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Cheri Brunvand – Summit County Recorder
51 Pages
10/16/2009 10:16 AM
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DECLARATION

OF COVENANTS, CONDITIONS AND RESTRICTIONS OF

THE SOLARADO TOWNHOMES
(A Residential Planned Community)

County of Summit
State of Colorado

Upon recordation, return to:
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DECLARATION
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THIS DECLARATION OF COVENANTS CONDITIONS AND RESTRICTIONS OF THE SOLARADO TOWNHOMES ("Declaration") is made as of the date set forth below on the signature page hereto by Ptarmigan Housing, LLC, a South Dakota limited liability company ("Declarant").

RECITALS

A. Declarant is owner of that certain real property located in the Town of Silverthorne, County of Summit, State of Colorado, more particularly described on the attached **Exhibit A** ("Property").

B. Declarant desires to create a planned community pursuant to the Colorado Common Interest Ownership Act, as set forth in Colorado Revised Statute § 38-33.3-101 *et seq.* ("Act"), as amended from time to time, on the Property, the name of which is Solarado Townhomes.

ARTICLE 1
DECLARATION AND SUBMISSION

Declarant hereby declares that the Property shall be held, sold and conveyed subject to the following covenants, restrictions and easements which shall run with the land and be binding on all parties and heirs, successors and assigns of parties having any right, title or interest in all or any part of the Property. Additionally, Declarant hereby submits the Property to the provisions of the Act, in order to create a planned community.

ARTICLE 2
DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration shall have the following meanings:

Section 2.1 "Affordable Housing Covenant" means the Residential Housing Restrictive Covenant and Notice of Lien for the Solarado Townhomes recorded against title to the Property and any Unit hereunder. The Affordable Housing Covenant places certain resale and occupancy restrictions on the Units as set forth and identified in the Affordable Housing Covenant.

Section 2.2 "Agency" means any agency or corporation such as the U.S. Department of Housing and Urban Development ("HUD"), U.S. Veterans' Administration ("VA"), Federal National Mortgage Association ("FNMA") or Federal Home Loan Mortgage Corporation ("FHLMC") that purchases or insures residential mortgages.

Section 2.3 "Allocated Interest" means the Common Expense liability and the votes in the Association that are allocated to each of the Units in the Project. The formulas used to establish the Allocated Interests are as follows:

2.3.1 *Common Expense Liability.* All Common Expenses shall be levied against Units on the basis of a fraction, the numerator of which is one (1) and the denominator of which is the total number of Units then within the Planned Community.

2.3.2 *Votes.* Owners shall be entitled to one (1) vote for each Unit owned within the Planned Community.

Section 2.4 "Articles" means the Amended Articles of Incorporation for Solarado Townhomes Homeowner Association, Inc., a Colorado nonprofit corporation, currently on file with the Colorado Secretary of State, and any amendments that may be made to those Articles from time to time.

Section 2.5 "Assessments" means the Annual Assessments, Special Assessments and Default Assessments levied pursuant to Article 11 below. Assessments are also referred to as a Common Expense Liability as defined under the Act.

Section 2.6 "Association" means the Solarado Townhomes Homeowner Association, Inc., a Colorado nonprofit corporation, and its successors and assigns.

Section 2.7 "Association Documents" means this Declaration, the Articles, the Bylaws, the Map, any Alteration Guidelines (as defined in Article 16 below), and any budget, procedures, rules, regulations or policies adopted under such documents by the Association.

Section 2.8 "Board" means the governing body of the Association.

Section 2.9 "Building(s)" means any building constructed on the Property containing the Units.

Section 2.10 "Bylaws" means the Bylaws adopted by the Association, as amended from time to time.

Section 2.11 "Clerk and Recorder" means the office of the Clerk and Recorder in the County of Summit, State of Colorado.

Section 2.12 "Common Areas" means all of the Property and any Improvements thereon except the Units. The Common Areas shall be owned and/or maintained by the Association and held for the common use and enjoyment of the Owners unless otherwise provided herein (e.g., Limited Common Areas defined below).

The term Common Areas as used herein is synonymous with the term Common Elements as the latter term is used in the Act.

2.12.1 Notwithstanding the foregoing, certain of the Common Areas may be LIMITED COMMON AREAS which are either limited to or reserved in this Declaration, in a recorded amendment to this Declaration executed by Declarant pursuant hereto, or by authorized action of the Association, for the exclusive use of an Owner, or are limited to and reserved for the common use of more than one (1) but fewer than all Owners.

2.12.2 Notwithstanding the foregoing, an LCA Parking Space (as defined below) shall be allocated to a Unit either (a) by designation on the Map, or (b) pursuant to a conveyance deed from Declarant to a buyer of the Unit in accordance with Section 15.2 below.

Section 2.13 "Common Expenses" means (a) all expenses expressly declared to be common expenses by this Declaration or the Bylaws, (b) all other expenses of administering, servicing, conserving, managing, maintaining, repairing or replacing the Common Areas, (c) insurance premiums for the insurance carried under Article 10 below, and (d) all expenses lawfully determined to be Common Expenses by the Board.

Section 2.14 "County" means the County of Summit, State of Colorado.

Section 2.15 "Declarant" means Ptarmigan Housing, LLC, a South Dakota limited liability company, and any of its successors or assigns who have received an assignment of Declarant's rights pursuant to the Act.

Section 2.16 "Declaration" means this Declaration and the Map, and amendments and supplements to the foregoing.

Section 2.17 "Eligible Mortgagee" means a holder, insurer or guarantor of a First Mortgage who has delivered a written request to the Association containing its name, address, the legal description and the address of the Unit encumbered by its First Mortgage, requesting that the Association notify them on any proposed action requiring the consent of the specified percentage of Eligible Mortgagees.

Section 2.18 "First Mortgage" means any Mortgage the priority of which is not subject to any monetary lien or encumbrance except liens for taxes or other liens that are given priority by statute.

Section 2.19 "First Mortgagee" means any Person named as a Mortgagee in any First Mortgage.

Section 2.20 "Improvements" means all buildings, residences, structures, patios, walls, fences and other improvements of any nature located or hereafter located on the Property.

Section 2.21 "LCA Parking Space" means a parking space depicted and numbered on the Map that has been allocated for exclusive use to one or more, but fewer than all, of the Units in the Project. An LCA Parking Space shall be allocated to a Unit either (a) by designation on the Map, or (b) pursuant to a conveyance deed from Declarant to a buyer of the Unit in accordance with Section 15.2 below.

Section 2.22 "Manager" means a Person engaged by the Association to perform certain duties, powers or functions of the Association, to the extent the Board may authorize from time to time.

Section 2.23 "Map" means that certain plat of The Solarado Planned Community (a Resubdivision of Lot 1, Solorado Subdivision) prepared in accordance with the Act and recorded with the Clerk and Recorder concurrently herewith, depicting a plan for all or a part of the Property subject to this Declaration, as identified on Exhibit A hereto, and any supplements and amendments thereto.

Section 2.24 "Member" means every Person that holds membership in the Association by virtue of ownership of a Unit.

Section 2.25 "Mortgage" means any mortgage, deed of trust or other document conveying any Unit or interest therein to a Mortgagee, but only as security for payment of a debt or obligation and not intended to initially convey fee simple title thereof.

Section 2.26 "Mortgagee" means any Person named as a mortgagee or beneficiary in any Mortgage, or any successor to the interest of any such Person under such Mortgage.

Section 2.27 "Owner" means the owner of record, whether one or more persons or entities, of fee simple title to any Unit, and "Owner" also includes the purchaser under a contract for deed covering a Unit with a current right of possession and interest in the Unit.

Section 2.28 "Owner's Agent" means members of the Owner's family, or the Owner's agent, employee, invitee, licensee or tenant.

Section 2.29 "Party Wall" means each wall that is built as a part of the original Improvements on a Unit Parcel within the Property and constructed on the parcel line between adjoining Units. Such wall shall be owned, used and maintained as more fully described in Section 8.9 hereof.

Section 2.30 "Person(s)" means any natural person or any legal association of persons including, but not limited to, partnerships, limited partnerships, corporations, limited liability entities or associations recognized under Colorado law.

Section 2.31 "Project" means the planned community created by this Declaration and as shown on the Map consisting of the Units and the Common Areas.

Section 2.32 "SCHA" means Summit Combined Housing Authority.

Section 2.33 "Successor Declarant" means (a) any Person to whom Declarant assigns any or all of its rights, obligations or interest as Declarant, as evidenced by an assignment or deed of record executed by both Declarant and the transferee or assignee and recorded with the Clerk and Recorder, and (b) any Mortgagee holding a Mortgage encumbering that portion of the Project owned by Declarant at such time as said Mortgagee shall gain title to said portion of the Project through foreclosure or deed in lieu of foreclosure.

Section 2.34 "Supplemental Declaration" means an instrument that amends this Declaration in accordance with the amendment provisions herein or under the Act if not otherwise provided herein.

Section 2.35 "Supplemental Map" means a supplemental Map of the Project that depicts any change in the Project through a Supplemental Declaration, or which otherwise corrects or amends the Map in accordance with the Act.

Section 2.36 "Unit" means each Unit Parcel shown on the Map and all of the Improvements now and hereafter located on a Unit Parcel. Each Unit shall consist of the ownership interest in the Unit subject to the party wall provisions set forth in Section 8.9 below.

Section 2.37 "Unit Parcel" means that portion of the Property, as depicted on the Map, that identifies the location of the Improvements that constitute a Unit. Each Unit Parcel is depicted on the Map with the initial Unit Parcels being labeled as 1A, 1B, 2A, 2B, 3A, 3B, 4A and 4B. Each Unit Parcel constitutes a part of the Unit along with the Improvements thereon.

Each capitalized term not otherwise defined in this Declaration or on the Map shall have the same meanings specified or used in the Act.

ARTICLE 3
NAME, DIVISION INTO UNITS; COMMON AREAS

Section 3.1 Name.

The name of the Project is the Solarado Townhomes. The Project is a planned community pursuant to the Act.

Section 3.2 Association.

The name of the Association is Solarado Townhomes Homeowner Association, Inc. Declarant has caused the Association to be incorporated as a nonprofit corporation under the laws of the State of Colorado.

Section 3.3 Number of Units.

The Project shall initially consist of eight (8) Units. In accordance with Declarant's rights to expand this planned community regime, the Project may consist of a maximum of ten (10) units.

Section 3.4 Identification of Units.

The identification number of each Unit is shown on the Map. Each Unit Parcel, which constitute a component of each Unit, is further described on the Map.

Section 3.5 Transfer of Title to the Common Areas.

Declarant intends to convey to the Association title to the Common Areas at some stage after the conveyance of the first Unit within the Planned Community to an Owner other than Declarant.

The Association shall accept title to said Common Areas and agrees to own and maintain any property, including all Common Area Improvements located thereon, and personal property relating thereto, transferred to the Association by Declarant as Common Areas, together with the responsibility to perform any and all 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 licenses.

Section 3.6 Transfer.

Any contract of sale, deed, lease, Mortgage, will or other instrument affecting a Unit may describe it as follows:

> UNIT NO.______, SOLARADO TOWNHOMES, County of Summit, State of Colorado, according to the plat of The Solarado Planned Community recorded on ____________, 2009, at Reception No. ________________, and the Declaration of Covenants, Conditions and Restriction of The Solarado Townhomes, recorded on _____________, 2009, at Reception No. _________, both in the records of the Clerk and Recorder of the County of Summit, Colorado, as amended from time to time.

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

Section 3.7 Affordable Housing Covenant.

Notwithstanding any provision in this Declaration to the contrary, the terms and conditions set forth in the Affordable Housing Covenant shall control as it relates to each Unit. Notwithstanding any provision in this Declaration to the contrary, any lien of the Association granted, created or established by this Declaration or by law is hereby made subject and subordinate to the Affordable Housing Covenant as it relates to each Unit. Upon the written request of the Town of Silverthorne or Summit Combined Housing Authority ("SCHA"), the Association shall execute and deliver any certificate or other instrument that the Town of Silverthorne or SCHA may reasonably request to confirm such subordination. This Section 3.7 shall not be amended except with the written consent of the Town of Silverthorne and SCHA.

ARTICLE 4
USE RESTRICTIONS

Section 4.1 Home Office.

Each Owner shall be entitled to the exclusive ownership and possession of their Unit. Each Unit shall be used and occupied primarily as a residence. No industry, business, trade, occupation, or profession of any kind, commercial, religious, educational, or otherwise, designed for profit, altruism, exploration, or otherwise, shall be conducted, maintained, or permitted in any Unit except as hereinafter expressly provided. The foregoing shall not, however, be construed in such a manner as to prohibit an Owner from: (a) maintaining their personal professional library in a Unit; (b) keeping their personal business or professional records or accounts in a Unit; (c) handling their personal business or professional telephone calls or correspondence from a Unit; (d) maintaining a computer or other office equipment within a Unit; or (e) utilizing administrative help or meeting with business or professional associates, clients, or customers in a Unit. Any accessory business use of a Unit, permitted by this Section 4.1, must be in compliance with all applicable statutes, ordinances and governmental regulations, must not have any adverse impact on the Association (including, but not limited to, unreasonable use of the Common Areas and insurance concerns) and must be conducted in accordance with this Declaration, the Bylaws, and any rules and regulations of the Association. Subject to Declarant's reserved rights herein, the Board may establish and enforce additional reasonable rules and regulations related to the conduct of business and other activities within the Project premises, including the Units.

Section 4.2 Leasing.

Subject to the Affordable Housing Covenant, an Owner shall have the right to lease their Unit in its entirety upon such terms and conditions as the Owner may deem advisable; *provided, however*, that (a) no leases shall be made for less than a three-month period (excepting a hold-over month-to-month tenancy following the expiration of a lease term), (b) all leases shall be in writing and shall provide that the lease is subject to the terms of this Declaration, the Bylaws and any rules and regulations of the Association, (c) a Unit may be leased only for the uses provided hereinabove, and (d) any failure of a lessee to comply with the terms of this Declaration or any other Association Documents shall be a default under the lease enforceable by the Association, whether or not the lease contains such a provision. The Board may adopt further rules regarding the leasing the Units that are not inconsistent with the terms of this Declaration or the Affordable Housing Covenant.

Section 4.3 Pets.

No household pet or animal shall be allowed in or about the Project, including the Common Areas, at any time without close supervision by an Owner. The Board may prohibit keeping within a Unit certain breeds or kinds of dogs, cats and birds, and other pets, restrict the size of such pets, and impose conditions and restrictions upon keeping such pets, based upon a specific determination that such type or size of pet or that more than one of a particular type of pet may constitute a safety concern or nuisance to other Owners. Owners shall be responsible for strict compliance with all laws and any rules or regulations adopted from time to time by the Board related to pet ownership, including any regulation wholly excluding or limiting the number or type of pets allowed, and shall ensure their pet does not interfere with other Owners' quiet use and enjoyment of the Project. Owners will be held responsible for any litter, waste, mess or damage created by their pets in the Common Areas and for any offensive noises created by their pets. An Owner's right to keep household pets shall be coupled with the responsibility to pay for any damage caused by such Owner's pet(s), as well as any costs incurred by the Association as a result of such pet(s), and any such amounts shall be and constitute a Default Assessment subject to and enforceable by the Association in accordance with this Declaration.

Section 4.4 Structures.

Except as hereinafter provided and except as reserved by Declarant hereunder: (a) no structure of a temporary character, including, but not limited to, a house trailer, tent, shack, storage shed, enclosure or outbuilding, shall be placed or erected upon or within any Unit or within the Common Areas, (b) no Unit shall be occupied in any manner at any time prior to being fully completed, and (c) no Unit when completed shall be in any manner occupied until made to comply with all requirements, conditions, and restrictions set forth herein. However, during the actual construction, alteration, repair or remodeling of a Unit, necessary temporary structures for storage of materials may be erected and maintained by the person doing such work, subject to the prior written approval of the Board as to the storage situs and method. The work of constructing, altering or remodeling any Unit shall be prosecuted diligently from the commencement thereof until completion.

Section 4.5 Miscellaneous.

4.5.1 No advertising or signs of any character shall be erected, placed, permitted, or maintained on any Unit other than an appropriate identifying number, except to the extent the foregoing is in conflict with applicable law, except for rights reserved by Declarant hereunder, and except as approved by the Board.

4.5.2 No clotheslines, dog runs, drying yards, service yards, woodpiles or storage areas (except as depicted on the Map) shall be so located on any Unit or on the Common Areas, including balconies, as to be visible from a street, from any other Unit, or from the Common Areas unless approved by the Board.

4.5.3 Absent Board approval, all types of refrigerating, cooling, or heating apparatus shall be concealed within the Unit and in no event may such an apparatus be placed upon the Common Areas, except for a single cooling condenser serving each Unit, and except as originally constructed by Declarant.

4.5.4 Absent Board approval, no wind generators of any kind shall be constructed, installed, erected or maintained within the Project.

4.5.5 A vehicle may be parked on the Property only if such vehicle is on functioning wheels and completely fits within and is kept within the boundaries of an authorized parking space. The foregoing restriction shall not restrict trucks or other commercial vehicles within the Property that are necessary for the construction or for the maintenance of the Common Areas, Units or any improvements located thereon.

4.5.6 Except as hereinabove provided, no abandoned or inoperable passenger cars or other vehicles of any kind shall be stored or parked within the Project. An "abandoned or inoperable vehicle" shall be defined by the Board by adoption of rules and regulations for the Association.

4.5.7 The Board is authorized to adopt rules, regulations and policies setting forth additional restrictions on the parking and storage of vehicles within the Project, the storage of materials within the Project, and the performance of work and placement of vehicles within the LCA Parking Spaces. LCA Parking Spaces can only be leased to Owners, Unit tenants and the Association; *provided, however*, that this limitation on leasing shall not apply to the Declarant.

4.5.8 The Association is authorized to adopt rules, regulations and policies setting forth additional restrictions on the use of parking spaces, and the use of the Common Areas.

4.5.9 No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting, or servicing of any kind of vehicles, trailers or boats, may be performed or conducted within the Project.

ARTICLE 5
MEMBERSHIP AND VOTING RIGHTS; ASSOCIATION OPERATIONS

Section 5.1 The Association.

Every Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Unit, except as provided in Section 5.2 below.

Section 5.2 Transfer of Membership.

Except as provided in the Affordable Housing Covenant, or approved by the Association and in order to meet Agency requirements, an Owner shall not transfer, pledge or alienate their membership in the Association in any way, except upon the sale or encumbrance of their Unit and then only to the purchaser or Mortgagee of their Unit. The Association shall not create a right of first refusal on any Unit and Owners may transfer ownership of their Units free from any such right, subject to the terms of the Affordable Housing Covenant.

Section 5.3 Membership and Voting.

The Association shall have one class of membership consisting of all Owners, including Declarant so long as Declarant continues to own an interest in a Unit. Except as otherwise provided for in this Declaration, each Member shall be entitled to vote in Association matters as set forth in Section 2.3 above. Each Owner, including Declarant while Declarant owns any Unit, is subject to all the rights and duties assigned to Owners under the Association Documents. Notwithstanding the number of Owners of record for any particular Unit, each Unit is entitled to one vote as further described in Section 2.3 above. Votes cannot be fractionally divided.

Section 5.4 Declarant Control.

Declarant shall be entitled to appoint and remove the members of the Board and the officers of the Association during the period of Declarant Control. "Declarant Control" begins six months prior to the recording of this Declaration. The period of Declarant Control of the Association shall terminate upon the first to occur of: (a) sixty days after conveyance by Declarant of seventy-five percent of the total number of Units that may be created in the Project to Owners other than a Declarant; (b) two years after the last conveyance of a Unit by a Declarant in the ordinary course of business; or (c) two years after any right to add new Units was last exercised by a Declarant. Declarant may voluntarily surrender the right to appoint and remove officers of the Association and members of the Board before termination of the period of Declarant Control, but, in that event, Declarant may require, for the duration of the period of Declarant Control, that specified actions of the Association or Board, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective.

Notwithstanding the period of Declarant Control, not later than sixty days after conveyance by Declarant of twenty-five percent of the total number of Units that may be created in the Project to Owners other than Declarant, at least one member and not less than twenty-five percent of the members of the Board will be elected by Owners other than a Declarant, and not later than sixty days after conveyance by Declarant of fifty percent of the total number of Units that may be created in the Project to Owners other than a Declarant, not less than thirty-three and one-third percent of the members of the Board will be elected by Owners other than a Declarant. Not later than the termination of the period of Declarant Control as provided above, the Owners (including Declarant) shall elect a Board of at least three members, at least a majority of whom must be Owners other than a Declarant or designated representatives of Owners other than a Declarant and the Board shall elect the officers, with such Board members and officers to take office upon election. Within sixty days after the Owners other than a Declarant elect a majority of the Board, Declarant shall deliver to the Association all property of the Owners and the Association held or controlled by Declarant, including, without limitation, those items specified in §303(9) of the Act.

Section 5.5 Books and Records.

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

Section 5.6 Manager.

The Association may employ or contract for the services of a Manager to whom the Board may delegate certain powers, functions or duties of the Association, as provided in the Bylaws. The Manager shall not have the authority to make expenditures except as directed by the Board.

Section 5.7 Rights of Action.

The Association on behalf of itself and any aggrieved Owner shall be granted a right of action against any and all Owners for failure to comply with the provisions of the Association Documents, or with decisions of the Board made pursuant to authority granted to the Association in the Association Documents. The Owners shall have a right of action against the Association for failure to comply with the provisions of the Association Documents, or with decisions of the Board made pursuant to authority granted to the Association in the Association Documents. In any action covered by this Section 5.7, the Association or any Owner shall have the right, but not the obligation, to enforce the Association Documents by any proceeding at law or in equity, or as set forth in the Association Documents, or by mediation or binding arbitration if the parties so agree. The prevailing party in any arbitration or judicial relief shall be entitled to reimbursement from the non-prevailing party or parties, for all reasonable costs and expenses, including attorneys' fees in connection with such arbitration or judicial relief. Failure by the Association or by any Owner to enforce compliance with any provision of the Association Documents shall not be deemed a waiver of the right to enforce any provision thereafter.

Section 5.8 Implied Rights and Obligations.

The Association may exercise any right or privilege expressly granted to the Association in the Association Documents, by the Act and by the Colorado Revised Nonprofit Corporation Act.

Section 5.9 Notice.

Except as set forth in Section 11.7 below, a notice to the Association or the Board shall be delivered to the office of the Manager, or, if there is no Manager, to the office of the Association, or to such other address as the Board may designate by written notice to all Owners and to all holders of security interests in the Units who have notified the Association that they hold a security interest in a Unit. Except as otherwise provided herein, all notices to any Owner shall be sent to the Owner's address as it appears in the records of the Association. All notices to holders of security interests in the Units shall be sent, except where a different manner of notice is specified elsewhere in the Association Documents, by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

ARTICLE 6
POWERS OF THE BOARD OF THE ASSOCIATION

Except as provided in the Bylaws, the Act and the Affordable Housing Covenant and subject to Declarant's reserved rights herein, the Board may act in all instances on behalf of the Association to:

Section 6.1 Adopt and amend rules and regulations regarding the use and enjoyment of the Common Areas and reasonable restrictions on the use of the Units;

Section 6.2 Adopt and amend budgets for revenues, expenditures and Assessments, subject to Section 11.2 below;

Section 6.3 Hire and terminate Managers and other employees, agents and independent contractors;

Section 6.4 Institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Project;

Section 6.5 Make contracts and incur liabilities, except that any contract providing for the services of Declarant may not exceed three years and must provide for termination by either party without cause and without payment of a termination fee on ninety days written notice unless a shorter notice period is mutually agreed to by the parties to the contract;

Section 6.6 Regulate the use, maintenance, repair, replacement and modification of the Common Areas;

Section 6.7 Cause additional improvements to be made as part of the Common Areas;

Section 6.8 Acquire, hold, encumber and convey in the name of the Association any right, title or interest to real or personal property, except that Common Areas may be conveyed or subjected to a security interest only if: (a) Members entitled to cast at least sixty-seven percent of the votes agree to that action; (b) the provisions of Article 17 are followed with respect to approval of First Mortgagees; and (c) all Owners to which any Limited Common Area is allocated agree to convey that Limited Common Area or subject it to a security interest;

Section 6.9 Grant easements, leases, licenses and concessions through or over the Common Areas;

Section 6.10 Impose and receive any payments, fees or charges for the use, rental or operation of the Common Areas;

Section 6.11 Impose charges for the late payment of Assessments, recover reasonable attorneys' fees and other legal costs for the collection of Assessments and other actions to enforce the powers of the Association, regardless of whether or not suit was initiated and, after notice and opportunity to be heard, levy reasonable fines for violations of the Association Documents;

Section 6.12 Impose reasonable charges for the preparation and recordation of amendments to this Declaration or for statements of unpaid Assessments;

Section 6.13 Provide for the indemnification of its officers and the Board and maintain directors' and officers' liability insurance;

Section 6.14 Assign its right to future income, including the right to receive Assessments;

Section 6.15 Enter into use and maintenance agreements with adjacent landowners for the use and maintenance of such landowners property;

Section 6.16 Exercise any other powers conferred by the Declaration or Bylaws;

Section 6.17 Exercise all other powers that may be exercised in this state by legal entities of the same type as the Association; and

Section 6.18 Exercise any other powers necessary and proper for the governance and operation of the Association.

ARTICLE 7
MECHANIC'S LIENS

Section 7.1 No Liability.

If any Owner shall cause any material to be furnished to their Unit, or any labor to be performed therein or thereon, no Owner of any other Unit, nor the Association, shall under any circumstances be liable for the payment of any expense incurred or for the value of any work done or material furnished. All such work shall be at the expense of the Owner causing it to be done, and such Owner shall be solely responsible to contractors, laborers, materialmen and other persons furnishing labor or materials to their Unit.

Section 7.2 Indemnification.

If, because of any act or omission of any Owner, any mechanic's or other lien or order for the payment of money shall be filed against the Common Areas or against any other Owner's Unit or an Owner or the Association (whether or not such lien or order is valid and enforceable as such), the Owner whose act or omission forms the basis for such lien or order shall, at their own cost and expense, cause the same to be canceled and discharged of record or bonded by a surety company reasonably acceptable to the Association, or to such other Owner or Owners, within twenty days after the date of filing thereof, and further shall indemnify and save all other Owners and the Association harmless from and against any and all costs, expenses, claims, losses or damages including, without limitation, reasonable attorneys' fees resulting therefrom.

Section 7.3 Association Action.

Labor performed or materials furnished for the Common Areas, if duly authorized by the Association in accordance with this Declaration or the Bylaws, shall be the basis for the filing of a lien pursuant to law against the Common Areas. Any such lien shall be limited to the Common Areas and no lien may be affected against a Unit.

ARTICLE 8
EASEMENTS

Section 8.1 Recorded Easements.

The Property shall be subject to all easements as shown on the Map or any plat, those of record, those provided in the Act (including easements for encroachment set forth in § 214 of the Act and an easement for maintenance of any such encroachment), and otherwise as set forth in this Article 8. In addition, pursuant to § 205(m) of the Act, the recording data for certain recorded easements and licenses to which the Project is or may become subject to are identified on the attached **Exhibit B.**

Section 8.2 Declarant's Rights Incident to Construction.

Declarant, for itself and its successors and assigns, the Association and/or for Owners, hereby reserves an easement for construction, utilities, drainage, ingress and egress over, in, upon, under and across the Common Areas, together with the right to store materials on the Common Areas, to build and maintain temporary walls, and to make such other use of the Common Areas as may be reasonably necessary or incident to any development and sale of the Units or improvements on the Property or other real property owned by Declarant, or other properties abutting and contiguous to the Property; *provided, however,* that no such rights shall be exercised by Declarant in a way which unreasonably interferes with the occupancy, use, enjoyment or access to the Project by the Owners.

Section 8.3 Utility Easements.

There is hereby created a blanket easement upon, across, over, in and under the Property for the benefit of the Common Areas, the Units, and the structures and improvements situated on the Property for ingress and egress, installation, replacing, repairing and maintaining all utilities, including, but not limited to, water, sewer, gas, telephone, cable television and electricity. Said blanket easement includes future utility services not presently available to the Units and the Common Areas which may reasonably be required in the future. By virtue of this easement, it shall be expressly permissible for the companies providing utilities to erect and maintain the necessary equipment on any of the Units and the Common Areas and to affix and maintain electrical and/or telephone wires, circuits, conduits and pipes on, above, across and under the roofs and exterior walls of the improvements, all in a manner customary for such companies in the area surrounding the Property, subject to approval by the Association as to locations which shall not be unreasonably withheld.

In addition to the foregoing, the Association shall have an easement over each Unit for the location, maintenance and operation of any utility providing service to the Common Areas, including, but not limited to, locating utility meters and/or controls on the outside wall of improvements constituting part of a Unit. Any utilities providing service to the Common Areas and billed to an Owner shall be paid by such Owner who will be reimbursed by the Association in such amounts as reasonably determined by the Board.

Certain utility meters separately servicing one Unit may be located on another Unit. For so long as there are utility meters servicing a Unit located on another Unit, the Owners of the Unit served by the utility meter, their tenants and agents, shall have an easement for the location, use and maintenance of, and reasonable access to, their respective utility meters.

Section 8.4 Reservation of Easements, Exceptions and Exclusions.

The Association is hereby granted the right to establish from time to time, by declaration or otherwise, utility and other easements, permits or licenses over the Common Areas for the best interest of all Owners and the Association. Each Owner is hereby granted a perpetual non-exclusive right of ingress to and egress from the Owner's Unit over and across the Common Areas and Limited Common Areas appurtenant to that Owner's Unit, which right shall be appurtenant to the Owner's Unit, and which right shall be subject to limited and reasonable restrictions on the use of such Common Areas set forth in writing by the Association, such as for closure for repairs and maintenance.

Section 8.5 Emergency Access Easement.

A general easement is hereby granted to all police, sheriff, fire protection, ambulance and other similar emergency agencies or Persons to enter upon the Property in the proper performance of their duties.

Section 8.6 Support Easements.

Each Unit is subject to a blanket easement for support and a blanket easement for the maintenance of structures or improvements presently situated or to be built in the future on the Property.

Section 8.7 Easements for Encroachments.

If any part of the Common Areas encroaches or shall hereafter encroach upon a Unit, an easement for the existence of such encroachment and for the maintenance of the same shall and does exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas, or upon another Unit, the Owner of that Unit shall and does have an easement for the existence of such encroachment and for the maintenance of same. The easement shall extend for whatever period of time the encroachment exists. Such easements for encroachments shall not be considered to be encumbrances either on the Common Areas or a Unit. Encroachments referred to herein include, but are not limited to, unintentional encroachments caused by error in the original construction of the Building(s), by error on the Map, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the

Project or any part thereof or by any other movement of any portion of the improvements located within the Project.

Section 8.8 Easement for Affordable Housing Covenant.

A general easement is hereby granted to the SCHA, its successors and assigns, to enter upon the Property, Common Areas and Units to administer, monitor, enforce and maintain all provisions of the Affordable Housing Covenant.

Section 8.9 Party Walls.

8.9.1 *Party Walls Defined.* There lie along and over the common boundaries of the Units common walls that, in conjunction with the footings underlying and those portions of the roof thereover, form a structural part of and physically joins the Improvements on each Unit Parcel (the "Party Walls"). The location of the Party Walls may be depicted on the Map.

8.9.2 *Ownership of Party Walls.* Each Unit shall be deemed to include that portion of a Party Wall extending from the exterior surface of the Party Wall which is inside the Unit Parcel to the portion of the Party Wall lying on the Unit Parcel line, together with the necessary easements for perpetual lateral and subjacent support, maintenance, repair and inspection of the Party Wall with equal rights of joint use.

8.9.3 *Protection of Party Walls.* No Owner shall have the right to destroy, remove or make any structural changes in a Party Wall that would jeopardize the structural integrity of any Improvement without the prior written consent of the affected Owners and any first mortgagees of said Owners. No Owner shall subject a Party Wall to the insertion or placement of timbers, beams or other materials in such a way as to adversely affect the Party Wall's structural integrity. No Owner shall subject a Party Wall to any use that in any manner whatsoever may interfere with the equal use and enjoyment of the Party Wall by the other Owner that owns a portion of the Party Wall. Notwithstanding the foregoing, all of the covenants and restrictions contained herein shall be subject to the special Declarant rights as set forth herein.

8.9.4 *Damage by Intentional or Negligent Act of Owner.* Should a Party Wall be structurally damaged or destroyed by the intentional act or negligence of an Owner (the "Responsible Owner") or the Responsible Owner's agent, contractor, employee, tenant, family member, licensee, guest or invitee, the Association shall rebuild and/or repair the Party Wall, and the Responsible Owner shall be responsible for paying the Association's cost to rebuild and/or repair the Party Wall. In addition, the Responsible Owner shall compensate the other Owner(s) for any damages sustained to person or property as a result of such intentional or negligent act.

8.9.5 *Damage from Other Causes.* Should a Party Wall be structurally damaged or destroyed by causes other than the intentional act or negligence of an Owner (or its agent, contractor, employee, tenant, family member, licensee, guest or invitee), the damaged or destroyed Party Wall shall be repaired or rebuilt by the Association at the joint expense of the Owners owning any portion of the Party Wall, each to pay an equal share of the cost thereof.

8.9.6 *No Encroachment.* In the event that any portion of any structure originally constructed by Declarant, including any Party Wall, shall protrude over an adjoining Unit, such structure shall not be deemed to be an encroachment upon the adjoining Unit nor shall any action be maintained for the removal of or for damage because of such protrusion. The foregoing shall also apply to any replacements of any Party Wall if the same are constructed substantially in conformity with the original Party Wall constructed by Declarant.

ARTICLE 9
MAINTENANCE

Section 9.1 Maintenance by Owners.

Each Owner shall maintain and keep in repair their Unit, including the fixtures therein, to the extent current repair shall be necessary in order to avoid damaging other Owners' property. All fixtures and equipment installed within a Unit shall be maintained and kept in repair by the Owner of such Unit. An Owner shall do no act or any work that will impair the structural soundness or integrity of the Common Areas or impair any easement. Each Owner shall maintain free from clutter and debris Limited Common Areas allocated to their Unit, including without limitation, decks and LCA Parking Spaces. The Association reserves the right to assign further maintenance responsibility to an Owner for certain areas of each Unit and of other Limited Common Areas allocated to the Owner, and such Owner is obligated to accept said maintenance responsibility, provided said assignment is done in a uniform and nondiscriminatory manner.

Section 9.2 Owner's Failure to Maintain or Repair.

In the event that a Unit (including its allocated Limited Common Areas, and other property assigned to the Owner of such Unit for maintenance pursuant to Section 9.1 above) is not properly maintained and repaired, and if the maintenance responsibility for the unmaintained portion of the property lies with the Owner of the Unit, or in the event that the Unit is damaged or destroyed by an event of casualty and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of those portions of the damaged or destroyed property for which the Owner is responsible to substantially the same condition in which they existed prior to the damage or destruction, then the Association, after notice to the Owner and with the approval of the Board (after a determination by the Board that the condition of such Unit [or other property] negatively impacts other Owners or the value of other Units within the Project) shall have the right to enter upon the Unit (or other property) to perform such work as is reasonably required to restore the Unit (or other property) to a condition of good order and repair. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Unit upon demand. All unreimbursed costs shall be a lien upon the Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for unpaid Assessments levied in accordance with Article 11 of this Declaration.

Section 9.3 Maintenance by Association.

9.3.1 The Association shall be responsible for the maintenance and repair of the Common Areas (except as set forth pursuant to Section 9.1 above and unless necessitated by damage caused by the negligence, misuse or tortious act of an Owner or Owner's Agent as set forth in Section 9.4 below), which shall be a Common Expense of all Owners; *provided,* *however*, that the Board may determine, in its discretion, that the cost of maintenance and repair of Limited Common Areas undertaken by the Association, if any, shall be an expense of the Owner(s) allocated the Limited Common Areas so maintained or repaired.

9.3.2 Except as provided in Section 9.1 above, Association maintenance shall include, but shall not be limited to, upkeep, repair and replacement, subject to any insurance then in effect, of all landscaping, gates, signage, irrigation systems, perimeter fencing, common utility facilities (including water and sewer), LCA Parking Spaces, sidewalks, driveways, trails within the Project, and other improvements located in the Common Areas. In the event the Association does not maintain or repair the Common Areas within thirty days after a written demand by Declarant, Declarant shall have the right, but not the obligation, to do so at the expense of the Association. If Declarant elects to conduct any maintenance or repair work on behalf of the Association, Declarant shall bill the Association for the costs of the work conducted, providing documentation of the charges incurred. The Association shall reimburse Declarant for the maintenance or repair within fifteen days of the Association's receipt of Declarant's invoice.

Section 9.4 Association Maintenance as Common Expense.

Except as otherwise provided herein, the cost of maintenance and repair by the Association shall be a Common Expense of all Owners, to be shared by each Owner according to the Allocated Interests therefor set forth pursuant to Section 2.3. Damage to the interior or any part of a Unit resulting from the maintenance, repair, emergency repair or replacement of any of the Common Areas or as a result of emergency repairs within another Unit at the instance of the Association shall also be a Common Expense of all Owners. However, if such damage is caused by the negligent or tortious acts of an Owner or Owner's Agent, then such Owner shall be responsible and liable for all of such damage and the cost thereof, to the extent that such Owner's or Owner's Agent's negligence or intentional conduct caused such damage, which costs must be timely paid.

Section 9.5 Easement for Maintenance.

Each Owner and the Association shall have the irrevocable right, to be exercised only by the Manager, the Board or officers or employees of the Association unless otherwise delegated in writing by the Association, to have access to each Unit from time to time during reasonable hours on reasonable notice as may be necessary for the maintenance, repair or replacement of any of the Common Areas, or at any hour for making emergency repairs, maintenance or inspection therein necessary to prevent damage to the Common Areas or another Unit. In the event insurance proceeds under Article 10 are payable to an Owner but the maintenance responsibility of the area to which such proceeds relate is the Association's, the Association shall complete any such repair or replacement at the Owner's cost.

Section 9.6 Roofs.

The roof of adjacent Units ("Roofs") forms an uninterrupted roof line across the adjacent Units and is currently of the same material and color. The cosmetic appearance of the Roofs will affect the value of the Units. The physical condition of the Roofs could be the cause of damage to Units, such as, but not limited to, a defect in the Roof causing water to leak into a

Unit. Adjacent Owners have a common interest in maintaining the cosmetic appearance and the physical condition of the Roof, in furtherance of which the Declarant provides as follows:

9.6.1 If at any time, a Unit Owner believes that the portion of the Roof located within another Owner's Unit is in a condition such that it adversely affects the value of such Owner's Unit, then the Owner shall communicate such concern to the other Owner, requesting that the other Owner repair or replace his Roof. If the Roof can be reasonably repaired or replaced by utilizing materials of the same quality and color as then exist, so that they will blend with the existing Roof, then the party so repairing or replacing a portion of the Roof shall bear the sole cost thereof. If materials of the same quality and color cannot be located, after a diligent effort to locate the same, so as to necessitate the complete replacement of the Roof, then all of the adjacent Owners agree to divide equally the cost of such replacement, except as provided for below.

9.6.2 If an Owner fails or refuses to pay his share of the cost of repair or replacement of the Roof, as provided for above, within thirty (30) days after demand by another Owner, then the other Owner may cause the Roof to be repaired or replaced, as the case may be, and shall be entitled to assess and collect the non-paying Owner's share of such costs from the non-paying Owner and the same shall become and remain a lien against the non-paying Owner's Unit in favor of the paying Owner, upon which interest shall accrue at the rate of eighteen percent (18%) per annum, until fully paid, which shall begin to accrue thirty (30) days after demand.

9.6.3 In the event that the need for the repair or replacement of the Roof is due to the negligence or intentional act or omission of an Owner, for which he is legally liable under general rules of law regarding liability for property damage due to negligence or intentional acts or omissions, then said Owner shall be solely responsible for the cost of the repair or replacement of the Roof. If said Owner fails or refuses to pay for such repair or replacement within thirty (30) days after demand by another Owner, then the other adjacent Owner(s) may cause the Roof to be repaired or replaced and shall be entitled to assess and collect the costs attributable thereto against and from the nonpaying Owner's Unit, upon which interest shall accrue at the rate of eighteen percent (18%) per annum, until fully paid, which shall begin to accrue thirty (30) days after demand, and the same shall become and remain a lien against the nonpaying Owner's Unit in favor of the paying Owners.

ARTICLE 10
INSURANCE

Section 10.1 Authority to Purchase/General Requirements.All insurance policies relating to the Association, the Common Areas and the Common Area Improvements shall be purchased by the Board. The Board shall promptly furnish to each Owner and/or such Owner's First Mortgagee requesting same, written notice of the procurement of, subsequent changes in, renewals of or termination of insurance coverages obtained on behalf of the Association.

The Board shall not obtain any policy where under the terms of the insurance company's charter, bylaws or policy, contributions or assessments may be made against the Association, an Owner or an Owner's First Mortgagee, SCHA, or by the terms of carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's Board of Directors, policyholders or members; or the policy includes any limiting clauses (other than insurance conditions) which could prevent Owners or First Mortgagees from collecting insurance proceeds.

Each such policy shall provide that:

(a) The insurer, to the extent possible, waives any right to claim by way of subrogation against Declarant, SCHA, the Association, the Board, the Managing Agent, Owners, Guests or their respective agents and employees; and

(b) Such policy shall not be canceled, invalidated or suspended due to the conduct of any Owner, their Guest or of any member, officer or employee of the Board or the Managing Agent without a prior demand in writing that the Board or the Managing Agent cure the defect and neither shall have so cured such defect within forty-five (45) days after such demand; and

(c) Such policy, including any fidelity insurance of the Association referred to in Section 10.4 below, may not be canceled, or substantially modified by any party (including cancellation for the nonpayment of a premium) without at least thirty (30) days' prior written notice to the Board, the Managing Agent and to each First Mortgagee listed as a scheduled holder of a first mortgage in the policy; and

(d) Such policy must provide that no assessment may be made against a First Mortgagee, its successors or assigns, and that any assessment made against others shall not become a lien on a Unit superior to the lien of a First Mortgagee; and

(e) The Declarant, so long as Declarant shall own any Unit, shall be protected by all such policies as an Owner, if such coverage is available.

All policies of insurance shall be written by reputable companies duly authorized and licensed to do business in the State of Colorado with an A.M. Best's rating of "A" or better if reasonably available, or, if not reasonably available, the most nearly equivalent rating.

All insurance policies shall contain the standard mortgagee clause or equivalent endorsement (without contribution) in which it appropriately names the First Mortgagee, its successor and assigns, as beneficiary.

Section 10.2 Hazard Insurance.The Board shall obtain and maintain a blanket, "all-risk" form policy of hazard insurance with extended coverage, vandalism, malicious mischief, windstorm, sprinkler leakage (if applicable), debris removal, cost of demolition and water damage endorsements, insuring the insurable Common Area Improvements, if any.

Such insurance shall at all times represent one hundred percent (100%) of the current replacement cost based on the most recent appraisal of all insurable improvements in the Common Areas. The current replacement cost shall not include values for land, foundation, excavation and other items normally excluded therefrom and shall be without deduction for depreciation and with no provision for co-insurance. If available, the policy shall be endorsed with a "Guaranteed Replacement Cost Endorsement".

The Board shall review, at least annually, all of its insurance policies in order to insure that the coverages contained in the policies are sufficient. The Board shall, consistent with good business practices, and at reasonable intervals, obtain a written appraisal for insurance purposes, showing that the insurance represents one hundred percent (100%) of the current replacement cost as defined above for all insurable Common Area Improvements, together with any personal property owned by the Association.

Such policies shall also provide:

(a) The following endorsements or their equivalent: No Control Endorsement, Contingent Liability from Operation of Building Laws or Codes Endorsement, Cost of Demolition Endorsement, Increased Cost of Construction Endorsement, Agreed Amount Endorsement and Inflation Guard Endorsement, if available.

(b) That any "no other insurance" clause expressly exclude individual Owners' policies from its operation so that the property insurance policy purchased by the Board shall be deemed primary coverage and any individual Owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board hereunder provide for, or be brought into contribution with, insurance purchased by individual Owners or their First Mortgagees, unless otherwise required by law.

A certificate, together with proof of payment of premiums, shall be delivered by the insurer to any Owner, SCHA and First Mortgagee requesting the same, at least thirty (30) days prior to expiration of the then current policy.

The insurance shall be carried naming the Association as the owner and beneficiary thereof for the use and benefit of the Association. Any loss covered by the policies carried under this Article 10 shall be adjusted by the Board and provide that all claims are to be settled on a replacement cost basis.

The Association shall hold any insurance proceeds received in trust for the Owners and their First Mortgagees as their interests may appear. The proceeds shall be disbursed first for the repair or restoration of the damaged Common Areas. Owners and First Mortgagees are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Common Areas have been repaired or restored. No Owner or any other party shall be entitled to priority over First Mortgagees with respect to any distribution of the insurance proceeds.

The deductible, if any, on such insurance policy shall be as the Board determines to be consistent with good business practice and which shall be consistent with the requirements of First Mortgagees, not to exceed however, Ten Thousand and No/Dollars ($10,000.00) or one percent (1%) of the face amount of the policy, whichever is less. Any loss falling within the deductible portion of a policy shall be paid by the Association. Funds to cover the deductible amounts shall be included in the Association's reserve funds and be so designated.

The Board shall have the authority to levy, after a Notice and Hearing, against Owners causing such loss for the reimbursement of all deductibles paid by the Association as an Individual Assessment in accordance with Section 5.4(b) above.

Each Unit Owner, at its sole cost and expense, shall obtain and maintain at all times policies of insurance insuring its Unit against loss or damage by fire and all other hazards that are normally covered by the standard extended coverage endorsement, and all other perils customarily covered for similar types of residential property, including those covered by the standard "all risk" endorsement or a policy that includes the "broad form" covered causes of loss. All such insurance shall cover one hundred percent (100%) of the insurable replacement cost of the Units. NOTWITHSTANDING THE FOREGOING, NOTHING CONTAINED IN THIS ARTICLE SHALL PREVENT THE ASSOCIATION BY ACTION OF THE BOARD AND AFTER NOTICE TO ALL UNIT OWNERS FROM ACQUIRING A SINGLE "MASTER" OR "BLANKET" TYPE HAZARD INSURANCE POLICY TO COVER THE UNITS, THE COST OF WHICH WILL BE A COMMON EXPENSE. IN SUCH AN INSTANCE, IT WILL BE THE RESPONSIBILITY OF EACH UNIT OWNER TO UNDERSTAND THE SCOPE OF SUCH COVERAGE AND TO THEN OBTAIN ANY ADDITIONAL INSURANCE TO COVER THE OWNER'S EXCLUDED PROPERTY, SUCH AS PERSONAL PROPERTY.

Section 10.3 Liability Insurance.The Board shall obtain and maintain comprehensive general liability (including eviction, libel, slander, false arrest and invasion of privacy) and property damage insurance covering all of the Common Areas, if any, insuring each officer, director, the Managing Agent and the Association.

Such coverage under this policy shall include, without limitation, the legal liability of the insureds for property damage, bodily injuries and deaths of Persons that result from the operation, maintenance or use of the Common Areas and the legal liability arising out of lawsuits relating to employment contracts in which the Association is a party.

Such insurance shall be issued on a comprehensive liability basis. Additional coverages may be required to include protection against such other risks as are customarily covered with respect to planned communities similar in construction, location and use, including, but not limited to, Host Liquor Liability coverage with respect to events sponsored by the Association, Workmen's Compensation Insurance, Employer's Liability Insurance, Comprehensive Automobile Liability Insurance and Severability of Interest Endorsement.

The Board shall review such limits once each year, but in no event shall such insurance be less than One Million and No/100 Dollars ($1,000,000.00), covering all claims for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits may also be obtained.

Absolute liability is not imposed on Owners for damage to the Common Areas or Units within the Planned Community.

Each Unit Owner, at his sole cost and expense, shall obtain and maintain at all times policies of general liability insurance providing coverage for bodily injury and property damage that may occur or originate in and upon his Unit, with coverage in the minimum amount of Three-Hundred Thousand Dollars ($300,000.00) for bodily injury and property damage for any single occurrence.

Section 10.4 Fidelity Insurance. The Association shall obtain and maintain, to the extent reasonably available, fidelity insurance coverage for any Owner or Association employee who either handles or is responsible for funds held or administered by the Association. The insurance shall name the Association as an insured, and shall contain waivers of any defense based upon the exclusion of Persons who serve without compensation from any definition of "employee" or similar expression.

The fidelity insurance policy should cover the maximum funds (including reserve funds) that will be in the custody of the Association or its Managing Agent at any time while the policy is in force; *provided, however,* in any event, the aggregate amount of such insurance shall not be less than a sum equal to three (3) months' aggregate Assessments on all Units, plus reserve funds.

The policy must include a provision that calls for thirty (30) days written notice to the Association and SCHA before the policy can be canceled or substantially modified for any reason.

A Managing Agent that handles funds for the Association should be covered by its own fidelity insurance policy which must provide the same coverage required of the Association.

Section 10.5 Additional Insurance. If the Common Areas within the Planned Community are identified by the Secretary of HUD or the Director of the Federal Emergency Management Agency ("FEMA") as a Special Flood Hazard Area, flood insurance for the Common Areas, if any, shall be maintained providing coverage equivalent to that provided under the National Flood Insurance Program in an amount of the then current replacement cost of the Common Areas and the Common Area Improvements located thereon as shown on the current FEMA map.

If the Common Areas at the time of the recording of this Declaration are not identified as a Special Flood Hazard Area but become reclassified at a later date as such, the Board shall obtain flood insurance for the Common Areas in accordance with the above. Conversely, flood insurance may be discontinued when the Common Areas are reclassified out of the Special Flood Hazard Area.

The Association may also maintain coverage for:

(a) Adequate directors and officers liability insurance, if reasonably available, and if deemed consistent with good business practices, for errors and omissions of all directors and officers to be written in an amount which the Board deems adequate; and/or

(b) Worker's Compensation Insurance and Employer's Liability Insurance and all other similar insurance with respect to employees of the Association in the amount and in the forms now or hereafter acquired by law; and/or

(c) Such other insurance of a similar or dissimilar nature, as the Board shall deem appropriate with respect to the Planned Community.

Section 10.6 Payment of Insurance Premiums.

The cost of the insurance obtained by the Association in accordance with this Article 10 shall be paid from Association funds and shall be collected from the Owners as part of the Annual Assessments for Common Expenses.

In the event there are not sufficient funds generated from the Annual Assessments to cover the cost of the insurance provided for above, then the deficiency shall be chargeable to each Owner by a Special Assessment in accordance with Article 11 below and such Assessment shall be exempt from any special voting requirements of the membership. Such Assessment shall be prorated among Owners in accordance with the Owners' Allocated Interest.

Section 10.7 Separate Insurance.No Owner shall be entitled to exercise his or her right to acquire or maintain such insurance coverage so as to decrease the amount which the Board, on behalf of all Owners, may realize under any insurance policy maintained by the Board or to cause any insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by an Owner. All such policies shall contain waivers of subrogation.

Section 10.8 Damage to Property.Any portion of the Common Areas, if any, and the Common Area Improvements, if any, that is damaged or destroyed and for which insurance is carried by the Association, shall be repaired or reconstructed by the Board in accordance with this Article 10.

Section 10.9 Repair and Replacement.

Any portion of the Common Areas for which insurance is required under this Article 10 which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

10.9.1 The common interest community created by this Declaration is terminated in which case the approval must first be obtained from Owners holding at least sixty-seven percent of the vote in the Association, SCHA so long as it is a beneficiary under the Affordable Housing Covenant, and Declarant during the period of Declarant Control (as set forth in Section 5.4 above);

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

10.9.3 There is a vote not to rebuild by (a) Owners holding at least sixty-seven percent of the vote of the Association, (b) every Owner of a Unit or assigned Limited Common Area that will not be rebuilt, (c) SCHA so long as it is a beneficiary under the Affordable Housing Covenant, and (d) Declarant during the period of Declarant Control (as set forth in Section 5.4 hereof); or

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

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

ARTICLE 11
ASSESSMENTS

Section 11.1 Obligation.

Each Owner, including Declarant while an Owner of any Unit, is obligated to pay to the Association all (a) Annual Assessments, (b) Special Assessments, and (c) Default Assessments described below.

Section 11.2 Budget.

The Board shall adopt a budget for revenues, expenditures and reserves for the Project and shall submit the budget to ratification of the Owners as provided herein no less frequently than annually. The Board shall levy and assess the Annual Assessments in accordance with the annual budget. Within ninety days after the adoption of a proposed annual budget for the Association, the Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all Owners and shall set a date for a meeting of the Owners to consider ratification of the budget within a reasonable time after mailing or other delivery of the summary. Unless at that meeting a majority of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the annual budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

Section 11.3 Annual Assessments.

11.3.1 Annual Assessments made for Common Expenses shall be based upon the estimated cash requirements as the Board shall from time to time determine to be paid by all Owners, subject to Section 11.2 above. Estimated Common Expenses shall include, the cost of routine maintenance and operation of the Common Areas, including, but not limited to, that portion of real property taxes, if any, attributable to the Common Areas, expenses of management and insurance premiums for insurance coverage as deemed desirable or necessary by the Association, any fees and costs payable in common by all Owners to the SCHA under the Affordable Housing Covenant, landscaping of the Common Areas, care of grounds and trails within the Common Areas, routine repairs, renovations and upkeep within the Common Areas, LCA Parking Spaces, wages, water, sewer service and common utility charges, snow and trash removal, recycling charges, legal and accounting fees, management fees, expenses and liabilities incurred by the Association under or by reason of this Declaration, payment of any default remaining from a previous Assessment period, and the creation of a reasonable and adequate contingency or other reserve or surplus fund for insurance deductibles and general, routine maintenance, repairs and replacement of improvements within the Common Areas on a periodic basis, as needed.

11.3.2 Annual Assessments shall be payable in monthly installments on a prorated basis in advance and shall be due on the first day of each month beginning no later than the second calendar month following the first sale of a Unit by Declarant; *provided, however,* that the Association may, with the consent of Owners holding a majority of the vote present at any meeting at which a quorum is present, designate any other installment period. The omission or failure of the Association to fix the Annual Assessments for any Assessment period shall not be deemed a waiver, modification or release of the Owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Annual Assessments in excess of the actual expenses incurred in any fiscal year.

11.3.3 Charges for water, sewer, storm drainage and other utility services provided to or for the Units and/or the Common Areas may be billed to the Association ("Service Charges"). If any Service Charges are billed to the Association, the Association shall pay the same on or before the date they become due. In addition to the Annual Assessments provided for above, the Association shall, as and when determined by the Board in its discretion, apportion to and collect from each Owner an amount which, with all other Service Charges for such period, is sufficient to pay or reimburse the Association for all Service Charges for such period; *provided, however,* that the Association may elect to assess any or all of the Service Charges as part of the Annual Assessments. The manner in which Service Charges are apportioned shall be determined by the Board in its discretion from time to time; by way of example, and not as a limitation, the Service Charges may be assessed uniformly, based on actual usage by one or more Units, or based on Allocated Interests. Non-payment of any Service Charges shall be subject to enforcement and collection by the Association in the same manner as Assessments. In the event that any of the Service Charges are billed directly to an Owner, such Owner shall pay the same on or before the due date thereof.

Section 11.4 Apportionment of Annual Assessments.

The Common Expenses shall be allocated among the Units on the basis of the Allocated Interests for Common Expenses in effect on the date of assessment; *provided, however,* that to the extent that any Common Expenses or a portion thereof benefit fewer than all Units, such expenses may be assessed exclusively against the Units benefited in accordance with § 315(3)(b) of the Act. The Association reserves the right to allocate all expenses relating to fewer than all Units (such as those expenses attributable to utilities, Services Charges (see Section 11.3.3 above), Limited Common Areas, and insurance premiums described in Section 10.8 above) to the Owners of those affected Units only.

Section 11.5 Special Assessments.

In addition to the Annual Assessments, the Association may levy in any fiscal year one or more Special Assessments, payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the Common Areas or for any other expense incurred or to be incurred as provided in this Declaration. This Section 11.5 shall not be construed as an independent source of authority for the Association to incur expense, but shall be construed to prescribe the manner of assessing expenses authorized by other sections of this Declaration. Any amounts assessed pursuant to this Section 11.5 shall be assessed to Owners according to their Allocated Interests for Common Expenses, subject to the right of the Association to assess only against the Owners of affected Units (a) any extraordinary maintenance, repair or restoration work on fewer than all of the Units or Limited Common Areas, (b) any extraordinary insurance costs incurred as a result of the value of a particular Owner's Unit or Limited Common Areas, or (c) by virtue of the negligent or intentional actions of a particular Owner or Owner's Agents. Notice in writing of the amount of such Special Assessments and the time for payment of the Special Assessments shall be given promptly to the Owner(s), and no payment shall be due less than ten days after such notice shall have been given.

Section 11.6 Default Assessments.

All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Association Documents, shall be a Default Assessment. Notice in writing of the amount of such Default Assessment and the time for payment of the Default Assessment shall be given promptly to the Owner(s), and no payment shall be due less than ten days after such notice shall have been given. If payment is not made on or before the date set forth in such written notice, the Default Assessment shall become a lien against such Owner's Unit that may be foreclosed or otherwise collected as provided in this Declaration.

Section 11.7 Effect of Nonpayment; Assessment Lien.

Any Assessment installment, whether pertaining to any Annual Assessment, Special Assessment or Default Assessment, which is not paid on or before five days after its due date shall be delinquent. If an Assessment installment becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

(a) Assess a late charge for each delinquency in such amount as the Association deems appropriate;

(b) Assess an interest charge from the due date at the yearly rate of six (6) percentage points above the prime rate charged by the Association's bank, or such other lawful rate as the Board may establish, not to exceed the maximum rate allowable under applicable state usury laws;

(c) Suspend the voting rights of the Owner during any period of delinquency;

(d) Accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year or other predetermined assessment period shall be due and payable at once;

(e) Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and

(f) Proceed with foreclosure as set forth in more detail below.

Subject to Section 17.1 below, Assessments chargeable to any Unit shall constitute a lien on such Unit. The Association may institute foreclosure proceedings against the defaulting Owner's Unit in the manner for foreclosing a mortgage on real property under the laws of the State of Colorado. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien, and all reasonable attorneys' fees incurred in connection with the enforcement of the lien. The Owner shall be required to pay the Association the monthly assessment installments for the Unit during the period of any foreclosure. The Association shall have the power to bid on a Unit at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. In addition, if any Owner fails to timely pay Assessments or any money or sums due to the Association, the Association may require reimbursement for collection costs and reasonable attorneys' fees and costs incurred as a result of such failure without the necessity of commencing a legal proceeding. This Section 11.7 is subject to the rights of Mortgagees set forth in Section 17.1 below.

The current address for purposes of foreclosure notification pursuant to the Act is Summit Resort Group, PO Box 2590, Dillon, Colorado 80435 and Summit Combined Housing Authority, Attn: Executive Director, PO Box 188, 110 Ski Hill Road, Breckenridge, Colorado 80424.

Section 11.8 Personal Obligation.

Each Assessment against a Unit is the personal obligation of the Person(s) who owned the Unit at the time the Assessment became due and shall also pass to successors in title. *By acceptance of a deed for a Unit, each Unit purchaser thereby consents to assume the foregoing joint obligation for all Assessments due against the Unit pursuant to this Section 11.8.* No Owner may exempt themselves from liability for any Assessment by abandonment of their Unit, or by waiver of the use or enjoyment of all or any part of the Common Areas. Suit to recover a money judgment for unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings and all reasonable attorneys' fees in connection therewith shall be maintainable without foreclosing or waiving the Assessment lien provided in this Declaration. This Section 11.8 is subject to the rights of Mortgagees set forth in Section 17.1 below.

Section 11.9 Payment by Mortgagees.

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

Section 11.10 Statement of Status of Assessment Payment.

Upon payment of a reasonable fee set from time to time by the Board and upon written request to the Association's registered agent by personal delivery or certified mail, first-class postage prepaid, return receipt, any Owner, designee of Owner, SCHA, Agency, Mortgagee, prospective Mortgagee or prospective purchaser of a Unit shall be furnished with a written statement setting forth the amount of the unpaid Assessments, if any, with respect to such Unit. Unless such statement shall be issued by personal delivery or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party (in which event the date of posting shall be deemed the date of delivery) within fourteen calendar days after receipt of the request, the Association shall have no right to assert a lien upon the Unit over the inquiring party's interest for unpaid Assessments which were due as of the date of the request.

Section 11.11 Capitalization of the Association.

At the closing of the initial sale of a Unit to an Owner other than Declarant, a non-refundable contribution shall be made by such Owner to the working capital fund of the Association in an amount equal to three (3) months Common Expense Assessments then in effect. Said contribution shall be collected and transferred to the Association at the time of the closing of the sale of each Unit to provide additional funds to cover the cost of unforeseen expenditures, to defray operating expenses, to purchase additional equipment or services, and/or to fund the general operations and obligations of the Association.

Such contribution to the working capital fund shall not relieve an Owner from making regular payments of Assessments as the same become due. Upon the later sale or transfer of his or her Unit, an Owner shall NOT BE ENTITLED to a credit from the Association for the aforesaid working capital fund contribution.

Declarant is prohibited from using the working capital fund to defray any of its construction costs. In the event that Declarant makes payment of any working capital on behalf of any Unit, such amount shall be reimbursable to Declarant by the Unit purchaser at the closing of the sale of the Unit by Declarant to such purchaser.

Section 11.12 Maintenance Accounts; Accounting.

If the Association delegates powers of the Board or its officers relating to collection, deposit, transfer or disbursement of Association funds to other Persons or to a Manager, then such other Persons or Manager must: (a) maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the other Person or Manager; (b) maintain all reserve and working capital accounts of the Association separate from the operational accounts of the Association; (c) provide to the Association no less than once per month an accounting for the previous month, including a budget/actual reconciliation report; and (d) provide to the Association an annual accounting and financial statement, including a budget/actual reconciliation report, of Association funds prepared by the Manager, a public accountant or certified public accountant.

ARTICLE 12
DAMAGE OR DESTRUCTION

Section 12.1 The Role of the Board.

Except as provided in Section 10.7 above, in the event of damage to or destruction of all or part of any Common Area, improvement, or other property covered by insurance written in the name of the Association under Article 10 hereof, the Board shall arrange for and supervise the prompt repair and restoration of the damaged property (the property insured by the Association pursuant to Article 10 is sometimes referred to as the "Association-Insured Property").

Section 12.2 Estimate of Damages or Destruction.

As soon as practicable after an event causing damage to or destruction of any part of the Association-Insured Property, the Board shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction. "Repair and reconstruction" as used in this Article 12 shall mean restoring the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction unless the provisions of Section 10.7 above apply and approval is obtained by a fifty-one percent vote of Eligible Mortgagees (which percentage is measured by the vote allocated to such Units). Such costs may also include professional fees and premiums for such bonds as the Board or the insurance trustee, if any, determines to be necessary.

Section 12.3 Repair and Reconstruction.

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

Section 12.4 Funds for Repair and Reconstruction.

The proceeds received by the Association from any property insurance carried by the Association shall be used for the purpose of repair, replacement and reconstruction of the Association-Insured Property for the benefit of Owners and Mortgagees. If the proceeds of the Association's insurance are insufficient to pay the estimated or actual cost of such repair, replacement or reconstruction, or if upon completion of such work the insurance proceeds for the payment of such work are insufficient, the Association may, pursuant to Section 11.5 above, levy, assess and collect from the Owners without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair, replacement or reconstruction.

Section 12.5 Disbursement of Funds for Repair and Reconstruction.

The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for above, constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as Special Assessments, then in accordance with the Units' Allocated Interests, first to the Mortgagees and then to the Owners, as their interests appear.

ARTICLE 13
CONDEMNATION

Section 13.1 Rights of Owners.

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

Section 13.2 Partial Condemnation; Distribution of Award; Reconstruction.

The award made for such taking shall be payable to the Association for the benefit of the Owners and Mortgagees and, unless otherwise required under the Act, the award shall be disbursed as follows:

Unless within sixty days after such taking, Declarant and/or Owners who combined represent at least sixty-seven percent of the vote in the Association and fifty-one percent of Eligible Mortgagees shall otherwise agree, if the taking involves a portion of the Common Areas on which improvements have been constructed, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Areas to the extent lands are available for such restoration or replacement in accordance with plans approved by the Board. If such improvements are to be repaired or restored, the provisions in Article 12 above regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Areas, or if there is a decision not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be distributed among the Units according to the relative value of each Unit which shall be in accordance with each Unit's Allocated Interests, first to the Mortgagees and then to the Owners, as their interests appear.

Section 13.3 Complete Condemnation.

If all of the Property is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall be deemed to be terminated thereby, and the portion of the condemnation award attributable to the Common Areas shall be distributed as provided in Section 12.5 above.

ARTICLE 14
ASSOCIATION AS ATTORNEY-IN-FACT

Each Owner hereby irrevocably appoints the Association as the Owner's true and lawful attorney-in-fact for the purposes of: (a) granting easements pursuant to Article 8 above; (b) purchasing and maintaining insurance pursuant to Article 10 above, including the collection and appropriate disposition of the proceeds thereof, the negotiation and settlement of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to purchase and maintain insurance as well as dealing with any improvements covered by insurance written in the name of the Association pursuant to Article 10 above upon their damage or destruction as provided in Article 12 above; or (c) negotiating and dealing with any authority having the power of condemnation or eminent domain relating to a complete or partial taking as provided in Article 13 above. Acceptance by a grantee of a deed or other instrument of conveyance or any other instrument conveying a portion of the Property shall constitute appointment of the Association as the grantee's attorney-in-fact, and the Association shall have full authorization, right and power to make, execute and deliver any contract, assignment, deed, waiver or other instrument with respect to the interest of any Owner which may be necessary to exercise the powers granted to the Association as attorney-in-fact.

ARTICLE 15
RESERVED DEVELOPMENT AND SPECIAL DECLARANT RIGHTS

Notwithstanding any provision in this Declaration to the contrary, the rights reserved to Declarant in this Article 15 may be exercised by Declarant without the consent of the Association, Owners, Mortgagees or any other persons.

Section 15.1 Reservation of Subdivision and Combination Rights.

Pursuant to the Act, Declarant reserves the right for itself and any Successor Declarant to subdivide or convert a Unit that it owns into additional Units, Common Areas or a combination of same, and to combine Units that it owns. Declarant may subdivide a Unit that it owns by recording a Supplemental Map and a Supplemental Declaration. If Declarant subdivides any Unit, whether or not any part of the Unit is converted into common elements (as defined in §102 of the Act), the Supplemental Declaration shall reallocate all the Allocated Interests of the Unit among the units created by the subdivision in any reasonable manner. Upon subdivision or conversion of any such Unit, Declarant may convey the additional units and/or common elements for consideration.

Section 15.2 Create Common Areas, Parking Spaces/Allocate Limited Common Areas.

15.2.1 Declarant reserves the right (but shall have no obligation) for itself and any Successor Declarant to construct and create additional Common Areas. Declarant may prepare, execute and record a Supplemental Map or Declaration that identifies the Common Area.

15.2.2 DECLARANT FURTHER RESERVES THE RIGHT TO CONVERT ANY AND ALL PARKING SPACES WITHIN THE PROJECT THAT ARE GENERAL COMMON AREAS TO LIMITED COMMON AREAS AND TO ALLOCATE EACH SO CONVERTED PARKING SPACE TO A PARTICULAR UNIT(S), AND TO RECEIVE CONSIDERATION FOR SUCH ALLOCATION. THIS MAY BE ACHIEVED EITHER (A) BY DECLARANT RECORDING A SUPPLEMENTAL MAP, SUPPLEMENTAL DECLARATION OR OTHER RECORDED DOCUMENT ALLOCATING THE CONVERTED PARKING SPACE TO A PARTICULAR UNIT(S), OR (B) BY DECLARANT ALLOCATING A PARKING SPACE TO A UNIT AS A LIMITED COMMON AREA IN THE DEED CONVEYING THE UNIT FROM DECLARANT TO THE UNIT PURCHASER. WHEN THE DECLARANT UNDERTAKES THE LATTER APPROACH, THE DECLARANT SHALL, FROM TIME TO TIME, PREPARE, EXECUTE AND RECORD A SUPPLEMENTAL MAP OR SUPPLEMENTAL DECLARATION IDENTIFYING THE MANNER IN WHICH ALL LCA PARKING SPACES HAVE BEEN ALLOCATED.

15.2.3 Declarant further reserves the right to reallocate LCA Parking Spaces (by correction deed, by recording a Supplemental Map or Supplemental Declaration or by such other reasonable method) in its discretion and with the consent of the Owners allocated the affected LCA Parking Spaces, without the consent of other Owners, the Association or Mortgagees, and notwithstanding the procedures set forth in § 208 of the Act.

Section 15.3 Constructing and Adding Additional Units, Common Areas and Land to the Planned Community Regime.

15.3.1 Declarant reserves the right to add additional real estate to the Project (and create Units and Common Areas thereon) from such locations as Declarant may elect in its sole discretion, so long as the total additional real estate so annexed to the Project pursuant to this sentence does not exceed ten percent of the total area described on the attached **Exhibit A**. Declarant may exercise this right, without the necessity of the consent thereto or the joinder therein by the Owners, the Association, Mortgagees or any other persons, by recording a Supplemental Map and a Supplemental Declaration annexing the additional property and adding any of the Units and Common Areas.

15.3.2 Such expansion must be accomplished by the filing for record by Declarant with the Clerk and Recorder a supplement to this Declaration containing a legal description of any new Units and a reallocation of Allocated Interests as applicable (as described in Section 15.5 below), together with a Supplemental Map depicting the new Common Areas and the Units created thereby. The expansion may be accomplished in stages by successive supplements or in one supplemental expansion so long as each subsequent phase is contiguous to the real property already subject to this Declaration.

15.3.3 All future improvements will be consistent with the initial improvements in structure type and quality of construction and must be substantially completed prior to being brought into the planned community regime.

15.3.4 In the event of such expansion, the definitions used in this Declaration shall be expanded automatically. For example, "Unit" shall mean the Units described above plus any additional Units added by a Supplemental Declaration, and reference to this Declaration shall mean this Declaration as supplemented. All conveyances of Units shall be effective to transfer rights in the planned community regime as expanded, without additional references to the Supplemental Declaration and the Supplemental Map.

15.3.5 An Owner at the time of their purchase of a Unit that has been brought into the planned community regime by a Supplemental Declaration shall be a Member of the Association. Such Owner shall be entitled to the same voting privileges as those Owners of the initial property brought into the planned community regime through the original Declaration and shall be subject to the same Assessments. The Assessments for that phase shall commence for all Owners within that phase, including Declarant, upon the recording of the Supplemental Declaration and Supplemental Map for that phase.

15.3.6 The Supplemental Declaration recorded at the time of expansion shall set forth the new Allocated Interests and the new Common Expense Liability of the existing Units, and the newly added Units.

15.3.7 For all purposes hereof, each phase of the planned community regime after the recording of the Supplemental Map and Supplemental Declaration submitting each phase to the planned community regime, shall be treated as a part of the planned community regime developed as a whole from the beginning, except to the extent expressly otherwise provided for herein. It is the express purpose hereof to provide that from and after the date of the submission of a phase of the planned community regime in accordance with the provisions above, that such phase shall be treated as though such phase had been owned and occupied by the Owners thereof as a single undivided planned community regime.

Section 15.4 <u>Other Reserved Rights</u>.

15.4.1 Declarant reserves the right for itself and any successor Declarant: (a) to complete improvements indicated on any Declarant plans, plats and Maps for the Project; (b) to maintain and relocate sales offices, management offices, design centers, signs and lighting, model units, storage areas, and construction yards within one or more Units and within the Common Areas, in such locations and in such forms as determined by Declarant in its discretion, and for such period of time as permitted hereunder (any model unit or sales/management office located in a Unit as designated on the Map shall be a Unit and not a Common Area); (c) to appoint or remove any officer of the Association or any member of the Board during the period of Declarant Control as set forth in Section 5.4 above; (d) to amend the Declaration and/or the Map in connection with the exercise of any Declarant rights hereunder or pursuant to the Act; (e)

TO SUBJECT ANY OR ALL OF THE UNITS TO THE AFFORDABLE HOUSING COVENANT THAT LIMITS THE OCCUPANCY AND RESALE OF THE UNIT(S) TO PRESERVE AFFORDABILITY AS REQUESTED BY THE TOWN OF SILVERTHORNE AND/OR SCHA; and (f) to use and to permit others to use easements through the Common Areas as may be reasonably necessary for construction within the Project, and for the purpose of discharging Declarant's obligations and rights under the Act and this Declaration.

15.4.2 Declarant also reserves any development rights created by any administrative, judicial or legislative action, including, but not limited to, any changes in zoning regulations or rules, changes in bulk plane limitations or any other rules or regulations adopted by any entity of the State or federal government that establishes development rights to property in addition to those currently existing for any defined Unit or the Project as a whole. Declarant shall be free to convey, transfer or sell its retained development rights subject to the terms of this Declaration.

15.4.3 Declarant reserves the rights to enter into easements benefiting the Project and to grant easements over and upon the Common Areas of the Project in order to further the development and operation of the Project.

Section 15.5 Change in Allocated Interests.

In the event Declarant or a Successor Declarant exercises the right to add, subdivide, combine or convert Units or Common Areas as set forth above, the Allocated Interests of the Units after such addition, withdrawal or subdivision shall be according to the formula set forth in Section 2.3 above, and Declarant may record an amendment to this Declaration to reflect these changes in accordance with the Act.

Section 15.6 Parking Assignments.

Declarant reserves the right to assign from time to time any and all parking at the Project that is not specifically allocated as LCA Parking Spaces to Units not owned by Declarant, for use by tenants of Units owned by Declarant.

Section 15.7 Termination of Rights.

Unless otherwise provided herein or required by the Act, the rights reserved to Declarant for itself, its successors and assigns in this Article 15 shall expire upon the earlier of (a) the sale or other transfer of the last Unit that may be created by Declarant (see Section 3.3 above), or (b) seven years from the recording of this Declaration with the Clerk and Recorder, unless such rights are (i) extended as allowed by law or (ii) reinstated or extended by the Association, subject to whatever terms, conditions and limitations the Board may impose on the subsequent exercise of the rights by Declarant.

ARTICLE 16
ARCHITECTURAL CONTROL AND DESIGN REVIEW

Section 16.1 Alterations.

Except for the rights reserved to Declarant in this Declaration and/or in the Act, no alteration or additions to the Common Areas or the exterior of any Unit of any kind shall be made unless first approved in writing by the Board, including, without limitation, structural, textural and color changes to exterior walls, doors, windows and balconies. The Board shall exercise reasonable judgment to insure that all modifications to the Common Areas and the exterior of any Unit conform to and harmonize with existing surroundings and structures. The Board has the absolute right to deny any requested changes that the Board reasonably determines do not conform to and harmonize with existing surroundings and structures. All construction activities shall be planned and carried out with a minimum of disruption, unsightliness and noise.

Section 16.2 Architectural Review.

The Board may establish and administer Alteration Guidelines ("Alteration Guidelines") to carry out the purposes and intent of this Declaration. The Board may seek the advice of design professionals or other professionals if the need should arise. The Board may adopt, establish, and publish from time to time the Alteration Guidelines for the Project and such Alteration Guidelines shall be an Association Document, the terms of which shall be complied with by all Owners. The Alteration Guidelines, if any, shall not be inconsistent with this Declaration or the Affordable Housing Covenant, but shall more specifically define and describe the design standards for the Project including, but not limited to, items such as color, texture, structure, size, design, appearance, window coverings, antennae, landscaping and site improvement standards. The Alteration Guidelines, if created, may be modified or amended from time to time by majority approval of the Board and shall be made available to all Owners and their representatives for review. Further, in the event Alteration Guidelines are created, the Board, in its sole discretion, may excuse compliance with such requirements as are not necessary or appropriate in specific situations and may permit compliance with different or alternative requirements. Compliance with the Project's design review process and design standards is not a substitute for compliance with applicable town or County building, zoning, and subdivision regulations and requirements in the Affordable Housing Covenant and each Owner is responsible for obtaining all approvals, licenses, and permits, as may be required prior to commencing construction. In the event of a conflict between the terms of this Declaration and the Alteration Guidelines, the terms of this Declaration shall control.

Section 16.3 Requirement for Approval.

Except for Declarant's reserved rights as herein described or as provided in the Act, no improvements shall be constructed, erected, placed, altered, maintained or permitted on any part of the Common Areas or the exterior of any Unit, nor shall any construction or excavation whatsoever be commenced or materials, equipment or construction vehicles be placed on any part of the Common Areas or the exterior of any Unit until plans and specifications with respect thereto satisfactory to the Board showing the proposed improvements, site location of such improvements, complete building plans and material specifications, and all exterior elevations, materials and colors, landscaping, grading, drainage, erosion control, easements and utilities, and such other information as may be requested by the Board have been submitted to and approved in writing by the Board. All improvements shall be constructed only in accordance with approved plans. If the Board has not responded to an Owner's request for approval within sixty days of submission by the Owner of all information requested by the Board, then such Owner's request shall be deemed approved by the Board. Non-structural improvements and alterations that are completely within an existing Unit may be undertaken without such approval, by and at the cost of the Owner. All such improvements shall be insured by and at the cost of the Owner. An Owner undertaking such improvements shall indemnify the Association and the other Owners against any and all costs or damages attributable to the construction or existence of such improvements.

Section 16.4 Violation.

The Association, upon the unanimous approval by the Board and after reasonable notice to the offender and to the Owner, may remove any improvements constructed, reconstructed, refinished, altered, or maintained in violation of these covenants, and the Owner of the improvements shall immediately reimburse the Association for all expenses incurred in connection with such removal. Failure to timely reimburse the Association shall be deemed a Default Assessment with payment thereof subject to the provisions of Article 11.6 above.

Section 16.5 Criteria for Approval.

The Board shall approve any proposed improvement only if it deems in its reasonable discretion that: (a) the improvements in the location indicated will not be detrimental to the appearance of the surrounding areas of the Project as a whole; (b) the appearance of the proposed improvement will be in harmony with the surrounding areas of the Project; and (c) the upkeep and maintenance of the proposed improvement will not become a burden on the Association, and (d) the improvements are in conformance with the Affordable Housing Covenant. Specific factors considered in approving plans include, among other things, conformity and harmony of exterior design, colors and materials with neighboring structures, relation of the proposed improvements to the natural topography, adequacy of drainage, erosion control, easements and utilities, and such other information as may be requested by the Board have been submitted to and approved in writing by the Board.

Section 16.6 Fees.

An Owner seeking architectural review approval shall promptly pay to the Association any fees set by the Board in connection with the review process, and shall reimburse the Association for all of its costs relating to review and on-going monitoring of construction, including the costs of staff and independent consultant review and assistance, as determined by the Association. The Association may assess these fees and costs against the Owner as a Default Assessment in the event the Owner fails to timely pay these fees and costs.

Section 16.7 Exemption for Declarant.

Until the completion of construction of all Units that may be created hereunder (see Section 3.3 above) and any and all Common Areas, Declarant shall be exempt from the provisions of this Article 16.

ARTICLE 17
MORTGAGEES' RIGHTS

The following provisions are for the benefit of holders, insurers or guarantors of any Mortgages on Units. To the extent permitted under Colorado law and applicable, necessary or proper, the provisions of this Article 17 apply to this Declaration and also to the Articles, Bylaws and rules and regulations of the Association.

Section 17.1 Title Taken by Mortgagee.

Any Mortgagee holding any Mortgage of record against a Unit who obtains title to the Unit pursuant to remedies exercised in enforcing the Mortgage, including foreclosure of the Mortgage or acceptance of a deed in lieu of foreclosure, will be liable for all Assessments which become due and payable after the date title to the Unit is acquired. In addition, the Association's lien is superior to the Mortgage to the extent allowed by § 316 of the Act.

Section 17.2 Distribution of Insurance or Condemnation Proceeds.

In the event of a distribution of insurance proceeds or condemnation awards allocable among the Units for losses to, or taking of, all or part of the Common Areas, neither the Owner nor any other Person shall take priority in receiving the distribution over the right of any Mortgagee who is a beneficiary of a Mortgage against a Unit.

Section 17.3 Right to Pay Taxes and Charges.

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

Section 17.4 Audited Financial Statement.

Upon written request from any Agency or First Mortgagee which has an interest or prospective interest in any Unit or the Project, the Association shall prepare and furnish an audited financial statement of the Association for the immediately preceding fiscal year. The financial statement must be available within one hundred-twenty days after the end of the Association's fiscal year.

Section 17.5 Notice of Action.

Eligible Mortgagees will be entitled to timely written notice of:

17.5.1 Except with respect to rights reserved to Declarant pursuant to Article 15 above, any amendment set forth in Section 18.2 below requiring Eligible Mortgagee approval;

17.5.2 Any proposed termination of the common interest community (except as provided in Section 13.3 above);

17.5.3 Any condemnation loss or any casualty loss which affects a material portion of the Project or which affects any Unit on which there is a Mortgage held, insured or guaranteed by an Agency (except as provided in Section 13.3 above);

17.5.4 Any delinquency in the payment of Assessments owed by an Owner subject to the Mortgage where such delinquency has continued for a period of sixty days;

17.5.5 Any lapse, cancellation or material modification of any insurance policy maintained by the Association pursuant to Article 10 above.

Section 17.6 Action by Mortgagee.

If this Declaration or any Association Documents require the approval of any Eligible Mortgagees then, the Association shall send a dated, written notice and a copy of any proposed amendment by certified or registered mail "return receipt" requested to such Eligible Mortgagee at its most recent address as shown on the recorded deed of trust or recorded assignment thereof. In addition, the Association shall cause the dated notice, together with information on how to obtain a copy of the proposed amendment, to be printed in full at least twice, on separate occasions at least one week apart, in a newspaper of general circulation in the City and County of Denver, State of Colorado. An Eligible Mortgagee that does not deliver to the Association a negative response within sixty days after the date of the notice shall be deemed to have approved the proposed amendment.

ARTICLE 18
DURATION OF COVENANTS AND AMENDMENT

Section 18.1 Term.

The covenants and restrictions of this Declaration shall run with and bind the Project in perpetuity, subject to the termination provisions of the Act. Except as otherwise provided herein, the consent of (a) Owners holding at least sixty-seven percent of the vote in the Association, (b) sixty-seven percent of Eligible Mortgagees (which percentage is measured by the vote allocated to such Units), (c) the SCHA, and (d) Declarant during the period of Declarant Control (as set forth in Section 5.5 above) and for so long as Declarant retains any Development Rights and/or Special Declarant Rights, as defined in the Act, shall be required to terminate this planned community régime.

Section 18.2 Amendment.

Except for amendments otherwise permitted to be undertaken by Declarant hereunder or pursuant to the Act, this Declaration, or any provision of it, may be amended at any time by: (a) Owners holding more than sixty-seven percent of the vote in the Association; (b) Declarant for so long as Declarant retains any Development Rights and/or Special Declarant Rights as defined in the Act; (c) the SCHA; and (d) if the amendment to the Association Documents adds or deletes any material provisions which establish provide for, govern or regulate any of the following, the approval of fifty-one percent of Eligible Mortgagees (which percentage is measured by the votes allocated to such Units):

18.2.1 Voting;

18.2.2 Assessments, Assessment liens or subordination of such liens;

18.2.3 Reserves for maintenance or repair and replacement of the Common Areas;

18.2.4 Insurance or fidelity bonds;

18.2.5 Reallocation of interests in the Common Areas, or rights to use of the Common Areas;

18.2.6 Responsibility for maintenance and repair of the Project;

18.2.7 Expansion or contraction of the common interest community, or the addition, annexation or withdrawal of property to or from the common interest community;

18.2.8 Boundaries of any Unit;

18.2.9 The interests in the Common Areas;

18.2.10 Convertibility of Units into Common Areas or of Common Areas into Units;

18.2.11 Imposition of any restrictions on the leasing of Units;

18.2.12 Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey their Unit;

18.2.13 Establishment of self-management by the Association where professional management has been required by any Agency;

18.2.14 Any provision which is for the express benefit of an Agency or Mortgagee, regardless of whether the amendment is material;

18.2.15 Hazard or fidelity insurance requirements; and

18.2.16 Restoration or repair of the common interest community (after damage or partial condemnation) other than as specified herein.

Section 18.3 Amendment Procedure.

Except for amendments otherwise permitted to be undertaken by Declarant hererunder or pursuant to the Act, any amendment must be executed by the president of the Association and recorded with the Clerk and Recorder and approval of such amendment may be shown by attaching a certificate of the secretary of the Association to the recorded instrument certifying the approval of a sufficient number of Owners to the amendment. Notwithstanding the foregoing, Declarant, acting alone, reserves to itself the right and power to modify and amend this Declaration and/or the Map to the fullest extent permitted under the Act and this Declaration, including, without limitation:

18.3.1 Declarant may amend the Declaration, a plat or a Map to correct clerical errors, typographical errors, or technical errors;

18.3.2 Declarant may amend the Declaration to comply with the requirements, standards or guidelines of recognized secondary mortgage markets and Agencies; and

18.3.3 Declarant may amend this Declaration as provided in Article 15 above.

ARTICLE 19
LIMIT ON TIMESHARING

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

ARTICLE 20
WARRANTY DISCLAIMER

DECLARANT MAY, BUT SHALL NOT HAVE ANY OBLIGATION WHATSOEVER, TO CAUSE THE BUILDER OF THE PROJECT, SUMMIT HOMES CONSTRUCTION (HEREAFTER "BUILDER"), TO EXTEND AN EXPRESS, WRITTEN LIMITED WARRANTY ("LIMITED WARRANTY") TO ORIGINAL PURCHASERS FROM DECLARANT OF A UNIT WITHIN THE PROJECT. THE LIMITED WARRANTY SHALL BE THE ONLY WARRANTY, EXPRESS OR IMPLIED, PROVIDED TO OWNERS AND THE ASSOCIATION WITH REGARD TO THE UNITS, THE COMMON AREAS, AND THE PROPERTY WITHIN THE PROJECT.

ALL LIABILITIES, OBLIGATIONS, RIGHTS AND REMEDIES OF EACH OWNER (AND THE ASSOCIATION ON BEHALF OF THE OWNERS) ARISING OUT OF THE CONSTRUCTION AND CONDITION OF A UNIT AND THE COMMON AREAS SHALL BE LIMITED TO THE EXPRESS PROVISIONS OF THE LIMITED WARRANTY. EACH OWNER AND THE ASSOCIATION ACKNOWLEDGE AND AGREE THAT OTHER THAN AS EXPRESSLY PROVIDED IN THE LIMITED WARRANTY, DECLARANT AND BUILDER DISCLAIM, AND EACH OWNER AND THE ASSOCIATION WAIVE, ALL EXPRESSED OR IMPLIED WARRANTIES RELATING TO THE UNITS, THE COMMON AREAS AND THE PROPERTY WITHIN THE PROJECT, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES THAT THE UNITS AND COMMON AREAS WILL BE FREE FROM DEFECTS AND WILL BE FIT FOR THEIR INTENDED PURPOSES, THE IMPLIED WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION, CONFORMANCE WITH LOCAL BUILDING CODES, AND FITNESS FOR A PARTICULAR PURPOSE, AND ANY RIGHTS OR REMEDIES AS TO ANY PERSONAL PROPERTY OR "CONSUMER PRODUCT" (AS THAT TERM MAY BE DEFINED UNDER APPLICABLE FEDERAL, STATE OR LOCAL LAWS OR THEIR IMPLEMENTING REGULATIONS) THAT MAY BE A PART OF OR LOCATED IN THE UNITS (INCLUDING, WITHOUT LIMITATION, ANY PERSONAL PROPERTY OR FIXTURES WITHIN THE UNIT). EXCEPT AS SET FORTH IN THE LIMITED

WARRANTY, EACH SALE OF A UNIT FROM DECLARANT TO AN ORIGINAL PURCHASER IS "AS IS" AND "WHERE IS".

EACH OWNER AND THE ASSOCIATION AGREES TO LOOK SOLELY TO BUILDER, AND NOT DECLARANT, FOR ANY AND ALL ENFORCEMENT OF THE TERMS OF THE LIMITED WARRANTY IF ANY.

THE PROVISIONS OF THIS SECTION 20.1 SHALL NOT BE AMENDED EXCEPT UPON WRITTEN APPROVAL OF SIXTY-SEVEN PERCENT OF THE OWNERS WHICH SIXTY-SEVEN PERCENT MUST INCLUDE DECLARANT DURING THE PERIOD OF DECLARANT CONTROL AND SO LONG AS DECLARANT RETAINS ANY DEVELOPMENT RIGHTS OR SPECIAL DECLARANT RIGHTS AS DEFINED IN THE ACT.

IN THE EVENT THAT ANY PROVISIONS IN THIS ARTICLE 20 CONFLICT WITH ANY APPLICABLE FEDERAL OR COLORADO STATUTES WHICH PROVIDE NON-WAIVABLE LEGAL RIGHTS, INCLUDING, WITHOUT LIMITATION, THE COLORADO CONSTRUCTION DEFECT ACTION REFORM ACT OR THE COLORADO CONSUMER PROTECTION ACT, THEN THE NON-WAIVABLE TERMS OF SUCH STATUTE SHALL CONTROL.

ARTICLE 21
GENERAL PROVISIONS

Section 21.1 Restriction on Declarant Powers.

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

Section 21.2 Enforcement.

Except as otherwise provided in this Declaration, the Board, Declarant or an Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Board, Declarant or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

Section 21.3 Severability.

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions that shall remain in full force and effect.

Section 21.4 Conflicts Between Documents.

In case of conflict between this Declaration and the Articles and the Bylaws, this Declaration shall control. In case of conflict between the Articles and the Bylaws, the Articles shall control.

THIS DECLARATION is executed as of the 7th day of October, 2009.

DECLARANT:

Ptarmigan Housing, LLC,
a South Dakota limited liability company

By: [signature]
Name: JOANNA HOPKINS
Title: VICE PRESIDENT

STATE OF COLORADO)
) ss.
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before me this 7th day of OCTOBER, 2009, by JOANNA HOPKINS, as VICE PRESIDENT of Ptarmigan Housing, LLC, a South Dakota limited liability company, on its behalf.

Witness my hand and official seal.

My commission expires: 11-19-10.

(S E A L)

MELODY A. HILLIS NOTARY PUBLIC STATE OF COLORADO My Comm. Expires Nov. 19, 2010

Melody A Hillis
Notary Public

558884.10

EXHIBIT A
to
Declaration of Covenants, Conditions and Restrictions of
The Solarado Townhomes

(Legal Description)

ALL PROPERTY SET FORTH AND DESCRIBED ON THAT CERTAIN PLAT OF THE SOLORADO PLANNED COMMUNITY, A RESUBDIVISION OF LOT 1, SOLORADO SUBDIVISION, RECORDED COINCIDENT HEREWITH IN THE REAL ESTATE RECORDS OF SUMMIT COUNTY, COLORADO

EXHIBIT B
to
Declaration of Covenants, Conditions and Restrictions of
The Solarado Townhomes

(Certain Recorded Easements and Licenses to which the Project is or may become Subject)

RIGHT OF THE PROPRIETOR OF A VEIN OR LODE TO EXTRACT AND REMOVE HIS ORE THEREFROM, SHOULD THE SAME BE FOUND TO PENETRATE OR INTERSECT THE PREMISES HEREBY GRANTED, AND A RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES, AS RESERVED IN UNITED STATES PATENT RECORDED JULY 10, 1901 IN BOOK 81 AT PAGE 246.

RESTRICTIVE COVENANTS, WHICH DO NOT CONTAIN A FORFEITURE OR REVERTER CLAUSE, AS CONTAINED IN INSTRUMENT RECORDED JULY 17, 1958, IN BOOK 152 AT PAGE 428 AND AS AMENDED IN INSTRUMENT RECORDED DECEMBER 28, 1978 UNDER RECEPTION NO. 185980.

THE EFFECT OF ORDER EXCLUDING SUBJECT PROPERTY FROM THE SILVERTHORNE FIRE PROTECTION DISTRICT RECORDED MAY 07, 1985, UNDER RECEPTION NO. 296372.

EASEMENTS, NOTES, SETBACKS AS SHOWN AND RESERVED ON THE RECORDED PLAT OF PTARMIGAN TRAIL ESTATES, UNIT 1 RECORDED JULY 8, 1958 UNDER RECEPTION NO. 79367.

TERMS, CONDITIONS AND PROVISIONS OF ORDER FOR INCLUSION INTO THE LAKE DILLON FIRE PROTECTION DISTRICT RECORDED DECEMBER 18, 1998 AT RECEPTION NO. 584192.

TERMS, CONDITIONS AND PROVISIONS OF ORDINANCE 07-06 DISCONNECTING LOT 31 FROM TOWN OF DILLON RECORDED AUGUST 09, 2006 AT RECEPTION NO. 828844.

TERMS, CONDITIONS AND PROVISIONS OF ORDINANCE 07-06 DISCONNECTING LOT 31 FROM TOWN OF DILLON RECORDED AUGUST 09, 2006 AT RECEPTION NO. 828845.

TERMS, CONDITIONS AND PROVISIONS OF TOWN OF SILVERTHRONE ANNEXING LOT 31 INTO TOWN OF SILVERTHORNE RECORDED MAY 18, 2007 AT RECEPTION NO. 855670.

TERMS, CONDITIONS AND PROVISIONS OF PTARMIGAN TRAIL ANNEXATION MAP RECORDED MAY 18, 2007 AT RECEPTION NO. 855671.

TERMS, CONDITIONS AND PROVISIONS OF ORDINANCE NO. 2007-5 ZONING PROPERTY R-15 RECORDED MAY 18, 2007 AT RECEPTION NO. 855672.

TERMS, CONDITIONS AND PROVISIONS OF ORDINANCE NO. 07-06 DISCONNECTING LOT 31 FROM THE TOWN OF DILLON RECORDED MAY 27, 2008 AT RECEPTION NO. 888474.