject to the provisions of Section 8.9 below, the proceeds must be disbursed first for the repair or restoration of the damaged Property, and the Association, Owners and Mortgagees are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the damaged Property has been completely repaired or restored or the regime created by this Declaration is terminated.

8.8 Insurer Obligation. An insurer that has issued an insurance policy for the insurance described in Section 8.1 and shall issue certificates or memoranda of insurance to the Association and, upon request, to any Owner or Mortgagee. Unless otherwise provided by statute, the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association and to each Owner and Mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last known addresses, and to any servicer of a Mortgage for FNMA.

8.9 Repair and Replacement. Any portion of the Common Elements for which insurance is required under this Article which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

a. The common interest community created by this Declaration is terminated in which case the approval must first be obtained of 51% of First Mortgagees of Condominium Units subject to First Mortgages (which percentage is measured by votes allocated to such Condominium Units);

b. Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;

c. There is a vote not to rebuild by (a) eighty percent (80%) of the Owners entitled to vote and 51% of First Mortgagees of Condominium Units subject to First Mortgages (which percentage is measured by votes allocated to such Condominium Units); and (b) every Owner and First Mortgagee of a Condominium Unit or assigned Limited Common Element that will not be rebuilt; or

d. Prior to the conveyance of any Condominium Unit to a person other than Declarant, the Mortgagee holding a Mortgage on the damaged portion of the Common Elements rightfully demands all or a substantial part of the insurance proceeds.

The cost of repair or replacement of Common Elements in excess of insurance proceeds and reserves is a Common Expense. If all the Common Elements are not repaired or replaced, the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Project, and except to the extent that other persons will be distributees, the insurance proceeds must be distributed to all the Owners or Mortgagees, as their interests may appear in proportion to each Unit's Common Expense Allocated Interests.

8.10 Common Expenses. Premiums for insurance that the Association acquires and other expenses connected with acquiring such insurance are Common Expenses provided, however, that if the Association's fire and extended coverage insurance covers fixtures, equipment or other Property within some but not all of the Condominium Units (as required by any Agency including FNMA or FHLMC), the Association reserves the right to charge the Owner of such Condominium Units for which the Association provides additional insurance coverage, an amount equal to the premium attributable to such additional insurance coverage.

8.11 Worker's Compensation and Employer's Liability Insurance. The Association shall obtain worker's compensation and employer's liability insurance and all other similar insurance with respect to its employees in the amounts and forms as may now or hereafter be required by law.

8.12 Annual Review of Insurance Policies. All insurance policies carried by the Association shall be reviewed at least annually by the Executive Board of the Association to ascertain that the coverage provided by such policies adequately covers those risks insured by the Association. Prior to obtaining any policy of fire insurance or renewal thereof, the Executive Board or the managing agent of the Association may obtain a written appraisal from a duly qualified real estate or insurance appraiser, or other person knowledgeable as to replacement costs, which appraiser shall reasonably estimate the full replacement value of the improvements to the insured for the purpose of determining the amount of insurance required pursuant to the provisions of this Article. Any First Mortgagee shall be furnished with a copy of such appraisal upon request.

ARTICLE NINE

TAXATION OF CONDOMINIUM UNITS

Each Condominium Unit shall be assessed separately for all taxes, assessments and other charges of the State of Colorado, any political subdivision thereof, any special improvement district, and any other taxing or assessing authority in accordance with the Condominium Ownership Act of the State of Colorado, as amended. For the purpose of such assessments, the valuation of the Common Elements shall be apportioned among the Condominium Units in proportion to the undivided interests in the Common Elements appurtenant thereto. The Association shall furnish to the Tax Assessor of Adams County, Colorado, and to all other appropriate persons and authorities, all necessary information with respect to such apportionment. 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.

ARTICLE TEN

MECHANIC'S LIEN

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

10.2 Enforcement by Association. At its own initiative or upon the written request of any Owner, if the Association determines that further action by it is proper and the mechanic's lien(s) are not disputed claims with a reasonable basis for such dispute, the Association, after notice and hearing,

shall enforce the indemnity provided by this Article by collecting from the Owner of the Condominium Unit on which the labor was performed and/or materials furnished, the amount necessary to discharge any such mechanic's lien, including all costs and reasonable attorney's fees incidental thereto, and obtain a discharge of such lien. In the event that the Owner of the Condominium Unit on which the labor was performed and/or materials furnished refuses or fails to so indemnify within seven (7) days after the Association shall have given notice to such Owner of the total amount, or any portions thereof, from time to time, to be indemnified, then the failure to so indemnify shall be a default by such Owner under the provision of this Section 10.2 and such amount to be indemnified shall automatically become a Default Assessment determined and levied against such Condominium Unit, and the Association may proceed in accordance with Section 7.8 hereof.

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

10.4 Association Action. Labor performed or materials furnished for the Common Elements, if duly authorized by the Association in accordance with this Declaration or its Bylaws, shall be the basis for the filing of a lien pursuant to law against the Common Elements. Any such lien shall be limited to the Common Elements and no lien may be effected against an individual Condominium Unit.

ARTICLE ELEVEN

EASEMENTS

11.1 Recorded Easements. In addition to all easements and rights-of-way of record at or before the recording of this Declaration, the Property, and all portions thereof, shall be subject to the easements as shown on any recorded plat of the Property, or any portion thereof, and as shown on the recorded Condominium Map. Further, the Property, or portions thereof, is now or may hereafter be subject to the easements, licenses, and other recorded documents, or any of them, set forth on Exhibit C attached hereto and incorporated herein by this reference.

11.2 Encroachments. In the event that any portion of the Common Elements encroaches upon any Condominium Unit(s) or in the event that any portion of a Condominium Unit encroaches upon any other Condominium Unit(s) or upon any portion of the Common Elements, or in the event any encroachment shall occur in the future as a result of: (i) settling of a Condominium Building, or

(ii) alteration or repair to the Common Elements, or (iii) repair or restoration of one or more Condominium Buildings and/or Condominium Unit(s) after damage by fire or other casualty, or condemnation or eminent domain proceedings, then, in any of said events, a valid easement shall exist for the encroachment and for the maintenance of the same so long as the encroachment exists. In the event that any one or more of the Condominium Units, Condominium Buildings or other improvements comprising part of the Common Elements, are partially or totally destroyed and are subsequently rebuilt or reconstructed in substantially the same location, and as a result of such rebuilding or reconstruction any portion thereof shall encroach as provided in the preceding sentence, a valid easement for such encroachment shall then exist. Such encroachments and easements shall not be considered or determined to be encumbrances either on the Common Elements or on the Condominium Units for purposes of marketability of title or other purposes. In interpreting any and all provisions of this Declaration, subsequent deeds, mortgages, deeds of trust or other security instruments relating to Condominium Units, the actual location of a Condominium Unit shall be deemed conclusively to be the Property intended to be conveyed, reserved or encumbered, notwithstanding any minor deviations, either horizontally, vertically or laterally, from the location of such Condominium Unit as indicated on the Condominium Map.

11.3 Emergency Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance and all other similar emergency agencies or persons to enter upon all streets and upon the Common Elements in the proper performance of their duties.

11.4 Utilities. There is hereby created a blanket easement upon, across, over and under the Common Elements for utilities and the installation, replacement, repair and maintenance of utilities, including but not limited to water, sewer, gas, telephone, electricity and master television antenna or cable systems, if any. By virtue of this blanket easement, it shall be expressly permissible to erect and maintain the necessary facilities, equipment and appurtenances on the Common Elements and to affix, repair, and maintain water and sewer pipes, gas, electric, telephone and television wires, cables, circuits, conduits and meters. In the event any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, Declarant reserves and is hereby given the right and authority to grant such easement upon, across, over or under any part or all of the Common Elements without conflicting with the terms hereof; provided, however, that such right and authority shall cease and determine upon conveyance by Declarant of the last Condominium Unit to the first owner thereof (other than Declarant). The easement provided for in this Section 11.4 shall in no way affect, avoid, extinguish or modify any other recorded easement(s) on the Common Elements.

11.5 Maintenance Easement. An easement is hereby granted to the Association, its officers, agents, employees and assigns, upon, across, over, in and under the Common Elements and a right to make such use of the Common Elements as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration including the right to construct and maintain on the Common Elements maintenance and storage facilities for use by the Association.

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

11.7 Easements of Access for Repair, Maintenance and Emergencies. Some of the Common Elements are or may be located within Individual Air Space Units or may be conveniently accessible only through Individual Air Space Units. The Owners of other Individual Air Space Units shall have the irrevocable right, to be exercised by the Association as their agent, to have access to each Individual Air Space Unit and to all Common Elements from time to time during such reasonable hours as may be necessary for the maintenance, repair, removal or replacement of any of the Common Elements located therein or accessible therefrom, or for making emergency repairs therein, necessary to prevent damage to the Common Elements or to any Individual Air Space Unit. The Association shall also have such right, independent of any agency relationship. Subject to the provisions of Section 6.2 hereof, damage to the interior of any part of an Individual Air Space Unit resulting from the maintenance, repair, emergency repair, removal or replacement of any of the Common Elements or as a result of emergency repairs within any Individual Air Space Unit at the instance of the Association or any Owner, shall be an expense of all the Owners. Non-emergency repairs shall be made only during regular business hours on business days after twenty-four (24) hours notice to the occupants of the Individual Air Space Unit wherein such repairs are to be made, except where the occupants have no objections to earlier entry for repairs. In emergency situations the occupants of the affected Individual Air Space Unit shall be warned of impending entry as early as is reasonably possible.

11.8 Declarant's Rights Incident to Construction. Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under and across the Common Elements and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incidental to the complete construction of the Project; provided, however, that no such rights shall be exercised by Declarant in such a way as to unreasonably interfere with the occupancy, use, enjoyment or access by any Owner, his family members, guests or invitees to or of his Condominium Unit or the General Common Elements.

11.9 Easements Deemed Created. All conveyances of Condominium Units hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Article Eleven, even though no specific reference to such easements or to this Article Eleven appears in the instrument for such conveyance.

11.10 Reservation of Easements, Exceptions and Exclusions. The Association is hereby granted the right to establish from time to time, by Declaration or otherwise, utility and other easements, permits or licenses over the Common Elements for the best interest of all the Owners and the Association. Each Owner is hereby granted a perpetual non-exclusive right of ingress to and egress from the Owner's Condominium Unit over and across the General Common Elements and Limited Common Elements appurtenant to that Owner's Condominium Unit, which right shall be

appurtenant to the Owner's Condominium Unit, and which right shall be subject to limited and reasonable restriction on the use of the Common Elements set forth in writing by the Association, such as for guest parking, storage and closure for repairs and maintenance.

11.11 Association as Attorney-in-Fact. Each Owner, by his acceptance of a deed or other conveyance vesting in him an interest in a Unit, does irrevocably constitute and appoint the Association and/or Declarant with full power of substitution in the Owner's name, place and stead to deal with Owner's interest in order to effectuate the rights reserved by Declarant or granted to the Association, as applicable, with full power, right and authorization to execute and deliver any instrument affecting the interest of the Owner and to take any other action which the Association or Declarant may consider necessary or advisable to give effect to the provisions of this Article and this Declaration generally. If requested to do so by the Association or Declarant, each Owner shall execute and deliver a written, acknowledged instrument confirming such appointment.

11.12 Cross Easement Agreement With yacht Club Community Association. Pursuant to a written agreement entitled "Easement Agreement" dated April 25, 1997, and recorded on May 13, 1997 in Book 5005 at Page 425 in the Adams County Records (the "Cross Easement"), certain rights to use adjoining property was granted appurtenant to the Property and certain obligations, including, on the part of the Property Owners and maintenance obligations on the part of The Yacht Club Community Association, Inc. (the "Adjoining Association"), were agreed between the Association, the Declarant and the Adjoining Association. Monetary obligations of the Association expressly include, without limitation, to pay 14% of the Adjoining Association's "Non-Building Expenses" for which payment the Adjoining Association agrees to provide all "Non-Building CAM Duties" (as defined on the Cross Easement) and to permit the Owners to use the common elements of the Adjoining Association, except for the swimming pool facilities. In addition, in consideration of payment by the Association of a proportionate share of the Adjoining Association's pool expenses (as more particularly described in the Cross Easement and called therein the "Swimming Pool Amount"), the Owners shall have the right to use the swimming pool facilities of the Adjoining Association. Except as to the proportionate share of the Association's Annual Assessment attributable to any Units owned by the Declarant, the Association shall indemnify, hold harmless and defend the Declarant from and against any and all liability, loss, cost or claim for such monetary obligations pertaining to the share of Non-Building Expenses or the Swimming Pool Amount; and, the Association shall pay such Non-Building Expenses and Swimming Pool Amount, shall defend Declarant against any claim for such Non-Building Expenses or Swimming Pool Amount and shall pay all costs and expense (including legal fees) incurred by Declarant in defending against any claim therefor. Such indemnity shall survive any termination or amendment of this Declaration.

ARTICLE TWELVE

RESTRICTIVE COVENANTS

12.1 Residential Use. Subject to Section 12.2 hereof, Condominium Units shall be used for residential purposes only, including uses related to the convenience and enjoyment of such residential use, and no structures of a temporary character, trailer, shack, barn or other outbuilding (except garages), shall be used or permitted to be kept or stored on any portion of the Project at any time, either temporarily or permanently.

12.2 Declarant's Use. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible and proper for Declarant, its employees, agents, and contractors to perform such reasonable activities, and to maintain upon portions of the Project, such facilities as Declarant deems reasonably necessary or incidental to the construction and sale of Condominium Units and development of the Project. Declarant may maintain sales offices, management offices, model Units, signs, parking areas and lighting facilities which facilities shall not be Common Elements and the number, size, location, and areas of relocation of such facilities are specifically designated in Exhibit D and incorporated by this reference. The rights retained by Declarant in this Section 12.2 shall terminate upon conveyance by Declarant of the last Condominium Unit to the first purchaser thereof (other than Declarant), and Declarant shall have the obligation to remove any and all such facilities as provided above. Notwithstanding the foregoing, Declarant shall not perform any activity or maintain any facility on any portion of the Project in such a way as to unreasonably interfere with or disturb any Owner, or to unreasonably interfere with the use, enjoyment or access of such Owner, his family, members, guests or invitees of and to his Condominium Unit, parking areas, any recreational facility existing upon the Common Elements, and to a public right of way.

12.3 Household Pets. No animals, livestock, poultry or insects, of any kind, shall be raised, bred, kept or boarded in or on the Project; provided, however, that a reasonable number of dogs, cats, or other household pets may be kept in any Condominium Unit, so long as they are not kept for any commercial purpose and are not kept in such number or in such manner as to create a nuisance to other Owners. The Association shall have, and is hereby given, the right and authority to reasonably determine that dogs, cats, or other household pets are being kept for commercial purposes or are being kept in such number or in such manner as to be unreasonable or to create a nuisance to other Owners, or that an Owner is otherwise in violation of this Section 12.3, and to take such action or actions as it deems reasonably necessary to correct the same. An Owner's right to keep household pets shall be coupled with the responsibility to pay for any damage caused by such Owner's pet(s), as well as any costs incurred by the Association as a result of such pets, and any such amounts shall be and constitute a Default Assessment subject to, and enforceable by, the Association in accordance with the provisions of Article Seven hereof.

12.4 Use of Common Elements. Subject to the rights of Declarant as provided in this Declaration, there shall be no obstruction of the Common Elements, nor shall anything be kept or

stored on any part of the Common Elements without the prior written approval of the Association. Except for those improvements erected or installed by Declarant in its construction and completion of the Project, nothing shall be altered on, constructed in or removed from the Common Elements without the prior written approval of the Association.

12.5 Exterior Charges. Except for those improvements erected or installed by Declarant in its construction and completion of the Project, no exterior additions to, alterations or decoration of any Condominium Building, including but not limited to, any structural alterations to any Condominium Unit or Common Element, nor any changes in fences, hedges, walls or other structures, nor installation of window-mounted air conditioning structures, or any exterior television, radio or other communication antennas of any type, shall be commenced, erected, placed or maintained, without the prior written approval of the Association.

12.6 Signs and Advertising. No signs, advertising, billboards, unsightly objects or nuisances of any kind shall be placed, erected or permitted to remain in or on any Condominium Unit, nor shall any sign(s) be permitted in or on the Common Elements, without the prior written approval of the Association. Notwithstanding the foregoing, reasonable signs, advertising, or billboards used by the Declarant in connection with its sale or rental of Condominium Units, or otherwise in connection with its development of the Project, shall be permissible, provided that such use by the Declarant shall not interfere with the Owners' use and enjoyment of the Common Elements, their Condominium Units, or their ingress and egress from a public way to the Common Elements or their Condominium Units.

12.7 Commercial Vehicles; Abandoned or Inoperable Vehicles.

a. Subject to Sections 11.8 and 12.2 hereof, no commercial vehicles, recreational vehicles, or trucks shall be parked within the Project except while temporarily engaged in transport to or from a Condominium Unit, and except such construction vehicles and equipment which may be necessary or incidental to the construction of improvements within the Property by Declarant, without the express written consent of the Association. For the purposes of this Section 12.7, a 3/4-ton or smaller vehicle, commonly known as a pickup truck, shall not be deemed a commercial vehicle, recreational vehicle, or truck.

b. No abandoned or inoperable automobiles or vehicles of any kind shall be stored or parked on any portion of the Project. An "abandoned or inoperable vehicle" shall be defined as any automobile, truck, motorcycle, boat, trailer, camper, house trailer, self-contained motorized recreational vehicle, or other similar vehicle, which has not been driven under its own propulsion for a period of two weeks or longer, or any vehicle which does not have an operable propulsion system installed therein; provided, however, that the foregoing restrictions shall not include otherwise permitted vehicles parked by Owners while on vacation or during an illness, or vehicle(s) parked within an enclosed garage.

c. In the event the Association shall determine that a vehicle is a commercial vehicle, recreational vehicle, truck, or abandoned or inoperable vehicle, then a written notice

describing said vehicle shall be personally delivered to the owner thereof (if such owner can be reasonably ascertained) or shall be conspicuously placed upon the vehicle (if the owner thereof cannot be reasonably ascertained), and if the vehicle is not removed within 72 hours thereafter, the Association shall have the right to remove the vehicle at the sole expense of the owner thereof.

12.8 Leases. The term "lease," as used herein, shall include any agreement for the leasing or rental of a Condominium Unit and shall specifically include, without limitation, month-to-month rentals and subleases. The Owner of a Condominium Unit shall have the right to lease his Condominium Unit under the following conditions:

a. All leases shall be in writing and a copy of the lease delivered to the Executive Board of the Association or the Association's managing agent within ten (10) days after execution of the lease by all parties thereto.

b. All leases shall provide that the terms of the lease and lessee's occupancy of the Condominium Unit shall be subject in all respects to the provisions of this Declaration, the Articles of Incorporation, and Bylaws of the Association, and that any failure by the lessee to comply with any of the aforesaid documents, in any respect, shall be a default under the lease.

c. No lease shall be for less than thirty (30) days.

12.9 Nuisances. No nuisance shall be allowed on the Project, nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful enjoyment or possession and proper use of the Project by its residents. This Section, however, shall not include any activities of Declarant in regard to the development and construction of the Project. All parts of the Project shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate, nor any fire hazard to exist. Further, no immoral, improper, offensive or unlawful use shall be permitted or made of the Project or any part thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Project, or any portion thereof, shall be observed.

12.10 Lake. In the event that any right or privilege to use the Lake is or becomes available to the Association or to the Owners, which right/privilege neither the Association nor Declarant represent does exist, then in such event the Lake, in addition to being subject to all of the covenants, restrictions and other provisions in this Declaration applicable to the Common Elements, shall be subject to the following restrictions and provisions:

a. No Owner, their family members, tenants, guests, or invitees, nor the Declarant shall use a power boat of any kind on the Lake nor launch any such boat from any launching facility onto the Lake.

b. Use of the Lake shall be subject to such rules and regulations as may be promulgated by the Association from time to time.

c. The Lake is provided for the purpose of the scenic, recreational, and aesthetic benefits to be derived therefrom by the Owners, their family members, tenants, guests and invitees, and the Lake shall not be used or enjoyed by any of such persons in such a manner as to infringe upon the reasonable use and enjoyment thereof by any other such persons.

d. No weeds, rubbish, debris, chemical substance or organic or inorganic materials or matter shall be permitted to accumulate or remain on any Property or improvements adjacent to or near any portion of the Lake so as to render such Property or Improvements unsanitary, unsightly, or noxious in any way, nor shall any materials, substances or pollutants be permitted to enter the Lake. Should any Owner maintain his Condominium Unit or any Property or improvements adjacent to or near the Lake in violation of this Section, the Association shall have the right to enter and correct the condition which may be in violation of this Section, and shall not be liable to such Owner in trespass or otherwise for such entry and corrective actions. Further, the reasonable cost of such corrective measures shall, within ten (10) days after billing therefor, be reimbursed to the Association. Any failure by any owner to reimburse the Association for such amounts within said time period shall be and constitute a default assessment determined and levied against such Owner and his Condominium Unit, and the Association may proceed in accordance with Section 7.8 of this Declaration.

ARTICLE THIRTEEN

DAMAGE OR DESTRUCTION

13.1 The Role of the Executive Board. Except as provided in Section 8.10, in the event of damage to or destruction of all or part of any Common Elements improvement, or other Property covered by insurance written in the name of the Association under Article 8, the Executive Board shall arrange for and supervise the prompt repair and restoration of the damaged Property (the Property insured by the Association pursuant to Article 8 is sometimes referred to as the "Association-Insured Property").

13.2 Estimate of Damages or Destruction. As soon as practicable after an event causing damage to or destruction of any part of the Association-Insured Property, the Executive Board shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction. "Repair and reconstruction" as used in this Article shall mean restoring the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction unless the approval is first obtained of 51% of First Mortgagees of Units subject to a First Mortgage (which percentage is measured by votes allocated to such Units). Such costs may also include professional fees and premiums for such bonds as the Executive Board or the Insurance Trustee, if any, determines to be necessary.

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

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

If the proceeds of the Association's insurance are insufficient to pay the estimated or actual cost of such repair, replacement or reconstruction, or if upon completion of such work the insurance proceeds for the payment of such work are insufficient, the Association may, pursuant to Section 7.7, if permitted under the Act, levy, assess and collect in advance from the Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair, replacement or reconstruction.

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

ARTICLE FOURTEEN

CONDEMNATION

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

14.2 Partial Condemnation; Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Association for the benefit of the Owners and Mortgagees and, unless otherwise required under the Act, the award shall be disbursed as follows:

a. If the taking involves a portion of the Common Elements on which improvements have been constructed, then, unless within sixty (60) days after such taking Declarant and Owners who represent at least sixty-seven percent (67%) of the votes of all of the Owners shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Elements to the extent lands are available for such restoration or replacement in accordance with plans approved by the Executive Board. If such improvements are to be repaired or restored, the provisions in Article Thirteen above regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Elements, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be distributed among the Units according to the relative value of each Unit which shall be based on the square footage of the Unit and in accordance with each Unit's Allocated Interests of Percentage Share of Common Elements, first to the Mortgagees and then to the Owners, as their interests appear.

14.3 Complete Condemnation. If all of the Property is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, provided that the approval is first obtained of 51% of First Mortgagees of Units subject to First Mortgages (which percentage is measured by votes allocated to such Units), and the portion of the condemnation award attributable to the Common Elements shall be distributed as provided above.

ARTICLE FIFTEEN

ASSOCIATION AS ATTORNEY-IN-FACT

Each Owner hereby irrevocably appoints the Association as the Owner's true and lawful attorney-in-fact for the purposes of purchasing and maintaining insurance pursuant to Article 8, including the collection and appropriate disposition of the proceeds thereof, the negotiation and settlement of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to purchase and maintain insurance as well as dealing with any improvements covered by insurance written in the name of the Association pursuant to Article 8 upon their damage or destruction as provided in Article 13, or a complete or partial taking as provided in Article 14, above. Acceptance by a grantee of a deed or other instrument of conveyance or any other instrument conveying any portion of the Property shall constitute appointment of the Association as the grantee's attorney-in-fact, and the Association shall have full authorization, right and power to make, execute and deliver any contract, assignment, deed, waiver or other instrument

with respect to the interest of any Owner which may be necessary to exercise the powers granted to the Association as attorney-in-fact.

ARTICLE SIXTEEN

MAINTENANCE

16.1 Maintenance by Owners. Each Owner shall maintain and keep in repair the interior of his Condominium Unit, including the fixtures thereof to the extent current repair shall be necessary in order to avoid damaging other Condominium Unit Owners, and the surfaces (excluding the roofing elements) of Limited Common Elements allocated to the Condominium Unit. All fixtures and equipment installed within the Condominium Unit commencing at a point where the utilities enter the Unit shall be maintained and kept in repair by the Owner of such Condominium Unit. An Owner shall do no act or work that will impair the structural soundness or integrity of the Common Elements or impair any easement. Each Owner shall be responsible for the maintenance of the interior non-supporting walls of his Condominium Unit, and the surface materials thereon such as plaster, drywall, paneling, wallpaper, paint, tile and carpeting of the perimeter walls, ceilings and floors within the Unit, including Unit doors and windows. The Association reserves the right to assign storage compartments to Owners on terms and with restrictions determined by the Executive Board which are reasonable and non-discriminatory and further reserves the right to assign responsibility for interior maintenance of the storage compartment to Owners.

16.2 Owner's Failure to Maintain or Repair. In the event that a Condominium Unit (including an allocated Limited Common Element) is not properly maintained and repaired, and if the maintenance responsibility for the unmaintained portion of the Condominium Unit lies with the Owner of the Condominium Unit, or in the event that the Condominium Unit is damaged or destroyed by an event of casualty and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of those portions of the damaged or destroyed Condominium Unit for which the Owner is responsible to substantially the same condition in which they existed prior to the damage or destruction, then the Association, after notice to the Owner and with the approval of the Executive Board shall have the right to enter upon the Condominium Unit to perform such work as is reasonably required to restore the Condominium Unit to a condition of good order and repair. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Condominium Unit, upon demand. All unreimbursed costs shall be a lien upon the Condominium Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid Assessment levied in accordance with Article 7 of this Declaration.

16.3 Maintenance by Association. The Association shall be responsible for the maintenance and repair of the Common Elements, whether located inside or outside of Condominium Units which (unless necessitated by damage caused by the negligence, misuse tortuous act of a Condominium Unit Owner or Owner's Agent as set forth in Section 6.2 above), shall be the Common Expense of all Owners. This maintenance shall include, but shall not be limited to, upkeep, repair and replacement, subject to any insurance then in effect, of all landscaping, walls, gates, signage, irrigation systems,

sidewalks, driveways and improvements, if any (which shall include without limitation snow removal services unless performed by another private or public organization formed for such purposes), located in the Common Elements. In the event the Association does not maintain or repair the Common Elements, Declarant shall have the right, but not the obligation, to do so at the expense of the Association.

16.4 Association Maintenance as Common Expense. The cost of maintenance and repair by the Association shall be a Common Expense of all of the Owners, to be shared by each Condominium Unit Owner according to the Allocated Interest therefor set forth on Exhibit B. Damage to the interior or any part of a Unit resulting from the maintenance, repair, emergency repair or replacement of any of the Common Elements or as a result of emergency repairs within another Condominium Unit at the instance of the Association shall also be Common Expense of all of the Owners. However, if such damage is caused by negligent or tortious acts of a Condominium Unit Owner, members of the Condominium Unit Owner's family, or the Condominium Unit Owner's agent, employee, invitee, licensee or tenants (collectively "Owner's Agents"), then such Condominium Unit Owner shall be responsible and liable for all of such damage and the cost thereof, to the extent that Owner's Agent's negligence caused such damage, which must be timely paid.

16.5 Easement for Maintenance. Each Owner and the Association shall have the irrevocable right, to be exercised by the Manager, the Executive Board or officers or employees of the Association, to have access to each Condominium Unit from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Elements therein or accessible therefrom, or at any hour for making emergency repairs, maintenance or inspection therein necessary to prevent damage to the Common Elements or another Condominium Unit. In the event insurance proceeds under Article 8 are payable to an Owner but the maintenance responsibility of the area to which such proceeds relate is the Association's, the Association shall complete any such repair or replacement at the Owner's cost.

16.6 Association's Right to Grant Owner's Maintenance Area. The Association reserves the right to grant the maintenance responsibility of certain areas on each Condominium Unit to the Condominium Unit Owner, and the Condominium Unit Owner is obligated to accept said maintenance responsibility, provided said assignment is done in a uniform and non-discriminatory manner.

16.7 Limited Common Element Damage. In the event of damage or destruction of a Limited Common Element from any cause other than the negligence or tortious acts of an Owner or Owner's Agent, the then Owners of the Condominium Units to which the Limited Common Element is attributable shall bear equally the expense to repair or rebuild the Limited Common Element to its previous condition. The Owner shall bear the cost of such damage to the extent of such Owner's or Owner's Agent's negligence.

16.8 Association Power. The Association shall have the right and power to prohibit storage or other activities deemed unsafe, unsightly, unreasonably noisy or otherwise offensive to the senses

sidewalks, driveways and improvements, if any (which shall include without limitation snow removal services unless performed by another private or public organization formed for such purposes), located in the Common Elements. In the event the Association does not maintain or repair the Common Elements, Declarant shall have the right, but not the obligation, to do so at the expense of the Association.

16.4 Association Maintenance as Common Expense. The cost of maintenance and repair by the Association shall be a Common Expense of all of the Owners, to be shared by each Condominium Unit Owner according to the Allocated Interest therefor set forth on Exhibit B. Damage to the interior or any part of a Unit resulting from the maintenance, repair, emergency repair or replacement of any of the Common Elements or as a result of emergency repairs within another Condominium Unit at the instance of the Association shall also be Common Expense of all of the Owners. However, if such damage is caused by negligent or tortious acts of a Condominium Unit Owner, members of the Condominium Unit Owner's family, or the Condominium Unit Owner's agent, employee, invitee, licensee or tenants (collectively "Owner's Agents"), then such Condominium Unit Owner shall be responsible and liable for all of such damage and the cost thereof, to the extent that Owner's Agent's negligence caused such damage, which must be timely paid.

16.5 Easement for Maintenance. Each Owner and the Association shall have the irrevocable right, to be exercised by the Manager, the Executive Board or officers or employees of the Association, to have access to each Condominium Unit from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Elements therein or accessible therefrom, or at any hour for making emergency repairs, maintenance or inspection therein necessary to prevent damage to the Common Elements or another Condominium Unit. In the event insurance proceeds under Article 8 are payable to an Owner but the maintenance responsibility of the area to which such proceeds relate is the Association's, the Association shall complete any such repair or replacement at the Owner's cost.

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16.8 Association Power. The Association shall have the right and power to prohibit storage or other activities deemed unsafe, unsightly, unreasonably noisy or otherwise offensive to the senses

and perceptible from another Condominium Unit or the Common Elements. No Owner shall make any addition or other alteration to any portion of the Common Elements without the express consent of the Executive Board.

ARTICLE SEVENTEEN

BURDENS AND BENEFITS OF DECLARATION

17.1 Covenants Running with Property. The benefits, burdens, and all other provisions contained in this Declaration shall be covenants running with and binding upon the Property, subject to the termination provisions of the Act.

17.2 Binding Upon and Inure to the Successors. The benefits, burdens and all other provisions contained in this Declaration shall be binding upon, and inure to the benefit of the Declarant, the Association and all Owners, and upon and to their respective heirs, executors, administrators, personal representatives, successors and assigns. Any right or any interest reserved or contained in this Declaration to or for the benefit of the Declarant may be transferred or assigned by the Declarant, either separately or with one or more of such rights or interests, to any person, corporation, partnership, Association or other entity.

ARTICLE EIGHTEEN

AMENDMENT OF DECLARATION

18.1 Amendment. This Declaration, or any provision of it, may be amended at any time by Owners holding not less than sixty-seven percent (67%) of the votes possible to be cast under this Declaration at a meeting of the Owners called for that purpose, and, provided the First Mortgagee has requested notice in accordance with Section 21.5, the approval shall first be obtained of 51% of First Mortgagees of Condominium Units subject to a First Mortgage (which percentage is measured by votes allocated to such Units) if the amendment to the Association Documents add any material provisions which establish, provide for, govern or regulate any of the following:

- a. Voting;
- b. Assessments, Assessment liens or subordination of such liens;
- c. Reserves for maintenance or repair and replacement of the Common Elements;
- d. Insurance or fidelity bonds;
- e. Reallocation of interests in the Common Elements, or rights to use of the Common Elements;
- f. Responsibility for maintenance and repair of the Project;

- g. Expansion or contraction of the common interest community, or the addition, annexation or withdrawal of Property to or from the common interest community;
- h. Boundaries of any Condominium Unit;
- i. The interests in the Common Elements;
- j. Convertibility of Condominium Units into Common Elements or of Common Elements into Condominium Units;
- k. Imposition of any restrictions on the leasing of Condominium Units;
- l. Imposition of any right of first refusal or similar restriction on the right of a Condominium Unit Owner to sell, transfer, or otherwise convey his or her Condominium Unit;
- m. Establishment of self-management by the Association where professional management has been required by any Agency;
- n. Any provision which is for the express benefit of any Agency or Mortgagee, regardless of whether the amendment is material;
- o. Hazard or fidelity insurance requirements; and
- p. Restoration or repair of the common interest community (after damage or partial condemnation) other than as specified herein.

Any amendment must be executed by the President of the Association and recorded, and approval of such amendment may be shown by attaching a certificate of the Secretary of the Association to the recorded instrument certifying the approval of a sufficient number of Owners of the amendment. Notwithstanding the foregoing, Declarant, acting alone, reserves to itself the right and power to modify and amend this Declaration and the Map to the fullest extent permitted under the Act.

18.2 Revocation. This Declaration shall not be revoked nor shall the condominium regime created hereby be terminated (except as provided in Article 13 regarding total destruction and Article 14 regarding total condemnation), without (a) the consent of all of the Owners evidenced by a written instrument duly recorded with the Clerk and Recorder and (b) the consent of 67% of First Mortgagees of Condominium Units subject to First Mortgages (which percentage is measured by votes allocated to such Condominium Units).

ARTICLE NINETEEN

LIMIT ON TIMESHARING

No Owner of any Condominium Unit shall offer or sell any interest in such Condominium Unit under a "timesharing" or "interval ownership" plan, or any similar plan.

ARTICLE TWENTY

ANNEXATIONS

20.1 Annexations by Declarant.

a. Declarant shall have and hereby specifically reserves the right until seven (7) years after the date of recording of this Declaration in Adams County, Colorado, to annex into the Property subject to this Declaration any portion or portions of the Real Property described on Exhibit E attached hereto and incorporated herein by this reference ("Additional Lands"), and to subject such Additional Lands to the terms and provisions of this Declaration. In addition to annexation of the Additional Lands, Declarant hereby reserves and is granted the right and authority to annex to this Declaration any and all public streets, or portions thereof adjacent to the Additional Lands to the extent that such public streets, or portions thereof, may hereafter be vacated by any governmental authority and title thereto may vest in the Association or the Owners; provided, however, that notwithstanding ownership of such Property, annexation may be accomplished by the Declarant as provided in this Section, without the consent or approval of the Association or any Owner, since the Declarant is hereby granted, and retains, a power coupled with an interest to accomplish such annexations, including all actions necessary or incidental thereto;

b. Each annexation by the Declarant shall be effected, if at all:

(i) By the Declarant recording an amendment to this Declaration entitled "Declaration of Annexation" in the records of Adams County, Colorado, which document shall provide for annexation to this Declaration those portions of the Additional Lands described in such Declaration of Annexation.

(ii) A Declaration of Annexation shall comply with C.R.S. § 38-33.3-209 (plats and maps) and C.R.S. § 38-33.3-210 (Exercise of Development Rights).

(iii) Specifically, but without limitation, any Declaration of Annexation shall: (a) reference this Declaration and clearly establish the annexed Property as subject to this Declaration; (b) provide an adequate legal description of those portions, whether in whole or in part, of the Additional Lands to be annexed; (c)

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b. Each annexation by the Declarant shall be effected, if at all:

(i) By the Declarant recording an amendment to this Declaration entitled "Declaration of Annexation" in the records of Adams County, Colorado, which document shall provide for annexation to this Declaration those portions of the Additional Lands described in such Declaration of Annexation.

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(iii) Specifically, but without limitation, any Declaration of Annexation shall: (a) reference this Declaration and clearly establish the annexed Property as subject to this Declaration; (b) provide an adequate legal description of those portions, whether in whole or in part, of the Additional Lands to be annexed; (c)

assign an identifying number to each new Unit thereby created; (d) reallocate all Allocated Interest; and (e) provide an adequate legal description of all new Common Elements thereby created.

(iv) Declarant shall record a new Condominium Pam, or if such Condominium Map is unnecessary, a new certification of the plats and maps previously recorded in accordance with C.R.S. § 38-33.3-209 (Plats and Maps).

(v) Any purchaser of a portion of the annexed Property is deemed to irrevocably consent to annexation and subjection to this Declaration and to permit development in accordance with the general plan established hereunder.

c. Upon recordation of a Declaration of Annexation, the covenants, conditions, and restrictions contained in this Declaration shall apply to the annexed Property in the same manner as if it had originally been subject to this Declaration. All provisions of this Declaration including, but not limited to, Assessments and Restrictive Covenants, shall apply immediately upon annexation.

d. Improvements constructed by Declarant on any annexed Property shall be consistent, in terms of quality of construction, with improvements constructed on the Property by the Declarant prior to annexation as should be reasonably expected.

20.2 Reallocation of Undivided Interests. Upon Declarant's annexation of additional Property to this Declaration, the undivided interest in the Common Elements appurtenant to each Condominium Unit (including all Common Elements located on the Property described on Exhibit A attached hereto, all Common Elements located on the additional Property contained in such annexation and all Common Elements previously annexed to this Declaration) shall automatically be reallocated in accordance with Section 1.2 herein. Such reduction of undivided interest in the Common Elements appurtenant to a Condominium Unit shall be automatic and no further documentation need be filed of record or further action need be taken by the Declarant, any Owner or any First Mortgagee to reflect such modification in undivided interests

20.3 New Additions of General and Limited Common Elements. Annexations to this Declaration will contain new additions to the General and Limited Common Elements. Notwithstanding any such annexation, each Owner (regardless of whether such Owner is the owner of a Condominium Unit enumerated in Exhibit B attached hereto or is the owner of a Condominium Unit contained in annexed Property) shall remain fully liable in accordance with Article Seven with respect to his obligations for the payment of assessments, charges and fees of the Association, including the expenses for such new General and Limited Common Elements and recreational facilities, costs and fees, if any. Annexation of additional Condominium Units to this Declaration will also increase the number of Members and, hence, lessen the relative voting power of each Owner.

ARTICLE TWENTY-ONE

MORTGAGEE'S RIGHTS

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

21.1 Distribution of Insurance or Condemnation Proceeds. In the event of a distribution of insurance proceeds or condemnation awards allocable among the Units for losses to, or taking of, all or part of the Common Elements, neither the Owner nor any other person shall take priority in receiving the distribution over the right of any Mortgagee who is a beneficiary of a First Mortgage against the Condominium Unit.

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

21.3 Audited Financial Statement. Upon written request from any Agency or Mortgagee which has an interest or prospective interest in any Unit or the Project, the Association shall prepare and furnish within ninety days an audited financial statement of the Association for the immediately preceding fiscal year, at the expense of such Mortgagee.

21.4 Notice of Action. Any First Mortgagee and any Agency which holds, insures or guarantees a First Mortgage, upon written request to the Association (which shall include the Agency's name and address and the Unit number), will be entitled to timely written notice of:

a. Any proposed amendment of the Association Documents effecting a change in (a) the boundaries of any Unit or the exclusive easement rights appertaining thereto, (b) the interest in the Common Elements appurtenant to the Unit or the liability of Assessments relating thereto, (c) the number of votes in the Association relating to any Condominium Unit, or (d) the purposes to which any Condominium Unit or the Common Elements are restricted or any amendment set forth in Article Eighteen;

b. Any proposed termination of the common interest community;

c. Any condemnation loss or any casualty loss which affects a material portion of the Project or which affects any Condominium Unit on which there is a First Mortgage held, insured or guaranteed by such Agency;

d. Any delinquency in the payment of Assessments owed by a Condominium Unit Owner subject to the Mortgage where such delinquency has continued for a period of sixty (60) days;

e. Any lapse, cancellation or material modification of any insurance policy maintained by the Association pursuant to Article Eight.

21.5 Action by Mortgagee. If this Declaration or any Association Documents require the approval of Mortgagees then, if any Mortgagee fails to respond to any written proposal for such approval within thirty (30) days after such Mortgagee receives proper notice of the proposal (or such longer time as may be set forth in the notice), such Mortgagee shall be deemed to have approved such proposal provided that the notice was delivered to the Mortgagee by certified or registered mail, return receipt requested.

ARTICLE TWENTY-TWO

MISCELLANEOUS

22.1 Period of Condominium Ownership. The Condominium ownership created by this Declaration and the Condominium Map shall continue until this Declaration is terminated in any manner provided in this Declaration or by law.

22.2 Restriction on Declarant Powers. Notwithstanding anything to the contrary herein, no rights or powers reserved to Declarant hereunder shall exceed the time limitations or permissible extent of such rights or powers as restricted under the Act. Any provision in this Declaration in conflict with the requirements of the Act shall not be deemed to invalidate such provision as a whole but shall be adjusted as is necessary to comply with the Act.

22.3 Conveyance of Condominium Units. All Condominium Units whether or not the instrument of conveyance or assignment refer to this Declaration, shall be subject to the covenants, conditions, restrictions, easements, reservations, rights-of-way and all other terms and provisions contained in this Declaration, as it may be amended from time to time.

22.4 Enforcement.

a. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges and other provisions contained in this Declaration, the Articles, Bylaws or rules and regulations of the Association, as amended, shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any such provision. The Association and any aggrieved owner shall have the right to institute, maintain and/or prosecute any such proceedings, and the Association shall further have the right to levy and collect charges for the violation of any provision of any of the aforesaid

documents, which charges Association against shall be a perpetual lien in favor of the each Condominium Unit, as more fully provided in Article Seven hereof; in any such action instituted or maintained under this Section, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto, as well as any and all other sums awarded by the court.

b. In order to assist the Association in administration and enforcement of this Declaration, the Articles, Bylaws, and rules and regulations of the Association, each Owner shall, not later than ten (10) days after acquisition of title to a Condominium Unit, furnish all of the following information to the Association, and update and revise such information as may be necessary from time to time:

- (i) name, address and telephone number of the Owner's employer;
- (ii) name, address and telephone number of next of kin;
- (iii) bank name, branch, address, and account number for such Owner's checking account;
- (iv) bank name, branch, address, and account number for such Owner's savings account; and
- (v) social security number.

22.5 Registration of Mailing Address. Each Owner and each First Mortgagee, insurer or guarantor of a First Mortgage, shall register his mailing address with the Association, and notices or demands intended to be served upon any such Owner, First Mortgagee, insurer or guarantor shall be delivered by messenger or sent by mail, postage prepaid, addressed in the name of such person or entity, at such registered address. However, any Owner fails to so notify the Association of a registered address, then any notice or demand may be delivered or sent, as aforesaid, to such owner at the address of such Owner's Condominium Unit. Until such address is changed, the address of the Association shall be: Management Specialists, Inc., 5855 Wadsworth By-Pass, Bldg. B, Suite 100, Arvada, CO 80003-5441.

22.6 Non-Waiver. Failure by the Declarant, the Association, any Owner, First Mortgagee, or any other person or entity to enforce any covenant, condition, restriction, easement, reservation, right-of-way or other provision contained in this Declaration shall in no way or event be deemed to be a waiver of the right to do so thereafter.

22.7 Severability. The provisions of this Declaration shall be deemed to be independent and severable, and the invalidity of any one or more of the provisions thereof, or any portion thereof, by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which other provisions shall remain in full force and effect.

22.8 Number and Gender. Unless the context provides or requires to the contrary, the use of the singular herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include all genders.

22.9 Captions. The captions to the Articles and Sections and the Table of Contents at the beginning of this Declaration are inserted herein only as a matter of convenience and for reference, and are in no way to be construed to define, or otherwise describe the scope of this Declaration or the intent of any provision hereof.

22.10 Conflicts in Documents. In case of any conflict between this Declaration and the Articles or Bylaws of the Association, this Declaration shall control. In case of any conflict between the Articles and Bylaws of the Association, the Articles shall control.

22.11 Counterparts. This Declaration, any Statements of Intention to Annex, any amendments, or any documents of consent, may be executed in several counterparts and all counterparts so executed shall constitute one document binding on all signatories thereof, notwithstanding that all signatories have not executed the original or the same counterpart. In the event any such document is executed in counterparts, those pages from the counterparts of which signatures and/or certificates of notaries public appear may be attached to the original instrument for the recordation thereof, provided that such recorded document shall also contain a certification of the Secretary of the Association that all counterparts, as executed, are identical.

IN WITNESS WHEREOF, the Declarant has executed this Declaration as of the 7th day of August, 1997.

TRITON-YACHT CLUB, LLC.,
a Colorado limited liability company
By: Triton-Development, LLC

By:  _____

Its: Manager _____

STATE OF COLORADO)
) ss
COUNTY OF Adams)

The foregoing Condominium Declaration for The Yacht Club III Condominiums was acknowledged before me, a Notary Public, this 7th day of August, 1997, by Michael G. Hilbert, as Manager of the Triton-Yacht Club, LLC., a Colorado limited liability company, Declarant.

WITNESS my hand and official seal.

My Commission Expires: June 11, 2001


Notary Public