

**CONDOMINIUM DECLARATION
FOR
THE MOUNTAIN GATEWAY AT BUCKHORN VALLEY**

County of Eagle, State of Colorado

**WHEN RECORDED RETURN TO:
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Exhibit A – Legal Description of the Project

Exhibit B – Allocated Interests

Exhibit C – Annexable Area

Exhibit D – Easements and Title Exceptions

**CONDOMINIUM DECLARATION
FOR
THE MOUNTAIN GATEWAY AT BUCKHORN VALLEY**

THIS CONDOMINIUM DECLARATION FOR THE MOUNTAIN GATEWAY AT BUCKHORN VALLEY is made and entered into by Mountain Gateway at Buckhorn Valley, LLC, a Colorado limited liability company (“Declarant,” as hereinafter more fully defined).

WITNESSETH:

WHEREAS, the Declarant is the owner of the real property situated in the County of Eagle, State of Colorado, which is described on Exhibit A, attached hereto and incorporated herein by this reference, as supplemented and amended from time to time (the “Project,” as hereinafter more fully defined); and

WHEREAS, Declarant intends to construct a residential common interest community (the “Project”) on the Property, and Declarant desires that the ownership of the Units (as defined below) in the Project to the condominium form of ownership pursuant to the Colorado Common Interest Ownership Act; and

WHEREAS, Declarant desires to subject and place upon the Project certain covenants, conditions, restrictions, easements, reservations, rights-of-way, obligations, liabilities, charges and other provisions; and

WHEREAS, Declarant desires to specify an alternative dispute resolution process for addressing disputes in the Project that do not involve an imminent threat to the peace, health or safety of the Project, as encouraged by the Colorado General Assembly and as specified in Section 38-33.3-124 of the Act (as defined below), including a binding arbitration provision for specific situations as provided in Article 16 of this Declaration; and

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

NOW, THEREFORE, Declarant hereby declares that one or more plats of the Project have been recorded and that the Project shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions, easements, rights-of-way, obligations, liabilities, charges and other provisions set forth herein.

**ARTICLE 1
DEFINITIONS**

Section 1.1. “Agencies” collectively means the Government National Mortgage Association (“GNMA”), the Federal National Mortgage Association (“FNMA”), the Federal

Home Loan Mortgage Corporation (“FHLMC”), the Department of Housing and Urban Development, including the Federal Housing Administration (“FHA”), the Veterans Administration (“VA”) or any other governmental or quasi-governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to any of those currently performed by any of such entities.

Section 1.2. “Allocated Interests” means the Assessment liability in the Association allocated to each Unit, and also the undivided interest in the Common Elements appurtenant to each Unit, as provided on Exhibit B attached hereto and incorporated herein by this reference. The Allocated Interest of each Unit shall be a fraction, the numerator of which is one (1) and the denominator of which is the total number of Units within the Project at such time. The Allocated Interest of each Unit which is included in the property described on the attached Exhibit A will become a “Unit” under this Declaration upon Recording of a Condominium Map that includes such Unit. However, the Allocated Interest for each Unit is subject to change as provided in this Declaration, including a decrease in the Allocated Interests of each Unit upon the annexation of additional property to this Project.

Section 1.3. “Annexable Area” means the property described on Exhibit C attached hereto and incorporated herein by this reference, plus such additional real estate from such locations as the Declarant may elect in its sole discretion in an amount not to exceed the maximum permitted pursuant to CCIOA. Unless and until the Annexable Area or any portion thereof is annexed to this Declaration (and not withdrawn), such property shall not be subject to this Declaration or any provision hereof except the right of annexation that is provided in Section 17.4 of this Declaration.

Section 1.4. “Assessment” means annual Assessments and special Assessments, which are provided for in this Declaration. For purposes of Section 4.1, Section 4.4.2, Section 4.9 through Section 4.17, inclusive, and Section 16.6 of this Declaration, “Assessment” means annual Assessments, special Assessments, and late charges, fines, fees, interest, costs, expenses, reasonable attorneys’ fees, and any other amounts which are provided for in this Declaration.

Section 1.5. “Association” means Mountain Gateway at Buckhorn Valley Association Inc., a Colorado nonprofit corporation, its successors and assigns, a condominium association as provided in CCIOA.

Section 1.6. “Board of Directors” or “Board” means the body, regardless of name, designated in this Declaration, the Articles of Incorporation and the Bylaws of the Association to act on behalf of the Association.

Section 1.7. “CCIOA” means the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101, et. seq. as amended.

Section 1.8. “Common Elements” means the totality of the following which are owned by the owners of the Units on an undivided basis:

1.8.1. The real property which is part of the Project; and

1.8.2. The Condominium Buildings including, but not by way of limitation, the foundations, columns, girders, beams, supports, perimeter and supporting walls, flues, hallways, roofs, attics, and the mechanical installations of the Condominium Buildings consisting of the equipment and materials making up any services such as power, light, gas, hot and cold water, heating, air conditioning, and exterior security lighting, which exist for common uses (including exterior valves or other similar fire control devices, the pipes, vents, ducts, flues, chutes, conduits, wires, and other similar utility installations used in connection therewith), except for the Individual Air Spaces, as hereinafter defined, which are part of the Units; and

1.8.3. Any amenities and amenity areas, if any, sidewalks, walkways, paths, fences, grass, shrubbery, trees, driveways, roads, streets, alleys, access ways, parking areas (other than garages which are part of the Units), landscaping, irrigation systems, and gardens, if any, now or hereafter located in the Project; and

1.8.4. All apparatus, installations and equipment of the Condominium Buildings existing for common use of one, some or all of the Owners; and

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

Section 1.9. “**Condominium Building**” means any buildings (including all fixtures and Improvements therein contained) located in the Project and within which one or more Individual Air Spaces are located.

Section 1.10. “**Condominium Map**” means the condominium map(s) of the Project and Improvements thereon that are subject to this Declaration, and each of which is designated The Mountain Gateway at Buckhorn Valley Condominiums, recorded or to be recorded in the office of the Clerk and Recorder of the County of Eagle, Colorado. More than one Condominium Map or supplement thereto may be recorded and, if so, then the term “Condominium Map” collectively means all of such condominium maps and supplements thereto. The Condominium Map shall depict all or a portion of the Project in three dimensions, and shall be executed by a Person who is authorized by CCIOA to execute a declaration relating to this Project. Further, the Condominium Map shall include a certificate executed by a licensed or registered engineer, land surveyor, or architect stating that all Improvements shown on the Condominium Map have been substantially completed, all structural components of all buildings that contain or comprise any Units in the Project are substantially completed, and stating that the Condominium Map contains all of the information required by Section 38-33.3-209 of CCIOA.

Section 1.11. “**Declarant**” means Mountain Gateway at Buckhorn Valley, LLC, a Colorado limited liability company, or any other Person(s) acting in concert to whom the Declarant, by recorded document, expressly assigns one or more of the Declarant’s rights under

this Declaration (which shall be the extent of the Declarant's rights to which such assignee succeeds).

Section 1.12. "Declarant Control Period" means, except as otherwise required by CCIOA, a length of time that terminates upon the first to occur of the following events: one hundred and twenty (120) days after conveyance of seventy-five percent (75%) of the Units that May Be Created to Owners other than a Declarant; two (2) years after the last conveyance of a Unit by the Declarant in the ordinary course of business; or two (2) years after the right to add new Units to the Declaration was last exercised.

Section 1.13. "Declaration" means this Condominium Declaration for the Mountain Gateway at Buckhorn Valley and any other recorded instruments, however denominated, that create this Project, including any supplements and amendments to those instruments and also including, but not limited to, the Condominium Map(s).

Section 1.14. "Development Rights" means the following rights or combination of rights hereby reserved by the Declarant, as provided in this Declaration, to:

- 1.14.1. add real estate to this Project;
- 1.14.2. create Units and/or Common Elements;
- 1.14.3. subdivide and/or replat Units; and
- 1.14.4. withdraw property from this Project.

The Declarant's rights to exercise Development Rights shall terminate automatically as provided in Section 1.30 of this Declaration.

Section 1.15. "First Security Interest" means a Security Interest (as hereinafter defined) that has priority of record over all other recorded liens except those liens made superior by statute (such as general ad valorem tax liens and special governmental assessments).

Section 1.16. "General Common Elements" means all of the Common Elements, except the Limited Common Elements.

Section 1.17. "Governing Documents" means this Declaration, the Articles of Incorporation, Bylaws, and any rules and regulations, policies and procedures, design guidelines, and similar documents, of the Association.

Section 1.18. "Improvements" means all structures now or hereafter located in the Project, exterior improvements to any such structures, and any other exterior improvements made to a Unit or the Common Elements, and any appurtenances thereto or components thereof, of every type or kind, including all landscaping features.

Section 1.19. "Individual Air Space" means the air space contained within the enclosed rooms, including the garage, occupying part of a Condominium Building, and bounded by the unfinished interior surfaces of the perimeter walls (or the adjoining walls, if two or more

Individual Air Spaces adjoin each other), unfinished interior surfaces of floors (or the lowermost floors, if it is an Individual Air Space containing more than one level), unfinished interior surfaces of ceilings (or the uppermost ceilings, if it is an Individual Air Space 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; provided that, if the adjoining wall, ceiling or floor between any two or more Individual Air Spaces is completely or partially removed so as to provide free access between such Individual Air Spaces, the area of each Individual Air Space shall be determined as if such wall, ceiling or floor were in existence, and each such Individual Air Space shall continue to be a separate Unit for purposes of this Declaration.

Section 1.20. “Initially Unoccupied Units” means only those Units for which the Occupancy Date has not yet occurred.

Section 1.21. “Limited Common Elements” means those parts of the Common Elements which are either limited to and reserved for the exclusive use of the Owner(s) of a particular Unit or are limited to and reserved for the common use of the Owners of more than one, but fewer than all, of the Units. Without limiting the foregoing, the Limited Common Elements shall include the following, if the same now or hereafter exist: the utility, heating, air conditioning and domestic hot water fixtures and equipment, audio, visual or telecommunication lines, cables and appurtenances, if any, associated with or providing service to any Unit; window wells, if any, attached to a Unit; Patio Areas, porches, balconies, patios and decks, if any, as well as any fence(s) surrounding the same, if any, attached or appurtenant to any Unit; yard areas, if any, if and to the extent that the same may be designated as Limited Common Elements on the Condominium Map; parking spaces if designated for the use of one or more, but fewer than all, of the Units; attic areas, if any, each of which shall be a Limited Common Element that is appurtenant to the Unit above which the attic area is located; and other areas or Improvements, if any, designated as Limited Common Elements on the Condominium Map. The Limited Common Elements shall be used in connection with the applicable Individual Air Space(s) to the exclusion of the use thereof by the other Owners, except by invitation and except as otherwise provided in this Declaration. No reference to any Limited Common Elements need be made in any instrument of conveyance, encumbrance or other instrument. The Limited Common Elements allocated to Units as provided in this Section may not be reallocated without the consent of the Owners whose Units are affected. Further, any reallocation of Limited Common Elements between or among Units must be done in compliance with CCIOA.

Section 1.22. “Member” means all Owners of a Unit collectively or, following termination of the Project, all former Owners entitled to distributions of proceeds under CCIOA, or their heirs, personal representatives, successors or assigns. The Association shall have one (1) class of membership. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Unit. Each Unit shall have one (1) membership in the Association and there is only one (1) Member per Unit, even if the Unit is owned by multiple Owners.

Section 1.23. “Occupancy Date” means, for each Unit, the date upon which a certificate of occupancy is issued to permit the occupancy of the Improvements constructed on such Unit.

Section 1.24. “Owner” means each fee simple title holder of a Unit, including without limitation, the Declarant, but does not include a Person having an interest in a Unit solely as security for an obligation. There may be more than one Owner of a Unit, but only one (1) Member per Unit as provided in Section 1.22.

Section 1.25. “Patio Area” means that portion of the Common Elements that is granted for the perpetual, exclusive use of a specified Unit, in accordance with and subject to the provisions of Article 14 hereof. Each Patio Area shall be a Limited Common Element appurtenant to a specified Unit.

Section 1.26. “Person” means a natural person, a corporation, a partnership, an association, a trust, a limited liability company, a joint venture, or any other entity recognized under the laws of the State of Colorado or any combination thereof.

Section 1.27. “Project” means the real property and Improvements described on the attached Exhibit A, as supplemented and amended from time to time. The Project is a condominium under CCIOA. The name of the Project is “Mountain Gateway at Buckhorn Valley.”

Section 1.28. “Security Interest” means an interest in one or more Units, real estate or personal property created by contract or conveyance, which secures payment or performance of any obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of leases or rents intended as security, pledge of an ownership interest in the Association, and any other consensual lien or title retention contract intended as security for an obligation.

Section 1.29. “Security Interest Holder” means any Person named as a mortgagee or beneficiary, or in a similar capacity, under any Security Interest, or any successor to the interest of any such Person under such Security Interest.

Section 1.30. “Special Declarant Rights” means the following rights, which rights are hereby reserved for the benefit of the Declarant, and which rights may be further described in this Declaration: to build and complete Improvements in the Project; to exercise any Development Rights; to maintain sales offices, construction offices, management offices, model homes and signs advertising the Project and/or sale of Units; to use easements through the Common Elements for the purpose of making Improvements within the Project or within real estate which may be added to the Project; to make the Project subject to a master association; to merge or consolidate a common interest community of the same form of ownership; or to appoint or remove any officer of the Association or any Board of Directors member during any Declarant Control Period. All of the Special Declarant Rights may be exercised by the Declarant with respect to any portion of the property now or hereafter within the Project. Declarant may exercise any or all of these Special Declarant Rights at any time from time to time in all or any portion of the Project, and no assurances are made as to the boundaries or order of exercise of any such Special Declarant Rights. Such Special Declarant Rights shall terminate on the earlier of: the seventh (7th) anniversary date of the date of recording of this Declaration or eight (8) years following such time as Declarant and its assigns owns no portion of the property described on the attached Exhibits A and Exhibit C.

Section 1.31. “Unit” means an Individual Air Space, together with all fixtures and Improvements therein contained, and together with the undivided interest in the Common Elements appurtenant to the Individual Air Space (which shall be the Allocated Interest of such Unit). The Units that are initially subject to the Declaration are listed on the attached Exhibit B. However, each of the Units listed on the attached Exhibit B, and those which may hereafter be annexed to this Declaration, shall become a “Unit” under this Declaration only at such time as a Condominium Map is recorded in the County of Eagle, Colorado, with respect to such Unit.

Section 1.32. “Units that May Be Created” means One Hundred Forty (140) Units, which shall be the maximum number of Units that may be subject to this Declaration, including those Units that may be included if all of the Annexable Area is annexed to this Declaration. However, the aforesaid number of Units that May Be Created is not a representation or a guarantee as to the actual number of Units that will ultimately be included in or constructed as part of the Project.

ARTICLE 2 MEMBERSHIP AND VOTING RIGHTS

Section 2.1. Membership in the Association. The Owner of a Unit shall be a Member of the Association. An Owner shall automatically be the holder of the membership appurtenant to such Owner’s Unit, and the membership shall automatically pass with fee simple title to the Unit. Membership in the Association shall not be assignable separate and apart from fee simple title to a Unit, except that an Owner may assign some or all of the Owner’s rights as an Owner and as a Member of the Association to a tenant or Security Interest Holder, and may arrange for a tenant to perform some or all of such Owner’s obligations as provided in this Declaration, but no such delegation or assignment shall relieve an Owner from the responsibility for fulfillment of the obligations of Owners under this Declaration, nor shall a tenant exercise an Owner’s right to attend Association meetings or to exercise an Owner’s right to vote (except by valid proxy) or exercise an Owner’s right to be elected to the Board. The rights acquired by any such tenant or Security Interest Holder shall be extinguished automatically upon termination of the tenancy or Security Interest.

Section 2.2. One Class of Membership. The Association shall have one (1) class of membership. Each Unit shall have one (1) membership and there is only one (1) Member per Unit, even if the Unit is owned by multiple Owners.

Section 2.3. Voting Rights. Each Member shall be entitled to one (1) vote for each Unit owned except that no votes allocated to a Unit owned by the Association may be cast. The total number of votes which may be cast in connection with any matter shall be equal to the total number of Units then existing within the Project, less the number of Units owned by the Association.

Section 2.4. The Act; Recorded Title Exceptions. The Act is incorporated herein by this reference except where specific provisions of this Declaration conflict with the Act and such conflict is permissible under the Act; in such event this Declaration shall prevail over the Act. In all other cases the Act shall prevail over this Declaration. The easements and recorded title exceptions are listed in Exhibit D attached hereto and incorporated herein by this reference.

ARTICLE 3 ASSOCIATION

Section 3.1. Association. The Association has been formed as a Colorado non-profit corporation under the Colorado Revised Nonprofit Corporation Act. The Association shall have the duties, powers and rights set forth in this Declaration, in its Articles of Incorporation and Bylaws and as provided in the Act or otherwise by Colorado law.

Section 3.2. Board of Directors. The affairs of the Association shall be managed by a Board of Directors. The number, term and qualifications of the Board of Directors shall be fixed in the Association's Bylaws. The Board of Directors may, by resolution, delegate portions of its authority to an executive committee or to other committees, to officers of the Association or to agents and employees of the Association, but such delegation of authority shall not relieve the Board of Directors of the ultimate responsibility for management of the affairs of the Association.

Section 3.3. Authority of the Board of Directors. Action by or on behalf of the Association may be taken by the Board of Directors or any duly authorized executive committee, officer, agent or employee without a vote of the Members, except as otherwise specifically provided in this Declaration, the Articles of Incorporation or Bylaws of the Association.

Section 3.4. Election of Part of the Board During the Declarant Control Period. No later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units that May Be Included to Owners other than a Declarant, at least one (1) director and not less than twenty-five percent (25%) of the directors must be elected by Members other than the Declarant, provided that the Declarant reserves the right to appoint a majority of the Board. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units that May Be Included to Owners other than a Declarant, not less than thirty-three and one-third percent (33 1/3%) of the directors must be elected by Members other than the Declarant, provided that the Declarant reserves the right to appoint a majority of the Board.

Section 3.5. Authority of Declarant During Declarant Control Period. Except as otherwise provided in Section 3.4, during the Declarant Control Period, the Declarant or Persons appointed by the Declarant may appoint all officers and directors of the Association, and may remove all officers and directors which have been appointed by the Declarant. The Declarant may voluntarily surrender the right to appoint and remove officers and directors of the Association before termination of the Declarant Control Period; but, in that event, the Declarant may require, for the duration of the Declarant Control Period, that specified actions of the Association or Board of Directors, as described in a recorded instrument executed only by the Declarant, be approved by the Declarant before they become effective.

Section 3.6. Termination of Declarant Control Period. After termination of the Declarant Control Period, the Members shall elect a Board of Directors, at least a majority of whom must be Owners other than the Declarant or designated representatives of Owners other than the Declarant. The Board of Directors shall elect the officers.

Section 3.7. General Duties and Powers of Association. The Association has been formed to further the common interests of the Members. The Association, acting through the Board or Persons to whom the Board has delegated such powers, shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interests of the Members, to maintain and repair the Common Elements (except as otherwise provided in this Declaration); and to improve and enhance the attractiveness and desirability of the Project.

Section 3.8. Budget and Review or Audit.

3.8.1. Within ninety (90) days after adoption of any proposed budget for the Project, the Board of Directors shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the Association budget to all the Members and shall set a date for a meeting of the Members to consider the budget. Such meeting shall occur within a reasonable time after mailing or other delivery of the summary. The Board of Directors shall give notice to the Owners of the meeting as provided in the Bylaws of the Association. The budget proposed by the Board of Directors does not require approval from the Owners and it will be deemed approved by the Owners in the absence of a veto at the noticed meeting by sixty-seven percent (67%) of the votes in the Association, whether or not a quorum is present. In the event that the proposed budget is vetoed, the periodic budget last approved by the Board of Directors and not vetoed by the Owners must be continued until such time as a subsequent budget proposed by the Board of Directors is not vetoed by the Owners.

3.8.2. At the discretion of the Board of Directors or as required pursuant to subsections (i) or (ii) below, the Association's books and records shall be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, by an independent and qualified Person selected by the Board of Directors. Such Person need not be a certified public accountant except in the case of an audit. A Person selected to conduct a review shall have at least a basic understanding of the principles of accounting as a result of prior business experience, education above the high school level, or bona fide home study. The audit or review report shall cover the Association's financial statements, which shall be prepared using generally accepted accounting principles or the cash or tax basis of accounting.

(i) An audit shall be required only when both of the following conditions are met:

(i) The Association has annual revenues or expenditures of at least two hundred fifty thousand dollars (\$250,000); and

(ii) An audit is requested by the Owners of at least one-third (1/3) of the Units represented by the Association.

(ii) A review shall be required only when requested by the Owners of at least one-third (1/3) of the Units represented by the Association.

(iii) Copies of an audit or review under this subsection 3.8.2 shall be made available upon request to any Owner beginning no later than thirty (30) days after its completion.

3.8.3. In the event the Act is amended to remove, modify, or otherwise revise the requirements under this Section 3.8 of this Declaration, Section 3.8 shall be deemed amended to require only that which is required pursuant to the Act, as amended.

Section 3.9. Association Books and Records.

3.9.1. The Association's books and records shall be subject to an audit or a review as further provided in this Declaration. Except as otherwise provided in subsection 3.9.2 below, the Association shall make Reasonably Available for inspection and copying by Owners, Security Interest Holders, and insurers or guarantors of any such Security Interest, current copies of all of the Governing Documents, financial documents and all other documents described in Section 38-33.3-317 of the Act. The Person(s) accessing and/or copying such documents shall pay all costs associated therewith. "Reasonably Available" shall mean available during normal business hours, upon prior notice of at least ten (10) business days, or at the next regularly scheduled meeting if such meeting occurs within thirty (30) days after the request.

3.9.2. Notwithstanding subsection 3.9.1, a membership list or any part thereof may not be obtained or used by any Person for any purpose unrelated to an Owner's interest as an Owner without the consent of the Board of Directors. Without limiting the generality of the foregoing, without the consent of the Board of Directors, a membership list or any part thereof may not be:

- (i) Used to solicit money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association;
- (ii) Used for any commercial purpose; or
- (iii) Sold to or purchased by any Person.

3.9.3. The information described in this Section 3.9 shall be provided to the Owners by the Association either by (a) posting such information on an internet website with notice of the URL for such website delivered to the Owners by electronic mail or first-class mail; (b) placing such information on a literature table or in a binder in the Association's main office; (c) mail or personal delivery; or (d) such other method as may be permitted under the Act. In the event the Act is amended to remove, modify, or otherwise revise the requirements under this Section 3.9 of this Declaration, Section 3.9 shall be deemed amended to require only that which is required pursuant to the Act, as amended.

Section 3.10. Rules and Regulations and Policies and Procedures. Rules and regulations and policies and procedures concerning and governing the Units, Common Elements, and/or this Project may be adopted, amended and/or repealed from time to time by the Board of

Directors, and the Board of Directors may establish and enforce penalties for the infraction thereof, including the levying and collecting of fines for the violation of any of such rules and regulations or policies and procedures; provided that until automatic termination of the Special Declarant Rights as provided in Section 1.30 hereof, each adoption, amendment and repeal of the rules and regulations or policies and procedures requires the prior, written approval of the Declarant. The rules and regulations and policies and procedures may include procedural requirements, interpretations and applications of this Declaration and law, including blanket requirements, blanket interpretations, and blanket applications. Any rules and regulations or policies and procedures that are adopted shall be in accordance with, and shall not be inconsistent with or contrary to, this Declaration.

Section 3.11. Cooperation with, and/or Delegation to, Other Project Association(s), Any Metropolitan or Other District(s) and/or Any Other Person. The Association shall have the right and authority to cooperate with, and/or delegate to, any other community association(s), any metropolitan or other district(s), and/or any other Person, in order to increase consistency or coordination, reduce costs, or as may otherwise be deemed appropriate or beneficial by the Board of Directors.

Section 3.12. Management Agreements and Other Contracts. Any agreement for professional management of the Association's business or other contracts providing for the services of the Declarant shall have a maximum term of three (3) years and any such agreement shall provide for termination by either party thereof, with or without cause and without payment of a termination fee, upon not more than ninety (90) days' prior written notice; provided, however, that any such management agreement(s) entered into by the Association with a manager or managing agent prior to termination of the Declarant Control Period shall be subject to review and approval by the Agencies, if at the time such agreement is entered into, HUD has insurance or VA has a guarantee(s) on one or more Security Interests (and if HUD or VA requires such approval).

Section 3.13. Merger. The Declarant hereby reserves the right to merge the Association with one or more other common interest communities without the approval of any Owner or any other Person. This right shall terminate automatically as provided in Section 1.30 of this Declaration.

Section 3.14. Notice of Meetings and Other Matters of the Association. Any notices of meetings, newsletters and other correspondence or documents concerning the Association shall be delivered to the Declarant at the same time that such information is sent to the Owners.

Section 3.15. Authenticated Electronic Representation. Notwithstanding anything to the contrary contained in the Governing Documents, to the extent permitted by applicable law, the Association may use technology or electronic representation, including without limitation electronic mail and electronic posting, in completing its duties and responsibilities. In this regard, any reference in any of the Governing Documents to action, attendance, representation, notice, quorum, voting or acknowledgement, as well as any and all other matters, may be conducted by authenticated electronic activity and, to the extent permitted by applicable law, the

provisions of this Declaration shall be deemed to include provisions which permit such authenticated electronic activity.

Section 3.16. Compliance with Maintenance Manuals. Notwithstanding anything to the contrary, the Board of Directors, acting on behalf of the Association, shall comply with all maintenance manuals given by the Declarant to the Board of Directors or the Association, regarding maintenance, repair and/or replacement of any portion of the Project or any Improvements therein. Further, the Board of Directors shall cooperate, at no cost or expense to the Board of Directors, with all inspections that may be undertaken by or at the request of the Declarant, on or with respect to the Project and Improvements therein.

ARTICLE 4 ASSESSMENTS

Section 4.1. Personal Obligation for Assessments. Each Owner of a Unit, including the Declarant, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees and shall be personally obligated to pay to the Association: annual Assessments or charges, special Assessments, and other charges, fines, fees, interest, late charges, and other amounts, all as provided in this Declaration; with such Assessments and other amounts to be established and collected as hereinafter provided. The obligation for such payments by each Owner to the Association is an independent covenant with all amounts due, from time to time, payable in full when due without notice or demand (except as otherwise expressly provided in this Declaration), and without set-off or deduction. All Owners of each Unit shall be jointly and severally liable to the Association for the payment of all Assessments, fees, charges and other amounts attributable to their Unit. Each amount, together with interest, late charges, costs, and reasonable attorneys' fees, shall also be the personal obligation of any Person who was an Owner of such Unit at the time when the amount became due. The personal obligation for delinquent amounts (including Assessments) shall not pass to such Owner's successors in title unless expressly assumed by them.

Section 4.2. Purpose of Assessments. The Assessments levied by the Association shall be used to promote the recreation, health and welfare of the residents of the Units, and for all of those purposes and activities which may be required of the Association, or the Board of Directors, or which the Association or the Board of Directors may be empowered to pursue, as provided in any of the Governing Documents or law.

Section 4.3. Initial Annual Assessment. Until the effective date of an Association budget proposed by the Board of Directors and not vetoed by the Owners, as provided herein, the amount of the annual Assessment against each Unit shall not exceed One Hundred and No/100 Dollars (\$100.00) per Unit per month, exclusive of any amounts due to any other community association, any district and/or any other Person. However, the rate of the Assessments against the Initially Unoccupied Units shall be less than that against the other Units, as provided in Section 4.4.2.

Section 4.4. Rate of Assessment.

4.4.1. Annual and special Assessments shall be sufficient to meet the expected needs of the Association and shall be apportioned among the Units in accordance with their Allocated Interests.

4.4.2. Notwithstanding the foregoing, however, the amount of the annual and special Assessments against the Initially Unoccupied Units shall be set at a lower rate than the rate of annual Assessments and special Assessments against other Units, because the Initially Unoccupied Units receive and benefit from fewer services funded by such Assessments than the other Units. Colorado Revised Statutes §38-33.3-315(3)(b) states that "Any common expense or portion thereof benefiting fewer than all of the units shall be assessed exclusively against the units benefited." Based on this provision, the Initially Unoccupied Units shall pay annual and special Assessments at the rate of twenty-five percent (25%) of any annual Assessment or special Assessment charged to Units other than the Initially Unoccupied Units. Such reduction is in recognition that Initially Unoccupied Units shall not require the use or enjoyment of the Common Elements and that Initially Unoccupied Units do not require most of the services of the Association. The common expenses for services, including trash removal; park and open space irrigation, lighting, mowing and other landscaping maintenance of Common Elements; sidewalk snow removal; drainage maintenance; insurance of Common Elements; exterior maintenance of Improvements; and other services provided by the Association related to Common Elements and Units will not benefit an Initially Unoccupied Unit prior to the Occupancy Date of such Unit.

4.4.3. The annual Assessments shall include an adequate reserve fund for the maintenance, repair and replacement of those items that must be maintained, repaired or replaced by the Association on a periodic basis.

Section 4.5. Date of Commencement of Annual Assessments. The annual Assessments shall commence at such time as the Board of Directors may determine in its discretion. After any annual Assessment has been made by the Association, annual Assessments shall not be greater than the amount set forth in Section 4.3 hereof until a budget is proposed by the Board of Directors and not vetoed by the Owners, as provided in this Declaration. The annual Assessments shall be due and payable in monthly installments, in advance, or on such other dates, and with such frequency (which may be other than monthly, but not less frequently than annually), as the Board of Directors determines in its discretion from time to time, provided that the first annual Assessment shall be adjusted to reflect the time remaining in the first Association fiscal year. Any Owner purchasing a Unit between installment due dates shall pay a pro rata share of the last payment due.

Section 4.6. Special Assessments. In addition to the annual Assessments authorized in this Article, the Board of Directors may levy, in any fiscal year, with the approval of sixty-seven percent (67%) of a quorum of Association votes as provided in Section 4.7 below, at a meeting duly called for this purpose, a special Assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction, repair or replacement of a capital improvement upon any portion of real property for which the Association has repair

and/or replacement obligations, including fixtures and personal property related thereto, or for repair or reconstruction of any damaged or destroyed Improvements, or for the funding of any expense or deficit of the Association. Any such special Assessment shall be set against each Unit in accordance with the Allocated Interests set forth in this Declaration, except that the special Assessments against Initially Unoccupied Units shall be set in accordance with Section 4.4.1 hereof. A meeting of the Members called for the purpose of approving a special Assessment shall be held in conformance with Section 4.7 below.

Section 4.7. Notice and Quorum for Any Special Assessments. Written notice of any meeting called for the purpose of taking any action authorized under Section 4.6 above shall be sent to all Members not less than thirty (30) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the Association votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 4.8. Association Funding By Declarant. The Declarant may, but shall not be required to, cover certain costs of the Association by payment of any amount(s), which shall constitute loans from the Declarant to the Association, with such loan(s) to be repaid by the Association to the Declarant, without interest, at such time(s) as may be determined by the Declarant; provided, however, that at all times all amounts advanced by the Declarant to the Association which have not been repaid to the Declarant prior to such time shall constitute advances against amounts due from the Declarant (including Assessments). If the Declarant elects to loan any amounts as provided in this subsection, Declarant shall not, under any circumstances, be obligated to continue loans, payment or funding of any amount(s) in the future.

Section 4.9. Assessments for Services to Less than All of the Units and/or Limited Common Elements. The Association may, at any time from time to time, provide services that benefit less than all of the Units and/or Limited Common Elements, and the Owners of such Units and/or the Owners of the Units with the right to use such Limited Common Elements shall pay the Association for such services as, when and in such manner as may be determined by the Board of Directors in its discretion from time to time, which amounts shall be Assessments and shall include overhead expenses of the Association, but shall be in addition to the annual Assessments and special Assessments. Services which may be provided by the Association pursuant to this Section include, without limitation: (a) the construction, care, operation, management, maintenance, upkeep, repair, replacement and renovation of Improvements or property that is not provided for in this Declaration to be maintained by the Association; (b) the provision of any services or functions to or for such Unit(s) and/or Limited Common Elements; (c) the enforcement of the provisions of any document or agreement for, on behalf of, and in the name of the applicable Owners; (d) the payment of taxes or other amounts for Owners with funds provided by such Owners; and (e) the procurement of insurance for Owners.

Section 4.10. Lien for Assessments.

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

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

Section 4.11. Priority of Association Lien.

4.11.1. A lien under this Article 4 is prior to all other liens and encumbrances on a Unit except:

4.11.1.1. liens and encumbrances recorded before the recordation of the Declaration;

4.11.1.2. a Security Interest on the Unit which has priority over all other Security Interests on the Unit and which was recorded before the date on which the amount(s) due to the Association became delinquent; and

4.11.1.3. liens for real estate taxes and other governmental assessments or charges against the Unit.

4.11.2. Notwithstanding the following, a lien under this Section is prior to the Security Interests described in the preceding subsection 4.11.1.2 to the extent, if any, provided in the Act.

4.11.3. This Section does not affect the priority of mechanics' or materialmen's liens or the priority of liens for other amounts made by the Association.

4.11.4. The Association's lien on a Unit for Assessments and other amounts shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Colorado and any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed to land subject to this Declaration shall

constitute a waiver of the homestead and any other exemption as against said Association lien.

Section 4.12. Certificate of Status of Assessments. The Association shall furnish to an Owner or such Owner's designee or to a Security Interest Holder or its designee, upon written request delivered to the Association's registered agent or management company, a written statement setting forth the amount of unpaid Assessments, if any, currently levied against such Owner's Unit. The statement shall be furnished after written request within such times as required by law, and is binding on the Association, the Board of Directors, and every Owner. The Association or its agents shall have the right to charge a reasonable fee for the issuance of such certificates.

Section 4.13. Application of Payments; Effect of Non-Payment of Assessments; Remedies of the Association.

4.13.1. Application of payments received by the Association for payment of amounts due to the Association by Owners, shall be applied first to the payment of attorneys' fees, fines, late charges and any other amounts (other than annual Assessments or special Assessments) due to the Association, in the order listed, if any; second to the payment of accrued interest at the rate specified in subsection 4.13.2 below, if any; and third to the payment of annual Assessments and special Assessments due to the Association.

4.13.2. Any Assessment not paid within ten (10) days after the due date thereof shall bear interest from the due date at the rate of fifteen percent (15%) per annum, or at such lesser rate as may be set from time to time by the Board, and the Board may assess thereon a periodic late charge in such amount(s) and for such period(s) as the Board of Directors may determine. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Unit, or pursue such action and foreclosure simultaneously. If a judgment or decree is obtained including, without limitation, in a foreclosure action, such judgment or decree shall include interest (as provided above) and reasonable attorney's fees, together with the costs of the action, and may include late charges as above provided. No Owner may be exempt from liability for payment of any Assessment by waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Unit against which the Assessments are made, or because of dissatisfaction with the Association or its performance. This Article does not prohibit actions or suits to recover sums for which this Declaration creates a lien, nor does this Article prohibit the Association from taking a deed in lieu of foreclosure.

Section 4.14. Surplus Funds. Any surplus funds of the Association remaining after payment of or provision for Association expenses and any prepayment of or provision for reserves, shall be retained by the Association.

Section 4.15. Working Capital Fund. The Association shall require the first Owner (other than the Declarant) of any Unit who purchases that Unit from the Declarant, to make a non-refundable contribution to the Association in an amount equal to two (2) times the then

current monthly installment of the annual Assessment (regardless of whether or not annual Assessments have commenced as provided in Section 4.5 of this Declaration). Said contribution shall be collected and transferred to the Association at the time of closing of the sale by Declarant of each Unit and shall be for the use and benefit of the Association, including to meet expenditures or to purchase equipment, property or services. Such contribution to the working capital fund shall not relieve an Owner from making regular payments of Assessments as the same become due.

Section 4.16. Other Charges. The Association may levy and assess charges, costs and fees for matters such as, but not limited to, the following, in such amounts(s) as the Board of Directors may determine, including reimbursement of charges that are made to the Association by its managing agent or other Person: copying of Association or other documents; returned checks; telefaxes; long distance telephone calls; transfer charges or fees upon transfer of ownership of a Unit; reasonable attorneys' fees, notices and demand letters; and other charges incurred by the Association for or on behalf of any Owner(s). All such charges, costs and fees shall be in addition to the Assessments levied by the Association, but shall be subject to all of the Association's rights with respect to the collection and enforcement of Assessments.

Section 4.17. Charges for Misconduct. If any Association expense is caused by the misconduct of any Owner, Related Parties of the Owner or invitees, the Association may assess that Association expense against such Owner and his Unit.

ARTICLE 5 ARCHITECTURAL REVIEW

Section 5.1. Composition of Committee. The DRC shall consist of one (1) or more Persons and such Persons may be member(s) of the Board of Directors. Until automatic termination of the Special Declarant Rights as provided in Section 1.30 of this Declaration, the Declarant has the right to appoint the DRC; subsequent to such date, the DRC shall be appointed by the Board of Directors. The power to "appoint" the DRC, as provided herein, shall include without limitation the power to: constitute the initial members of the DRC; appoint member(s) to the DRC on the occurrence of any vacancy therein, for whatever reason; and remove any member of the DRC, with or without cause, at any time, and appoint the successor thereof. Each such appointment may be made for such term(s) of office, subject to the aforesaid power of removal, as may be set from time to time in the discretion of the Declarant. The appointments of all then-current members of the Committee who were appointed by the Declarant shall automatically terminate at such time as the Declarant's power to appoint members of the Committee expires as provided in Section 1.30. One or more or all members of the DRC may be, but are not required to be, members of the Board. However, the members of the DRC shall not be "officers" of the Association solely as a result of their membership on the Committee and thus, solely as a result of such membership on the Committee, shall not have any of the rights or duties attributable to officers of the Association.

Section 5.2. Appointment of Representative. The Committee may at any time, from time to time, appoint a representative to act on its behalf. If the Committee does so, then the actions of such representative shall be the actions of the Committee, subject to the right of appeal as provided below. However, if such a representative is appointed by the Committee,

then the Committee shall have full power over such representative, including without limitation the power to at any time withdraw from such representative any of such representative's authority to act on behalf of the Committee and the power to at any time remove or replace such representative.

Section 5.3. Review and Approval by Committee; Reimbursement for Expenses; Requirement for Approval by Others.

5.3.1. Except as provided in Section 5.9 and Section 5.13 of this Declaration, no Improvements, except non-structural changes to the interior of any Individual Air Space unless such change can be seen from outside of the Individual Air Space Unit, shall be constructed, erected, placed, planted, applied or installed upon any Unit unless complete plans and specifications therefor (said plans and specifications to show exterior design, height, materials, color, and location of the Improvements, plotted horizontally and vertically, location, size, and type of landscaping, fencing, walls, windbreaks and grading plan, as well as such other materials and information as may be required by the DRC), shall have been first submitted to and approved by the DRC.

5.3.2. The DRC shall exercise its reasonable judgment to the end that all Improvements conform to and harmonize with the existing surroundings, residences, landscaping and structures.

5.3.3. In its review of such plans, specifications and other materials and information, the DRC may require that the applicant(s) reimburse the Committee for the actual expenses incurred by the Committee in the review and approval process. Such amounts, if any, shall be levied in addition to the Assessments against the Unit for which the request for DRC approval was made, but shall be subject to the Association's lien for Assessments and subject to all other rights of the Association for the collection of Assessments, as more fully provided in this Declaration.

5.3.4. In addition to the required approvals by the DRC as provided in this Article, the construction, erection, addition, deletion, change or installation of any Improvement shall also require the applicant to obtain the approval of all governmental entities with jurisdiction thereover, and issuance of all required permits, licenses and approvals by all such entities. Without limiting the generality of the preceding sentence, issuance of building permit(s) by the City of Louisville, Colorado, if required, shall be a precondition to commencement of construction of, alteration of, addition to or change in any Improvement.

Section 5.4. Procedures. The DRC shall decide each request for approval within thirty (30) days after the complete submission of all plans, specifications and other materials and information which the Committee may require in conjunction therewith. If the DRC fails to decide any request within thirty (30) days after the complete submission of all plans, specifications, materials and other information with respect thereto, then such request shall be deemed to have been denied by the Committee.

Section 5.5. Vote and Appeal. A majority vote of the DRC is required to approve a request for approval pursuant to this Article, unless the Committee has appointed a representative to act for it, in which case the decision of such representative shall control. In the event a representative acting on behalf of the DRC decides a request for approval which is adverse to the applicant, then the applicant shall have the right to an appeal of such decision to the full Committee, upon a written request therefor submitted to the Committee within ten (10) days after such decision by the Committee's representative. The decision of the Committee shall be final. No additional or further appeals are permitted, nor will any be recognized.

Section 5.6. Prosecution of Work After Approval. After approval of any proposed Improvement by the DRC, the proposed Improvement shall be accomplished as promptly and diligently as possible and in complete conformity with the terms and conditions of the approval. Failure to complete the proposed Improvement within one (1) year after the date of approval of the application or such other time as may be agreed to in writing by the DRC, or to complete the Improvement in complete conformance with the terms and conditions of the approval, shall constitute noncompliance and a violation of this Article.

Section 5.7. Inspection of Work. The DRC or its duly authorized representative shall have the right to inspect any Improvement prior to, during or after completion of the same, in order to determine whether or not the proposed Improvement is being completed or has been completed in compliance with this Article and any approval granted by the DRC. However, no compliance or approval shall be inferred from any inspection of the Improvement.

Section 5.8. Standards. The DRC, with the advice of the Board of Directors, has the authority, at any time from time to time, to enact, issue, promulgate, modify, amend, repeal, re-enact, and enforce architectural or design standards, guidelines, rules and regulations to interpret and implement the provisions of this Declaration. Without limiting the generality of the foregoing, such provisions may contain guidelines to clarify the types of designs and materials that may be considered in design approval, may state requirements for submissions in order to obtain review by the DRC, may state procedural requirements, may specify acceptable Improvement(s), and may contain architectural standards and design guidelines that are different for different types of dwelling units. In addition, such provisions may provide for blanket approvals, interpretations or restrictions on Improvements. All Improvements proposed to be constructed, and any guidelines that are adopted, shall be done and used in accordance with this Declaration.

Section 5.9. Variance. The DRC may grant reasonable variances or adjustments from any conditions and restrictions imposed by this Article or Article 10 of this Declaration, in order to overcome practical difficulties or prevent unnecessary hardships. Such variances or adjustments shall be granted only in case the granting thereof shall not be materially detrimental or injurious to the other property or Improvements in the Project, and shall not militate against the general intent and purpose hereof.

Section 5.10. Waivers; No Precedent. The approval or consent of the DRC to any application for approval shall not be deemed to constitute a waiver of any right to withhold or deny approval or consent by the DRC as to any application or other matters whatsoever as to which approval or consent may subsequently or additionally be required. Nor shall any such

approval or consent be deemed to constitute a precedent as to any other matter. The granting or denial of a variance or adjustment by the DRC, or any representative thereof, shall not be deemed to constitute a waiver of any right to grant or deny any other or future variance or adjustment by the DRC as to any other request for variance or adjustment.

Section 5.11. Records. The DRC shall, for such period(s) as the Board may determine in its discretion from time to time, maintain written records of all applications submitted to it and all actions taken by it thereon, and such records shall, subject to the provisions of Section 3.9 of this Declaration, be available to Members for inspection at reasonable hours of the business day.

Section 5.12. Liability. Neither the DRC nor any members or representatives thereof, shall be liable in equity or damages to any Person submitting requests for approval or to any Owner or other Person by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove in regard to any matter under this Section 5.12. In reviewing any matter or inspecting any work, neither the DRC, nor any members or representatives thereof, shall be responsible for the safety, whether structural or otherwise, of any Improvement(s), nor the conformance with applicable building codes or other governmental laws or regulations, nor any other matters, and any approval of an Improvement by the DRC or any representative thereof shall not be deemed an approval of any of the same. No Member or other Person shall be a third party beneficiary of any obligation imposed upon, rights accorded to, action taken by, or approval or disapproval granted by the DRC or any representative thereof.

Section 5.13. Declarant's Exemption. Notwithstanding anything to the contrary contained in this Declaration, until termination of the Special Declarant Rights as provided in Section 1.30 hereof, the Declarant shall be exempt from the provisions of this Article as well as any and all other matters that require DRC review and/or approval, except for the requirement to obtain approval from all governmental entities with jurisdiction thereover (as provided in Section 5.3.4 hereof).

ARTICLE 6 INSURANCE

Section 6.1. Insurance.

6.1.1. The Association shall maintain insurance in connection with the Common Elements. The Association shall maintain insurance as required by applicable law or applicable regulation, including without limitation CCIOA, which insurance shall include, without limitation, property insurance and commercial general liability insurance. In addition, the Association may maintain insurance against such other risks as the Board of Directors may elect from time to time, including, but not limited to, fidelity coverage, workers compensation insurance, and 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 or officers on behalf of the Association, as well as insurance on such other property and/or against such other risks as the Board of Directors may elect in its discretion from time to time.

6.1.2. Any additional costs, fees and expenses incurred by the Association in connection with insurance coverage for Limited Common Elements may be apportioned among the Owners of the Units to which such Limited Common Elements are appurtenant in such manner as the Board of Directors may determine in its discretion.

Section 6.2. General Provisions of Insurance Policies. All policies of insurance carried by the Association shall comply with this Section. All policies of insurance carried by the Association shall be carried in blanket policy form naming the Association as insured, or its designee as trustee and attorney-in-fact for all Owners, and each Owner shall be an insured person under such policies with respect to liability arising out of any Owner's membership in the Association. The policy or policies shall contain a standard non-contributory Security Interest Holder's clause in favor of each Security Interest Holder and a provision that it cannot be canceled or materially altered by either the insured or the insurance company until at least thirty (30) days' prior written notice thereof is given to the insured and each Security Interest Holder, insurer or guarantor of a Security Interest on the Unit insured by such insurance policy. The Association shall furnish a certified copy or duplicate original of such policy or renewal thereof, with proof of premium payment and a certificate identifying the interest of the Owner in question, to any party in interest, including Security Interest Holders, upon request. All policies of insurance carried by the Association shall also contain waivers of subrogation by the insurer against any Owner or member of such Owner's household. Further, all policies of insurance carried by the Association shall contain waivers of any defense based on invalidity arising from any acts or neglect of an Owner where such Owner is not under the control of the Association.

Section 6.3. Deductibles. The Association may adopt and establish written non-discriminatory rules and regulations or policies and procedures relating to the responsibility for deductibles. Any loss, or any portion thereof, which falls within the deductible portion of a policy that is carried by the Association may, at the election of the Board of Directors in its discretion: be borne by the Person who is responsible for the repair and maintenance of the property which is damaged or destroyed; be apportioned among the Persons sharing in a joint duty of repair and maintenance; and/or be partly or wholly borne by the Association and/or any such Person(s). 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 one or more Owners. Upon said determination by the Association, any such loss or portion thereof may be assessed to the Owner(s) in question and the Association may collect such amounts from said Owners in the same manner as any Assessment.

Section 6.4. Payment of Insurance Proceeds. Any loss covered by an insurance policy described in Section 6.1 of this Declaration must be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any Security Interest Holder. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Association, Owners and Security Interest Holders as their interests may appear. Subject to Section 7.1 of this Declaration (Damage or Destruction), the proceeds must be disbursed first for the repair, restoration or replacement of the damaged property; and the Association, Owners and Security Interest Holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired, restored or replaced and

any budget or reserve deficit funded, or unless the Project is terminated prior to completion of such repair, restoration and replacement.

Section 6.5. Association Insurance as Primary Coverage. If at the time of any loss under any policy which is in the name of the Association, there is other insurance in the name of any Owner and such Owner's policy covers the same property or loss, or any portion thereof, which is covered by such Association policy, such Association policy shall be primary insurance not contributing with any of such other insurance. An Owner shall be liable to the Association for the amount of any diminution of insurance proceeds to the Association as a result of policies of insurance of an Owner and the Association may collect the amount from said Owner in the same manner as any Assessment.

Section 6.6. Acceptable Insurance Companies. Each insurance policy purchased by the Association must be written by an insurance carrier which is authorized by law to do business in the State of Colorado. The Association shall not obtain any policy where (a) under the terms of the insurance company's charter, bylaws, or policy, contributions or assessments may be made against the mortgagor or mortgagee's designee, or (b) under the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders or members, or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent mortgagees or any Owner from collecting insurance proceeds.

Section 6.7. Insurance to be Maintained by Owners. An insurance policy issued to the Association does not eliminate the need for Owners to obtain insurance for their own benefit. Each Owner of a Unit shall obtain and maintain in place an HO6 (Condominium Owner's) insurance policy, or its equivalent, providing coverage for, at a minimum, unit coverage for all interior Improvements within a residence including, without limitation, window treatments, floor coverings, appliances, light fixtures, stairs, interior doors, bathroom fixtures, cabinets, countertops, paint, wall paper, paneling and any other wall coverings, any Improvements added by the Owner, and Improvements located on the Unit added by Owner, and personal property coverage, liability coverage and loss assessment. 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.

ARTICLE 7 DAMAGE OR DESTRUCTION

Section 7.1. Damage or Destruction.

7.1.1. Any portion of the Project which is covered by a policy of insurance that is required to be carried by the Association under this Declaration and which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

7.1.1.1. the Project is terminated; or

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

7.1.1.3. Members casting sixty-seven percent (67%) of the Association votes, in person or by proxy, including every Member whose Unit will not be rebuilt, vote not to rebuild; or

7.1.1.4. prior to the conveyance of any Unit to a Person other than the Declarant, a Security Interest Holder rightfully demands all or a substantial part of the insurance proceeds.

7.1.2. The cost of repair or replacement that is covered by insurance carried by the Association, but which is in excess of insurance proceeds and reserves, is an Association expense. If the entire Project is not repaired or replaced, the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Project, and except to the extent that other Persons will be distributees, the insurance proceeds attributable to Units that are not rebuilt must be distributed to the Owners of those Units or to lienholders, as their interests may appear, and the remainder of the proceeds must be distributed to all the Owners or lienholders, as their interests may appear, in proportion to the Allocated Interests of all the Units. If the Members vote not to rebuild any Unit, that Unit's Allocated Interests are automatically reallocated upon the vote as if the Unit had been condemned, and the Association promptly shall prepare, execute and record an amendment to the Declaration reflecting such reallocations.

Section 7.2. Use or Distribution of Insurance Proceeds. In the event of damage or destruction to all or a portion of the Common Elements, due to fire or other adversity or disaster, the insurance proceeds, if sufficient to repair or replace the damaged areas, shall be applied by the Association to such repair and/or replacement. If the insurance proceeds with respect to such damage or destruction are insufficient to repair and/or replace the damaged or destroyed area(s), the Association shall levy a special Assessment in the aggregate amount of such insufficiency pursuant to Section 4.6 of this Declaration (Special Assessments), but without approval of the Members, and shall proceed to make such repairs or replacements. No distributions of insurance proceeds shall be made unless made jointly payable to the Owners and any Security Interest Holders of their respective Units. The Assessment provided for herein shall be a debt of each Owner and a lien on such Owner's Unit and the Improvements thereon, and may be enforced and collected in the same manner as any Assessment provided for in this Declaration.

Section 7.3. Damage or Destruction of Units. If due to casualty, or for any other reason, an Individual Air Space shall be destroyed or damaged, then the Owner thereof shall, within a reasonable time thereafter, not to exceed one hundred twenty (120) days after repair or replacement of the Common Elements associated with such Unit, including without limitation the walls and roof of the Unit, commence and diligently pursue repair and replacement of the Individual Air Space, using any available personal insurance proceeds and personal funds of such Owner, unless the Common Elements are not repaired and/or replaced as hereinabove provided.

ARTICLE 8 MAINTENANCE

Section 8.1. General.

8.1.1. Maintenance, repair or replacement of the Common Elements and all Improvements located thereon, including landscaping, and any drainage structure or facilities, or other public Improvements required by the local governmental entity as a condition of development of the Project or any part thereof, shall be the responsibility of the Association, unless such Improvements have been dedicated to and accepted by the local governmental entity for the purpose of maintenance, repair or replacement or unless such maintenance, repair or replacement has been authorized to be performed by a special district or other municipal or quasi-municipal entity. Further, the Association may provide such other maintenance, repair and replacement as the Board of Directors determines, including publicly-dedicated property and Improvements located thereon. The amounts to be expended for such maintenance, repair and/or replacement shall, except as provided in Section 8.3 of this Declaration, be collected and enforced by the Association as Assessments as provided in Article 4 of this Declaration.

8.1.2. The Association shall also maintain, repair and replace the Condominium Buildings, other than the Individual Air Spaces located within the Condominium Buildings (to the extent that such are applicable): paint, repair, care for and replacement of roofs, gutters, downspouts, exterior building surfaces (including caulking, but excluding window glass), decks, and railings around any decks and patios, and maintenance, repair and replacement of horizontal concrete improvement. The costs, expenses, fees, and other amounts expended for the maintenance, repair and replacement that is provided for in this subsection shall, subject to Section 8.3 of this Declaration, be collected by the Association as Assessments against the Units as provided in Article 4 of this Declaration.

8.1.3. The Association shall obtain and provide snow removal from sidewalks, private alleys and garage aprons adjacent to such private alleys, and driveways. The extent, degree and timing of Association provided snow removal may be determined by the Board of Directors. In no event shall the Association have any responsibility or liability, to any Person or property as a result of damage caused by ice or the build-up of ice.

8.1.4. The maintenance, repair and replacement of the Individual Air Space of each Owner, and the Improvements therein, shall be performed by the Owner(s) thereof at such Owner's sole cost and expense.

Section 8.2. Non-Interference with Grade and Drainage. Each Owner and the Association agree, for themselves and their heirs, personal representatives, successors and assigns, that they will not in any way interfere with or obstruct the established drainage pattern over any real property. Except as to the Declarant, in the event that it is necessary or desirable to change the established drainage over any Unit or Common Elements, then the party responsible for the maintenance of such real property shall submit a plan to the DRC for its review and

approval, in accordance with Article 5 of this Declaration, and any such change shall also be made in accordance with all laws, regulations and resolutions of all applicable governmental entities. For purposes of this Section, "established drainage" is defined as the drainage which exists at the time final grading by the Declarant is completed.

Section 8.3. Acts or Omissions. Notwithstanding anything to the contrary contained in this Declaration, in the event that the need for maintenance, repair, replacement and/or reconstruction of the Common Elements or any Unit(s), or any Improvements located thereon, is caused by the act or omission of any Owner, or by the act or omission of any Related Party of such Owner or invitee of such Owner, the cost of such repair, maintenance, replacement, and/or reconstruction, or expense to avoid such damage shall be the personal obligation of such Owner to the extent that said Owner would be liable for the acts of such Persons under the laws of the State of Colorado; and any costs, expenses and fees incurred by the Association for such maintenance, repair, replacement and/or reconstruction shall be added to the Assessment to which such Owner's Unit is subject and shall be subject to all of the terms and provisions of Article 4 of this Declaration. A determination of the act or omission of any Owner, or any member of an Owner's family or a tenant, guest or invitee of any Owner, and the amount of the Owner's liability therefor, shall be determined by the Board of Directors at a hearing after notice to the Owner.

ARTICLE 9 EASEMENTS

Section 9.1. Other Easements. In addition to any other easements, including those which may be granted or reserved elsewhere in this Declaration or by law, the following Sections describe easements to which the Project is or may be subject.

Section 9.2. Access Easement. Each Owner hereby grants: to the Association and the other Owners, and to their agents, employees and contractors, a right and easement on, over, across and through such Owner's Unit and the Limited Common Elements appurtenant to such Unit, for maintenance, repair, replacement and/or reconstruction, or other services as provided in this Declaration, including without limitation, as provided in Article 8 of this Declaration (Maintenance); to utility companies, their contractors, agents and employees, for access to, inspection, maintenance, repair and replacement of utility meters and their appurtenances; to all fire protection and other civil service providers, their contractors, agents and employees, for access to, inspection, maintenance, repair and replacement of fire sprinkler and alarm systems and related equipment that serve the interior of Units; and to the Association for and incidental to enforcement of any term or provision of any of the Governing Documents. If damage is inflicted, or a strong likelihood exists that it will be inflicted, on the Common Elements, any other property, or any Unit, the Owner responsible for the damage or expense to avoid damage, or the Association if it is responsible, is liable for the cost of prompt repair or avoidance. Further, the rights and easements granted in this Section may be exercised only during reasonable hours after reasonable notice to the Owner(s) or occupant(s) of any affected Unit or Limited Common Element; except that no such notice shall be required in connection with any exterior, non-intrusive maintenance, repair and/or replacement; and except that in emergency situations entry upon a Unit or Limited Common Elements may be made at any time provided

that the Owner(s) or occupant(s) of each affected Unit or Limited Common Element shall be notified of emergency entry as early as is reasonably possible.

Section 9.3. Utilities Easement. Declarant hereby reserves a blanket easement upon, across, over and under the Common Elements for utilities and the installation, replacement, repair and maintenance of utilities, including, but not limited to, water, sewer, gas, telephone, electricity, computer cable, and master television antenna or cable or satellite television systems, if any. By virtue of this blanket easement it shall be expressly permissible to erect and maintain the necessary facilities, equipment and appurtenances on the Common Elements and to affix, repair, and maintain water and sewer pipes, gas, electric, telephone, computer and television wires, cables, circuits, conduits and meters. In the event any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, Declarant reserves and is hereby given the right and authority to grant such easement upon, across, over or under any part or all of the Common Elements without conflicting with the terms hereof; provided, however, that such right and authority shall automatically terminate at such time as the Special Declarant Rights terminate as provided in Section 1.30 of this Declaration (Special Declarant Rights), at which time said reserved right shall vest in the Association. The easement provided for in this Section shall in no way affect, avoid, extinguish or modify any other recorded easement(s) on the Common Elements.

Section 9.4. Support Easements. Each Owner shall have a non-exclusive easement for horizontal, vertical and lateral support of such Owner's Unit, including a non-exclusive easement in and to all structural members, columns, beams, foundations, load bearing walls, and other structural components located in or constituting a part of the Common Elements or another Owner's Unit for the support of such Owner's Unit, and the support of any Common Elements surrounding, adjoining or located within such Owner's Unit.

Section 9.5. Easement for Encroachments. To the extent that any Unit or Common Element, or any Improvement thereon, encroaches on any other Unit or Common Element, a valid easement for the encroachment exists.

Section 9.6. Drainage Easement. An easement is hereby reserved by the Declarant and granted to the Association, their respective directors, officers, members, partners, agents, employees, successors and assigns, to enter upon, across, over, in and under the Common Elements for the purpose of changing, correcting or otherwise modifying the grade or drainage channels of the Project so as to maintain or improve drainage to, through or from the Project.

Section 9.7. Easement for Unannexed Property. The Declarant hereby reserves, for the use and benefit of the Annexable Area, a non-exclusive, perpetual easement and right of way on, over, across and under the Common Elements for access, ingress and egress and for utilities and the construction, location, erection, installation, storage, maintenance, repair, renovation, replacement and use of any utilities Improvements that may now or hereafter serve the Annexable Area or any portion thereof (herein collectively the "Annexable Area Easement"). By virtue of this Annexable Area Easement, the Declarant generally intends to provide for access and for utilities services to those portion(s) of the Annexable Area which have not been included, from time to time, in the Project pursuant to Section 17.4 of this Declaration (Annexation;

Withdrawal). Hence, the Annexable Area Easement shall be in effect for each portion of the Annexable Area, from and after recording of this Declaration, but shall cease to be effective as to each portion of the Annexable Area at such time as both of the following have occurred with respect to such portion of the Annexable Area: annexation of such portion of the Annexable Area to this Declaration pursuant to Section 17.4 of this Declaration (Annexation; Withdrawal); and expiration of the Declarant's right to withdraw such portion of the Annexable Area from this Declaration.

Section 9.8. 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 the Units, the Common Elements, and any other portions of the Project in the proper performance of their duties.

ARTICLE 10 RESTRICTIONS

Section 10.1. General Plan; Restrictions Imposed. It is the intention of the Declarant to establish and impose a general plan for the improvement, development, use and occupancy of the Project. The Project is subject to the recorded easements, licenses and other matters listed on Exhibit D attached hereto and incorporated herein by this reference. In addition, the Declarant declares that all of the Project shall be held and shall henceforth be sold, conveyed, used, improved, occupied, owned, resided upon and hypothecated, subject to the following provisions, conditions, limitations, restrictions, agreements and covenants, as well as those contained elsewhere in this Declaration. Further, no immoral, improper, offensive or unlawful use shall be permitted in the Project or any portion thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Project, or any portion thereof, shall be observed; however, the Association shall have no duty or obligation to enforce such laws, ordinances and regulations.

Section 10.2. Interior Changes. Nothing in this Declaration shall be construed to require any Owner to obtain approvals to make non-structural changes to the interior of such Owner's Individual Air Space, unless any of such changes can be seen from outside of the Individual Air Space. For example, without limiting the foregoing, if two or more Individual Air Spaces are owned by the same Owner, such Owner may remove all or part of the non-structural interior walls, ceilings or floors separating such Individual Air Spaces so as to allow free access between such Individual Air Spaces. Notwithstanding the removal of all or part of any such interior wall, ceiling or floor which would otherwise separate and delineate the boundaries of one or more Individual Air Spaces, each Individual Air Space as shown on the Condominium Map shall continue to be a separate Unit for all purposes of this Declaration. For example, the number of Units in the Project shall not be affected by the removal of such a wall, ceiling or floor, nor shall the Allocated Interests be affected.

Section 10.3. Residential Use; Certain Permitted Business Activities. Subject to Section 17.5 of this Declaration (Declarant's Use), Units shall be used for residential use only, including uses which are customarily incident thereto, and shall not be used at any time for business, commercial or professional purposes. Notwithstanding the foregoing, however,

Owners may conduct business activities within their homes provided that all of the following conditions are satisfied, as determined by the Board:

10.3.1. The business conducted is clearly secondary to the residential use of the home and is conducted entirely within the home;

10.3.2. The existence or operation of the business is not detectable from outside of the home by sight, sound, smell or otherwise, or by the existence of signs indicating that a business is being conducted;

10.3.3. The business does not result in an undue volume of traffic or parking within the Project;

10.3.4. The business conforms to all zoning provisions and is lawful in nature; and

10.3.5. The business conforms to all Association rules and regulations and policies and procedures.

Section 10.4. Household Pets. No animals, horses, livestock, birds, poultry, reptiles or insects of any kind shall be raised, bred, kept or boarded in the Project; provided, however, that the Owners of each Unit may keep a reasonable number of bona fide household pets (including dogs, cats and other domestic animals), so long as such pets are not kept for any commercial purpose and are not kept in such number or in such manner as to create a nuisance to any resident of the Project. The Association shall have, and is hereby given, the right and authority to, from time to time, do the following as well as take such other action(s) with regard to these matters as the Board of Directors may determine: set a maximum number of household pets; set a size or poundage limit to pets; regulate the type(s) of pets that are permitted to be kept; determine that any dog(s), cat(s) or other household pet(s) 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; determine that an Owner is in violation of the leash laws of the applicable jurisdiction or other applicable governmental laws, ordinances, or other provisions related to pets; or determine that an Owner is otherwise in violation of any provision of this Section. If the Board determines that any of the foregoing have been or are being violated, the Board may take such action(s) as it may deem appropriate to correct the same. An Owner's right to keep household pets is coupled with the responsibility to pay for any damage caused by such pets, as well as all costs incurred by the Association as a result of such pets, and any such costs and damages shall be subject to all of the Association's rights with respect to the collection and enforcement of Assessments as provided in Article 4 of this Declaration (Assessments).

Section 10.5. Signage, Flags. No advertising or signs of any character shall be erected, placed, permitted, or maintained other than a name plate of the occupant and a street number, and except for a "For Sale," "Open House," "For Rent" or security sign(s) of not more than a total of five (5) square feet posted only for the purpose of selling, renting or evidencing the existence of a security system on such Unit, and such other signs, for such length(s) of time, which have the prior written approval of the Committee or are otherwise expressly permitted by law; provided, however, that any and all such advertising or signs shall be subject to any and all

specifications and/or rules and regulations adopted by the Committee or the Board of Directors, from time to time. Notwithstanding the foregoing, any signs, advertising, or billboards may be used by the Declarant without regard to any specifications or any rules and regulations of the Committee, and without the prior written approval of the Committee. The Owner or occupants of a Unit may display political signs (as defined in the Act) during the period that begins forty-five (45) days prior to an election and ends seven (7) days after an election, provided that such signs are no larger than the smaller of (a) the size of political signs allowed by local ordinance or (b) 36 inches by 48 inches. Notwithstanding anything to the contrary herein, the Owner or occupants of a Unit may display the American flag, service flags, and political signs in conformance with C.R.S. §38-33.3-106.5 and subject to the Rules and Regulations adopted by the Committee or the Board from time to time.

Section 10.6. Antenna. Except as may otherwise be permitted in writing by the DRC, no exterior radio antenna, television antenna, or other antenna, satellite dish, or audio or visual reception device of any type shall be placed, erected or maintained on any Unit, except inside a residence or otherwise concealed from view; provided, however, that any such devices may be erected or installed by the Declarant during its development, sales or construction; and provided further, however, that the requirements of this subsection shall be subject to the Telecommunications Act of 1996 and applicable regulations, as amended from time to time. Notwithstanding any provision in the Governing Documents to the contrary, the Association may not effectively prohibit renewable energy generation devices or the installation or use of any energy efficient measures, provided that the Association may adopt reasonable aesthetic rules and regulations concerning dimensions, placement or external appearance of such devices or measures.

Section 10.7. Fences. No fences shall be permitted without the prior, written approval of the DRC, except such fences as may be constructed, installed or located by the Declarant in the development of, or construction of Improvements in, the Project.

Section 10.8. Vehicular Parking, Storage and Repairs, Use of Garages. Except as expressly permitted under the Act regarding the parking of emergency vehicles, no house trailer, camping trailer, boat trailer, hauling trailer, jet ski, boat, or accessories thereto, truck (excluding, except as hereinafter provided, pickup trucks that are 1 ton or less), self-contained motorized recreational vehicle, or other type of recreational or commercial vehicle or equipment, may be parked or stored on a Unit unless such parking or storage is entirely within the garage area of any Unit or will be suitably screened from view in accordance with the requirements, and prior written approval of, the DRC (subject to subject to any provisions of any guidelines or standards adopted by the DRC). A "commercial vehicle" means a vehicle that: is used to transport cargo or passengers for profit or hire, or otherwise to further the purposes of a business or commercial enterprise; and may (but is not required to) contain signage, advertising, or written information on the vehicle or extending from the vehicle. However, any such vehicle may be otherwise parked as a temporary expedient for loading, delivery, or emergency. This restriction, however, shall not restrict trucks or other commercial vehicles that are necessary for construction or maintenance of any portion of the Project or any Improvements located thereon. A "recreational vehicle" includes motor homes, pick-up trucks with camper shells, trailers, self-contained recreational vehicles, motorcycles, motorbikes, snowmobiles, jet skis, all-terrain vehicles, and

other apparatus intended for use on land, water, or in the air, and the trailers used for their transportation.

Section 10.9. Abandoned Vehicles. Except as expressly permitted under the Act regarding the parking of emergency vehicles, no abandoned or inoperable automobiles or vehicles of any kind shall be stored or parked in the Project. An “abandoned or inoperable vehicle” shall be defined as any automobile, truck, motorcycle, or other similar vehicle, which has not been driven under its own propulsion for a period of seventy-two (72) hours or longer, or which does not have an operable propulsion system installed therein, or which is not then currently registered and licensed; provided, however, that otherwise permitted vehicles parked by Owners while on vacation (for a maximum of three (3) weeks) or during a period of illness shall not be deemed to be abandoned.

10.9.1. In the event the Association shall determine that a vehicle is parked or stored in violation of Section 10.8 hereof, then a written notice describing said vehicle may be personally delivered to the owner thereof (if such owner can be reasonably ascertained) or may be conspicuously placed upon the vehicle (if the owner thereof cannot be reasonably ascertained), and if the vehicle is not removed within a reasonable time thereafter, as determined by the Board, the Association shall have the right to remove the vehicle at the sole expense of the owner thereof.

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

Section 10.10. Nuisances. No nuisance shall be permitted in the Project, nor any use, activity or practice which interferes with the peaceful enjoyment or possession and proper use of the Project or any portion thereof. As used herein, the term “nuisance” shall include each violation of the Governing Documents, but shall not include any activities of Declarant. No noxious or offensive activity shall be carried on nor shall anything be done or placed which is or may become a nuisance or cause embarrassment, disturbance or annoyance to others.

Section 10.11. No Hazardous Activities; No Hazardous Materials or Chemicals. No activities shall be conducted which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged and no open fires shall be lighted or permitted except in a contained barbecue unit while attended and in use for cooking purposes or within an interior fireplace. Further, no hazardous materials or chemicals shall at any time be located, kept or stored except such as may be contained in household products normally kept at homes for use of the residents thereof and in such limited quantities so as to not constitute a hazard or danger to person or property.

Section 10.12. No Annoying Lights, Sounds or Odors. No light shall be emitted which is unreasonably bright or causes unreasonable glare; no sound shall be emitted which is unreasonably loud or annoying; and no odor shall be permitted which is noxious or offensive to others. Any exterior lighting installed or maintained on a Unit or Improvements(s) shall either be indirect or of such controlled focus and intensity so as not to disturb the residents of adjacent or nearby property. Further, no annoying light, sound or odor shall be permitted which may be seen, heard or smelled.

Section 10.13. Restrictions on Trash and Materials; Wood Piles. No refuse, garbage, trash, lumber, grass, shrubs or tree clippings, plant waste, metal, bulk materials, scrap or debris of any kind shall be kept, stored, or allowed to accumulate except inside the residence on any Unit nor shall any such items be deposited on a street, unless placed in a suitable, tightly-covered container that is suitably located solely for the purpose of garbage pickup. Further, no trash or materials shall be permitted to accumulate in such a manner as to be visible from any other portion of the Project. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No garbage or trash cans or receptacles shall be maintained in an exposed or unsightly manner. Trash removal is the responsibility of each Owner. However, the Association may, at the election of the Board, provide trash removal services for all or any portions of the Project. The scope of trash removal services that may be provided by the Association may be determined by the Board (e.g., the Board may elect to provide and use Assessments to pay for all regularly scheduled trash pickups, but require each Owner to be responsible for scheduling, and paying for, any extraordinary trash pick-ups and/or recycling services). No wood piles or storage areas shall be so located as to be visible from a street, from the ground level of any Unit or from the Common Elements.

Section 10.14. Sightly Condition of Units. Each Unit shall at all times be kept in a clean, sightly and wholesome condition by the Owner thereof. No trash, litter, junk, boxes, containers, bottles, cans, implements or machinery shall be permitted to remain upon any Unit except as necessary during the period of construction or as provided in Section 10.13 of this Declaration (Restrictions on Trash and Materials; Wood Piles).

Section 10.15. Leases. The term "lease," as used herein, shall include any agreement for the leasing or rental of a Unit, Improvements thereon, or any portion thereof. Any Owner shall have the right to lease his Unit, or any portion thereof, under the following conditions:

10.15.1. All leases shall be in writing and be for a term not less than 30 days; and

10.15.2. All leases shall provide that the terms of the lease and lessee's occupancy of the leased premises shall be subject in all respects to the Governing Documents; 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.

Section 10.16. Restrictions on Mining or Drilling. The surface of any Unit or Common Elements within the Project shall not be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing oil, gas or other hydrocarbons, minerals, rocks, stones, gravel or earth.

Section 10.17. Unit Restrictions. Owners of Units shall not install any Improvements, plantings, wind chimes, bird baths, bird feeders, electric fences or other obstructions in or on the General Common Elements.

Section 10.18. Marijuana. No Unit may be used for growing, delivering, transferring, supplying, dispensing, disbursing, distributing or selling marijuana, whether by prescription, medication recommendation or otherwise, and whether consisting of live plants, seeds, seedlings, or processed or harvested portions of the marijuana plant.

ARTICLE 11 PROPERTY RIGHTS IN THE COMMON ELEMENTS

Section 11.1. Owners' Easements. Subject to this Declaration, every Owner shall have a non-exclusive right and easement of enjoyment in and to the General Common Elements and those Limited Common Elements appurtenant to such Owner's 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 such Owner's Unit, for the purpose of getting to and from his Unit and public ways, for both pedestrian and vehicular travel, and to use the Common Elements and all other real estate that may become Common Elements, if any, for all other purposes. Such rights and easements shall be appurtenant to and pass with the transfer of title to every Unit.

Section 11.2. Extent of Owners' Easements. Subject to the other provisions of this Article, the rights and easements of enjoyment created hereby are subject to the following: the Common Elements may not be used in any manner which violates the statutes, rules or regulations of any governmental authority with jurisdiction over the Common Elements; and no Owner may place any structure on the General Common Elements. In addition, such rights and easements are subject to the following rights of the Association:

11.2.1. the right of the Association to borrow money for the purpose of improving the Common Elements and to mortgage said property as security for any such loan; provided, however, that the Association may not subject any portion of the Common Elements to a Security Interest except in accordance with CCIOA; and

11.2.2. the right of the Association to take such steps as are reasonably necessary to protect the Common Elements against foreclosure; and

11.2.3. the right of the Association to enact, re-enact, issue, promulgate, amend, repeal and publish standards, guidelines, rules and regulations or policies and procedures, with which each Member shall strictly comply, including, but not limited to, the right to regulate and/or restrict vehicular parking and Improvements; and

11.2.4. the right of the Association to suspend the voting rights of a Member for any period during which any Assessment against such Owner's Unit or any other amounts due from such Member to the Association remains unpaid and, for a period not to exceed sixty (60) days, for any infraction of the Governing Documents; and

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

11.2.6. the right of the Association to reallocate General Common Elements as a Patio Area pursuant to Section 11.4 of this Declaration; and

11.2.7. the right of the Association to close or limit the use of the Common Elements while maintaining, repairing and/or making replacements in the Common Elements.

Section 11.3. Use of Common Elements by Declarant. An easement is hereby reserved by the Declarant on, across, over, under and through the Common Elements as may be reasonably necessary for the purpose of discharging any of Declarant's rights or obligations or exercising any Special Declarant Rights or other rights of the Declarant, and no Owner shall engage in any activity which will temporarily or permanently interfere with the Declarant's easements through the Common Elements.

Section 11.4. Reallocation of General Common Elements As Limited Common Elements. Prior to automatic expiration of the Special Declarant Rights, as provided in Section 1.30 of this Declaration, the Declarant may reallocate any General Common Elements as Limited Common Elements, and may designate the Unit(s) to which such Limited Common Elements are appurtenant.

Section 11.5. Limited Common Elements. Subject to the terms and provisions of this Declaration, every Owner shall have the right to use and enjoy the Limited Common Elements appurtenant to such Owner's Unit, and such right shall be exclusive except as to those other Owners, if any, with a right to use such Limited Common Elements.

Section 11.6. New Additions to Common Elements. The Declarant and the Association shall have the right to construct new additions to the Common Elements. Ownership of any such additions to the Common Elements shall be apportioned among all Units in proportion to the respective undivided interest in the Common Elements appurtenant thereto, subject to the right of Declarant to designate any General Common Elements as Limited Common Elements. The Assessment liability for any such additions to the Common Elements shall be apportioned among all Units as provided in Article 4 of this Declaration (Assessments). The construction of new additions to the Common Elements shall not affect an Owner by way of modification of his voting power in the Association.

Section 11.7. Use of Common Elements. Subject to the rights of Declarant as provided in this Declaration, there shall be no obstruction of the Common Elements, nor shall anything be kept or stored on any part of the Common Elements except as permitted if such Common Elements are Limited Common Elements. Other than those Improvements erected or installed by Declarant in its completion of the Project, nothing shall be altered on, constructed in

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

Section 11.8. Designation of Common Elements. Declarant in recording this Declaration has designated certain areas as Common Elements intended for the common use and enjoyment of Owners for recreation and other related activities, as provided in this Declaration and other applicable documents. The Common Elements are not dedicated hereby for use by the general public.

Section 11.9. Payment of Taxes or Insurance by Security Interest Holders. Security Interest Holders shall have the right, jointly or singly, to pay taxes or other charges or assessments which are in default and which may or have become a lien against the Common Elements and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Elements, and any Security Interest Holders making any such payments shall be owed immediate reimbursement therefor from the Association.

Section 11.10. Duty to Accept Property and Facilities Transferred by Declarant. The Association shall accept title to all property, including personal property, equipment, and easements, if any, transferred to the Association by the Declarant, together with responsibility to perform all duties and functions of the Association which are set forth in this Declaration or otherwise assumed by the Association. The Association shall also accept any warranties associated with any of such property.

ARTICLE 12 CONVEYANCE, OWNERSHIP AND TAXATION OF UNITS

Section 12.1. Contracts Entered into Prior to Recording of Condominium Map and Declaration. A contract or other agreement for the sale of a Unit entered into prior to the filing for record of the Condominium Map and/or this Declaration in the office of the Clerk and Recorder of Eagle County, Colorado, may legally describe such Unit in the manner set forth in Section 12.2 of this Declaration and may indicate that the Condominium Map and/or this Declaration are to be recorded. Upon recordation of the Condominium Map and this Declaration in Eagle County, Colorado, such description shall be conclusively presumed to describe the corresponding Unit shown on the Condominium Map and such Unit shall be subject in all respects to this Declaration.

Section 12.2. Contracts Entered into Subsequent to Recording of Condominium Map and Declaration. Subsequent to the recording of the Condominium Map and this Declaration, every contract, deed, lease, mortgage, deed of trust, will and every other instrument affecting title to a Unit may legally describe that Unit as follows:

Unit ____, Condominium Building ____, according to the Condominium Map thereof, recorded on ____, at Reception No. _____, in the records of the office of the Clerk and Recorder of the County of Eagle, Colorado, and as defined and described in the Condominium Declaration for the Mountain Gateway at

Buckhorn Valley, recorded on _____, _____, at Reception No. _____ in said records.

Section 12.3. Legal Effect of Description. Every contract, deed, lease, mortgage, deed of trust, will and every other instrument affecting title to a Unit which legally describes said Unit substantially in the manner set forth in Section 12.2 of this Declaration shall be good and sufficient for all purposes to sell, convey, transfer, encumber or otherwise affect the Unit, including the undivided interest in the Common Elements appurtenant thereto and all other appurtenant properties and property rights, and to incorporate all of the rights, limitations and burdens incident to ownership of a Unit as described in this Declaration and the Condominium Map. Each such description shall be construed to include a non-exclusive easement for ingress and egress to and from each Unit and the use of all the General Common Elements, as well as all of the Limited Common Elements appurtenant to said Unit, all as more fully provided in this Declaration.

Section 12.4. Taxation. Each Unit shall be assessed separately for all taxes, assessments and other charges of the State of Colorado, any political subdivision thereof, any special improvement district, and any other taxing or assessing authority, in accordance with CCIOA. For the purpose of such assessments, the valuation of the Common Elements shall be apportioned among the Units in proportion to the undivided interest in the Common Elements appurtenant to the Unit in question. The Association shall furnish to the Tax Assessor of the County of Eagle, Colorado, and to all other appropriate Persons and authorities, all necessary information with respect to such apportionment. No forfeiture or sale of any Unit for delinquent taxes, assessments or other governmental charges shall divest or in any way affect the title to any other Unit.

Section 12.5. Inseparability. Each Unit, as well as all other appurtenances, rights and burdens connected therewith (including without limitation the General Common Elements and Limited Common Elements), shall be inseparable and may be transferred, conveyed, leased, devised, encumbered or otherwise disposed of only as a Unit. Every conveyance, transfer, devise, lease, encumbrance or other disposition of a Unit shall be deemed to be a conveyance, transfer, devise, lease, encumbrance or other disposition, as the case may be, of the entire Unit, together with all appurtenant rights, interests, duties and obligations created by law or by this Declaration (including without limitation the General Common Elements and Limited Common Elements).

Section 12.6. Non-Partitionability. The Common Elements shall be owned in common by all of the Owners and shall remain undivided and not subject to partition, such that any purported conveyance, encumbrance, judicial sale or other voluntary or involuntary transfer of an undivided interest in the Common Elements made without the Unit to which that interest is allocated is void. By the acceptance of a deed or other instrument of conveyance or assignment, each Owner specifically waives such Owner's right to institute and/or maintain a partition action or any other action designed to cause a division of the Common Elements. Furthermore, each Owner agrees that this Section may be pleaded as a bar to the maintenance of such an action. Any violation of this Section shall entitle the Association to collect, jointly and severally, from the parties violating the same, the actual attorneys' fees, costs, expenses and all damages that the Association incurs in connection therewith.

ARTICLE 13 MECHANIC'S LIENS

Section 13.1. Mechanic's Liens. No labor performed and/or materials furnished for use and incorporated in any Unit with the consent or at the request of the Owner thereof, such Owner's agent, contractor or subcontractor, shall be the basis for the filing of a lien against a Unit of any other Owner not expressly consenting to or requesting the same, or against any interest in the Common Elements except as to the undivided interest therein appurtenant to the Individual Air Space of the Owner for whom such labor shall have been performed or such materials furnished. Each Owner indemnifies and holds harmless each of the other Owners and the Association from and against any liability or loss arising from the claim of any mechanic's lien against the Unit of any other Owner, the Common Elements, or any part thereof, for labor performed and/or materials furnished in work on the first Owner's Unit.

Section 13.2. Enforcement by the Association. At its own initiative or upon the written request of any Owner or any Security Interest Holder, if the Association determines that further action by it is proper and the mechanic's lien(s) are not disputed claims with a reasonable basis for such dispute, the Association, after notice and hearing, shall enforce the indemnity provided by Section 13.1 of this Declaration (Mechanic's Liens) by collecting from the Owner of the Unit on which the labor was performed and/or materials furnished, the amount necessary to discharge any such mechanic's lien, including all costs and reasonable attorney's fees incidental thereto, and obtain a discharge of such lien. In the event that the Owner of the Unit on which the labor was performed and/or materials furnished refuses or fails to so indemnify within seven (7) days after the Association shall have given notice to such Owner of the total amount, or any portions thereof, from time to time, to be indemnified, then the failure to so indemnify shall be a default by such Owner under the provisions of this Section and such amount to be indemnified shall be and constitute an additional Assessment for collection by the Association subject to all of the provisions of Article 4 of this Declaration (Assessments).

ARTICLE 14 PATIO AREAS

Section 14.1. Improvements to Patio Areas. No Improvements shall be constructed, erected, placed, altered, planted, applied or installed on any Patio Areas that effect the drainage design of such Patio Area and unless complete plans and specifications therefor shall have been first submitted to and approved in writing by the DRC as provided in Article 5 hereof; provided, however, Declarant shall be exempt from the aforesaid requirement. Unless the DRC determines otherwise, all fixed Improvements to Patio Areas by Owners other than the Declarant will be similar in quality, design and construction to those Improvements to Patio Areas completed by Declarant.

Section 14.2. Architectural Standards and/or Guidelines Regarding Patio Areas. The Board of Directors may, at any time from time to time, adopt architectural standards, guidelines, rules and/or regulations regarding Patio Areas. Without limiting the generality of the foregoing, such provisions may contain guidelines to clarify the types of designs and materials that may be considered in design approval, may state requirements for submissions in order to

obtain review by the DRC, and may state procedural and other requirements relating to Patio Areas.

Section 14.3. Maintenance of Patio Areas. As further provided in Article 8 of this Declaration, the Association shall be responsible for maintenance, repair and replacement of Patio Areas as a Limited Common Element; provided, however, that the Owner of a Unit to which a Patio Area is appurtenant shall keep such Patio Area in a clean, sanitary and attractive condition.

ARTICLE 15 SECURITY INTERESTS

Section 15.1. Limitation on Actions of the Association. Except as provided by statute or in case of condemnation or substantial loss to the Units and/or Common Elements, and notwithstanding any provisions of this Declaration to the contrary, the Association shall not take or cause to be taken the following listed actions, unless it has obtained the prior written approval of the Owners (other than the Declarant) casting at least sixty-seven percent (67%) of the Association votes or of those Security Interest Holders holding at least sixty-seven percent (67%) of the First Security Interests (based upon one vote for each First Security Interest owned):

15.1.1. by act or omission seek to abandon or terminate the Project;

15.1.2. change the pro rata interest or obligations of any Unit in order to levy Assessments or charges, allocate distributions of hazard insurance proceeds or condemnation awards, or determine the pro rata share of ownership of each Unit in the Common Elements (however, this requirement will be deemed waived to the extent necessary to allow phasing or add-ons in accordance with this Declaration);

15.1.3. partition or subdivide any Unit;

15.1.4. seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements by act or omission. The granting of easements for public utilities or other public purposes consistent with the intended use of the Common Elements by the Project is not a transfer within the meaning of this clause. (However, this requirement will be deemed waived to the extent necessary to allow phasing or add-ons, in accordance with this Declaration);

15.1.5. use hazard insurance proceeds for losses to any property in the Project (whether Units or Common Elements) for other than the repair or replacement of such property.

Section 15.2. Approval by Security Interest Holders of First Security Interests.

15.2.1. Notwithstanding anything to the contrary contained in this Declaration, any amendments to this Declaration, the Articles of Incorporation or Bylaws of the Association of a material nature to Security Interest Holders shall be agreed to by Owners who represent at least sixty-seven percent (67%) of the Association votes and by Security

Interest Holders of First Security Interests who represent at least fifty-one percent (51%) of the Units that are subject to such First Security Interests.

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

15.2.3. The implied approval of any Security Interest Holder of a First Security Interest shall be assumed if such Security Interest Holder fails to submit a response to any written proposal for an amendment within sixty (60) days after such Security Interest Holder receives proper notice of the proposal delivered by certified or registered mail, return receipt requested.

Section 15.3. Notice of Action. Each Security Interest Holder of a First Security Interest, or insurer or guarantor of a First Security Interest, shall be entitled to timely written notice of:

15.3.1. any condemnation loss or casualty loss that affects either a material portion of the Project or any Unit subject to a First Security Interest held, insured or guaranteed by such Security Interest Holder, insurer or guarantor of a First Security Interest;

15.3.2. any default in the performance of any obligation under the Governing Documents by the Owner of a Unit subject to a First Security Interest held, insured or guaranteed by such Security Interest Holder, insurer or guarantor and not cured within 60 days, including but not limited to a delinquency in the payment of Assessments;

15.3.3. a lapse, cancellation, or material modification of any insurance policy maintained by the Association; and

15.3.4. any proposed action that requires the consent of a specified percentage of Security Interest Holders of First Security Interests as provided in this Article.

Section 15.4. No Priority Over Rights of Security Interest Holders of First Security Interests. No provision of the Governing Documents gives an Owner or any other party priority over any rights of the Security Interest Holder of a First Security Interest on such Owner's Unit pursuant to its First Security Interest in the case of payment to the Owner of insurance proceeds or condemnation awards for losses to or taking of Units and/or Common Elements.

ARTICLE 16 DISPUTE RESOLUTION

Section 16.1. Intent of Article; Applicability of Article; and Applicability of Statutes of Limitation.

16.1.1. Each Party (as defined below) agrees to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Party covenants and agrees to submit all Claims (as defined below) to the procedures set forth in this Article and not to a court of law.

16.1.2. By acceptance of a deed for a Unit, each Owner agrees to abide by the terms of this Article.

16.1.3. No Claim (as defined below) may be initiated after the date when institution of legal or equitable proceedings based on such Claim would be barred by the applicable statute of limitation or statute of repose.

Section 16.2. Definitions Applicable to this Article. For purposes of this Article only, the following terms have the meanings set forth in this Section:

16.2.1. "AAA" means the American Arbitration Association, or any other Person subsequently agreed to by the Claimant and Respondent in writing for the purpose of performing the functions of the American Arbitration Association under this Declaration.

16.2.2. "Claimant" means any Party having or asserting a Claim.

16.2.3. "Claim" means, except as excluded or exempted by the terms of this Article, any claim, grievance or dispute between one Party and another, regardless of how the same may have arisen or on what it might be based, including without limitation those arising out of or related to (i) the interpretation, application or enforcement of any of the Governing Documents or the rights, obligations and duties of any Party under any of the Governing Documents; (ii) the design or construction of improvements; (iii) any statements, representations, promises, warranties, or other communications made by or on behalf of any Party. A Claim may be brought by lawsuit, counterclaim, cross-claim, mediation, arbitration, or in any other manner.

16.2.4. "Party" means each of the following: Declarant, its officers, directors, partners, members, employees and agents; the Association, its officers, directors and committee members; all Persons subject to this Declaration; any builder or contractor, its officers, directors, partners, members, employees and agents, who construct buildings, residences or other Improvements; and any Person not otherwise subject to this Declaration who agrees to submit to this Article.

16.2.5. "Respondent" means any Party against whom a Claimant asserts a Claim.

16.2.6. "Termination of Mediation" means a period of time expiring forty-five (45) days after a mediator has been agreed upon by the parties (however, a mediator shall be selected no later than thirty (30) days after the Claimant has given notice to the Respondent of the Claim and if the Claimant and Respondent are unable to agree on a mediator, one shall be chosen by AAA) and the matter has been submitted to mediation (or within such other time as determined by the mediator or agreed to by the Claimant and Respondent), and upon the expiration of which the Claimant and Respondent have not settled the Claim.

Section 16.3. Approval Required for Association Actions. The approval of fifty-one percent (51%) of the Association votes, or such greater percentage allowed by law, cast by Members voting in person or by proxy within ninety (90) days of a meeting duly called for this purpose at which a quorum is present (with the "quorum" in such cases to be set as provided in Section 16.4 of this Declaration), must be obtained before the Association shall have the power to institute action on any Claim or to make any counterclaim or cross-claim in any lawsuit with respect to any Claim brought against the Association. Such approval must be obtained in accordance with the requirements of Section 16.4 of this Declaration.

Section 16.4. Notice for Association Actions. Written notice of any meeting of Members which includes a vote pursuant to Section 16.3 of this Declaration shall be sent to all Members not less than ten (10) days nor more than fifteen (15) days in advance of the meeting. Such written notice, or if the vote is to be by written ballot then such written ballot, shall include the following information:

(A) The conclusion of the meeting initiates the voting period, during which the association will accept votes for and against proceeding with the construction defect action. The disclosure and voting period shall end ninety days after the mailing date of the meeting notice or when the association determines that the construction defect action is either approved or disapproved, whichever occurs first.

(B) The construction professional against whom the construction defect action is proposed will be invited to attend and will have an opportunity to address the unit owners concerning the alleged construction defect; and

(C) The presentation at the meeting by the construction professional or the construction professional's designee or designees may, but is not required to, include an offer to remedy any defect in accordance with section 13-20-803.5(3) of the "Construction Defect Action Reform Act".

(D) The Notice must also contain a description of the nature of the construction defect action, which description identifies alleged defects with reasonable specificity, the relief sought, a good-faith estimate of the benefits and risks involved, and any other pertinent information and include the following disclosures:

1. The alleged construction defects might result in increased costs to the association in maintenance or repair or cause an increase in assessments or special assessments to cover the cost of repairs.

2. If the association does not file a claim before the applicable legal deadlines, the claim will expire.

3. Until the alleged defects are repaired, sellers of units within the common interest community might owe unit buyers a duty to disclose known defects.

4. The executive board (intends to enter) (has entered) into a fee arrangement with the attorneys representing the association, under which (the attorneys will be paid a contingency fee equal to _____ percent of the (net) (gross) recovery of the amount the association recovers from the defendant(s)) (the association's attorneys will be paid (an hourly fee of \$ _____) (a fixed fee of \$ _____)).

5. In addition to attorney fees, the association may incur up to \$ _____ for legal costs, including expert witnesses, depositions, and filing fees. The amount will not be exceeded without the executive board's further written authority. If the association does not prevail on its claim, the association may be responsible for paying these legal expenses.

6. If the association does not prevail on its claim, the association may be responsible for paying its attorney fees.

7. If the association does not prevail on its claim, a court or arbitrator sometimes awards costs and attorney fees to the opposing party. Should that happen in this case, the association may be responsible for paying the opposing party's costs and fees as a result of such award.

8. There is no guarantee that the association will recover enough funds to repair the claimed construction defect(s). If the claimed defects are not repaired, additional damage to property and a reduction in the useful life of the common elements might occur.

9. Until the claimed construction defects are repaired, or until the construction defect claim is concluded, the market value of the units in the association might be adversely affected.

10. Until the claimed construction defect(s) are repaired, or until the construction defect(s) claim is concluded, owners in the association might have difficulty refinancing and prospective buyers might have difficulty obtaining financing. In addition, certain federal underwriting standards or regulations prevent refinancing or obtaining a new loan in projects where a construction defect is claimed, and certain lenders as a matter of policy will not refinance or provide a new loan in projects where a construction defect is claimed.

Section 16.5. Required Form of Proxy or Ballot. Each written proxy, and each ballots, which purports to vote on, or authorize a vote on, approval of the Association bringing a Claim shall contain the following statement:

With full knowledge and understanding that my annual Assessments may be significantly increased by the costs and fees associated with the proposed Claim, I/we APPROVE the authority of the Association to bring such Claim.

Section 16.6. Exclusions from "Claim". Unless specifically exempted by this Article, all Claims between any of the Parties shall be subject to the provisions of this Article. Notwithstanding the foregoing, unless all Parties thereto otherwise agree in writing, "Claim" does not include any of the following, and the same shall not be subject to the provisions of this Article:

16.6.1. Any action by the Association to enforce any provision of Article 4 of this Declaration;

16.6.2. Any action by the Association to obtain a temporary restraining order or injunction (or equivalent emergency equitable relief) and such other ancillary relief as the Association or court may deem necessary in order to enforce any of the provisions of Article 5 of this Declaration or of Article 10 of this Declaration;

16.6.3. Any action between or among Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;

16.6.4. Any action in which any indispensable party is not a Party, as defined in this Article; and

16.6.5. Any action to enforce an arbitration award under this Article.

Section 16.7. Right to Inspect. Prior to any Party commencing any proceeding against another Party, including but not limited to an alleged defect of any Improvement, the Respondent shall have the right to be heard by the Claimant and, if any Claimant is the Association, by the Members, and to access, inspect, correct the condition of, or redesign any portion of any Improvement as to which a defect is alleged or to otherwise correct the alleged defect; provided, however, any correction to, or redesign of, an Improvement shall be made upon terms and conditions reasonably acceptable to all affected Parties. In the exercise of the inspection rights contained herein, the inspecting Party shall:

16.7.1. Be careful to avoid unreasonable intrusion upon, or harm, damage or costs to the affected Party including using its best efforts to avoid causing any damage to, or interference with, any Improvements to the subject property;

16.7.2. Minimize any disruption or inconvenience to any Person who occupies the subject property;

16.7.3. Remove daily all debris caused by the inspection and located on the subject property; and

16.7.4. In a reasonable and timely manner, at the sole cost and expense of the inspecting Party, promptly remove all equipment and materials from the subject property and repair and replace all damage, and restore the subject property to the condition of the subject property as of the date of the inspection unless the subject property is to be immediately repaired.

The inspecting Party shall not permit any lien, claim or other encumbrance arising from the exercise of its right to inspect to accrue against or attach to the subject property. The inspecting Party shall indemnify, defend, and hold harmless the affected Owners and their tenants, guests, employees and agents, against any and all liability, claims, demands, losses, costs and damages incurred, including court costs and attorneys' fees, resulting from any breach of this Section by the inspecting Party.

Section 16.8. Mandatory Procedures.

16.8.1. Good Faith Negotiations. The Parties shall make every reasonable effort to meet in person and confer for the purposes of resolving the Claim by good faith negotiation. Any Party may be represented by attorneys and independent consultants to assist such Party in negotiations and to attend meetings.

16.8.2. Notice. Prior to proceeding with any claim against a Respondent, each Claimant shall give a notice to each Respondent, which notice shall state plainly and concisely:

16.8.2.1. the nature of the Claim, including all Persons involved and Respondent's role in the Claim;

16.8.2.2. the legal or contractual basis of the Claim (i.e., the specific authority out of which the Claim arises); and

16.8.2.3. the specific relief and/or proposed remedy sought.

16.8.3. Mediation.

16.8.3.1. If the Parties do not resolve the Claim through negotiations within thirty days after submission of the Claim to the Respondent(s), Claimant must submit the Claim to mediation under the auspices of AAA in accordance with AAA's Commercial or Construction Industry Mediation Rules within thirty (30) days, as appropriate.

16.8.3.2. If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall

release or discharge Respondent from any liability to any Person other than the Claimant.

16.8.3.3. Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If a Termination of Mediation occurs, the mediator shall issue a notice of Termination of Mediation. The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

16.8.3.4. Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator.

16.8.3.5. If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 16.8.3 and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate arbitration proceedings to enforce such agreement without the need to again comply with the procedures set forth in Section 16.8 of this Declaration. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including without limitation, attorneys' fees and court costs.

16.8.4. Binding Arbitration.

16.8.4.1. Subject to Section 16.8.3.2 above, upon Termination of Mediation, if Claimant desires to pursue the Claim, Claimant shall thereafter initiate final, binding arbitration of the Claim under the auspices of AAA in accordance with AAA's Commercial or Construction Industry Arbitration Rules, as appropriate. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such Claim. Unless otherwise mutually agreed to by the parties to the Claim, there shall be one arbitrator who, to the extent feasible, shall have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved.

16.8.4.2. Each Party shall bear its own costs and expenses and an equal share of the arbitrator's and administrative fees of arbitration. Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope of arbitration in a court of law, the arbitrator or the court shall award reasonable attorneys' fees and expenses incurred in defending such contests, including those incurred in trial and on appeal, to the non-contesting Party. All decisions respecting the arbitrability of any Claim shall be decided by the arbitrator.

16.8.4.3. The award of the arbitrator shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither a party nor an arbitrator may disclose the

existence, content, or results of any arbitration without the prior written consent of all Parties to the Claim.

Section 16.9. Liability for Failure of Association to Maintain an Action. No director or officer of the Association shall be liable to any Person for failure to institute or maintain or bring to conclusion a cause of action, mediation or arbitration for a Claim if the following criteria are satisfied: (a) the director or officer was acting within the scope of his or her duties; (b) the director or officer was not acting in bad faith; and (c) the Act or omission was not willful, wanton or grossly negligent.

Section 16.10. Inconsistencies Between Article XVI and C.R.S. § 38-33.3-303.5. In the event of any inconsistency between the requirements of this Article XVI and the requirements of C.R.S. § 38-33.3-303.5, as it may be amended from time to time, the more restrictive requirement shall control, except to the extent CCIOA requires the applicable requirement of C.R.S. § 38-33.3-303.5 to control, in which case such requirement shall control.

ARTICLE 17 GENERAL PROVISIONS

Section 17.1. Enforcement; Fines.

17.1.1. This Section 17.1.1 is subject to Article 16 of this Declaration. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges and other provisions contained in the Governing Documents may be by any proceeding at law or in equity against any Person(s) violating or attempting to violate any such provision. Except as otherwise provided in this Declaration, the Association and any aggrieved Owner shall have the right to institute, maintain and prosecute any such proceedings. Remedies for violation(s) of the Governing Documents shall be cumulative and no remedy shall be exclusive of other remedies that may be available. In any action instituted or maintained under any of such documents, the prevailing party shall be entitled to recover its costs and attorney fees incurred in asserting or defending the claim, as well as any and all other sums. Failure by the Association or any Owner to enforce any covenant, restriction or other provision herein contained, or any other provision of any of the Governing Documents, shall in no event be deemed a waiver of the right to do so thereafter.

17.1.2. Subject to the following sentence, the Association shall have the right to levy and collect fines (as provided in Article 4 of this Declaration) for the violation of the Governing Documents. Prior to collection of any fines, the Association, the Board of Directors, or an authorized management company of the Association, shall mail a notice of violation to the Person(s) alleged to be in violation of any such provision and such notified Person(s) has a right to a hearing upon submission to the Board of Directors of a written request for hearing, which is properly signed by such Person(s) and dated, within ten (10) days after the notice of violation has been mailed or such other time as the Board of Directors may decide in its discretion from time to time; failure of a notified Person to request a hearing in writing within the required time period shall constitute a waiver of such right to a hearing.

Section 17.2. Severability. All provisions of the Declaration, the Articles of Incorporation and Bylaws of the Association are severable. Invalidation of any of the provisions of any such documents, including without limitation any provision(s) of Article 16 of this Declaration by judgment, court order or otherwise, shall in no way affect or limit any other provisions which shall remain in full force and effect.

Section 17.3. Conflict of Provisions. In case of any conflict between this Declaration and the Articles of Incorporation or Bylaws of the Association, this Declaration shall control. In case of any conflict between the Articles of Incorporation and the Bylaws of the Association, the Articles of Incorporation shall control. In case of any conflict between the Bylaws and any Governing Documents (other than this Declaration or the Articles of Incorporation) the Bylaws shall control.

Section 17.4. Annexation; Withdrawal.

17.4.1. Until automatic termination of the Special Declarant Rights as set forth in Section 1.30 of this Declaration (Special Declarant Rights), the Declarant may annex to this Declaration the Annexable Area or any portion(s) thereof, without consent of any other Owners, Security Interest Holders, or any other Person. Each such annexation shall be effected, if at all, by recording one or more Annexations of Additional Land in the Office of the Clerk and Recorder of Eagle County, Colorado, which document:

17.4.1.1. shall provide for annexation to this Declaration of the property described in such Annexation of Additional Land;

17.4.1.2. shall identify the owner(s) of the Units thereby created, if any;

17.4.1.3. shall assign an identifying number to each new Unit, if any;

17.4.1.4. shall describe any Common Elements within the property being annexed by reference to the map depicting the Units;

17.4.1.5. shall, if the annexed property includes one (1) or more Units, reallocate the Allocated Interests among all Units; and

17.4.1.6. may include such other provisions as the Declarant deems appropriate. Other provisions that may be included in an Annexation of Additional Land include, without limitation, covenants, conditions, restrictions, requirements and/or other provisions, in addition to or different from those contained in this Declaration, that apply or will apply to some or all of the property that is thereby being annexed to this Declaration. Any of such other provisions referenced in the preceding sentence may be amended with the consent of the Owners of sixty-seven percent (67%) of the Units to which such other provisions apply.

17.4.2. Except as otherwise specifically stated in the document pursuant to which property is annexed, all provisions of this Declaration, including, but not limited to (as to Units), those provisions regarding obligations to pay Assessments to the

Association and any right to cast votes as Members, shall apply to the annexed property immediately upon the effective date of the annexing document (which shall constitute the date of recording thereof unless otherwise stated in such document). Each annexation to this Declaration, if any, shall be deemed to constitute an amendment to this Declaration.

17.4.3. Each portion or phase of real property now or hereafter subjected to this Declaration shall be subject to a right of withdrawal by the Declarant. Without limiting the generality of the foregoing, the real property and Improvements (if any) which are described on the attached Exhibit A, as well as the real property (and Improvements, if any) described in any Annexation of Additional Land, shall each be deemed a separate phase or portion of real property and Improvements that are subject to a right of withdrawal. The withdrawal of any such separate portion(s) or phase(s) may be accomplished, if at all, in accordance with CCIOA. However, the Declarant's right to withdraw each such separate portion or phase of the Project, shall expire and terminate, as to each separate portion or phase of the Project, no later than the automatic termination of the Special Declarant Rights as provided in Section 1.30 hereof (Special Declarant Rights).

Section 17.5. 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 Units and the Common Elements such facilities as Declarant deems necessary or incidental to the construction and sale of Units and development and construction of Improvements, including locating, maintaining and relocating management offices, signs, model units and sales offices, in such numbers, of such sizes, and at such locations as Declarant determines. Any real estate used as a sales office, management office, or a model, shall be a Unit or Common Elements, as designated in this Declaration or any other recorded document(s). Further, nothing contained in this Declaration shall limit the rights of Declarant or require the Declarant to obtain approvals:

17.5.1. to excavate, cut, fill or grade any property (with the consent of the Owner thereof) or to construct, alter, demolish or replace any Improvements;

17.5.2. to use any Improvements on any property (with the consent of the Owner thereof) as a construction, management, model home or sales or leasing office in connection with the development, construction or sale of any property; and/or

17.5.3. to require Declarant to seek or obtain any approvals under this Declaration for any such activity.

The rights provided for in this Section shall terminate automatically upon termination of the Special Declarant Rights, as provided in Section 1.30 hereof.

Section 17.6. Duration, Revocation, and Amendment.

17.6.1. Each and every provision of this Declaration shall run with and bind the land perpetually from the date of recording of this Declaration. Except as otherwise provided in this Declaration, this Declaration may be amended by the affirmative vote or agreement of Members holding at least sixty-seven percent (67%) of the Allocated

Interests; provided, however, prior to termination of Special Declarant Rights no amendment of this Declaration shall be effective without the prior written approval of the Declarant. Further, each amendment of this Declaration enacted by the Members shall be applicable only to disputes, issues, events, circumstances, actions, Claims or causes of action that arose out of circumstances or events that occurred after the date of recording of such amendment in the Records; and no such amendment shall be applied retroactively to any earlier occurring disputes, issues, events, circumstances, actions, claims or causes of action.

17.6.2. Notwithstanding anything to the contrary contained in this Declaration, Bylaws of the Association and/or Articles of Incorporation of the Association may be amended in whole or in part, by the Declarant without the consent or approval of any other Owner, any Security Interest Holder, or any other Person, in order to comply with the requirements, standards, or guidelines of recognized secondary mortgage markets, or the Agencies. Such right of amendment shall terminate as provided in Section 1.30 of this Declaration.

17.6.3. Notwithstanding anything to the contrary contained in this Declaration, Bylaws of the Association and/or Articles of Incorporation of the Association may be amended in whole or in part, by the Declarant without the consent or approval of any other Owner, any Security Interest Holder, or any other Person, in order to correct clerical, typographical, or technical errors. Such right of amendment shall terminate as provided in Section 1.30 of this Declaration.

17.6.4. Except as to amendments which may be made by the Declarant, amendments to this Declaration may be prepared, executed, recorded, and certified by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association. Such certification shall, in the case of an amendment requiring the approval of Owners, certify that the Association has received the requisite approvals. Amendments to this Declaration which may be made by the Declarant pursuant to this Declaration or as permitted by the Act, may be signed by the Declarant and shall require no other signatory.

Section 17.7. Registration of Mailing Address. Each Owner and each Security Interest Holder, insurer or guarantor of a Security Interest, shall register his mailing address with the Association, and except for annual statements and other routine notices, all other notices or demands intended to be served upon an Owner, or upon a Security Interest Holder, insurer or guarantor of a Security Interest, shall be sent by U.S. mail, postage prepaid, addressed in the name of such Person at such registered mailing address. However, if any Owner fails to notify the Association of a registered address, then any notice or demand may be delivered or sent, as aforesaid, to such Owner at the address of such Owner's Unit. All notices, demands, or other notices intended to be served upon the Board of Directors or the Association during the Declarant Control Period shall be sent by registered or certified mail, postage prepaid, to Louisville Properties I Inc., 1002 Griffith Street, Louisville, CO 80027, unless such address is changed by the Association during the Declarant Control Period; subsequent to termination of the Declarant Control Period, the Association shall notify the Owners of a different address for notices.

Section 17.8. Limitation on Liability. The Association, the Board of Directors, the DRC, the Declarant and its assigns, and the officers, directors, members, partners, agents and employees of the same, shall not be liable to any Person for any action or for any failure to act unless the action or failure to act was not in good faith and was done or withheld with malice. The release and waiver set forth in Section 17.12 shall apply to this Section.

Section 17.9. No Representations, Guaranties or Warranties. No representations, guaranties or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant, the Association, the Board of Directors, the DRC, or by any of their officers, directors, members, partners, agents or employees, in connection with any portion of the Project, or any Improvement, its or their physical condition, structural integrity, freedom from defects, freedom from hazardous or toxic materials, substances or gases, zoning, compliance with applicable laws, fitness for intended use, or view, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in writing. The release and waiver set forth in Section 17.12 shall apply to this Section.

Section 17.10. Disclaimer Regarding Safety. THE DECLARANT AND ITS ASSIGNS, THE ASSOCIATION, THE DRC, THE BOARD OF DIRECTORS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, MEMBERS, PARTNERS, AGENTS AND EMPLOYEES, HEREBY DISCLAIM ANY OBLIGATION REGARDING THE SECURITY OF ANY PERSONS OR PROPERTY WITHIN THE LIFESTYLE COMMUNITY. BY ACCEPTING A DEED TO PROPERTY WITHIN THE LIFESTYLE COMMUNITY, EACH OWNER ACKNOWLEDGES THAT DECLARANT, THE ASSOCIATION, THE DRC, THE BOARD OF DIRECTORS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, MEMBERS, PARTNERS, AGENTS AND EMPLOYEES, ARE ONLY OBLIGATED TO DO THOSE ACTS SPECIFICALLY ENUMERATED HEREIN, OR IN THE ARTICLES OF INCORPORATION, BYLAWS, RULES AND REGULATIONS OR POLICIES AND PROCEDURES OF THE ASSOCIATION, AND ARE NOT OBLIGATED TO DO ANY OTHER ACTS WITH RESPECT TO THE SAFETY OR PROTECTION OF PERSONS OR PROPERTY WITHIN THE LIFESTYLE COMMUNITY. THE RELEASE AND WAIVER SET FORTH IN Section 17.12 SHALL APPLY TO THIS SECTION.

Section 17.11. Development Within and Surrounding the Project. Each Owner acknowledges that development within and surrounding the Project may continue for an indefinite period, and that plans for the density, type and location of improvements, developments or land uses may change over time. Such development may entail changes to or alterations in the access to the Project, views of or from the Project or the Units, surrounding land uses, open space or facilities, traffic volumes or patterns, privacy or other off-site aspects or amenities. Development also may entail noise, odors, unsightliness, dust and other inconveniences, disruptions or impacts. By accepting a deed to a Unit, each Owner accepts title to such Unit subject to the foregoing, and waives and releases any claim against the Declarant, the Association, the Board of Directors, the DRC, and their respective officers, directors, members, partners, agents and employees, heirs, personal representatives, successors and assigns, arising out of or associated with any of the foregoing. The release and waiver set forth in Section 17.12 shall apply to this Section.

Section 17.12. Waiver. By acceptance of a deed to a Unit, each Owner hereby releases, waives, and discharges the Declarant and its assigns, the Association, the Board of Directors, the DRC, and their respective officers, directors, members, partners, agents and employees, heirs, personal representatives, successors and assigns, from all losses, claims, liabilities, costs, expenses, and damages, arising directly or indirectly from any hazards, disclosures or risks set forth in this Declaration, including without limitation, those contained in Section 17.8, Section 17.9, Section 17.10 and Section 17.11.

Section 17.13. HUD or VA Approval. During the Declarant Control Period, the following actions shall require the prior approval of HUD or VA if, at the time any such action is taken, HUD has insurance or VA has a guarantee(s) on one or more Security Interests, and HUD or VA require such approval: annexation of additional real property (if the Declarant desires to obtain HUD or VA approval of the property that is being annexed and if HUD or VA require such approval); amendment of this Declaration, except as provided in Section 17.6, 17.6.2 and 17.6.3 hereof; termination of this Project; dedication of Common Elements; or merger or consolidation of the Association, except as provided in Section 3.13 of this Declaration

Section 17.14. Headings. The Article, Section and subsection headings in this Declaration are inserted for convenience of reference only, do not constitute a part of this Declaration, and in no way define, describe or limit the scope or intent of this Declaration or any of the provisions hereof.

Section 17.15. Gender. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular and the use of any gender shall be applicable to all genders.

Section 17.16. Use of "Include," "Includes" and "Including". All uses in the Governing Documents of the words "include," "includes" and "including" shall be deemed to include the words "without limitation" immediately thereafter.

Section 17.17. Action. Any action that has been or may be taken by the Declarant, the Association, the DRC, the Board, any Member, any director, any committee, or any other Person, may be taken "at any time, from time to time." Each provision that authorizes, directs or permits action shall be deemed to include such language.

Section 17.18. Sole Discretion. All actions which are taken by the Declarant, the Association, the DRC, the Board, any Member, any director, any committee, or any other Person, shall be deemed to be taken "in the sole discretion" of each of such parties.

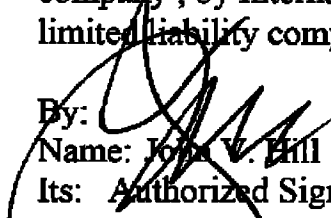
Section 17.19. Run with Land; Binding Upon Successors. The benefits, burdens and all other provisions contained in this Declaration shall be covenants running with and binding upon this Project and all real property and Improvements which are now or hereafter become a part thereof. The benefits, burdens and all other provisions contained in this Declaration shall be binding upon, and inure to the benefit of the Declarant, the Association and all Owners, and upon and to their respective heirs, personal representatives, successors and assigns.

Section 17.20. Third-Party Beneficiary. Declarant is hereby designated to be a third-party beneficiary under this Declaration, and from a period of eight (8) years after the later of: (i) termination of Special Declarant Rights as provided in Section 1.30 or (ii) the Occupancy Date of all Units owned by Declarant, Declarant shall have the right, but not the obligation, to attend meetings of the Members and Board and to receive copies of minutes or notices of action from meetings of the Board, Members or any permanent or standing committee of the Board. In addition, during such period of time, Declarant shall have standing to enforce Article 16 of this Declaration and any violation of that adversely affects Declarant's rights specified in this Declaration.

[signature page follows]

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set his hand this 19 day of September, 2018.

DECLARANT: Mountain Gateway at Buckhorn Valley, LLC, a Colorado limited liability company, by International Capital, LLC, a Texas limited liability company


By: 
Name: John V. Hill
Its: Authorized Signer

STATE OF COLORADO)
COUNTY OF Eagle) ss.

The foregoing instrument was acknowledged before me this 19 day of September, 2018, by John V. Hill as Authorized Signer of Mountain Gateway at Buckhorn Valley, LLC, a Colorado limited liability company.

Witness my hand and official seal.

{SEAL}



Notary Public
My commission expires 1/27/20

NICHOLAS SHEPTAK
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20164003583
My Commission Expires January 27, 2020

NO MORTGAGEE

There is no mortgage on Parcel L1, MOUNTAIN GATEWAY, A RESUBDIVISION OF PARCEL L, BUCKHORN VALLEY P.U.D. - EXEMPTION PLAT III TOWN OF GYPSUM, COUNTY OF EAGLE, STATE OF COLORADO, according to the plat thereof, as recorded at Reception 201812537, Eagle County, Colorado records.

Mountain Gateway at Buckhorn Valley, LLC, a Colorado limited liability company, by International Capital, LLC, a Texas limited liability company

By:

[Handwritten signature of John V. Hill]

Name: John V. Hill

Its: Authorized Signer

STATE OF COLORADO)
COUNTY OF Eagle) ss.

The foregoing instrument was acknowledged before me this day 19 of September 2018, by John V. Hill, as Authorized Signer

Witness my hand and official seal.

(S E A L)

Notary Public *[Handwritten signature of Nicholas Sheptak]*

My Commission Expires: 1/27/20

NICHOLAS SHEPTAK
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20164003583
My Commission Expires January 27, 2020

EXHIBIT A

Legal Description of Project

Parcel L1, MOUNTAIN GATEWAY, A RESUBDIVISION OF PARCEL L, BUCKHORN VALLEY P.U.D. - EXEMPTION PLAT III TOWN OF GYPSUM, COUNTY OF EAGLE, STATE OF COLORADO, according to the plat thereof, as recorded at Reception 201812537, Eagle County, Colorado records.



EXHIBIT B

Allocated Interests

<u>Building</u>	<u>Unit</u>	<u>Allocated Interest</u>
A, B, C, D, E, F	101	2.08333%
G, H, I, J, K, L	102	2.08333%
(all buildings)	201	2.08333%
	202	2.08333%

(there are 48 interests each with 1/48 share)

A handwritten signature in black ink, consisting of a large, stylized initial 'C' followed by a long, sweeping horizontal line that extends to the right.

EXHIBIT C

Annexable Area

There is no area annexable to THE MOUNTAIN GATEWAY AT BUCKHORN VALLEY

A handwritten signature in black ink, consisting of a stylized 'A' followed by a long horizontal stroke that curves upwards at the end.

EXHIBIT D

Easements and Title Exceptions

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1. RESERVATIONS AND EXCEPTIONS IN PATENTS AND ACTS AUTHORIZING THEIR ISSUANCE AS THE SAME MAY AFFECT THE SUBJECT PROPERTY AND, SPECIFICALLY, THE RIGHTS TO DITCHES AND RESERVOIRS USED IN CONNECTION WITH VESTED AND ACCRUED WATER RIGHTS TOGETHER WITH THE RESERVATION OF A RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES AS RESERVED IN UNITED STATES PATENT RECORDED DECEMBER 29, 1920, IN BOOK 93 AT PAGE 314 AND RECORDED AUGUST 7, 1930 IN BOOK 93 AT PAGE 380.
2. AN UNDIVIDED HALF INTEREST IN AND TO ALL MINERAL RIGHTS AND PARTICULARLY, BUT WITHOUT LIMITATION TO THE ABOVE, ALL OIL, GAS, AND MINERAL RIGHTS AND PETROLEUM PRODUCTS OR THEIR DERIVATIVES OF WHATSOEVER KIND OR NATURE IN ANY WAY APPURTENANT TO OR BELONGING TO THE SUBJECT PROPERTY AS RESERVED IN DEED RECORDED DECEMBER 22, 1939 IN BOOK 122 AT PAGE 188, AND ANY AND ALL ASSIGNMENTS THEREOF OR INTERESTS THEREIN.
3. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN AND IMPOSED BY CERTIFICATE REGARDING THE EAGLE COUNTY SOIL CONSERVATION DISTRICT RECORDED DECEMBER 12, 1950 IN BOOK 136 AT PAGE 217.
4. EASEMENTS, RIGHTS-OF-WAY AND DITCHES AS SHOWN ON THE PLAT OF LAGROW ESTATE RECORDED JULY 31, 1996 IN BOOK 701 AT PAGE 373.
5. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN AGREEMENT AND EASEMENT GRANTS RECORDED SEPTEMBER 09, 1996 IN BOOK 704 AT PAGE 786.
6. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN ANNEXATION AGREEMENT RECORDED MARCH 03, 2000 UNDER RECEPTION NO. 724076, AND FIRST AMENDMENT THERETO RECORDED OCTOBER 5, 2010 UNDER RECEPTION NO. 201019986 AND SECOND AMENDMENT THERETO RECORDED JULY 24, 2018 UNDER RECEPTION NO. 201812538.

ASSIGNMENT OF RIGHTS UNDER ANNEXATION AGREEMENT RECORDED DECEMBER 12, 2000 UNDER RECEPTION NO. 746102.

ASSIGNMENT OF RIGHTS AND OBLIGATIONS RECORDED DECEMBER 27, 2013 UNDER RECEPTION NO. 201325316.

7. TERMS, CONDITIONS AND PROVISIONS OF ANNEXATION ORDINANCES RECORDED MARCH 3, 2000 UNDER RECEPTION NOS. 724081 AND 724082 AND ANNEXATION MAPS RECORDED MARCH 3, 2000 UNDER RECEPTION NO. 724086 AND 724087.
8. ANY TAX, LIEN, FEE, OR ASSESSMENT BY REASON OF INCLUSION OF SUBJECT PROPERTY IN THE BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1 RECORDED MAY 30, 2000 UNDER RECEPTION NO. 730926 AND BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2, AS EVIDENCED BY INSTRUMENT RECORDED MAY 30, 2000, UNDER RECEPTION NO. 730925.

SERVICE PLAN FOR BUCKHORN VALLEY METROPOLITAN DISTRICTS NO. 1 AND 2 RECORDED MARCH 3, 2000 UNDER RECEPTION NO. 724083; AMENDED AND RESTATED CONSOLIDATED SERVICE PLAN FOR BUCKHORN VALLEY METROPOLITAN DISTRICTS NOS. 1 AND 2 RECORDED JULY 1, 2005 UNDER RECEPTION NO. 921186; RE-RECORDED AMENDED AND RESTATED CONSOLIDATED SERVICE PLAN FOR BUCKHORN VALLEY METROPOLITAN DISTRICTS NOS. 1 AND 2 RECORDED MARCH 4, 2009 UNDER RECEPTION NO. 200903804; 2009 CONSOLIDATED SERVICE PLAN FOR BUCKHORN VALLEY METROPOLITAN DISTRICTS NOS. 1 AND 2 RECORDED AUGUST 6, 2009 UNDER RECEPTION NO. 200917142.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 1 AND BUCKHORN VALLEY METROPOLITAN DISTRICT NO. 2 REGARDING THE ADOPTION OF A WATER SYSTEM IMPROVEMENTS FEE RECORDED NOVEMBER 21, 2012 UNDER RECEPTION NO. 201223523.

9. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN RESOLUTION NO. 2000-091 FOR APPROVAL OF PERMIT TO CONSTRUCT A MAJOR EXTENSION OF EXISTING DOMESTIC SEWAGE TREATMENT SYSTEMS RECORDED JUNE 28, 2000 UNDER RECEPTION NO. 733270.
10. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN EASEMENT DEED RECORDED JUNE 30, 2000 UNDER RECEPTION NO. 733539 AND CORRECTION THERETO RECORDED NOVEMBER 22, 2000 UNDER RECEPTION NO. 744808 AND AS AMENDED IN INSTRUMENT RECORDED JUNE 9, 2004 UNDER RECEPTION NO. 880006 AND AS AMENDED IN INSTRUMENT RECORDED AUGUST 20, 2010 UNDER RECEPTION NO. 201016394 AND AS AMENDED IN INSTRUMENT RECORDED APRIL 15, 2016 UNDER RECEPTION NO. 201605281.
11. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN SUBDIVISION IMPROVEMENT AGREEMENT RECORDED AUGUST 30, 2000 UNDER RECEPTION NO. 737976, AND FIRST AMENDMENT THERETO RECORDED APRIL 27, 2005 UNDER RECEPTION NO. 913695, AND SECOND AMENDMENT THERETO RECORDED FEBRUARY 20, 2008 UNDER RECEPTION NO. 200803476, AND THIRD AMENDMENT THERETO RECORDED OCTOBER 5, 2010 UNDER RECEPTION NO. 201019987.

CONSENT AGREEMENT IN CONNECTION THEREWITH RECORDED NOVEMBER 2, 2011 UNDER RECEPTION NO. 201120486.

CONSENT AGREEMENT IN CONNECTION THEREWITH RECORDED DECEMBER 27, 2013 UNDER RECEPTION NO. 201325317.

12. TERMS, CONDITIONS AND PROVISIONS OF WATER USE AGREEMENT RECORDED JULY 30, 2003 AT RECEPTION NO. 842193.
13. RESTRICTIVE COVENANTS, WHICH DO NOT CONTAIN A FORFEITURE OR REVERTER CLAUSE, BUT OMITTING ANY COVENANTS OR RESTRICTIONS, IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF INCOME, AS SET FORTH IN APPLICABLE STATE OR FEDERAL LAWS, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW, AS CONTAINED IN MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BUCKHORN VALLEY RECORDED DECEMBER 14, 2000, UNDER RECEPTION NO. 746273, AND AS AMENDED IN INSTRUMENT RECORDED OCTOBER 15, 2002 UNDER RECEPTION NO. 810281 AND AS AMENDED IN INSTRUMENT RECORDED MAY 19, 2005 UNDER RECEPTION NO. 916282 AND RE-RECORDED JUNE 9, 2005 UNDER RECEPTION NO. 918651 AND AS AMENDED IN INSTRUMENT RECORDED JULY 15, 2005 UNDER RECEPTION NO. 922789 AND AS AMENDED IN INSTRUMENT RECORDED MARCH 14, 2007 UNDER RECEPTION NO. 200706769 AND AS AMENDED IN INSTRUMENT RECORDED JULY 22, 2009 UNDER RECEPTION NO. 200915464.
14. RESTRICTIVE COVENANTS, WHICH DO NOT CONTAIN A FORFEITURE OR REVERTER CLAUSE, BUT OMITTING ANY COVENANTS OR RESTRICTIONS, IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF INCOME, AS SET FORTH IN APPLICABLE STATE OR FEDERAL LAWS, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW, AS CONTAINED IN DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE SINGLE FAMILY RESIDENCES AT BUCKHORN VALLEY RECORDED DECEMBER 14, 2000, UNDER RECEPTION NO. 746274, AND AS AMENDED IN INSTRUMENT RECORDED OCTOBER 15, 2002 UNDER RECEPTION NO. 810280 AND AS AMENDED IN INSTRUMENT RECORDED JUNE 9, 2004 UNDER RECEPTION NO. 880005 AND AS AMENDED IN INSTRUMENT RECORDED MAY 19, 2005 UNDER RECEPTION NO. 916283 AND RE-RECORDED JUNE 9, 2005 UNDER RECEPTION NO. 918652 AND AS AMENDED IN INSTRUMENT RECORDED MARCH 14, 2007 UNDER RECEPTION NO. 200706768 AND AS AMENDED IN INSTRUMENT RECORDED JUNE 22, 2009 UNDER RECEPTION NO. 200915463 AND AS AMENDED IN INSTRUMENT RECORDED JANUARY 30, 2014 UNDER RECEPTION NO. 201401480.
15. TERMS, CONDITIONS AND PROVISIONS OF TRENCH, CONDUIT AND VAULT AGREEMENT RECORDED DECEMBER 21, 2004 AT RECEPTION NO. 901309.
16. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN MEMORANDUM OF REAL ESTATE AGREEMENTS RECORDED JUNE 16, 2005 UNDER RECEPTION NO. 919544.
17. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN BUCKHORN VALLEY P.U.D. PRELIMINARY PLAN RECORDED APRIL 06, 2006 UNDER RECEPTION NO. 200608769, AND SECOND AMENDMENT THERETO RECORDED FEBRUARY 20, 2008 UNDER RECEPTION NO. 200803472.
18. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN RESOLUTION NO. 2004-13 RECORDED APRIL 06, 2006 UNDER RECEPTION NO. 200608770.
19. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN BUCKHORN VALLEY PLANNED UNIT DEVELOPMENT (PUD) GUIDE RECORDED APRIL 13, 2006 UNDER RECEPTION NO. 200609484.
20. EASEMENTS, CONDITIONS, COVENANTS, RESTRICTIONS, RESERVATIONS AND NOTES ON THE PLAT OF FINAL PLAT BUCKHORN VALLEY P.U.D. - PHASE FOUR RECORDED MARCH 14, 2007 UNDER RECEPTION NO. 200706767.
21. EASEMENTS, CONDITIONS, COVENANTS, RESTRICTIONS, RESERVATIONS AND NOTES ON THE PLAT OF BUCKHORN VALLEY P.U.D. - EXEMPTION PLAT II RECORDED DECEMBER 26, 2007 UNDER RECEPTION NO. 200733479.

RATIFICATION OF PLAT RECORDED JANUARY 14, 2008 UNDER RECEPTION NO. 2008000940.

CLARIFICATION NOTICE RECORDED FEBRUARY 20, 2008 UNDER RECEPTION NO. 200803473.

22. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN RECIPROCAL RAW WATER PIPELINE SYTEM EASEMENT AGREEMENT RECORDED FEBRUARY 20, 2008 UNDER RECEPTION NO. 200803469.
23. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN DRAINAGE EASEMENT RECORDED FEBRUARY 20, 2008 UNDER RECEPTION NO. 200803470.
24. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN TRENCH, CONDUIT AND VAULT AGREEMENT RECORDED JANUARY 13, 2009 UNDER RECEPTION NO. 200900410.
25. ANY TAX, LIEN, FEE, OR ASSESSMENT BY REASON OF INCLUSION OF SUBJECT PROPERTY IN THE WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT, AS EVIDENCED BY INSTRUMENT RECORDED APRIL 29, 2008, UNDER RECEPTION NO. 200809087.
26. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN SETTLEMENT AGREEMENT BETWEEN TOWN OF GYPSUM, ROARK PARTNERS, L.L.P., AND 2001 PROPERTIES, L.L.C. RECORDED JULY 22, 2008 UNDER RECEPTION NO. 200815259.
27. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN TRENCH, CONDUIT AND VAULT AGREEMENT RECORDED AUGUST 02, 2010 UNDER RECEPTION NO. 201015074.
28. EASEMENTS, CONDITIONS, COVENANTS, RESTRICTIONS, RESERVATIONS AND NOTES ON THE PLAT OF EXEMPTION PLAT BUCKHORN VALLEY P.U.D. - EXEMPTION PLAT III RECORDED OCTOBER 05, 2010 UNDER RECEPTION NO. 201019988.
29. TERMS, CONDITIONS, PROVISIONS, BURDENS, OBLIGATIONS AND EASEMENTS AS SET FORTH AND GRANTED IN EASEMENT AGREEMENT RECORDED JANUARY 24, 2011 UNDER RECEPTION NO. 201101254.

30. **TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN RULES AND REGULATIONS FOR BUCKHORN VALLEY RECORDED APRIL 05, 2011 UNDER RECEPTION NO. 201108431 AND FIRST AMENDED AND RESTATED RULES AND REGULATIONS FOR BUCKHORN VALLEY RECORDED JANUARY 30, 2014 UNDER RECEPTION NO. 201401179.**
31. **EASEMENTS, CONDITIONS, COVENANTS, RESTRICTIONS, RESERVATIONS AND NOTES ON THE PLAT OF MOUNTAIN GATEWAY RECORDED JULY 24, 2018 UNDER RECEPTION NO. 201812537.**
32. **TERMS, CONDITIONS AND PROVISIONS OF HOLY CROSS ENERGY UNDERGROUND RIGHT-OF-WAY EASEMENT RECORDED AUGUST 22, 2018 AT RECEPTION NO. 201814294.**
33. **TERMS, CONDITIONS AND PROVISIONS OF TRENCH, CONDUIT, AND VAULT AGREEMENT RECORDED AUGUST 22, 2018 AT RECEPTION NO. 201814295.**