

DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR CASTLE RIDGE PUD

THIS DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR CASTLE RIDGE PUD is made and entered into this 29th day of June, 2005.

ARTICLE I. PURPOSE OF COVENANTS

1.1 Common Interest Community. Declarant is the Owner of that certain parcel of real property located in the Town of New Castle, Colorado (the "Town"), more particularly described on Exhibit A, attached hereto and incorporated herein by this reference (the "Common Interest Community"). Declarant intends to develop the Common Interest Community as a desirable residential subdivision with a strong sense of neighborhood and community. The maximum number of Lots to be located within the Common Interest Community shall not exceed 67.

1.2 Purposes of Declaration. This Declaration is executed (a) in furtherance of the common and general plan for the Common Interest Community subject in all events to the limitations set forth herein; (b) to protect and enhance the quality, value, desirability and attractiveness of the Common Interest Community; (c) to provide for an Association which will act as a vehicle to hold, maintain, care for and manage Association Properties; (d) to create rules and a decision making process to strengthen the Common Interest Community; (e) to define certain duties, powers and rights of Owners of Lots within the Common Interest Community; and (f) to comply with and effectuate the terms and provisions of the Act.

1.3 Declaration. Declarant, for itself, its heirs, successors and assigns, hereby declares that the Common Interest Community and each part thereof, shall, from the date the same becomes subject to this Declaration, be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered and improved subject to the covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes and other provisions set forth in this Declaration, for the duration hereof, all of which are declared a part of, pursuant to, and in furtherance of a common and general plan of development, improvement, enhancement and protection of the Common Interest Community. The provisions of this Declaration are intended to and shall run with the land, and until their expiration in accordance with the terms hereof, shall bind, be a charge upon and inure to the mutual benefit of (a) the Common Interest Community; (b) Declarant and his successors and assigns, (c) the Association and its successors and assigns, and (d) all Persons having or acquiring any right, title or interest in any property which is or becomes part of the Common Interest Community. This Declaration shall be recorded in Garfield County, Colorado in accordance with applicable provisions of the Act.

ARTICLE 2. DEFINITIONS

2.1 Act. "Act" shall mean the Colorado Common Interest Ownership Act as provided in C.R.S. 38-33.3-101, et seq., as the same may be amended from time to time.

2.2 Allocated Interests. "Allocated Interests" means the Common Expenses liability and the votes in the Association allocated to each Lot which interests are allocated as follows:

2.2.1 The Common Expenses liability for each Lot is calculated on the basis of a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots in the Common Interest Community as of the date of the calculation. The denominator may be increased from time to time by the Declarant upon the addition of Lots to the Common Interest Community which can be conveyed to third parties. Such fraction is then multiplied by the Common Expenses or the Assessment in question to determine that Lot's share thereof. The Common Expenses liability of a Lot is determined without reference to the size, location, value or use of the Lot.

2.2.2 One (1) vote in the Association is allocated to each Lot in the Common Interest Community.

2.2.3 The foregoing allocations may not discriminate in favor of Lots owned by Declarant or an affiliate of Declarant.

2.2.4 If Lots are added to or withdrawn from the Common Interest Community, (i) the Common Expenses liability for each Lot shall be reallocated on the basis of a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots in the Common Interest Community following the addition or withdrawal of such Lots, and (ii) one vote in the Association shall continue to be allocated to each Lot in the Common Interest Community following the addition or withdrawal of such Lots.

The Allocated Interests for the Common Interest Community are specifically set forth on Exhibit B attached hereto and made a part hereof by this reference, as said Exhibit B may be amended from time to time.

2.3 Articles of Incorporation. "Articles of Incorporation" shall mean the Articles of Incorporation of the Castle Ridge Homeowners Association which have been or will be filed with the office of the Secretary of State of the State of Colorado, as the same may be amended from time to time.

2.4 Assessment. "Assessment" shall mean a Common Assessment, Special Assessment or Reimbursement Assessment.



2.5 Association. "Association" shall mean the Castle Ridge Homeowners Association a Colorado nonprofit corporation, its successors and assigns.

2.6 Association Functions. "Association Functions" shall mean and include, but not be limited to, the act of providing, installing, operating, administering, managing, and overseeing public services and functions for the benefit of Owners.

2.7 Association Properties. "Association Properties" shall mean: (a) all real and personal property, including Improvements now or hereafter owned by the Association; (b) all Common Areas, now or hereafter owned by the Association; or (c) all real or personal property with respect to which the Association holds an easement or license for the use, care, or maintenance thereof, or for which the Association has a right or duty to maintain, and which property is held for the common use and enjoyment of the Members pursuant to the terms and provisions of this Declaration.

2.8 Budget. "Budget" shall mean a written itemized estimate of the expenses to be incurred by the Association in performing its functions under this Declaration and prepared pursuant to Section 10.7 of this Declaration.

2.9 Building Envelope. "Building Envelope" shall mean that portion of each Lot which is designated on the Plat as suitable for construction of habitable living space thereon. As more fully provided herein, all Improvements to be constructed on a Lot, with the exception of Improvements which are necessary to facilitate ingress to and egress from a Lot or Improvements which are otherwise expressly authorized by the Design Review Committee, shall be located within the Building Envelope designated for such Lot.

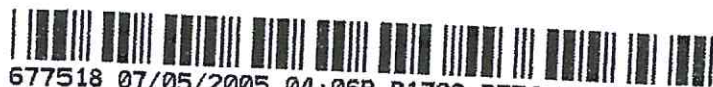
2.10 Bylaws. "Bylaws" shall mean the Bylaws of the Association which have been or will be adopted by the Executive Board of the Association, as the same may be amended from time to time.

2.11 Common Area. "Common Area" shall mean any portions of the Common Interest Community designated on the Plat as Common Area or Open Space and which is owned or maintained by the Association for the common use and enjoyment of the Owners.

2.12 Common Expenses. "Common Expenses" means any expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves, including, but not limited to the following:

2.12.1 The costs of maintenance, management, operation, repair and replacement of the Common Areas;

2.12.2 The costs of Improvements constructed from time to time by the Association on Common Area if such costs were included within a duly adopted Budget.



2.12.3 Unpaid Assessments;

2.12.4 The costs of management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and employees;

2.12.5 The costs of utilities and services (including, but not limited to, treated or untreated water, electricity, gas, sewer, trash pick-up and disposal and recycling), which are provided to the Association or the Common Interest Community and not individually metered or assessed to Lots, landscaping maintenance, and other services which generally benefit and enhance the value and desirability of the Common Interest Community and which are provided by or on behalf of the Association;

2.12.6 The costs of insurance maintained by the Association as required or permitted herein;

2.12.7 Reasonable reserves for contingencies, replacements and other proper purposes as deemed appropriate by the Executive Board to meet anticipated costs and expenses including, but not limited to, maintenance, repair and replacement of those Common Areas which must be maintained, repaired or replaced on a periodic basis.

2.12.8 The costs of bonding the members of the Executive Board, the officers of the Association, any professional managing agent of any other Person handling the funds of the Association;

2.12.9 Taxes paid by the Association;

2.12.10 Amounts paid by the Association for discharge of any lien or encumbrance levied against the Common Areas or portions thereof;

2.12.11 The costs incurred by the Design Review Committee, and by any other committees that may be established from time to time by the Executive Board;

2.12.12 The costs of any security systems or services that may be installed, operated or contracted for by the Association for the benefit of the Common Interest Community;

2.12.13 The costs of maintaining, operating and replacing recreational, cultural, health-related or similar facilities or enterprises available to or for the benefit of all or a portion of the Common Interest Community and such other users as may be authorized by this Declaration or by the Executive Board from time to time; and

2.12.14 Other expenses incurred by the Association for any reason whatsoever in connection with the Common Areas, or the costs of any other item or service provided or performed by the Association pursuant to this Declaration, the Articles, Bylaws, Rules and Regulations, or Design Guidelines, or in furtherance of the purposes of the Association or in the discharge of any duties or powers of the Association. In the event that any common services furnished to the Common Interest Community are part of services that are provided to or benefit property in addition to the Common Interest Community, Common Expenses shall only include the cost of such services reasonably allocated to the services provided to the Common Interest Community.

2.13 Common Interest Community. "Common Interest Community" means the Common Interest Community described on attached Exhibit A, including all Lots, Units, Common Areas, and Common Elements, together with all Improvements and other amenities now or hereafter located thereon, and together with all easements, rights, appurtenances and privileges belonging or in any way pertaining thereto. If any property is subsequently withdrawn from the Common Interest Community pursuant to the provisions of this Declaration, the term "Common Interest Community" shall thereafter not include said withdrawn property.

2.14 County. "County" means Garfield County, Colorado.

2.15 Declaration. "Declaration" shall mean this instrument as it may be amended from time to time.

2.16 Declarant. "Declarant" shall mean Castle Ridge Development Company, LLC, its heirs, successors, and assigns. A Person shall be deemed to be a "successor and assign" of Castle Ridge Development Company, LLC, as Declarant only, if specifically designated in a duly Recorded instrument as a successor or assign of Declarant under this Declaration and shall be deemed a successor and assign of Declarant only as to the particular rights or interests of Declarant under this Declaration which are specifically designated in the written instrument.

2.17 Deed of Trust. "Deed of Trust" shall have the same meaning as a Mortgage.

2.18 Design Review Committee. "Design Review Committee" shall mean the Committee provided for in Article 4 of this Declaration.

2.19 Executive Board. "Executive Board" or "Board" shall mean the Board of Directors of the Association.

2.20 Improvement. "Improvement" shall mean all structures and any appurtenances thereto of every type or kind, including, but not limited to, dwelling units, buildings, outbuildings, swimming pools, patio covers, awnings, painting of any exterior surfaces of any visible structure, additions, walkways, outdoor sculptures or artwork, sprinkler pipes, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, fixtures, landscaping,



hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior tanks, solar equipment, exterior air conditioning and water softener fixtures.

2.21 Improvement to Property. "Improvement to Property" shall mean any Improvement, change, alteration, or addition to any property within the Common Interest Community. "Improvement to Property" shall include, but not be limited to those improvements more particularly defined in Section 4.2 of this Declaration.

2.22 Lease. "Lease" shall mean and refer to any agreement for the leasing or rental of a dwelling unit located on a Lot, and shall specifically include, without limitation, a month-to-month rental.

2.23 Lot. "Lot" shall mean any lot within the Common Interest Community which is shown upon any Recorded Plat, or any other parcel of land which may be sold or conveyed without violation of the provisions of Colorado law pertaining to the subdivision of land. Each Lot shown on the Final Plat, except for Lot 10, which has been approved for one single family dwelling only, has been approved as a duplex lot and may be resubdivided in accordance with the provisions of Section 3.2 of this Declaration. After such resubdivision, each resulting portion of the original Lot shall be a Lot as defined herein. For purposes of conforming the terms and provisions of this Declaration to the terms and conditions of the Act, the term "Lot" shall be analogous to the term "Unit," as that term is defined in the Act. The term "Lot" shall not include any property owned by a public body or the Association Properties.

2.24 Member. "Member" shall refer to the members of the Association and shall mean the Person or, if more than one, all Persons collectively who constitute the Owner of a Lot.

2.25 Mortgage. "Mortgage" shall mean any mortgage or deed of trust or other such instrument, given voluntarily by the Owner of a Lot, encumbering the Lot to secure the performance of an obligation or the payment of a debt and which is required to be released upon performance of the obligation or payment of the debt. The term "Deed of Trust" when used herein shall be synonymous with the term "Mortgage."

2.26 Mortgagee. "Mortgagee" shall mean a mortgagee under a Mortgage or a beneficiary under a Deed of Trust, as the case may be, and the assignees of such mortgagee.

2.27 Mortgagor. "Mortgagor" shall mean the Person who mortgages his or its property to another (i.e., the maker or grantor of a Mortgage). The term "Mortgagor" shall include a trustor or grantor under a Deed of Trust.

2.28 Owner. "Owner" shall mean the Person, including Declarant, or, if more than one, all Persons collectively, who hold fee simple title of record to a Lot, including sellers under executory contracts of sale and excluding buyers thereunder.



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2.29 Permitted Exceptions. "Permitted Exceptions" shall mean all encumbrances, liens, restrictions, easements and other items of record which encumber the Common Interest Community as of the date this Declaration is recorded.

2.30 Person. "Person" shall mean a natural person, a corporation, a partnership, or any other entity capable of holding title to real property pursuant to the laws of the State of Colorado.

2.31 Plat. "Plat" shall mean and include the land survey plat (and any amendments thereto) which depicts all or a portion of the Common Interest Community and which further depicts and locates thereon the location of Lots, Building Envelopes, Common Area, and such other items as may be required by the Act. The Plat, and any amendments or supplements thereto, are hereby incorporated herein and made a part hereof by reference.

2.32 Regular Assessment. "Regular Assessment" means a charge against an Owner and the Owner's Lot for purposes of covering the annual costs of operating and administering the Association and all other Common Expenses. Regular Assessments are based on a Budget adopted by the Executive Board in accordance with Section 9.7 below, and are allocated to the Lots in accordance with the Allocated Interests, except that Common Expenses that benefit fewer than all of the Lots shall be allocated exclusively to the Lots benefitted.

2.33 Reimbursement Assessment. "Reimbursement Assessment" shall mean a charge against a particular Owner and his Lot for the purpose of reimbursing the Association for expenditures and other costs of the Association in curing any violation, directly attributable to the Owner, of the Declaration or the Rules and Regulations, pursuant to Section 9.9 hereof, together with late charges and interest as provided for herein.

2.34 Special Assessment. "Special Assessment" shall mean a charge against each Owner and his Lot representing a portion of the costs of the Association for the purpose of funding capital repairs, maintenance, replacements, and Improvements, or for any other purpose authorized by the Executive Board as provided herein.

ARTICLE 3. GENERAL RESTRICTIONS APPLICABLE TO THE COMMON INTEREST COMMUNITY

It is the intention of Declarant to establish and impose a common and general plan for the improvement, development, use and occupancy of the Common Interest Community, all in order to enhance the value, desirability, and attractiveness of the Common Interest Community and to promote the marketing, development and enjoyment thereof. Accordingly, Declarant hereby declares that the entire Common Interest Community, including but not limited to all Lots, shall be owned, held, used, occupied, improved, altered, maintained, conveyed, leased, encumbered and enjoyed subject to the following covenants, conditions, restrictions, reservations, easements, rights and other provisions, and to the further requirements and restrictions set forth in the Design Guidelines.



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3.1 Development Control. No Improvements shall be made, done, permitted, located, altered or removed within the Common Interest Community without the prior written approval of the Design Review Committee, except as otherwise expressly provided in this Declaration. No residence, building, structure, fence, wall, landscaping or other Improvement shall be commenced, erected, improved, altered, made or removed without the prior written approval of the Design Review Committee. All subsequent additions to or changes or alterations in any residence, building, structure, fence, wall, landscaping or other Improvement, including exterior color scheme, and all changes in the grade of Lots, shall also be subject to the prior written approval of the Design Review Committee. No changes or deviations in or from the plans and specifications approved by the Design Review Committee shall be made without the prior written approval of the Design Review Committee. Notwithstanding the foregoing, in the event of an emergency or the sudden occurrence of unanticipated conditions which threaten the health, safety or physical well-being of Persons or property within the Common Interest Community, the Executive Board and/or the Design Review Committee shall have the authority (without the prior approvals described above), to take whatever remedial action may be necessary anywhere in the Common Interest Community to protect Persons and property until such time as applicable notice and/or approval procedures can reasonably be utilized.

3.2 Resubdivision of a Lot. Except as expressly permitted in this Declaration, (i) no Lot shall ever be further subdivided by an Owner into smaller lots or parcels or units, and (ii) no portion less than all of any such Lot shall be conveyed, transferred or encumbered by the Owner. Notwithstanding the foregoing, each Lot, except for Lot 10, has been approved by the Town as a duplex lot and may therefore be improved and occupied by a duplex structure. Declarant reserves the right to subdivide a Lot or to subdivide a duplex structure provided any necessary Town approvals are obtained, all Declaration and Plat amendments required by the Act and/or local land use laws are prepared, executed and Recorded, and the necessary reallocation of Allocated Interests of the Owners is accomplished. Similarly, the Owner of a Lot on which a duplex structure has been legally constructed shall have the right to subdivide the same upon compliance with such requirements. In the case of the subdivision of a Lot or duplex structure into two (2) or more Lots, each Lot created thereby shall constitute a Lot for purposes of reallocation of Common Expense liability and voting interests. Subdivision of a Lot and a duplex structure (the "Duplex") shall be accomplished by the recording of a Plat Amendment signed by the Town and the Declarant or other Lot Owner that subdivides the Lot into two Lots along the center of the common wall in the Duplex, and a Duplex Declaration signed by the Declarant or other Lot Owner which (i) establishes the Lot designations for the two new Lots created by the Plat Amendment (*e.g.*, Lots 5A and 5B) and amends the Allocated Interests to reflect the creation of two Lots in place of one Lot, (ii) establishes the respective rights and obligations of the Lot Owners with respect to the insuring, use, maintenance, repair and replacement of common structural elements and utility systems of the Duplex and of exterior surfaces, yard areas and landscaping, (iii) provides for a reasonable allocation between the Lot Owners of the common costs and expenses associated with the Duplex, and (iv) establishes a procedure for billing and paying such common expenses and for collecting the same (including interest) from a delinquent Owner. Association Regular and Special Assessments shall, of course, be allocated in accordance with the Allocated Interests.

3.3 General Maintenance of Common Interest Community. All property within the Common Interest Community, including without limitation all Lots (including unimproved Lots, and Lots on which Improvements are under construction), Common Areas, Improvements, and landscaping, shall be kept and maintained in a clean and attractive condition and in good order, condition and repair. The maintenance, repair, and upkeep of each Lot and the Improvements thereon (including adequate painting and finishing thereof) shall be the responsibility of the Owner of the Lot. Maintenance, repair, and upkeep of Common Areas, shall be the responsibility of the Association.

3.4 Residential Use. Each Lot within the Common Interest Community, except for Lot 10, may be improved with a duplex structure thereafter the Lot may be resubdivided pursuant to the provisions of Section 3.2 hereof into two (2) Lots. Each side of such duplex structure shall thereafter be used only for single family residential purposes. Single family use shall mean and shall be strictly limited to occupancy of the residence on a Lot by a family comprised of (a) no more than 2 principal adults, (b) the children of one or both of said principal adults, (c) no more than 2 additional family members (adults or children) who are related by blood to said principal adults, and occasional guests. For purposes hereof, "related by blood" shall mean the following relationships, but no others: Grandparents, parents, brothers and sisters, aunts and uncles, and nephews and nieces. No business, professional or other non-residential or commercial use shall be made of any Lot, or conducted in any residence constructed on a Lot, excepting in-home businesses or occupations which are in compliance with applicable zoning.

3.5 New Construction Required; No Temporary Buildings or Occupancy. All Improvements constructed within or placed upon the Common Interest Community shall be new except as provided herein. Except with regard to temporary sales and marketing facilities as reserved to Declarant under Article 6 hereof, no used or temporary house, structure, or nonpermanent out-building shall ever be placed, erected or allowed to remain within the Common Interest Community except temporary structures or construction trailers used for construction purposes during the construction of a residence, which temporary facilities shall be removed immediately following completion of construction and in any event no later than 18 months following commencement of construction or remodeling unless a written extension is granted by the Design Review Committee. No trailer, incomplete residence or other structure other than a residence completed in accordance with approved plans, shall ever be used or occupied at any time for residential purposes, either temporarily or permanently. No completed residence on a Lot shall be occupied in any manner until all provisions of this Declaration and of the Design Guidelines and all conditions of development approval have been complied with, and a Notice of Satisfactory Completion has been issued pursuant to Section 4.14 below. The work of constructing, altering or remodeling any residence on a Lot or any other Improvement within the Common Interest Community shall be prosecuted diligently from the commencement thereof until the completion thereof.

3.6 Building Envelopes. See the above definition of this term for the general restrictions applicable to Building Envelopes.

3.7 Design Guidelines. All construction and landscaping activities within the Common Interest Community shall be strictly governed by the procedures, standards, guidelines, restrictions and requirements adopted by the Design Review Committee.

3.8 Annoying Light, Sound or Odor. All exterior lighting installed or maintained on any Improvement located on a Lot shall be downcast, cut-off fixtures and shall be installed so that the direct light source is not visible from the residence on any other Lot and from the Common Areas. No light shall be emitted from any part of the Common Interest Community (including any Lot) which is unreasonably bright or causes unreasonable glare. Without limiting the generality of the foregoing, no spotlights, floodlights or other high-intensity lights shall be permitted within the Common Interest Community without the prior written approval of the Design Review Committee. The Design Guidelines may contain standards for exterior lighting including, without limitation, standards for hue and intensity.

No sounds shall be emitted from any part of the Common Interest Community (including any Lot) which are unreasonably loud or annoying, and no odor shall be emitted from any part of the Common Interest Community (including any Lot) which is noxious or unreasonably offensive. Again without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells (excepting chimes), or other sound devices, other than security devices used exclusively for security purposes, shall be located or used within the Common Interest Community except with the prior written approval of the Design Review Committee.

The Executive Board, in its sole discretion, shall have the right and authority to determine the existence of any violation of this Section 3.8 including the reasonableness of any light, sound or odor.

3.9 Noxious or Offensive Activities; Nuisances; Construction Activities; Pesticides. No noxious or offensive activity shall occur or be allowed at any time within the Common Interest Community, nor shall anything be done or placed therein which is or may become a nuisance or cause an unreasonable embarrassment, disturbance, or annoyance to Owners, Occupants, Declarant, the Association, or any other part of the Common Interest Community, or which interferes with the peaceful enjoyment or possession and proper use of the Common Interest Community, or any part thereof, by Owners or Occupants. As used herein, the term "nuisance" shall not apply to any activities of Declarant which are reasonably necessary or appropriate to the development, improvement, maintenance, marketing and/or sale of the Common Interest Community or any part thereof. The Executive Board, in its sole discretion, shall have the right and authority to determine the existence of any nuisance or unreasonable annoyance under this Section 3.9.

Each Owner shall comply with the Rules and Regulations and the requirements of all health authorities and other governmental authorities having jurisdiction over the Common Interest Community. Normal construction activities and parking in connection with the building of Improvements on a Lot shall not be considered a nuisance or otherwise prohibited by this



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Declaration unless they are in violation of the Design Guidelines or other requirements of the Design Review Committee, but Lots and Common Areas shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick, block, lumber and other building materials shall be piled only in such areas as may be approved by the Design Review Committee. In addition, construction equipment and building materials may only be stored or kept within the Common Interest Community during and in connection with the construction of Improvements thereon, and then may be kept only in areas approved by the Design Review Committee, which also may require screening of the storage areas. All such equipment and materials shall be removed immediately following completion of construction.

Construction activities in connection with the construction or alteration of Improvements on a Lot shall only be conducted between the hours of 7:30 a.m. and 6:30 p.m. on weekdays, between the hours of 9:00 a.m. and 5:30 p.m. on Saturdays and national holidays, and between the hours of 12:00 noon and 5:30 p.m. on Sundays.

3.10 No Obstruction. There shall be no obstruction of any easements or drainage, irrigation or water feature systems located upon any Lot or the Common Areas, or any interference with the free use thereof, except such obstruction or interference as may be reasonably required in connection with the construction, maintenance or repair thereof. The Association shall promptly take such action as may be necessary to abate or enjoin any such obstruction or interference, and shall have the right to enter upon a Lot for purposes of removing the same, and any costs incurred by the Association in connection with such abatement, injunctive or corrective activities shall be assessed to the responsible Lot Owner or Owners in the form of a Reimbursement Assessment.

3.11 Garbage and Trash and Compost Containers. No refuse, garbage, trash, grass, shrub, or tree clippings, plant waste, scrap, rubbish, or debris of any kind shall be kept, stored, maintained or allowed to accumulate or remain on any Lot or on the Common Areas except temporarily within an enclosed structure within the Building Envelope approved by the Design Review Committee, except that any approved container containing such materials may be placed next to the street on the designated morning of garbage collection and must be returned to its enclosed structure that same day.) No garbage containers, trash cans or receptacles shall be maintained in an unsanitary or unsightly condition, and except when placed for pickup they shall not be visible from another Lot or the Common Areas. Compost structures and containers may be placed on a Lot or Common Areas in locations and in containers approved by the Design Review Committee. Garbage structures and containers and compost structures and containers shall also comply with such recommendations as may be made from time to time by the Colorado Division of Wildlife.

3.12 Vehicle Parking, Storage, Operation and Repair.

3.12.1 On street parking of personal automobiles and pickup trucks shall be allowed in accordance with applicable regulations of the Town. No overnight parking shall



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be allowed between December 1st and April 1st of any year within the Snow Storage Easements shown on the Plat.

3.12.2 No boats, trailers, buses, motor homes, campers (excluding camper shells mounted on pickup trucks), motorcycles, snowmobiles, recreational vehicles, golf carts, trucks, industrial or commercial vehicles (both cabs or trailers), abandoned or inoperable vehicles (as defined below), or any other similar vehicles (excluding passenger automobiles and one ton or smaller pickup trucks) shall be parked or stored in or upon the Common Areas or upon a Lot, except within an enclosed structure attached to the residence and approved in advance by the Design Review Committee, and no vehicle of any kind shall be maintained, repaired, repainted, serviced or rebuilt on any Common Area or Lot except within a completely enclosed garage which fully screens the sight and sound of the activity from the streets, Common Areas and other Lots. This restriction shall not prevent the non-commercial washing and polishing or minor routine maintenance of fully operational motor vehicles, together with activities normally incident thereto, provided such maintenance and repairs can be accomplished within one-half day or less. No more than 3 permitted vehicles (passenger automobiles and/or one ton or smaller pick-up trucks) shall be parked at any time in the driveway of any Lot, except during special occasions and then only for the duration thereof.

3.12.3 Notwithstanding the foregoing, vehicles may be temporarily parked on driveways on Lots and on any streets within the Common Interest Community for loading, delivery or emergency purposes, but only for the time required to accomplish such purpose, and as necessary for the construction or maintenance of Improvements within the Common Interest Community.

3.12.4 An "abandoned or inoperable vehicle" shall mean any motorized vehicle which does not display a current motor vehicle license or which has not been driven under its own propulsion for a period of two (2) weeks or longer (excepting otherwise permitted vehicles parked by Lot Owners or Occupants on their Lot driveways while on vacation or during a period of illness), or which does not have an operable propulsion system within the vehicle.

3.12.5 In the event that the Executive Board shall determine that a vehicle is abandoned or inoperable, or is otherwise in violation of the provisions of this Section 3.11, a written notice of violation describing said vehicle shall be personally delivered to the vehicle owner (if such owner can be reasonably ascertained) or shall be conspicuously placed upon the vehicle (if the owner cannot be reasonably ascertained), and if the offending vehicle is not removed within 72 hours thereafter, the Executive Board shall have the right to remove and store the offending vehicle, or cause the vehicle to be removed and stored, at the sole expense of the Owner of the Lot on which the vehicle is located, and to enter upon an Owner's Lot for such purpose, all without liability on the part of the Executive Board.

3.12.6 Snowmobiles, motorcycles, trail bikes, minibikes, dirt bikes, all-terrain vehicles, mopeds and similar vehicles shall not be used or operated (but may be transported on trailers) within the Common Interest Community, except that motorcycles properly licensed for operation on public roads may be used on public roads within the Common Interest Community.

3.13 Animals. Except as specifically permitted below or by the Rules and Regulations, no animals, reptiles, primates, fish, fowl or insects of any kind shall be kept, raised, bred, maintained or boarded within or upon any part of the Common Interest Community.

Notwithstanding the foregoing, each Lot shall be entitled to a maximum of no more than two (2) dogs or two (2) cats or one (1) of each, and a reasonable number of other Household Pets, so long as such pets are not kept for any commercial purpose, are not kept in unreasonable numbers, do not cause an unreasonable amount of noise or odor, or do not otherwise become a nuisance to other Lot Owners or Occupants. Dogs must be fenced or restrained at all times within the Owner's Lot, and shall not be permitted outside such Lot except when leashed and accompanied by the pet's owner or the owner's representative. Other Household Pets shall be kept indoors. All Household Pets shall be properly immunized and otherwise maintained and cared for as required by applicable laws.

The Owner of a Lot where a Household Pet is kept, as well as the legal owner of the pet (if not such Owner), shall be jointly and severally liable for any and all damage and destruction caused by the pet, and for any clean-up of streets, sidewalks, Common Areas or other Lots necessitated by such pet.

The Executive Board shall have, and is hereby given, the right and authority to determine in its sole discretion that Household Pets are being kept for commercial purposes, or are being kept in unreasonable numbers, or are causing an unreasonable amount of noise or odor, or are otherwise a nuisance to other Lot Owners, or that a Lot Owner is otherwise in violation of this Section 3.12, and to take such action or actions as it deems reasonably necessary to remedy the violation. Without limiting the generality of the foregoing, the Executive Board may require the owner or custodian of a dog that barks or howls excessively, or of a Household Pet with other offensive habits, to confine such animal indoors.

3.14 No Mining or Drilling. No property within the Common Interest Community shall be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing water, geothermal resources, oil, gas, or other hydrocarbons, minerals, rocks, stones, gravel, or earth, except drilling, exploring for, removing or storing underground water by Declarant or the Association, as deemed necessary by Declarant for the development of the Common Interest Community.

3.15 Excavations. No excavation or other earth disturbance shall be performed or permitted within the Common Interest Community except in connection with the construction of Improvements, and then only with the prior written approval of the Design Review Committee. Upon completion of construction, openings in the ground shall be backfilled and compacted and all



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disturbed ground shall be graded and landscaped in accordance with the Design Guidelines and the requirements of the Design Review Committee.

3.16 No Interference with Waterways or Drainage or Irrigation Systems. No Lot Owner shall construct, install, maintain or permit any fence or other Improvement or obstruction or plant trees or take any other action which damages or interrupts or interferes in any way with (a) the normal flow of water through and along waterways within the Common Interest Community, (b) any irrigation ditch or lateral or other water collection, storage or distribution system within or serving the Common Interest Community, or (c) normal drainage patterns within the Common Interest Community, subject always to the rights of owners of ditches and other water rights and the requirements of the Design Review Committee.

3.17 Fences. Fences may only be constructed and installed within the Common Interest Community (including the Lots) in compliance with the provisions of the Town Code and the Design Guidelines. Notwithstanding Section 17.72.210 of the Town Code, except for side yards between adjacent dwelling units, fencing within the Common Interest Community shall be no taller than 42 inches and shall be no more than fifty percent (50%) opaque. Aside from the aforesaid height and style restrictions, fencing within the Common Interest Community shall comply with the restrictions of Section 17.72.210 of the Town Code.

3.18 Easements; Utility Companies; Underground Utility Lines. All easements shown on the Plat have been created or reserved for the purposes indicated on such Plat and/or in Article 6 below. No Lot Owner may erect any structure of any type whatsoever in such easement areas, nor may an Owner or Occupant use the surface of such easement areas for any private use, other than landscaping which will not interfere with the use of said easement by the Persons or entities for whose benefit it has been created or reserved and which receives the prior written approval of the Design Review Committee.

With respect to easements created for utility purposes either by the terms of this Declaration or any other recorded agreement or on the Plat, any and all bona fide public and private utility service companies, special utility districts, and owners of interests in ditches shall have the right of access, ingress, egress, and use of such easement areas for the installation, operation and maintenance of ditch facilities and utility facilities serving the Common Interest Community. Except as to special street lighting or other above-ground facilities which may be expressly required by the County, no above-ground utility lines or facilities of any type (except meters, risers, service pedestals and other surface installations necessary to maintain or operate appropriate underground facilities, and ditches and associated facilities) shall be erected or installed within the Common Interest Community, whether upon Lots, Common Areas, easements, streets, or rights-of-way of any type, either by a utility company, a Lot Owner, the Association, or any other person or entity (including but not limited to any person owning or acquiring any part of the Common Interest Community) and all utility lines and facilities (including but not limited to water, sewer, gas, electricity, telephone, and cable tv) shall be buried underground.

3.19 Landscaping. Landscaping shall be list which may be established by the Design Review shall be subject to guidelines which may be promulgan landscaping required to be installed on Lots 1 - 5 and is part of the Final Plat application on file with the T Lot owner within one (1) growing season after the structure on such Lot.

3.20 Signs and Advertising. No sign, poster, billboard or advertising (including, but not limited to, signs commonly used by contractors, architects and tradesmen and signs advertising an "Open House" for sale or rent) shall be allowed or displayed upon any Lot, Common Area or postal kiosk within the Common Interest Community except: (a) such signs as may be used by the Declarant in connection with the development, marketing and sale of Lots in the Common Interest Community; (b) such signs as may be required by legal proceedings, or the prohibition of which is precluded by law; (c) temporary constructions signs as required by Garfield County; (d) such signs as may be required for traffic control and regulation of Common Areas; (e) neighborhood monuments (e.g., entrance signs) which are compatible with the architecture of the area and which receive the prior written approval of the Design Review Committee, (f) one "For Sale" or "For Rent" sign on any Lot; (g) and signs promoting candidates seeking public office with pertinent information and signs relating to ballot issues with pertinent information subject to the following limitations:

- i. The maximum sign area shall be 24 inches by 36 inches;
- ii. Shall be located a minimum of 8 feet from the nearest public street or Common Area;
- iii. Shall be erected no sooner than 4 weeks prior to the election or other event, and shall be removed within 48 hours after such election or other event.

3.21 Camping. No camping shall be allowed within the Common Interest Community.

3.22 No Individual Water Wells or Individual Sewage Disposal Systems. No individual water wells, except for any well(s) which exist on any Annexable Property on the date such property is annexed to the Common Interest Community, and no cesspools, septic tanks or other individual sewage disposal systems, shall be drilled, constructed, maintained or permitted to remain within the Common Interest Community, except such water and/or septic systems as may be installed by Declarant or Declarant's successor, assign or agent or the Association to serve the Common Interest Community.

3.23 Restoration of Improvements in the Event of Damage or Destruction. In the event of damage to or destruction of any Improvement on any Lot, the Owner thereof shall cause the damaged or destroyed Improvement to be promptly restored or replaced to its original condition or such other condition as may be approved in writing by the Design Review Committee, or the Owner shall cause the damaged or destroyed Improvement to be promptly demolished and the Lot to be

suitably landscaped, subject to the approval of the Design Review Committee, so as to present a pleasing and attractive appearance. Such Improvements shall be repaired, restored or otherwise demolished and suitably landscaped within such reasonable time frame as may be established by the Design Review Committee.

3.24 Damage by Owners During Construction. Each Owner is responsible for any damage caused to roads, streets, ditches, fences, trails, natural drainage courses, utilities, Common Areas, or to other Lots and Improvements thereon, during the construction or alteration of Improvements upon the Owner's Lot, including without limitation damage caused by any construction vehicles using the roads or streets within the Common Areas. Damage shall include any degradation in the appearance or condition of such Common Areas or other Lots or Improvements. The responsible Owner shall promptly repair and clean up any such damage, at its sole expense. Each Owner shall also be responsible for any damage caused by washouts or runoff caused by failure to properly install culverts, and to promptly repair any such damage. If the Owner fails to repair any such damage within 10 days following receipt of a written notice from the Executive Board requesting the same, the Executive Board shall have the right to perform such repairs on behalf of the Owner, and to levy a Reimbursement Assessment upon the Owner and its Lot to recover the costs thereof.

3.25 Rules and Regulations; Variances. The Executive Board may implement the restrictions set forth in this Article 3, or otherwise restrict and regulate the use and occupancy of the Common Interest Community and the Lots by reasonable Rules and Regulations of general application adopted by the Executive Board from time to time. The Executive Board may, in its sole discretion and in extenuating circumstances, grant variances from any of the restrictions set forth in this Article 3 (excepting any such restrictions with respect to which the Design Review Committee has the authority to grant variances under Section 4.5 below), if the Executive Board determines, in its discretion, (a) either (i) that a particular restriction creates a substantial hardship or burden on an Owner or Occupant, which hardship or burden was not caused by said Owner or Occupant, or (ii) that a change of circumstances since the recordation of this Declaration has rendered such restriction obsolete, and (b) that the activity permitted under the variance, in the judgment of the Executive Board, will not have any material adverse effect on Lots and Owners within the Common Interest Community.

When an Owner applies for a variance, the Board must give at least ten (10) days advance written notice of the variance hearing, and of the nature of the variance requested, postage prepaid, by certified mail, return receipt requested, to all Owners of Lots that are situated within a radius of two hundred (200) feet from the center of the Building Envelope for which the variance is sought, at the current address for such Owners reflected in the Association files. The applying Owner must provide the Committee with an accurate list of the Owners to be so notified. If the foregoing notice requirements are complied with, it is not necessary that the Owners actually receive the notice that is mailed to them. In addition, at least 10 days advance written notice of the variance hearing must also be given to the Association.

**ARTICLE 4.
DESIGN APPROVAL**

4.1 Design Review Committee. The Design Review Committee shall be composed of three (3) persons. Declarant shall have the exclusive right from time to time to appoint and remove the members of the Design Review Committee in Declarant's sole discretion. At such time as Declarant elects, any new members of the Design Review Committee shall be appointed by the remaining members of the Design Review Committee. The persons serving on the Design Review Committee shall serve at the pleasure of Declarant, and Declarant may appoint a new member at any time. The Design Review Committee shall have and exercise all the powers, duties and responsibilities necessary to perform its functions set out in this instrument.

4.2 Design Guidelines. The Design Review Committee may issue standards or rules ("Design Guidelines") relating to the procedures, materials to be submitted, fees, and additional factors which will be taken into consideration in connection with the approval of any proposed Improvement to Property. The Design Guidelines may specify circumstances under which the strict application of limitations or restrictions under this Declaration (which are not substantial or material in nature) will be waived or deemed waived in whole or in part because of a change in applicable laws or because strict application of such limitations or restrictions would be unreasonable or unduly harsh under the circumstances. The Design Guidelines may waive the requirement for approval of certain Improvements to Property or exempt certain Improvements to Property from the requirement for approval, if such approval is not reasonably required to carry out the purposes of this Declaration and such Improvements are not substantial in nature.

4.3 Approval by Design Review Committee. No Improvements to property of any kind, including, but not limited to, dwelling units, greenhouses, garages, tool sheds, work areas, fences, walls, driveways, towers, antennae, satellite dishes, kennels, exterior lighting, flagpoles, curbs and walks shall be constructed, erected, altered or permitted to remain, nor shall any excavation, grading, or digging or construction of ditches or Irrigation Facilities, be done within the Common Interest Community, unless the complete architectural and site development plans and specifications (and such other items as are included in the "Plans" defined below) for such construction or alteration are approved by the Design Review Committee prior to the commencement of such work, except as Declarant may be specifically permitted to do by this Declaration or required to do by any subdivision improvements agreement between the Declarant and the Town.

At least three (3) complete sets of the architectural and site development plans and specifications and a grading and drainage plan together with such other lists or samples of all finished exterior materials and colors to be used (collectively referred to herein as the "Plans") shall be submitted to the Design Review Committee. All copies of the Plans shall be signed and dated for identification by the Owner or his architect. The Design Review Committee shall have the right to request whatever additional specification information, plans, specifications, reports and the like it deems necessary to evaluate the development proposal throughout the approval and construction process. In addition, the Design Review Committee may adopt Design Guidelines which may



architectural standards, as well as additional information, required to be submitted to the Design Review Committee for the purposes hereunder. In the event the Design Review Committee (60) days after three (3) copies of the Plans have been certified in writing by the Design Review Committee as approved, the Plans shall be deemed to be approved. The Design Review Committee shall disapprove any Plans. The majority vote of the full Design Review Committee then in office shall be required for any Disapproval of any Plans.

the person or entity submitting such Plans may appeal the matter to the next annual or special meeting of the Members of the Association where a vote of sixty-six and two-thirds percent (66 $\frac{2}{3}$ %) of the Members' votes entitled to be cast at said Members' meetings shall be required to change the decision of the Design Review Committee.

4.4 Building Permit. An Owner may apply for a building permit from the Building Department of the Town at any time; provided, however, that the Plans approved by the Building Department shall not differ from the Plans approved by the Design Review Committee. If the plans approved by the Building Department differ in any substantial way as determined by the Design Review Committee, then all approvals of the Design Review Committee shall be deemed automatically revoked.

4.5 Variances. Unless specifically prohibited by a provision of this Declaration, the Design Review Committee may, by an affirmative vote of a majority of the full number of members of the Design Review Committee then in office, allow reasonable variances as to any of the covenants and restrictions governing architectural control contained in this Declaration and/or the Design Guidelines, on such terms and conditions as it shall require. No variance shall be granted which contravenes any provision of this Declaration which was required by an approval obtained from the Town for the Common Interest Community or which violates the Town's Land Use and Building Codes. No variance shall be granted without written notice of the request for such variance provided ten (10) days prior to the hearing for said variance to all Owners. Notice to such Owners shall be deemed effective when placed in the United States mail, first-class postage prepaid, certified with return receipt requested, and addressed to the last known address for each Owner as provided to the Association.

4.6 General Requirements. The Design Review Committee shall exercise its best judgment to see that all Improvements, construction, and alterations, within the Common Interest Community harmonize (to the greatest extent possible) with the natural surroundings and with other structures and improvements within the Common Interest Community as to design, materials, color, siting, height, grade, finished ground elevation of neighboring lots and other design features.

4.7 Materials and Landscaping. The Design Review Committee shall evaluate, among other things, the materials and colors to be used on the outside of buildings or structures, and the



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harmony of landscaping and finished grade and floor elevation with the natural setting and the native vegetation within the Common Interest Community.

4.8 Special Design Considerations. Because the Common Interest Community will be a highly visible neighborhood at the entryway to the Town of New Castle, the Town has imposed the following special design requirements:

4.8.1 Building architecture and construction for Units on Lots 1 - 5 and 15 - 23 shown on the Plat shall conform with the Castle Ridge PUD Architectural Design Standards, as depicted on the document prepared by CF Brenner, Inc. for Castle Ridge PUD and signed by Rock Leonard on April 7, 2005, which document is part of the Final Plat application on file with the Town. Prior to issuance of a building permit for Units on Lots 1 - 5 and 15 - 23 within the Castle Ridge PUD, the then current owner of the Lot shall submit building construction and architectural plans to the Design Review Committee for review and approval for compliance with such architectural design standards. If such building construction and architectural plans comply with such Castle Ridge PUD Architectural Design Standards, then the Design Review Committee shall issue a certificate approving the proposed improvement, which certificate shall be submitted to the Town prior to issuance of a building permit. The Town building official may independently verify satisfaction of this condition prior to issuing a building permit.

4.8.2 The color of each building within the Common Interest Community shall conform with the approved colors as depicted on the color chart signed by Rock Leonard on April 7, 2005, which color chart is part of the Final Plat application on file with the Town.

4.8.3 The maximum building height for structures within the Common Interest Community shall be twenty-seven (27) feet. Building height is defined as the vertical distance measured from the average existing grade within the building setback envelope to the uppermost point of the roof of the building.

4.9 Lighting. The Design Review Committee shall consider exterior lighting plans and will require that all exterior lighting be directed downward and towards the applicant's property, so that no direct light source is visible from the residence on any other Lot or from any Common Area. It will also recommend that all Owners make every effort possible to limit the use of exterior lighting at night. The intent behind these considerations is to preserve the rural character of the Common Interest Community by limiting exterior lighting as much as possible while maintaining a safe atmosphere.

4.10 Preliminary Review. Lot Owners who anticipate constructing or modifying structures or improvements on a Lot may submit preliminary sketches or plans thereof to the Design Review Committee for informal and preliminary review. All preliminary sketches should be submitted in at least three (3) sets and should contain sufficient general information on those matters required to be in the complete Plans to allow the Design Review Committee to act intelligently in

giving an informed preliminary recommendation. The Design Review Committee shall never be committed or bound by any preliminary or informal recommendation. The preliminary review process is offered as an accommodation only, and the Design Review Committee may set fees for this service.

4.11 Architectural and Site Development Plans. The Design Review Committee shall disapprove any Plans submitted to it which do not contain sufficient information for it to exercise the judgment required of it by this Declaration.

4.12 Completion of Work After Approval. Following the approval of any proposed Improvement by the Design Review Committee, the proposed Improvement shall be completed by such Owner: (a) as promptly and diligently as possible but in no event in excess of the time periods set forth below; (b) in substantial conformance with all plans and specifications and other materials presented to the Design Review Committee; and (c) in accordance with any and all conditions imposed by the Design Review Committee. In accordance with the foregoing, all Improvements approved by the Design Review Committee shall be completed (a) within eighteen (18) months from the date of approval of such Improvements by the Design Review Committee; provided, however, that any and all landscaping and/or gardening approved by the Design Review Committee which is related to the construction of the initial dwelling unit for a Lot shall be completed within thirty (30) days of the issuance of the certificate of occupancy for such dwelling unit or within such time period as the Design Review Committee may otherwise prescribe. In all cases, the Design Review Committee must issue a "Notice of Satisfactory Completion of Improvement to Property" or a "Conditional Notice of Satisfactory Completion of Improvement to Property" prior to the application for an issuance of a certificate of occupancy from the County. Failure to comply with the terms and conditions of this provision shall constitute noncompliance with the terms and provisions of this Declaration and the Association shall have the right to invoke all rights and remedies provided to the Association hereunder, including but not limited to, the imposition of fines and penalties in accordance with Paragraph 8.17 hereof.

4.13 Notice of Completion. Upon completion of the Improvement to Property, the Applicant shall give written Notice of Completion to the Design Review Committee. Until the date of receipt of such Notice of Completion, the Design Review Committee shall not be deemed to have notice of completion of such Improvement to Property.

4.14 Inspection of Work. The Design Review Committee or its duly authorized representative shall have the right to inspect any Improvement to Property prior to or after completion, provided that the right of inspection shall terminate fourteen (14) days after the Design Review Committee shall have received a Notice of Completion from Applicant.

4.15 Notice of Satisfactory Completion of Improvement to Property. After inspection of the Improvement to Property, the Design Review Committee will issue a Notice of Satisfactory Completion of Improvement to Property if the Improvements were completed in conformity with the plan, description, and materials furnished to and approved by the Design Review Committee, and



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any conditions imposed by the Design Review Committee. Upon such receipt of Notice of Satisfactory Completion of Improvement to Property, the Applicant may proceed to request a certificate of occupancy from the County.

4.16 Notice of Noncompliance. If, as a result of inspections or otherwise, the Design Review Committee finds that any Improvement to Property has been done without obtaining the approval of the Design Review Committee or was not done in complete conformity with the description and materials furnished to, and any conditions imposed by, the Design Review Committee or was not completed within eighteen (18) months after the date of approval by the Design Review Committee or such shorter period as specified herein or in writing by the Design Review Committee, the Design Review Committee shall notify the Applicant in writing of the noncompliance, which notice shall be given, in any event, within fourteen (14) days after the Design Review Committee receives a Notice of Completion from the Applicant. The notice shall specify the particulars of the noncompliance and shall require the applicant to take such action as may be necessary to remedy the noncompliance. If a Notice of Noncompliance has been issued by the Design Review Committee, the Applicant may post a Performance Guaranty, as hereinafter defined, sufficient to bring the Improvement to Property into compliance with the Design Review Committee; provided however, that the Design Review Committee shall not be required to accept such Performance Guaranty. Such Performance Guaranty must be in an amount sufficient to remedy any noncompliance, as determined by the Design Review Committee in its sole and absolute discretion. After posting such Performance Guaranty with the Association, the Design Review Committee may then issue a Conditional Notice of Satisfactory Completion of Improvement to Property. Such Conditional Notice shall grant authorization for the Applicant to request a certificate of occupancy from the County.

4.17 Performance Guaranty for Noncompliance or Incompletion. If the Applicant wishes to apply for and obtain a certificate of occupancy from the County prior to completion of landscaping and/or prior to correction of a minor noncompliance, the Applicant may request to post a bond, letter of credit or cash escrow in an amount equal to the estimated cost of completing such work ("Performance Guaranty"); provided however the Design Review Committee shall not be required to accept such Performance Guarantee. The Performance Guaranty shall be used by the Association to ensure completion of such work in accordance with the time periods for completion established hereunder and the plans for such work as approved by the Design Review Committee. The form, content and terms of the Performance Guaranty shall be determined by the Design Review Committee in its sole and absolute discretion. If the Design Review Committee accepts the Performance Guaranty for the completion of landscaping and/or remedy of noncompliance, then the Design Review Committee shall issue a Conditional Notice of Satisfactory Completion to Improvement to Property. Such Conditional Notice shall grant authorization for Applicant to request a certificate of occupancy from the County. All premiums, costs and expenses related thereto shall be the obligation of the Owner. Any surety or financial institution issuing a payment and performance bond or letter of credit hereunder shall be authorized to do business in Colorado and shall be acceptable to the Design Review Committee. If any Owner fails to complete the landscaping work or fails to remedy the noncompliance, in accordance with the provisions of the Declaration,



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subject to delays beyond the reasonable control of such Owner, the Association is authorized under the provisions of the Declaration to enter upon the Lot of such Owner to complete the landscaping work and or remedy the noncompliance in accordance with the plans therefore, draw upon the Performance guaranty for all costs incurred by the Association relating to the completion of the landscaping work or relating to the remedy of noncompliance and levy a Reimbursement Assessment against such Owner for all costs and expenses incurred by the Association in completing such landscape work or in remedying such noncompliance which are not otherwise covered by the Performance Guaranty, including any costs and expenses of collection and attorney's fees. Upon satisfactory completion of landscaping and/or remedy of noncompliance, the Applicant shall give written Notice of Completion to the Design Review Committee as outlined in Article 4.13 herein. If the Design Review Committee finds the improvements satisfactory, a Notice of Satisfactory Completion of Improvements to Property shall be issued by the Design Review Committee within fourteen (14) days of receipt of Notice of Completion and any funds being held by the Association as a Performance Guarantee shall be released to Applicant within seven (7) days of the issuance of the Notice of Satisfactory Completion of Improvements to Property.

4.18 Design Review Committee Not Liable. Neither the Design Review Committee nor any member thereof shall be liable for damages to any person or entity submitting any Plans for approval, or to any Owner or Owners of Lots, by reason of any action, failure to act, approval, disapproval or failure to approve or disapprove with regard to such Plans. Neither the Design Review Committee nor any member thereof shall have any liability or responsibility for any representations made to any Owner or prospective Owner by any third parties. The decisions of the Design Review Committee shall be governed by this Declaration and any rules or regulations duly adopted by the Design Review Committee pursuant to this Declaration.

4.19 Written Records. The Design Review Committee shall keep and safeguard for at least three (3) years complete permanent written records of all approved applications, including one (1) set of the finally approved Plans, and of all actions of approval or disapproval and all other formal actions taken by it under the provisions of this Declaration.

ARTICLE 5. ASSOCIATION PROPERTIES

5.1 Member's Rights of Use and Enjoyment Generally. Unless otherwise provided in this Declaration, all Members, their immediate family, dependants, and their guests may use the Association Properties, subject to the provisions of the Rules and Regulations.

5.2 Right of Association to Regulate Use. The Association, acting through the Executive Board, shall have the power to regulate use of Association Properties to further enhance the overall rights of use and enjoyment of all Members through the promulgation of the Rules and Regulations.



5.3 No Partition of Association Properties. No Owner shall have the right to partition or seek partition of the Association Properties or any part thereof.

5.4 Liability of Owners for Damage by Member. Each Owner shall be liable to the Association for any damage to Association Properties or for any expense or liability incurred by the Association which may be sustained by reason of the negligence or willful misconduct of such Owner or any Person using the Association Properties through such Owner and for any violation by such Owner or any such Person of this Declaration or any Rule and Regulation adopted by the Association. Each Owner shall indemnify and hold the Association harmless from any and all loss, damage, expense, or liability arising from any negligence or willful misconduct of any Owner or Persons using the Association Properties through such Owner. The Association shall have the power, as elsewhere provided in this Declaration, to levy and collect a Reimbursement Assessment against a Member, after Notice and Hearing, to cover the costs and expenses incurred by the Association on account of any such damage or any such violation of this Declaration or of such Rules and Regulations or for any increase in insurance premiums directly attributable to any such damage or any such violation.

5.5 Association Duties if Damage, Destruction, or Required Improvements. In the event of damage to Association Properties by fire or other casualty or in the event any governmental authority shall require any repair, reconstruction, or replacement of any Association Properties, the Association shall have the duty to repair, reconstruct, or replace the same, to the extent funds are available to do so. Any insurance proceeds payable by reason of damage or destruction of Association Properties by fire or other casualty shall be paid to the Association and shall be used, to the extent necessary, to pay the costs of repair, reconstruction, or replacement. If funds from insurance proceeds or from reserves for replacement are insufficient to pay all costs of repair, reconstruction, or replacement of improvements damaged or destroyed, or if the Association is required to make repairs, replacements, or improvements by governmental authorities, the Association may, in order to make up any deficiency in the insurance proceeds or to pay for the required repair, replacement, or improvement, levy a Special Assessment in accordance with Section 9.8, or if a Member or group of Members is liable for such damage, levy a Reimbursement Assessment against the Member or group of Members responsible therefor, to provide the additional funds necessary. Repair, reconstruction, or replacement of Association Properties shall be done under such contracting and bidding procedures as the Association shall determine are appropriate. If insurance proceeds available to the Association on account of damage or destruction exceed the cost of repair, reconstruction, and replacement, the Association may use the same for future maintenance, repair, improvement, and operation of other Association Properties or any other use deemed appropriate by the Board.

5.6 Association Powers in the Event of Condemnation. If any Association Properties or interests therein are taken under exercise of the power of eminent domain or by private purchase in lieu thereof, the award in condemnation or the price payable shall be paid to the Association, except to the extent payable to any other Person with an interest in such property, including any Mortgagee of such property. The Association shall have the exclusive right to participate in such



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condemnation proceedings and to represent the interests of all Owners or other Persons therein. Any award or funds received by the Association shall be held by the Association as a reserve for future maintenance, repair, reconstruction, or replacement of Association Properties or may be used for Improvements or additions to or operation of Association Properties or such other uses deemed appropriate by the Board. Except as may otherwise be provided by the Act, no Owner shall be entitled to participate as a party or otherwise in any condemnation proceedings nor to receive any proceeds therefrom.

5.7 Title to Association Properties on Dissolution of Association. In the event of dissolution of the Association, the Association Properties shall, to the extent permitted by law and reasonably possible, be conveyed or transferred to an appropriate public, governmental or quasi-governmental agency or organization or to a nonprofit corporation, association, trust, or other organization, to be used, in any such event, for the common benefit of Owners for similar purposes for which the particular Association Property was held by the Association. To the extent the foregoing is not possible, the Association Properties shall be sold or disposed of and the proceeds from the sale or disposition shall be distributed to Members in proportion to each Member's Allocated Interest.

ARTICLE 6. DECLARANT'S RESERVED RIGHTS

Declarant hereby expressly reserves to itself and its heirs, successors and assigns the following described rights, which include development rights and special Declarant rights, any one or more of which rights may be exercised, in the sole and absolute discretion of Declarant, at any time and from time to time during the period commencing upon the Recording of this Declaration in the County and ending on the date of termination of such rights established under Section 6.12 below. It is expressly understood that Declarant shall not be obligated to exercise any of these reserved rights.

Except as limited by this Article 6, such reserved rights may be exercised upon or in connection with all or any portion of the Common Interest Community, and/or the additional unspecified real estate referred to in Section 6.7 below. Such rights may be exercised with respect to different parcels of said real estate at different time, and in connection therewith Declarant hereby states that (i) no assurances are made regarding the boundaries of said different parcels or with respect to the order in which such parcels may be subjected to the exercise of these reserved rights, even if a reference to a phase or phasing appears in a legal description, Plat, P.U.D. Agreement or other agreement relating to the property, and (ii) if a particular reserved right is exercised in any portion of the real estate subject to that reserved right, that reserved right is not required to be exercised in all or any portion of the remainder of that real estate.

The reserved rights hereinafter set forth may not be amended, modified, terminated or otherwise altered in any way without the express prior written consent of Declarant. All conveyances of Lots and other portions of the Common Interest Community hereafter made, whether

by Declarant or otherwise, shall be deemed and construed to reserve to Declarant and/or to grant to Declarant all of the rights reserved by and to Declarant in this Article 6, even though no specific reference to such rights appears in the conveyance instruments. Nothing in this Article 6 shall limit or impair any other rights granted or reserved to Declarant by other provisions of this Declaration or of any Supplemental Declaration.

The following rights are hereby reserved to Declarant and its successors and assigns:

6.1 Completion of Improvements. The right throughout the Common Interest Community to complete Improvements indicated on any Plat, as defined in Paragraph 2.31 hereof, as such plats and Declarations may be amended from time to time and the right to construct and complete Improvements required by the terms of any Subdivision Improvements Agreements with the Town. Furthermore, the right to create, grant and/or use and enjoy additional non-exclusive easements, and to relocate existing platted easements, upon or across any portion of the Common Interest Community except Building Envelopes, as may be reasonably required for the completion by Declarant of the above-described Improvements or the effective exercise by Declarant of any of the other reserved rights described in this Article 6.

6.2 Sales, Marketing and Management. The right to construct, locate or operate, and to maintain upon, and to remove from, Lots owned by Declarant, and/or the Common Areas, in the discretion of Declarant, and in such number, size and location as may be reasonably required by Declarant in connection with the completion of Improvements, the management of the development, and/or the promotion, marketing, sale or rental of Lots, the following:

6.2.1 Sales offices, management offices, and/or construction offices, and structures containing or relating to the same. Such offices, to the extent they are not situated on a Lot or are hereby declared to be personal property of the Declarant and shall in any case be removable by Declarant or its successors or assigns promptly upon the Declarant or its successors or assigns ceasing to be a Lot Owner;

6.2.2 Signs identifying and advertising the Common Interest Community and the Lots therein, or relating to development or construction thereon;

6.2.3 Model residences constructed or to be constructed on Lots;

6.2.4 Parking areas and facilities, and lighting, necessary or desirable in the marketing of the Common Interest Community and the Lots to prospective Owners;

6.2.5 Employees in offices; equipment; vehicles; and marketing and construction materials;

Together with the right to attract, invite or bring prospective purchasers of Lots into the Common Interest Community at all times, and to permit them to use and enjoy the Common Areas.

6.3 Declarant Control of Association. The right to appoint or remove any Executive Board member or officer of the Association, as more specifically set forth in Section 7.4 below, but only for and during the "Period of Declarant Control of Association" as defined in said Section 7.4.

6.4 Declarant's Rights to Grant and Create Easements. The right to grant, create or reserve temporary and permanent easements or to relocate existing easements for (a) access to and egress from or through the Common Interest Community; (b) utilities, including, but not limited to, water, sewer and electrical lines; (c) drainage, irrigation and ditch and pipeline easements; (d) access across private roads located within the Common Interest Community to the Annexable Property; and (e) other purposes incident to the development and sale of the Common Interest Community (collectively the "Easements"). Such Easements may be located by Declarant in, on, under, over, and across Association Properties or upon, Lots within the Common Interest Community so long as such easements do not lie within any Building Envelope. Declarant shall further have the right to grant to public or quasi-public entities the right to construct certain storage or other similar facilities on the Association Properties in connection with the provision of utilities or other services to the Common Interest Community. Any such facilities so located, and of all distributions lines located in any easements created pursuant to the provisions hereof, or otherwise, shall, in of all events, belong to the provider of such services. No easement that benefits the general public or that is for a general public purpose shall be created or relocated without the prior consent of the Town.

6.5 Withdrawal Rights and Procedure. The right at any time and from time to time to withdraw from the Common Interest Community (and any annexations thereto) any Declarant-owned Lot or Lots, or Common Areas.

Withdrawal may only be accomplished by the recording by Declarant of an amendment to this Declaration or any Supplemental Declaration affected by the withdrawal, and an amendment to the Plat or any Supplemental Plat affected by the withdrawal. Upon the recording of such amendments, the withdrawn Lots, or Common Areas shall no longer be part of the Common Interest Community or subject to this Declaration or any applicable Supplemental Declaration in any way.

Each Declarant-owned Lot, and each Declarant-owned Common Area, is hereby described and declared to be a separate portion of real estate that is subject to this right of withdrawal, and Declarant expressly reserves the right to withdraw one or more Declarant-owned Lots and/or all or a portion of any Declarant-owned Common Area from the Common Interest Community. Once a Lot has been conveyed to a Lot Owner other than Declarant, that portion of the real estate is no longer subject to this right of withdrawal. Likewise, once a Common Area has been conveyed to the Association, that portion of the real estate is no longer subject to this right of withdrawal.

The withdrawn property shall be subject to whatever easements, if any, may be reasonably necessary for access or utility service to, or operation or management or use or enjoyment of, the Common Interest Community or any part thereof. Similarly, the owner(s) of the withdrawn property shall have whatever easements, if any, are reasonably necessary for access or utility service to or for use or enjoyment of the withdrawn property over and across the Common Areas within the Common



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Interest Community. At the time any withdrawal of real estate is accomplished, Declarant shall record whatever documents are necessary to establish such reciprocal easements in the County records.

6.6 Effect of Expansion or Contraction. In the event any real property is annexed to the Common Interest Community as provided herein, or if any real property is withdrawn from the Common Interest Community as provided herein, the definitions used in this Declaration shall be automatically expanded or contracted to encompass and refer to the Common Interest Community as expanded or contracted. Common Area shall also mean and include all properties located from time to time within the Annexed Property that fall within the definition of Common Area contained in this Declaration, less any Common Area removed by withdrawal.

The recording of amendments to the Declaration and Plat, whether in the form of Supplemental Declarations and Supplemental Plats or otherwise, which reallocate the Allocated Interests in the Common Interest Community, shall automatically:

6.6.1 Vest in each existing Lot Owner the reallocated Allocated Interests appurtenant to the Owner's Lot; and

6.6.2 Vest in each existing Mortgagee a perfected security interest in the reallocated Allocated Interests appurtenant to the encumbered Lot.

6.7 Other Reserved Development Rights. The right with respect to all or any Declarant-owned portion of the Common Interest Community (including the Lots) to (a) create Common Areas or Limited Common Areas; (b) create additional Lots, subject to the maximum set forth in the Recitals to this Declaration; (c) combine Lots; (d) convert Lots into Common Areas; (e) convert Common Areas into Lots; and (f) create Common Elements and/or Limited Common Elements.

6.8 Transfer of Declarant's Reserved Rights. Any one or more rights created or reserved for the benefit of Declarant under this Article 6 or elsewhere in this Declaration or in any Supplemental Declaration may be transferred to any Person by an instrument describing the right or rights transferred and Recorded in the County. Such instrument shall be executed by the transferor Declarant and the transferee.

6.9 Termination of Declarant's Reserved Rights. With the exception of Declarant's right to appoint or remove Executive Board members and officers of the Association, which is addressed in Section 7.4 below, the rights reserved to Declarant in this Article 6 shall automatically terminate and expire upon the first to occur of (i) the date which is thirty (30) years after the Recording of this Declaration, or (ii) Declarant's relinquishment and surrender of such rights by Recorded instrument. Declarant may from time to time relinquish and surrender one or more but less than all of the reserved rights, in which event the unrelinquished reserved rights shall remain fully valid and effective for the remainder of the term thereof. The Association may extend the time



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period for exercise of a development right, or reinstate a lapsed development right, subject to whatever terms, conditions and limitations the Association may impose on the subsequent exercise of the development right. The extension or renewal of a development right and any terms, conditions and limitations shall be included in an amendment executed by Declarant or the owner of the real estate subject to the development right and the Association.

ARTICLE 7. ASSOCIATION OPERATION

7.1 Association. The Association has been or will be formed as a Colorado nonprofit corporation under the Colorado Revised Nonprofit Corporation Act prior to the date of conveyance of the first Lot. The Association shall have the duties, powers, and rights set forth in the Act, the Colorado Nonprofit Revised Corporations Act, this Declaration and in its Articles of Incorporation and Bylaws. As more specifically set forth hereinafter, the Association shall have an Executive Board to manage its affairs. Except as may be provided herein, the Articles of Incorporation or the Bylaws, the Executive Board shall be elected by Owners acting in their capacity as Members of the Association.

7.2 Association Executive Board. The affairs of the Association shall be managed by an Executive Board. The number, term, and qualifications of the Executive Board shall be fixed in the Articles of Incorporation and bylaws. The Executive Board may, by resolution, delegate portions of its authority to officers of the Association, but such delegation of authority shall not relieve the Executive Board of the ultimate responsibility for management of the affairs of the Association. Action by or on behalf of the Association may be taken by the Executive Board or any duly authorized executive committee, officer, agent, or employee without a vote of Members, except as otherwise specifically provided in this Declaration.

7.3 Membership in Association. Each Owner of a Lot within the Common Interest Community shall be a Member of the Association. There shall be one Membership in the Association for each Lot within the Common Interest Community. The Person or Persons who constitute the Owner of a Lot shall automatically be the holder of the Membership appurtenant to that Lot, and the Membership appurtenant thereto shall automatically pass with fee simple title to the Lot. Declarant shall hold a Membership in the Association for each Lot owned by Declarant. Membership in the Association shall not be assignable separate and apart from fee simple title to a Lot.

7.4 Voting Rights of Members. Each Member shall have the right to cast one vote for each Lot owned by such Member in accordance with the Bylaws, provided in no event shall there be more than one (1) vote per Lot. If title to a Lot is owned by more than one (1) Person, such persons shall collectively vote their interest as a single vote. Notwithstanding the foregoing, Declarant shall be entitled to select and appoint, in its sole discretion, members of the Executive Board, in accordance with the Bylaws (the "Declarant's Control Period"), until the expiration of the Declarant's Control Period as hereinafter provided; provided, however, that not later than sixty (60)



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days after conveyance of twenty-five percent (25%) of the total number of Lots that may be created within the Common Interest Community by Declarant to Owners other than Declarant, at least one member, and not less than twenty-five percent (25%) of the members of the Executive Board must be elected by Owners other than Declarant and that no later than sixty (60) days after the conveyance of fifty percent (50%) of the total number of Lots that may be created within the Common Interest Community to Owners other than Declarant, not less than thirty-three and one-third percent (33 $\frac{1}{3}$ %) of the members of the Executive Board must be elected by Owners other than Declarant. The Declarant's Control Period shall cease on the happening of any of the following events, whichever occurs earlier: (a) sixty (60) days after conveyance of seventy-five percent (75%) of the total number of Lots that may be created within the Common Interest Community have been conveyed to Persons other than Declarant; (b) two (2) years after the last conveyance of a Lot by Declarant in the ordinary course of business; (c) two (2) years after any right to add new units was exercised by Declarant; or (d) when, in its discretion, Declarant so determines.

7.5 Determination of Member Voting Privileges. Notwithstanding anything to the contrary contained herein, only Members whose voting rights are in good standing under the Association's Bylaws (e.g., voting rights which have not been suspended as provided therein) shall be entitled to vote on Association matters. In accordance therewith, any and all provisions contained herein requiring the approval of a requisite percentage of Members of the Association shall be deemed satisfied when the requisite percentage of Members entitled to vote has been met.

7.6 Registration of Owners. Each Owner shall register with the Association upon such Owner's acquisition of a Lot within the Common Interest Community. Such registration shall be completed by such Owner at the time such Owner closes the purchase of a Lot within the Common Interest Community and shall be delivered to the Association within seven days of the date of such closing. Such registration shall be in a form prescribed by the Association and shall include: (1) a mailing address where notices or demands intended to be served upon such Owner may be mailed by the Association; (2) a designation of a voting representative for such Lot; and (3) an acknowledgment that such Owner has: (a) received a copy of this Declaration and the Bylaws of the Association; (b) that such Owner has read and understands the same; and (c) that such Owner is bound by the terms and provisions of the Declaration and Bylaws.

ARTICLE 8. DUTIES AND POWERS OF ASSOCIATION

8.1 General Duties and Powers of Association. The Association has been or will be formed to further the common interests of the Members. The Association, acting through the Executive Board or Persons to whom the Executive 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, improve, and enhance the common interests of the Members, to maintain, improve, and enhance Association Properties, and to improve and enhance the attractiveness, aesthetics, and desirability of the Common Interest Community.

8.2 Duty to Accept Property and Facilities Transferred by Declarant. The Association shall accept title to any real property, including any Improvements thereon and personal property transferred to the Association by Declarant, and equipment related thereto, together with the responsibility to perform any and of all Administrative and Association Functions associated therewith, provided that such property and functions are not inconsistent with the terms of this Declaration. Property interests transferred to the Association by Declarant may include fee simple title, easements, leasehold interests, and license to use. Any property or interest in property transferred to the Association by Declarant shall be within the boundaries of the Common Interest Community; provided, however, that Declarant shall be entitled to transfer and convey the beneficial use of an easement, subject to, any obligations thereunder, located outside of the Common Interest Community but which benefits the Association and the Owners. Any property or interest in property transferred to the Association by Declarant shall, except to the extent otherwise specifically approved by resolution of the Executive Board, be transferred to the Association free and clear of all monetary obligations, liens and encumbrances (other than the lien of property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration, and easements, covenants, conditions, restrictions, and equitable servitudes or other encumbrances of record. Except as otherwise specifically approved by resolution of the Executive Board, no property or interest in property transferred to the Association by Declarant shall impose upon the Association any obligation to make monetary payments to Declarant or any affiliate of Declarant, including, but not limited to, any purchase price, rent, charge, or fee.

8.3 Duty to Manage and Care for Association Properties. The Association shall manage, operate, care for, maintain, and repair all Association Properties and keep the same in an attractive and desirable condition for the use and enjoyment of the Members.

8.4 Duty to Pay Taxes. The Association shall pay all taxes and assessments levied upon the Association Properties and all taxes and assessments payable by the Association. The Association shall have the right to contest any such taxes or assessments provided that the Association shall contest the same by appropriate legal proceedings which shall have the effect of preventing the collection of the tax or assessment and the sale or foreclosure of any lien for such tax or assessment and provided that the Association shall keep and hold sufficient funds to pay and discharge the taxes and assessments, together with any interest and penalties which may accrue with respect thereto, if the contest of such taxes is unsuccessful.

8.5 Duty to Maintain Casualty Insurance. The Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, property insurance on all insurable Association Properties, including, but not limited to, improvements and personal property owned by the Association or that must be owned by the Association in the future. Such insurance shall be for broad form covered causes of loss, including, casualty, fire, and extended coverage insurance with respect to all insurable Improvements and personal property owned by the Association including, if available at reasonable cost, coverage for vandalism and malicious mischief and, if available and if deemed appropriate, coverage for flood, earthquake, and war risk. Such

insurance shall, to the extent reasonably obtainable, be for the full insurable replacement cost of the insured property, less applicable deductible at the time the insurance is purchased and at each renewal date, exclusive of land, excavation, foundations and other items normally excluded from property policies.

8.6 Duty to Maintain Liability Insurance. The Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, general liability insurance against claims and liabilities arising in connection with the ownership, existence, use, or management of the Association Properties and covering public liability for bodily injury and property damage and, if the Association owns or operates motor vehicles, public liability for bodily injury and property damage arising as a result of the ownership and operation of motor vehicles. Such liability insurance for other than motor vehicle liability shall, to the extent reasonably obtainable, (a) have limits of not less than Five Hundred Thousand Dollars (\$500,000.00) per person and One Million Dollars (\$1,000,000.00) per occurrence; (b) insure the Executive Board, the Association, the Manager, if any, and their respective employees, agents and all Persons acting as agents; (c) include the Declarant as an additional insured in such Declarant's capacity as a Member or Executive Board member; (d) include the Members as additional insureds, but only for claims and liabilities arising in connection with the ownership, existence, use, or management of Association Properties; and (e) cover claims of one or more insured parties against other insured properties.

8.7 General Provisions Respecting Insurance. Insurance obtained by the Association may contain such deductible provisions as good business practice may dictate. If the insurance described is not reasonably available, or if any policy of such insurance is canceled or renewed without a replacement policy therefor having been obtained by it, the Association shall promptly cause notice of that fact to be delivered to of all Members. The Association may carry any other type of insurance it considers appropriate in amounts it deems appropriate, to insure the interests of the Association. Insurance policies carried pursuant to Sections 8.5 and 8.6 shall provide that (a) each Member is an insured Person under the policy with respect to liability arising out of such Member's interest in the Association Properties or membership in the Association; (b) the insurer waives its right of subrogation under the policy against the Association, each Member, and any Person claiming by, through, or under such Member or any other director, agent, or employee of the foregoing; (c) no act or omission by any Member, unless acting within the scope of such Member's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and (d) if at the time of a loss under the policy, there is other insurance in the name of a Member covering the same risk covered by the policy, the Association's policy shall be the primary insurance. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment. To the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefitting from such repair or restoration for of all deductibles paid by the Association. Insurance obtained by the Association shall, to the extent reasonably possible, and provided Declarant reimburses the Association for any additional premium payable on account thereof, name Declarant as an additional insured and shall contain a waiver of rights of subrogation as against Declarant. Insurance policies and insurance coverage shall be



reviewed at least annually by the Executive Board to ascertain whether coverage under the policies is sufficient in light of the current values of the Association Properties and in light of the possible or potential liabilities of the Association. The aforementioned insurance may be provided under blanket policies covering the Association Properties and property of Declarant.

8.8 Maintenance of Fidelity Insurance. In the event the Executive Board delegates its powers with respect to collection, deposit, transfer, or disbursement of Association funds to other persons or to a managing agent, as authorized by these Bylaws and the Colorado Common Interest Ownership Act, then in connection with such delegation of powers, the Executive Board shall require.

8.8.1 That the other persons or managing agent maintain fidelity insurance coverage or a bond in an amount not less than \$50,000 or such higher amount as the Executive Board may require;

8.8.2 That the other persons or managing agent maintain all funds in accounts of the Association separate from the funds and accounts of other associations managed by the other persons or managing agent and maintain all reserve accounts of each association so managed separate from operational accounts of the Association; and

8.8.3 That an annual accounting for Association funds and a financial statement be prepared and presented to the Association by the managing agent, a public accountant, or a certified public accountant.

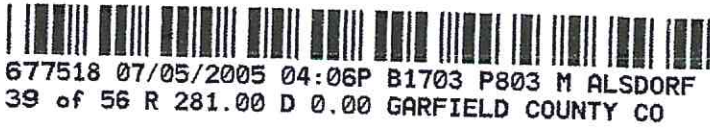
8.9 Other Insurance and Bonds. The Association shall obtain such other insurance as may be required by law, including workmen's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity, or other bonds as the Association shall deem necessary or desirable.

8.10 Duty to Prepare Budgets. The Association shall prepare Budgets for the Association as elsewhere provided in this Declaration.

8.11 Duty to Levy and Collect Assessments. The Association shall levy and collect Assessments as elsewhere provided in this Declaration.

8.12 Duty to Keep Association Records. The Association shall keep financial records sufficiently detailed to enable the Association to comply with the Act, including, but not limited to, financial records sufficiently detailed to provide a statement setting forth the amount of any unpaid Assessment currently levied against an Owner.

8.13 Duties with Respect to Design Review Committee Approvals. The Association shall perform functions to assist the Design Review Committee as elsewhere provided in this Declaration. Additionally, the Association shall have the right to delegate the duties of the Design



Review Committee to a similar committee performing similar functions at other planned communities within the County.

8.14 Power to Acquire Property and Construct Improvements. The Association may acquire property or interests in property for the common benefit of Owners including Improvements and personal property. The Association may construct Improvements on property and may demolish existing Improvements.

8.15 Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal, and enforce Rules and Regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of Association Properties, and the use of any other property within the Common Interest Community, including Lots. Any such Rules and Regulations shall be effective only upon adoption by resolution of the Executive Board. Notice of the adoption, amendment, or repeal of any Rule or Regulation shall be given in writing to each Member at the address for notices to Members as elsewhere provided in this Declaration or the Bylaws, and copies of the currently effective Rules and Regulations shall be made available to each Member upon request and payment of the reasonable expense of copying the same. Each Member shall comply with such Rules and Regulations and shall see that Persons claiming through such Member comply with such Rules and Regulations. Such Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of conflict between the Rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall prevail.

8.16 Power to Enforce Declaration and Rules and Regulations. The Association shall have the power to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as the Executive Board deems necessary or desirable to cause such compliance by each member and each Person claiming by, through, or under such Member ("Related User"). Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and the Rules and Regulations by any one or more of the following means: (a) by entry upon any property within the Common Interest Community after Notice and Hearing (unless a bona fide emergency exists), without liability to the Owner thereof or the Association, for the purpose of enforcement or causing compliance with this Declaration or the Rules and Regulations; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules and Regulations, by mandatory injunction or otherwise; (c) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of this Declaration or the Rules and Regulations; (d) by suspension, after Notice and Hearing, of the voting rights of a Member during and for up to ten (10) days following any breach by such Member or a Related User of such Member of this Declaration or the Rules and Regulations, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues; (e) by levying and collecting, after Notice and Hearing, a Reimbursement Assessment against any Member for breach of this Declaration or the Rules or Regulations by such Member or Related User of such Member; and (f) uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any

Member or Related User for breach of this Declaration for the Rules and Regulations by such Member or Related User of such Member. In the event that the Association fails to enforce the provisions of this Declaration as provided for herein, each Member shall, upon thirty (30) days written notice to the Association, have the power (a) to enforce the provisions hereof by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration, by mandatory injunction or otherwise; or (b) to commence or maintain actions and suits to recover damages for breach of any of the provisions of this Declaration.

8.17 Power to Grant Easements. The Association shall have the power to grant access, utility, drainage, water facility, and such other easements in, on, over, or under Association Properties as it deems necessary or desirable for the benefit of the Common Interest Community. The Association shall have the further power to designate portions of the Association Properties as limited common elements for the benefit of specific Lot owners.

8.18 Power to Convey and Dedicate Property to Governmental Agencies. The Association, with the approval of Members representing at least sixty-seven percent (67%) of the Owners entitled to vote (exclusive of the Declarant), shall have the power to grant, convey, dedicate, or transfer any Association Properties or facilities to any public, governmental or quasi-governmental agency or authority for such purposes and subject to such terms and conditions as the Association shall deem appropriate, subject to the provisions elsewhere contained in this Declaration for approval of the same by Declarant with respect to property transferred to the Association by Declarant. Further, to the extent that any easement or right-of-way is required under or across any Association Properties which would not impair or hinder the use thereof, the Association shall have the right to grant or convey the same without the consent of the Members.

8.19 Power to Borrow Money and Mortgage Property. The Association shall have the power to borrow money and, with the approval of Members representing at least sixty-seven percent (67%) of the Owners entitled to vote (exclusive of the Declarant), to encumber Association Properties as security for such borrowing, subject to provisions elsewhere contained in this Declaration with respect to required approvals and consents to such action. An Agreement to convey, or subject the Association Properties to a security interest in accordance with this Section shall be evidenced by the execution of an agreement, or ratification thereof, in the same manner as a deed, by the requisite number of Owners. The agreement shall specify a date after which the agreement will be void unless Recorded before that date and shall be effective upon Recordation. Notwithstanding the foregoing, the Association, to the extent permitted by law, shall have the power to borrow money and, with the approval of the Members, to pledge existing and future receivable as security for such borrowing.

8.20 Power to Engage Employees, Agents, and Consultants. The Association shall have the power to hire and discharge employees and agents and to retain and pay for management, legal and accounting services as may be necessary or desirable in connection with the performance of any duties or the exercise of any powers of the Association under this Declaration.

8.21 General Corporate Powers. The Association shall have all of the ordinary powers and rights of a Colorado corporation formed under the Colorado Nonprofit Corporation Act, including, without limitation, entering into partnership and other agreements, subject only to such limitation upon such powers as may be set forth in this Declaration or in the Articles of Incorporation or Bylaws. The Association shall also have the power to do any and all lawful things which may be authorized, required, or permitted to be done under this Declaration or Articles of Incorporation or Bylaws and to do and perform any and all acts which may be necessary or desirable for, or incidental to, the exercise of any of the express powers or rights of the Association under this Declaration and the Articles of Incorporation or Bylaws.

8.22 Power to Provide Association Functions. The Association shall have the power to acquire, construct, operate, manage, maintain, repair, and replace public facilities and to provide Association Functions as defined in this Declaration. The Association may enter into such cooperative agreements and arrangements as it may deem necessary and appropriate with any provider of utilities or public services to Owners, including any special municipal or quasi-municipal districts created for the purpose of providing such services.

8.23 Power to Provide Special Services to Members. The Association shall have the power to provide special services to a Member or group of Members. Any special services to a Member or group of Members shall be provided pursuant to an agreement in writing, or through one or more Supplemental Declarations, which shall provide for payment to the Association by such Member or group of Members of the reasonably estimated costs and expenses of the Association of providing such services, including a fair share of the overhead expenses of the Association and shall contain reasonable provisions assuring that the obligation to pay for such services shall be binding upon any heirs, personal representatives, successors and assigns of the Member or group of Members and that the payment for such services shall be secured by a lien on the property of the Member or group of Members.

8.24 Power to Charge for Association Properties, Facilities and Services. The Association shall have the power to establish reasonable and uniformly applied charges for the use of Association Properties, facilities and services. The charges may include reasonable admission or other fees for any special or extraordinary use of Association Properties, facilities or services of the Association such as special parking privileges, special recreation facilities, conference rooms, instruction, day care or child care services, or similar uses beyond the ordinary use of Association Properties, facilities, and services. Such charges or fees shall be set forth in schedules of charges and fees adopted from time to time by the Executive Board.

8.25 Power to Employ Managers. The Association shall have the power to retain and pay for the services of a Manager or Managers, which may be an affiliate of Declarant, to undertake any of the management or Administrative Functions, or Association Functions for which the Association has responsibility under this Declaration to the extent deemed advisable by the Association, and may delegate any of its duties, powers, or functions to any such Manager. Any contract or agreement with any such Manager shall be terminable by the Association for cause on

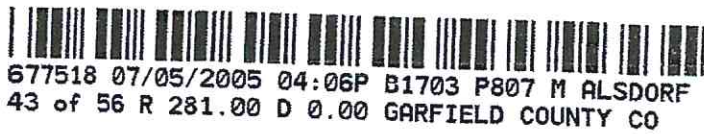
no more than thirty (30) days prior written notice, and shall be terminable by the Association without cause and without payment of a termination fee on no more than ninety (90) days prior written notice. Any such contract or agreement shall be for a term of no more than one (1) year and may be subject to renewal for succeeding terms of no more than one (1) year each. Notwithstanding any delegation to a Manager of any duties, powers, or functions of the Association, the Association and its Executive Board shall remain ultimately responsible for the performance and exercise of such duties, powers, and functions.

8.26 Powers Provided by Law. In addition to the above-referenced powers, the Association shall have full power to take and perform any and all actions which may be lawfully taken by the Association under the Colorado Nonprofit Corporation Act and the Colorado Common Interest Ownership Act.

ARTICLE 9. ASSESSMENTS

9.1 Assessment Obligation and Lien. Declarant, for each Lot, shall be deemed to covenant and agree, and each Lot Owner, by acceptance of a deed therefor (including a public trustee's or sheriff's deed), whether or not it shall be so expressed in any such deed or other instrument of conveyance, shall be deemed to covenant and agree, to pay to the Association: (1) Regular Assessments or charges, (2) Special Assessments, and (3) Reimbursement Assessments, such assessments to be established and collected as hereinafter provided (collectively the "Assessments"). The Assessments, together with interest, late charges, costs, and reasonable attorneys' fees, shall be a continuing lien and security interest upon the Lot against which each such Assessment is charged. The obligation for such payments by each Lot Owner to the Association is an independent covenant, with all amounts due from time to time payable in full without notice (except as otherwise expressly provided in this Declaration) or demand, and without set-off or deduction of any kind or nature. Each Lot Owner is liable for Assessments made against such Owner's Lot during his period of ownership of the Lot. Each Assessment, together with interest, late charges, costs and reasonable attorneys' fees, shall also be the joint, several and personal obligation of each Person who was an Owner of such Lot at the time when the Assessment became due. Upon the transfer of title to a Lot the transferor and the transferee shall be jointly, severally and personally liable for all unpaid Assessments and other charges due to the Association prior to the date of transfer, and the transferee shall be personally liable for of all such Assessments and charges becoming due thereafter.

9.2 Statutory Lien. The Association has a statutory lien pursuant to Section 38-33.3-316 of the Act on the Lot of an Owner for all Assessments levied against such Lot or fines imposed against such Lot's Owner from the time the Assessment or fine becomes due (the "Assessment Lien"). Fees, charges, late charges, attorneys' fees, fines and interest charged by the Association pursuant to the Act or this Declaration or any Supplemental Declaration are enforceable as Assessments. The amount of the lien shall include all such items from the time such items become due. If an Assessment is payable in installments, the Association has an Assessment Lien for each



installment from the time it becomes due, including the due date set by the Executive Board's acceleration of installment obligations. An Assessment Lien is extinguished unless proceedings to enforce the lien are instituted within 6 years after the full amount of Assessments becomes due.

9.3 Lien Superior to Homestead and Other Exemptions. An Assessment Lien shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Colorado or any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said Assessment Lien.

9.4 Priority of Lien. An Assessment Lien is prior to all other liens and encumbrances on a Lot except as follows:

9.4.1 Liens and encumbrances Recorded before the recordation of this Declaration;

9.4.2 A security interest on the Lot which has priority over all other security interests on the Lot and which was Recorded before the date on which the Assessment sought to be enforced became delinquent. An Assessment Lien is prior to the security interest described in the preceding sentence to the extent of an amount equal to the Regular Assessments (based on a Budget adopted by the Association pursuant to Section 10.7 below) which would have become due, in the absence of any acceleration, during the six (6) months immediately preceding institution by the Association or any party holding a lien senior to any part of the Association lien created under this Article 10 of an action or a nonjudicial foreclosure either to enforce or to extinguish the lien;

9.4.3 Liens for real estate taxes and other governmental assessments or charges against the Lot; and

9.4.4 As may otherwise be set forth in the Act. The priority of mechanics' and materialmen's liens is not affected by the Act.

This Article 9 does not prohibit an action or suit to recover sums for which this Article 9 creates a lien or prohibits the Association from taking a deed in lieu of foreclosure. Sale or transfer of any Lot shall not affect the lien for an Assessment.

9.5 Perfection of Lien. The Recording of this Declaration and of each Supplemental Declaration constitutes record notice and perfection of the statutory lien. No further Recordation of any claim of lien for Assessments is required; however, a claim may be Recorded at the Association's option, in which event costs and attorneys' fees incurred in connection with the preparation and filing of such claim shall be assessed against the Lot as a Reimbursement Assessment.

9.6 Regular Assessments.

9.6.1 A Regular Assessment shall be made annually against each Lot, based upon an annual Budget prepared by the Executive Board, for purposes of paying (i) the annual costs of operating and administering the Association and of all other Common Expenses; (ii) reasonable reserves for contingencies, replacements, and other proper purposes; (iii) the costs of services rendered or expenditures incurred by the Association to or for less than all Lots, which costs and expenses shall be assessed only to the Lots benefitted and then equally among them; (iv) the costs of improving or maintaining Limited Common Areas, and reasonable reserves for such costs, which costs shall be assessed only to the Lots designated for the use of said Limited Common Area; and (v) such other matters as may be reasonably determined by the Executive Board to be the subject of a Regular Assessment;

9.6.2 Regular Assessments shall be allocated in accordance with the Allocated Interests of each Lot in the Common Interest Community, except that (i) any Common Expense or portion thereof benefitting fewer than all of the Lots shall be assessed exclusively against the Lots benefitted; and (ii) the costs of insurance shall be assessed in proportion to risk, and the costs of utilities shall be assessed in proportion to usage. If Common Expense liabilities are reallocated, Common Expense Assessments and any installment thereof not yet due shall be reallocated in accordance with the reallocated Common Expense liabilities.

9.6.3 Regular Assessments shall be levied on a calendar year basis, except that the initial Regular Assessment period shall commence on the first day of the calendar month or quarter in which the first Lot is conveyed by Declarant to a Person other than Declarant. Regular Assessments shall be paid in installments on a monthly, quarterly, semi-annual, or annual basis, as the Executive Board may determine from time to time, and shall be due on such dates as may be determined from time to time by the Executive Board. Unless and until changed as authorized hereby, Regular Assessments shall be due and payable on the first day of each calendar quarter. Any Lot Owner acquiring a Lot between installment due dates shall pay a pro rata share of the immediately preceding installment.

9.6.4 The Executive Board shall fix the amount of the Regular Assessment, using the Budget procedure described below, at least thirty (30) days before the end of each calendar year. Written notice of the Regular Assessment shall be sent to each Owner. Failure of the Executive Board timely to fix and levy the Regular Assessment for any year or to send a notice thereof to any Owner shall not relieve or release any Owner from liability for payment of Regular Assessments or any installments thereof for that or subsequent years as soon as the Executive Board levies the Regular Assessment and provides notice thereof.



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9.6.5 Any surplus funds remaining after payment of or provision for Association expenses and any prepayment of or provision for reserves shall be carried forward as a credit against the next year's Budget.

9.7 Association Budget. During the last six (6) months of each year, the Executive Board shall prepare or cause to be prepared an operating budget (the "Budget") for the next calendar year. The Budget shall provide for the allocation of any surplus funds remaining from any previous Budget period. Within thirty (30) days after adoption of any proposed Budget for the Association, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the Budget to all of the Lot Owners and shall set a date for a meeting of the Lot Owners to consider ratification of the Budget not less than fourteen (14) nor more than sixty (60) days after the mailing or other delivery of the summary. Such meeting may, but need not be, concurrent with the annual meeting of the Members as provided in the Bylaws. Unless at that meeting a majority of all Lot Owners reject the Budget, the Budget shall be ratified, whether or not a quorum of Owners is present. In the event that the proposed Budget is rejected, the Budget last ratified by the Lot Owners shall be continued until such time as the Lot Owners ratify a subsequent Budget proposed by the Executive Board.

9.8 Special Assessments. In addition to the Regular Assessments and Reimbursement Assessments authorized in this Article 9, the Executive Board may levy, in any assessment year, a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, maintenance or replacement of capital improvements (including related fixtures and personal property and including, without limitation, irrigation systems, ditches, and ditch systems) to or upon or serving the Common Interest Community, or for excess reconstruction costs or other extraordinary expenses, or for funding any operating deficit of the Association. Except in the event of an emergency, where no membership vote shall be required, the Executive Board shall not levy a Special Assessment without the approval of the Lot Owners in the Common Interest Community as provided below.

Written notice of any meeting called for the purpose of levying a Special Assessment shall be sent to all Owners no less than thirty (30) or more than fifty (50) days before the meeting. At the meeting, the presence of Owners in person or by proxy that are entitled to cast sixty percent (60%) of the total votes in the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called pursuant to the same notice requirement, and the required quorum at this second meeting shall be only thirty percent (30%) of the total votes in the Association. No such second meeting shall be held more than sixty (60) days following the date of the first meeting.

Provided a quorum of Owners entitled to vote is present in person or by proxy, in accordance with the quorum requirements set forth in the preceding paragraph, then the affirmative vote of a majority of the Owners so present shall constitute approval of the proposed Special Assessment.

For purposes of this Section 9.9, the term "emergency" shall mean any circumstances or set of circumstances which pose an imminent threat of loss, damage or injury, actual or threatened, to persons or property. Special Assessments shall be allocated in the same manner as Regular Assessments, that is, in accordance with the Allocated Interests of each Lot in the Common Interest Community, and shall be due and payable to the Association on the due date fixed by the Executive Board in the notice given to the Owners of such Special Assessment, which due date shall be no earlier than thirty (30) days after the giving of such notice.

9.9 Reimbursement Assessments. In addition to the Regular and Special Assessments authorized hereunder, the Executive Board may levy against any Owner or Owners, at any time and from time to time, a Reimbursement Assessment for purposes of reimbursing the Association for all costs and expenses incurred by it in enforcing any provision of or in remedying any violation of this Declaration, or of any Supplemental Declaration, the Articles, Bylaws, Rules and Regulations or Design Guidelines, or any approvals granted by the Design Review Committee, by such Owner or Owners, their Occupant(s), or their agents, employees or contractors. Reimbursement Assessments may also be made by the Executive Board for any other purpose for which this Declaration provides for the levying of a Reimbursement Assessment. Finally, and in addition to the foregoing, a Reimbursement Assessment may also be levied in the form of a reasonable fine against an Owner for a violation of this Declaration, a Supplemental Declaration, the Articles, Bylaws, or the Rules and Regulations, but only after the Owner(s) to be so fined have been provided with Notice and Hearing. Reimbursement Assessments shall be due and payable to the Association on the due date fixed by the Executive Board in the notice given to the Owner(s) of such Reimbursement Assessment, which date shall be no later than thirty (30) days after the giving of such notice.

9.10 Effect of Nonpayment of Assessments; Remedies of the Association. Any Assessment or portion or installment thereof which is not paid when due (or for which a bad check is issued) shall be deemed delinquent and shall bear interest from and after the due date at the rate of interest set by the Executive Board from time to time, which shall not be less than twelve percent (12%) nor more than twenty-one percent (21%) per year, and the Executive Board may also assess a late charge (and/or a bad check charge) thereon. The Executive Board may also elect to accelerate the installment obligations of any Regular Assessment for which an installment is delinquent. The Executive Board may also suspend the delinquent Owner's use of the Common Areas and Association services or benefits. The delinquent Owner shall also be liable for of all costs, including attorneys' fees, which may be incurred by the Association in collecting a delinquent Assessment, which collection costs shall be added to the delinquent Assessment. The Executive Board may but shall not be required to record a Notice of Delinquent Assessment or charge against any Lot as to which an Assessment or charge is delinquent. The Notice shall be executed by an officer of the Executive Board, and shall set forth the amount of the unpaid Assessment or charge, the name of the delinquent Owner and a description of the Lot.

The Assessment Lien may be foreclosed by the Association in the same manner as a mortgage on real property. The Association shall be entitled to purchase the Lot at foreclosure. The Association may also bring an action at law against the Owner personally obligated to pay the



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delinquent Assessment and/or foreclose the lien against said Owner's Lot in the discretion of the Association. No Owner may exempt himself or otherwise avoid liability for the Assessments provided for herein by waiver of the use or enjoyment of any of the Common Areas or by abandonment of the Lot against which the Assessments are made. Where Assessments that are due from any Owner are more than ninety (90) days delinquent, the Executive Board may temporarily suspend any or all Association services or benefits to the delinquent Owner and his Lot, including the right to use Common Areas, until all delinquent Assessments are fully paid.

In any action by the Association to collect Assessments or to foreclose a lien for unpaid Assessments, the court may appoint a receiver to collect all sums alleged to be due from the Lot Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Regular Assessments.

9.11 Statement of Unpaid Assessments. The Association shall furnish to an Owner or such Owner's designee or to a holder of a security interest or its designee upon written request, delivered personally, by facsimile transmittal, or by certified mail, first class postage prepaid, return receipt requested, a written statement setting forth the amount of unpaid Assessments currently levied against such Owner's Lot, whether delinquent or not. The statement shall be furnished within fourteen (14) days after receipt of the request and is binding on the Association, the Executive Board, and every Owner. If no statement is furnished and either delivered personally, by facsimile transmission or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a lien upon the Lot for unpaid Assessments which were due as of the date of the request. The Executive Board shall have the right from time to time to establish a reasonable administrative charge for the issuance of such statements.

9.12 Assessments for Tort Liability. In the event of any tort liability against the Association which is not covered completely by insurance, each owner shall contribute for the payment of such liability as a Special Assessment. The Association may, however, require a larger contribution from fewer than of all Owners under any legal or equitable principles regarding liability for negligent or willful acts or omissions.

ARTICLE 10. GENERAL PROVISIONS

10.1 Term of Declaration. Unless amended as herein provided, each provision contained in this Declaration shall continue and remain in full force and effect until December 31, 2060, and thereafter shall be automatically extended for successive periods of ten (10) years each unless terminated by the vote, and written ballot, of Members to which at least seventy-five percent (75%) of the votes in the Association are allocated. In the event this Declaration is terminated, the termination of this Declaration shall be evidenced by a termination agreement ("Termination Agreement"), or ratification thereof, executed by the requisite number of Owners. The Termination Agreement shall specify a date after which the Termination Agreement will be void unless Recorded

before such date. The Termination Agreement shall be Recorded and the termination of this Declaration shall be effective upon such Recording.

10.2 Amendment of Declaration by Declarant. Until the first Lot subject to this Declaration has been conveyed by Declarant by a Recorded deed, any of the provisions, covenants, conditions, restrictions, and equitable servitudes contained in this Declaration may be amended or terminated by Declarant by the Recordation of a written instrument, executed by Declarant, setting forth such amendment or termination. After the conveyance of the first Lot, the Declarant may amend the provisions, covenants, conditions, restrictions and equitable servitudes contained in this Declaration without the consent of the Members only in accordance with the Act.

10.3 Amendment of Declaration by Members. Except as otherwise provided in this Declaration, and subject to provisions elsewhere contained in this Declaration requiring the consent of Declarant or others, any provision, covenant, condition, restriction, or equitable servitude contained in this Declaration may be amended or repealed at any time and from time to time upon the vote or agreement of Members to which more than fifty percent (50%) of the votes in the Association are allocated. The approval of any such amendment or repeal shall be evidenced by the certification by the Members to the Executive Board of the Association of the votes of Members. The amendment or repeal shall be effective upon the Recordation of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Association setting forth the amendment or repeal in full and certifying that the amendment or repeal has been approved by the Members. Any Amendment to this Declaration shall be effective only when Recorded. All amendments hereto shall be indexed in the Grantee's index in the name of Declarant and the Association and in the Grantor's index in the name of each Person executing the amendment.

10.4 Amendments Requiring Consent of Town. Notwithstanding Sections 10.2 and 10.3 hereof, there shall be no amendment or modification of Sections 3.12, 3.17, 3.19, 4.8, 10.4 or 10.11 hereof without the prior written consent of the Town. Any purported amendment or modification of any of such Sections without first obtaining the consent of the Town shall be void ab initio.

10.5 Amendment of Articles and Bylaws. The Articles of Incorporation and Bylaws may be amended in accordance with the provisions set forth in such instruments or, in the absence of such provisions, in accordance with applicable provisions of the Colorado Nonprofit Corporation Act.

10.6 Alternative Dispute Resolution. Except as may otherwise be provided herein and after exercising all rights and remedies provided hereunder or under the Bylaws, any claim, controversy, or dispute over any Special Assessment or Reimbursement Assessment, or any decision of the Design Review Committee, or any other matters as the Association and the affected party may agree, shall be resolved by binding arbitration in accordance with the Colorado Arbitration Act. The parties to such dispute shall agree upon a single arbitrator who shall be an experienced operator or manager of a Planned Community. In the event the parties are unable to agree upon an arbitrator within sixty (60) days after written notice, the presiding Judge of the District Court of the County shall appoint an arbitrator qualified as set forth herein upon application by a party. Judgment upon

the determination of the arbitrator shall be entered by the District Court for the County. Any and all discovery conducted in conjunction with such arbitration shall be in accordance with the limited discovery provisions of the Colorado rules of Civil Procedure.

10.7 Rights of First Mortgagees. Upon the filing of a written request therefor with the Association, the holder of a First Mortgage on any Lot in the Common Interest Community shall be entitled to:

10.7.1 Written notice from the Association that the Owner of the subject Lot is delinquent in the payment of Assessments thereon;

10.7.2 Inspect the books and records of the Association during normal business hours;

10.7.3 Receive copies of annual Association financial statements;

10.7.4 Receive written notice of meetings of the Association where matters will be considered that, if approved, will require the consent of First Mortgagees or some of them;

10.7.5 Receive written notice of condemnation proceedings affecting any Common Areas; and

10.7.6 Receive written notice of the lapse of any insurance that the Association is required to maintain under this Declaration.

In addition, any First Mortgagee shall be entitled to pay any taxes or other charges which are in default and which may or have become a lien against the Common Areas and may pay any overdue premiums on hazard or general liability insurance policies covering the Common Areas, and shall be entitled to immediate reimbursement therefore from the Association, unless the Association is contesting any unpaid taxes or other charges and has set aside sufficient funds to pay the contested amounts if necessary.

10.8 Association Right to Mortgage Information. Each Owner hereby authorizes any First Mortgagee holding a Mortgage on such Owner's Lot to furnish information to the Association concerning the status of such First Mortgage and the loan which it secures.

10.9 Notice. Each Lot Owner, and each First Mortgagee if it so elects, shall register its mailing address from time to time with the Association. Except as otherwise specifically provided in this Declaration, any notice permitted or required to be given hereunder shall be in writing and may be delivered either personally, or by facsimile transmissions, or by mail. Notices delivered personally or sent by facsimile transmission shall be deemed given on the date so delivered or sent. If delivery is made by mail, it shall be deemed to have been delivered two (2) business days after a



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copy of the same has been posted in the first-class U.S. Mail with adequate postage affixed, addressed to the receiving party at the address last registered by such party with the Association, or in the case of a Lot Owner that has not provided such an address, to the Lot of that Owner. Notices to the Association shall be sent to such address as it may from time to time designate in writing to each Owner.

10.10 Persons Entitled to Enforce Declaration. The Association, acting by authority of the Executive Board, and any Member of the Association entitled to vote (as more fully provided herein) shall have the right to enforce any or all of the provisions, covenants, conditions, restrictions, and equitable servitudes contained in this Declaration against any property within the Common Interest Community and the Owner thereof. Notwithstanding the foregoing, prior to the enforcement of the terms and provisions of this Declaration by any Member, such Member shall provide the Association with thirty (30) days prior written notice of such Member's intention to do so. Such notice will state such Member's claim for enforcement under the Declaration. In the event the Association fails to initiate action on such Member's claim for enforcement within thirty (30) days of the Association's receipt of such notice, such member shall be entitled to proceed with the enforcement within thirty (30) days of the Association's receipt of such notice, such Member shall be entitled to proceed with the enforcement of such claim individually. The rights of enforcement provided herein shall include the right to levy fines and/or penalties as the Executive Board may reasonably determine and/or bring an action for damages as well as an action to enjoin any violation of any provision of this Declaration.

10.11 Enforcement Rights of Town. In addition to the enforcement rights set forth in Section 10.10 hereof, the Town shall have the right, but not the obligation, to enforce Sections 3.12, 3.17, 3.19 and 4.8 of this Declaration.

10.12 Recorded Easements. In addition to the easements described elsewhere in this Declaration, the recorded easements and licenses appurtenant to the Common Interest Community are set forth on Exhibit C attached hereto and made a part hereof by this reference.

10.13 Interpretation of Declaration and Supplemental Declarations. The provisions of this Declaration and of any Supplemental Declaration shall be liberally construed to effectuate its purposes of creating a common and general plan for the development, improvement, enhancement, protection and enjoyment of the Common Interest Community, and to the extent possible, shall be construed so as to be consistent with the Act. In the event that any of the terms and conditions of this Declaration or of any Supplemental Declaration are determined to be inconsistent with the Act, the Act shall control.

10.14 Violations Constitute a Nuisance. Any violation of any provision, covenant, condition, restriction, and equitable servitude contained in this Declaration, whether by act or omission, is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by any Person entitled to enforce the provisions of this Declaration.

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EXHIBIT C

Recorded Easements

1. All easements shown on the Final Plat of Castle Ridge P.U.D.
2. Easements and rights-of-way created or reserved in United States Patents recorded in Book 12 at Page 76, Book 12 at Page 384, and Book 71 at Page 358.
3. Undivided one-half interest in all oil, gas and other minerals as reserved in instrument recorded in Book 651 at Page 165.
4. Terms and conditions of Declaration of Limitation on Use recorded in Book 975 at Page 351.

All recordings are in the office of the Clerk and Recorder of Garfield County, Colorado.