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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
THE TIMBERS ON RIVER RUN CONDOMINIUM**

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DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR THE TIMBERS ON RIVER RUN CONDOMINIUM

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE TIMBERS ON RIVER RUN CONDOMINIUM (as amended from time to time, this "Declaration") is made as of August __, 2000, by HOMESTEAD LODGE PARTNERS, LLC, a Colorado limited liability company (together with its successors and assigns, "Declarant").

RECITALS

- A. Declarant owns the real property located in the County of Summit, State of Colorado, that is more particularly described on Exhibit A attached hereto and made a part hereof.
- B. Declarant desires to create a condominium on such property pursuant to the Colorado Common Interest Ownership Act, Colorado Revised Statutes 38-33.3-101 through 38-33.3-319, as the same may be amended from time to time.
- C. Declarant deems it necessary and desirable to subject such property to the covenants, conditions, restrictions, reservations, easements, assessments, charges and liens set forth in this Declaration.

DECLARATION

In consideration of the foregoing, Declarant hereby declares as follows:

ARTICLE I

DECLARATION

1.1 Declaration.

Declarant hereby creates a condominium named "The Timbers on River Run Condominium" on the Property (as such term is defined below) and declares that the Property shall be held, sold and conveyed subject to the covenants, conditions, restrictions, reservations, easements, assessments, charges, liens and other provisions of this Declaration.

1.2 Covenants Running with the Land.

All covenants, conditions, restrictions, reservations, easements, charges, liens and other provisions of this Declaration are covenants running with the land, or equitable servitudes, as the

case may be. The obligations, burdens and benefits created by this Declaration shall bind and inure to the benefit of Declarant, the Owners (as such term is defined below), the Association (as that term is defined below), all other parties having any right, title or interest in the Property or any portion thereof and their respective successors, assigns, heirs, devisees, executors, administrators and personal representatives.

ARTICLE II

DEFINITIONS

2.1 Basic Definitions.

As used in this Declaration, the following terms have the meanings given in this Section 2.1.

(a) "Act" means the Colorado Common Interest Ownership Act, Colorado Revised Statutes 38-33.3-101 through 38-33.3-319, as the same may be amended from time to time.

(b) "Additional Property" means the various parcels of real property located in Summit County, Colorado, that are more particularly described on Exhibit B attached hereto and made a part hereof.

(c) "Area" of a Unit means the total number of square feet of such Unit as shown on the Map or stated in this Declaration, or if such square footage is not shown on the Map or stated in this Declaration, then "Area" means the total number of square feet of such Unit as determined by the Executive Board.

(d) "Articles" means the articles of incorporation of the Association, as the same may be amended from time to time.

(e) "Assessment" means a General Assessment, a Special Assessment or a Default Assessment levied and assessed pursuant to Article VII below.

(f) "Assessment Lien" has the meaning given to that term in Section 7.8 below.

(g) "Association" means The Timbers on River Run Condominium Association, Inc., a Colorado nonprofit corporation, and its successors and assigns.

(h) "Association Documents" means this Declaration, the Articles, the Bylaws and the Rules and Regulations, as the same may be amended from time to time.

(i) "Bylaws" means the bylaws of the Association, as the same may be amended from time to time.

(j) "Common Elements" means the General Common Elements and the Limited Common Elements.

(k) "Common Expenses" means:

(i) any and all costs, expenses and liabilities incurred by or on behalf of the Association, including, without limitation, costs, expenses and liabilities for (A) managing, operating, insuring, improving, repairing, replacing and maintaining the Common Elements; (B) providing facilities, services and other benefits to Owners; (C) administering and enforcing the covenants, conditions, restrictions, reservations and easements created hereby; (D) levying, collecting and enforcing the Assessments, charges and liens imposed pursuant hereto; (E) regulating and managing the Condominium; and (F) operating the Association; and

(ii) reserves for any such costs, expenses and liability.

(l) "Condominium" means The Timbers on River Run Condominium, the common interest community created on the Property by this Declaration, consisting of the Units and the Common Elements.

(m) "Declarant" means Homestead Lodge Partners, L.L.C., a Colorado limited liability company, and its successors and assigns.

(n) "Declarant Control Period" has the meaning given to that term in Section 6.3 below.

(o) "Declaration" means this Declaration of Covenants, Conditions and Restrictions for The Timbers on River Run Condominium, as the same may be amended from time to time.

(p) "Default Assessment" has the meaning given to that term in Section 7.6 below.

(q) "Director" means a duly elected or appointed member of the Executive Board.

(r) "Executive Board" means the Association's board of directors.

(s) "First Mortgage" means any Mortgage which is not subordinate to any other lien or encumbrance, except liens for taxes or other liens which are given priority by statute.

(t) "First Mortgagee" means a Mortgagee under a First Mortgage.

(u) "General Assessment" has the meaning given to that term in Section 7.4 below.

(v) "General Common Elements" means all of the Condominium, other than the Units and the Limited Common Elements. Without limiting the generality of the preceding sentence, the General Common Elements include, without limitation:

(i) all Improvements, including, without limitation, the foundations, columns, girders, beams, supports, perimeter and supporting walls, utility systems, mechanical systems, sprinkler systems, exhaust and ventilation systems, storage areas, roofs, chimneys, drainage facilities, patios, balconies, decks, porches, courtyards, stoops, exits and entrances, except for those Improvements that are designated by the Act, by this Declaration or by the Map as Units or Limited Common Elements; and

(ii) all roads, driveways and parking facilities and areas within the Condominium, other than those that are designated as Limited Common Elements by this Declaration or the Map;

(iii) all yards, sidewalks, walkways, trails, paths, lawns, shrubbery, trees, gardens, decorative water falls, retaining or decorative walls and landscaping within the Condominium;

(iv) swimming pool, pool-side patio, hot tub within patio area, shower and changing room facilities, and related recreational amenities for use by Owners and their Guests; and

(v) any parcels of real property and improvements and fixtures located thereon (A) that are owned by a Person other than the Association, but in which the Association has rights of use or possession pursuant to this Declaration or a lease, license, easement or other agreement, and (B) that are used or possessed by the Association for the benefit of all Owners (including but not limited to ski trails providing ski in/ski out access to the Condominium).

(w) "Guest" means any family member, employee, agent, independent contractor, lessee, customer or invitee of an Owner.

(x) "Improvement" means any building, structure or other improvement (including, without limitation, all fixtures and improvements contained therein) located on the Property and within which one or more Units or Common Elements are located.

(y) "Interest in General Common Elements" means the undivided interest in the General Common Elements appurtenant to each Unit, determined in accordance with the terms and conditions of Section 3.2 below.

(z) "Limited Common Elements" means those portions of the Common Elements allocated by this Declaration or by operation of the Act for the exclusive use of one or more Units, but fewer than all the Units. Without limiting the generality of the foregoing, "Limited Common Elements" include, without limitation,

(i) any shutters, awnings, window boxes, exterior windows and doors, fireplaces, utility systems, mechanical systems, exhaust and ventilation systems, patios, balconies, decks, hot tubs, spas, porches, courtyards, waiting areas, laundry facilities, storage spaces, ski lockers, restrooms, entrances, exits and walkways and other areas and Improvements that are designed to serve fewer than all of the Units;

(ii) any parking spaces, storage areas or ski lockers which are allocated for the use of a particular Unit or Units; and

(iii) any physical portion of the Condominium that is designated on the Map as "Limited Common Element" or "LCE."

If any chute, flue, duct, wire, conduit, bearing wall, bearing column or other structural component, any portion of a mechanical system or any fixture lies partially within and partially outside of the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated solely to that Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the General Common Elements.

(aa) "Majority," regardless of whether capitalized, means any percentage greater than 50 percent.

(bb) "Map" means the condominium map for The Timbers on River Run Condominium recorded simultaneously herewith, as the same may be amended or supplemented from time to time.

(cc) "Membership" means a membership in the Association and the rights granted to Owners pursuant to this Declaration and the other Association Documents to participate in the Association.

DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR THE TIMBERS ON RIVER RUN CONDOMINIUM

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE TIMBERS ON RIVER RUN CONDOMINIUM (as amended from time to time, this "Declaration") is made as of August __, 2000, by HOMESTEAD LODGE PARTNERS, LLC, a Colorado limited liability company (together with its successors and assigns, "Declarant").

RECITALS

- A. Declarant owns the real property located in the County of Summit, State of Colorado, that is more particularly described on Exhibit A attached hereto and made a part hereof.
- B. Declarant desires to create a condominium on such property pursuant to the Colorado Common Interest Ownership Act, Colorado Revised Statutes 38-33.3-101 through 38-33.3-319, as the same may be amended from time to time.
- C. Declarant deems it necessary and desirable to subject such property to the covenants, conditions, restrictions, reservations, easements, assessments, charges and liens set forth in this Declaration.

DECLARATION

In consideration of the foregoing, Declarant hereby declares as follows:

ARTICLE I

DECLARATION

1.1 Declaration.

Declarant hereby creates a condominium named "The Timbers on River Run Condominium" on the Property (as such term is defined below) and declares that the Property shall be held, sold and conveyed subject to the covenants, conditions, restrictions, reservations, easements, assessments, charges, liens and other provisions of this Declaration.

1.2 Covenants Running with the Land.

All covenants, conditions, restrictions, reservations, easements, charges, liens and other provisions of this Declaration are covenants running with the land, or equitable servitudes, as the

case may be. The obligations, burdens and benefits created by this Declaration shall bind and inure to the benefit of Declarant, the Owners (as such term is defined below), the Association (as that term is defined below), all other parties having any right, title or interest in the Property or any portion thereof and their respective successors, assigns, heirs, devisees, executors, administrators and personal representatives.

ARTICLE II

DEFINITIONS

2.1 Basic Definitions.

As used in this Declaration, the following terms have the meanings given in this Section 2.1.

(a) "Act" means the Colorado Common Interest Ownership Act, Colorado Revised Statutes 38-33.3-101 through 38-33.3-319, as the same may be amended from time to time.

(b) "Additional Property" means the various parcels of real property located in Summit County, Colorado, that are more particularly described on Exhibit B attached hereto and made a part hereof.

(c) "Area" of a Unit means the total number of square feet of such Unit as shown on the Map or stated in this Declaration, or if such square footage is not shown on the Map or stated in this Declaration, then "Area" means the total number of square feet of such Unit as determined by the Executive Board.

(d) "Articles" means the articles of incorporation of the Association, as the same may be amended from time to time.

(e) "Assessment" means a General Assessment, a Special Assessment or a Default Assessment levied and assessed pursuant to Article VII below.

(f) "Assessment Lien" has the meaning given to that term in Section 7.8 below.

(g) "Association" means The Timbers on River Run Condominium Association, Inc., a Colorado nonprofit corporation, and its successors and assigns.

(h) "Association Documents" means this Declaration, the Articles, the Bylaws and the Rules and Regulations, as the same may be amended from time to time.

(i) "Bylaws" means the bylaws of the Association, as the same may be amended from time to time.

(j) "Common Elements" means the General Common Elements and the Limited Common Elements.

(k) "Common Expenses" means:

(i) any and all costs, expenses and liabilities incurred by or on behalf of the Association, including, without limitation, costs, expenses and liabilities for (A) managing, operating, insuring, improving, repairing, replacing and maintaining the Common Elements; (B) providing facilities, services and other benefits to Owners; (C) administering and enforcing the covenants, conditions, restrictions, reservations and easements created hereby; (D) levying, collecting and enforcing the Assessments, charges and liens imposed pursuant hereto; (E) regulating and managing the Condominium; and (F) operating the Association; and

(ii) reserves for any such costs, expenses and liability.

(l) "Condominium" means The Timbers on River Run Condominium, the common interest community created on the Property by this Declaration, consisting of the Units and the Common Elements.

(m) "Declarant" means Homestead Lodge Partners, L.L.C., a Colorado limited liability company, and its successors and assigns.

(n) "Declarant Control Period" has the meaning given to that term in Section 6.3 below.

(o) "Declaration" means this Declaration of Covenants, Conditions and Restrictions for The Timbers on River Run Condominium, as the same may be amended from time to time.

(p) "Default Assessment" has the meaning given to that term in Section 7.6 below.

(q) "Director" means a duly elected or appointed member of the Executive Board.

(r) "Executive Board" means the Association's board of directors.

(s) "First Mortgage" means any Mortgage which is not subordinate to any other lien or encumbrance, except liens for taxes or other liens which are given priority by statute.

(t) "First Mortgagee" means a Mortgagee under a First Mortgage.

(u) "General Assessment" has the meaning given to that term in Section 7.4 below.

(v) "General Common Elements" means all of the Condominium, other than the Units and the Limited Common Elements. Without limiting the generality of the preceding sentence, the General Common Elements include, without limitation:

(i) all Improvements, including, without limitation, the foundations, columns, girders, beams, supports, perimeter and supporting walls, utility systems, mechanical systems, sprinkler systems, exhaust and ventilation systems, storage areas, roofs, chimneys, drainage facilities, patios, balconies, decks, porches, courtyards, stoops, exits and entrances, except for those Improvements that are designated by the Act, by this Declaration or by the Map as Units or Limited Common Elements; and

(ii) all roads, driveways and parking facilities and areas within the Condominium, other than those that are designated as Limited Common Elements by this Declaration or the Map;

(iii) all yards, sidewalks, walkways, trails, paths, lawns, shrubbery, trees, gardens, decorative water falls, retaining or decorative walls and landscaping within the Condominium;

(iv) swimming pool, pool-side patio, hot tub within patio area, shower and changing room facilities, and related recreational amenities for use by Owners and their Guests; and

(v) any parcels of real property and improvements and fixtures located thereon (A) that are owned by a Person other than the Association, but in which the Association has rights of use or possession pursuant to this Declaration or a lease, license, easement or other agreement, and (B) that are used or possessed by the Association for the benefit of all Owners (including but not limited to ski trails providing ski in/ski out access to the Condominium).

(w) "Guest" means any family member, employee, agent, independent contractor, lessee, customer or invitee of an Owner.

(x) "Improvement" means any building, structure or other improvement (including, without limitation, all fixtures and improvements contained therein) located on the Property and within which one or more Units or Common Elements are located.

(y) "Interest in General Common Elements" means the undivided interest in the General Common Elements appurtenant to each Unit, determined in accordance with the terms and conditions of Section 3.2 below.

(z) "Limited Common Elements" means those portions of the Common Elements allocated by this Declaration or by operation of the Act for the exclusive use of one or more Units, but fewer than all the Units. Without limiting the generality of the foregoing, "Limited Common Elements" include, without limitation,

(i) any shutters, awnings, window boxes, exterior windows and doors, fireplaces, utility systems, mechanical systems, exhaust and ventilation systems, patios, balconies, decks, hot tubs, spas, porches, courtyards, waiting areas, laundry facilities, storage spaces, ski lockers, restrooms, entrances, exits and walkways and other areas and Improvements that are designed to serve fewer than all of the Units;

(ii) any parking spaces, storage areas or ski lockers which are allocated for the use of a particular Unit or Units; and

(iii) any physical portion of the Condominium that is designated on the Map as "Limited Common Element" or "LCE."

If any chute, flue, duct, wire, conduit, bearing wall, bearing column or other structural component, any portion of a mechanical system or any fixture lies partially within and partially outside of the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated solely to that Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the General Common Elements.

(aa) "Majority," regardless of whether capitalized, means any percentage greater than 50 percent.

(bb) "Map" means the condominium map for The Timbers on River Run Condominium recorded simultaneously herewith, as the same may be amended or supplemented from time to time.

(cc) "Membership" means a membership in the Association and the rights granted to Owners pursuant to this Declaration and the other Association Documents to participate in the Association.

(dd) "Mortgage" means any mortgage, deed of trust or other document pledging any Unit or interest therein as security for payment of a debt or obligation.

(ee) "Mortgagee" means any Person named as a mortgagee or beneficiary in any Mortgage and any successor to the interest of any such Person under a Mortgage.

(ff) "Neighbourhood Company" means The Keystone Neighbourhood Company, Inc., a Colorado nonprofit corporation.

(gg) "Neighbourhood Company Documents" means the Neighbourhood Company Declaration and the articles of incorporation, the bylaws and all rules and regulations of the Neighbourhood Company, including, without limitation, those of the Neighbourhood Company's Design Review Board, as the same may be amended from time to time.

(hh) "Neighbourhood Company Declaration" means the Declaration of Covenants, Conditions and Restrictions for The Neighbourhood at Keystone, recorded in the Summit County Records on December 1, 1995 under Reception No. 504399, as the same may be amended from time to time.

(ii) "Officer" means a duly elected or appointed officer of the Association.

(jj) "Owner" means the record holder of legal title to the fee simple interest in any Unit or portion thereof. If there is more than one record holder of legal title to a Unit, each record holder shall be an Owner. The term "Owner" includes Declarant to the extent that Declarant is the record holder of legal title to the fee simple interest in a Unit.

(kk) "Person" means any natural person, corporation, partnership, limited liability company, association, trust, trustee, governmental or quasi-governmental entity or any other entity capable of owning real property under the laws of the State of Colorado.

(ll) "Property" means:

(i) the real property located in Summit County, Colorado, that is more particularly described on Exhibit A attached hereto and made a part hereof; and

(ii) any real property that is later made subject to this Declaration in accordance with the terms and conditions contained herein.

(mm) "Purchaser" means a Person, other than Declarant or a Successor Declarant, who acquires legal title to the fee simple interest in any Unit or portion thereof.

(nn) "Rules and Regulations" means any instruments adopted by the Association for the regulation and management of the Condominium, as the same may be amended from time to time.

(oo) "Share of Common Expenses" means the share of Common Expenses allocated to each Unit in accordance with the terms and conditions of Section 7.2 below.

(pp) "Special Assessment" has the meaning given to that term in Section 7.5 below.

(qq) "Special Declarant Rights" means all "special declarant rights" (as such term is defined in the Act) that Declarant reserves for itself in this Declaration.

(rr) "Successor Declarant" means any Person who succeeds to any Special Declarant Right.

(ss) "Summit County Records" means the Office of the Clerk and Recorder for Summit County, Colorado.

(tt) "Total Condominium Area" means the Area of all Units in the Condominium, as determined in accordance with paragraph 2.1(c) above.

(uu) "Unit" means a physical portion of the Condominium that:

(i) is created by this Declaration;

(ii) is designated for separate ownership; and

(iii) has boundaries that are described in this Declaration or shown on the Map, together with

(iv) the Interest in General Common Elements appurtenant to that Unit;

(v) the right to exclusive or nonexclusive use of the Limited Common Elements appurtenant to that Unit, if any; and

(vi) the Membership in the Association appurtenant to that Unit.

If walls, floors or ceilings are designated as boundaries of a Unit, all paneling, tiles, wallpaper, painting, finished flooring and any other materials constituting any portion of the finished surfaces thereof are part of the Unit, and all other portions of the walls, floors and ceilings are part of the Common Elements.

2.2 Gender and Number.

Wherever the context of this Declaration so requires:

- genders; (a) words used in the masculine gender shall include the feminine and neuter
- genders; (b) words used in the neuter gender shall include the masculine and feminine
- genders; (c) words used in the feminine gender shall include the masculine and neuter
- (d) words used in the singular shall include the plural; and
- (e) words used in the plural shall include the singular.

ARTICLE III

UNITS AND COMMON ELEMENTS

3.1 Units.

- (a) Declarant hereby creates twenty-nine Units within the Condominium, the boundaries and identifying numbers of which are shown on the Map.
- (b) Declarant reserves the right create a maximum of 114 Units within the Condominium, as the same may be expanded from time to time.
- (c) No Owner may alter its Unit, subdivide its Unit or relocate the boundaries between its Unit and an adjacent Unit, except as provided by this Declaration or the Act.
- (d) Except as expressly provided to the contrary in this Declaration, the Interest in General Common Elements, the right to use Limited Common Elements and the Membership in the Association appurtenant to the Unit may not be partitioned or separated from the Unit or any part thereof.
- (e) Notwithstanding anything to the contrary contained in paragraph 3.1(c) or (d) above or elsewhere in this Declaration:
 - (i) nothing shall prevent or limit Declarant's exercise or enjoyment of any Special Declarant Right; and
 - (ii) an Owner may grant its rights to use any General Common Element or any Limited Common Element appurtenant to the Owner's Unit to the Owner's Guests.

3.2 Interests in General Common Elements.

(a) The Interests in General Common Elements shall be allocated among the Units as set forth in this Section 3.2. The Interest in General Common Elements appurtenant to a Unit shall be expressed as a percentage and calculated in accordance with the following formula:

$$\text{Interest in General Common Elements} = \frac{(\text{Area of the Unit})}{(\text{Total Condominium Area})} \times 100$$

(b) The Interest in General Common Elements appurtenant to each of the initial Units of the Condominium are set forth on Exhibit C attached hereto and made a part hereof.

(c) If any Units are added to or withdrawn from the Condominium, or if the Area of one or more Units is increased or decreased, the Interest in General Common Elements for all Units within the Condominium after such addition or withdrawal, increase or decrease shall be recalculated in accordance with the formula set forth in paragraph 3.2(a) above.

(d) An Interest in General Common Elements may not be partitioned from the Unit to which it is appurtenant, and any purported conveyance, encumbrance or transfer of an Interest in General Common Elements made without the Unit to which the Interest in General Common Elements is appurtenant shall be void.

3.3 Limited Common Elements.

Except as expressly provided to the contrary in this Declaration, the allocation of the Limited Common Elements shown on the Map or by operation of the Act may not be altered without the consent of all Owners whose Units would be affected by such reallocation, and then, only in accordance with the terms and conditions of the Act.

3.4 Separate Taxation of Units.

Pursuant to the Act, each Unit constitutes a separate parcel of real estate and will be separately assessed and taxed.

3.5 Description of Units.

To convey, encumber or otherwise affect legal title to a Unit an instrument may describe the Unit as follows, which description shall be deemed sufficient to convey the Unit, its interest in the Common Elements, and all other appurtenances:

Unit _____, The Timbers on River Run Condominium, Summit County, Colorado, according to the Declaration of Covenants, Conditions and Restrictions for The Timbers on River Run Condominium, recorded under Reception

No. _____ of the records of the Clerk and Recorder for Summit County, Colorado, and the Condominium Map recorded under Reception No. _____ of the records of the Clerk and Recorder for Summit County, Colorado.

ARTICLE IV

THE ASSOCIATION

4.1 Formation of the Association.

On or before the date on which Declarant conveys the first Unit to a Purchaser, Declarant shall form the Association.

4.2 Purposes and Powers.

(a) The Association's purposes are:

(i) to manage, operate, insure, construct, improve, repair, replace, alter and maintain the Common Elements;

(ii) to provide certain facilities, services and other benefits to the Owners;

(iii) to administer and enforce the covenants, conditions, restrictions, reservations and easements created hereby;

(iv) to levy, collect and enforce the Assessments, charges and liens imposed pursuant hereto;

(v) to enter into agreements with other Persons, including, without limitation, easements, licenses, leases and other agreements with one or more condominium associations or the Neighbourhood Company, any governmental or quasi-governmental entity or any other Person, which contemplate the sharing of expenses among the Association and such other Persons for facilities and services that serve the Association and such other Persons;

(vi) to take any action that it deems necessary or appropriate to protect the interests and general welfare of Owners; and

(vii) to regulate and manage the Condominium.

(b) Unless expressly prohibited by law or any of the Association Documents, the Association may:

(i) take any and all actions that it deems necessary or advisable to fulfill its purposes;

(ii) exercise any powers conferred on it by the Act or any Association Document; and

(iii) exercise all powers that may be exercised in Colorado by nonprofit corporations.

(c) Without in any way limiting the generality of paragraph 4.2(b) above, the Association may, but is not obligated to:

(i) provide certain facilities and services to the Owners, such as (A) recreational facilities and services, (B) water, sewer, gas, electric, cable television and other utility services, (C) parking facilities; (D) trash collection facilities and services; and (E) snow removal facilities and services.

(ii) acquire, sell, lease and grant easements over, across and through Common Elements;

(iii) borrow monies and grant security interests in the Common Elements and in the assets of the Association as collateral therefor;

(iv) make capital improvements, repairs and replacements to Common Elements; and

(v) hire and terminate managing agents and other employees, agents and independent contractors.

(vi) enter into agreements for the maintenance, repair and replacement of the Common Elements.

4.3 Association Documents.

(a) This Declaration creates the Condominium and sets forth certain covenants, conditions, restrictions, reservations, easements, assessments, charges and liens applicable to the Property. The Articles create the Association. The Bylaws provide for the regulation and management of the Association, and the Rules and Regulations provide for the regulation and management of the Condominium.

(b) If there is any conflict or inconsistency between the terms and conditions of this Declaration and the terms and conditions of the Articles, the Bylaws or the Rules and Regulations, the terms and conditions of this Declaration shall control. If there is any conflict or inconsistency between the terms and conditions of the Articles and the terms and conditions of

the Bylaws or the Rules and Regulations, the terms and conditions of the Articles shall control. If there is any conflict or inconsistency between the terms and conditions of the Bylaws and the terms and conditions of the Rules and Regulations, the terms and conditions of the Bylaws shall control.

4.4 Books and Records.

Upon request, the Association shall allow Owners and Mortgagees and their respective agents to inspect current copies of the Association Documents and the books, records, budgets and financial statements of the Association during normal business hours and under other reasonable circumstances. The Association may charge a reasonable fee for copying such materials.

4.5 Association Litigation.

(a) In recognition of the expenses and disruption associated with litigation, the Association shall not commence a judicial or administrative proceeding without the approval of Owners representing at least 75% of the total vote of the Association.

(b) Neither the Association nor any Owner shall institute an action against any Person which arises out of an alleged defect in the construction of the Condominium until: (i) Declarant and the Person(s) who physically constructed the portion of the Condominium in which the alleged defect exists have been notified and given a reasonable time and opportunity in which to inspect, assess, correct, or redesign any alleged defect or other portions of the Condominium (provided, however, that the terms of this Section shall not create an obligation of any Person to effect a repair of an alleged defect); (ii) the Association or Owner(s) have pursued their remedies under any express warranty covering all or any portion of the alleged defect; (iii) the Declarant and the affected contractor(s) have been given the opportunity to be heard at a meeting of the Association regarding the alleged defect; and (iv) all proposed parties to the action have been given a reasonable opportunity to mediate any dispute or disagreement relating to the alleged defect, and have either participated or refused to participate in such mediation.

(c) Notwithstanding any other provision of this Declaration, prior to instituting any action affected by Section 4.5(b), the Association shall notify each proposed defendant in such action and offer to resolve all claims, controversies and disputes at issue in such proposed action by conclusive binding arbitration under the Construction Industry Arbitration Rules of the American Arbitration Association. Each such proposed defendant shall have a period of sixty days from the receipt of such notice in which to accept the offer of arbitration by written notice to the Association. This arbitration provision is irrevocable and, as to the proposed defendants which accept the Association's offer in a timely manner (the "Accepting Persons"), provides the exclusive forum for the resolution of all such controversies, disputes and claims. No award shall be made against any Accepting Person for amounts in excess of the cost of repairing the alleged defect, nor shall any award be made for punitive or exemplary damages, nor for any special, indirect or consequential damages, including, without limitation, any damages based on a

claimed diminution in the value of the Condominium or any Unit, even if the Accepting Person has been advised of the possibility of such damages. Any claim to an award of such damages is hereby expressly waived. The results of the arbitration shall be final and binding upon all parties to the arbitration, and judgment may be entered upon such results in accordance with applicable law in any court of competent jurisdiction, each party paying its own attorneys fees, costs and expenses.

After compliance with the terms of this Section 4.5, the Association may commence and pursue litigation against proposed defendants in the action other than the Accepting Persons. No such action arising out of or relating to any claim affected by this Section shall include, by consolidation or joinder or class certification or in any other manner (including without limitation, inclusion as an original or additional third party to any litigation), any Accepting Person, and the Association shall indemnify each Accepting Person against all damages, attorneys fees, costs and expenses suffered by such Accepting Person as a result of such inclusion.

(d) No action affected by Section 4.5(b) shall be conducted utilizing legal counsel who are compensated on a contingency fee or similar means of compensation in which litigation costs and attorneys fees are not paid on a current basis or are paid out of the settlement or judgment amount recovered by the Association in such action. No action affected by Section 4.5(b), regardless of the nature of the claim for relief, may be had or maintained against any Person unless the offer of arbitration contemplated by Section 4.5(c) has been given to such Person within one year after the cause of action relating to the dispute, claim or controversy has accrued.

(e) This Section 4.5 shall not apply to: (i) actions brought by the Association to enforce the Governing Documents (including, without limitation, the foreclosure of liens); (ii) the collection of assessments; (iii) proceedings involving challenges to ad valorem taxation; (iv) counterclaims brought by the Association in proceedings instituted against it; or (v) actions brought by the Association against any contractor, vendor, or supplier of goods or services arising out of an express contract with the Association or its manager for services or supplies. This Section 4.5 shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided in Section 4.5(a) above.

ARTICLE V

MEMBERSHIP AND VOTING

5.1 Membership.

(a) There shall be one Membership appurtenant to each Unit. The Membership appurtenant to a Unit shall be held by the Owners of that Unit and may not be separated from the Unit to which it is appurtenant. A Membership may be transferred or

encumbered only in connection with the conveyance or encumbrance of a fee simple interest in the Unit to which the Membership is appurtenant. Any transfer or encumbrance of a Membership other than as permitted in this Section 5.1 shall be void and have no force or effect.

(b) Notwithstanding anything to the contrary in paragraph 5.1(a) above, an Owner may assign its voting rights to any Person by duly executed proxies timely delivered to the Association.

5.2 Voting.

(a) Each Membership shall be entitled to one vote, regardless of the number of Owners of the Unit to which the Membership is appurtenant; provided, however, that Units with a floor area in excess of 5,000 square feet shall have two votes. Fractional voting shall not be allowed. If the Owners of a Unit cannot agree among themselves as to how to cast their votes on a particular matter, they shall lose their right to vote on such matter. If any Owner casts a vote representing a Membership appurtenant to a particular Unit, it will thereafter be presumed for all purposes that the Owner was acting with the authority and consent of all other Owners with whom such Owner shares the Membership, unless objection thereto is made by an Owner of that Unit in person or by proxy to the Person presiding over the meeting at the time the vote is cast. If more than one vote is cast for any particular Membership, none of such votes shall be counted and all of such votes shall be deemed null and void.

(b) In any election of Directors to the Executive Board, every Membership shall have the number of votes equal to the number of Directors to be elected. Cumulative voting shall not be allowed in the election of Directors to the Executive Board or for any other purpose.

(c) The Association shall have no voting rights for any Membership appurtenant to any Unit owned by the Association.

ARTICLE VI

EXECUTIVE BOARD

6.1 Number and Election of Directors.

The Executive Board shall consist of three Directors or such greater number (not to exceed seven) as may be provided by the Bylaws. The initial Directors shall hold office until the election or appointment of their successors at the year 2001 annual meeting. Thereafter, subject to the terms and conditions of Sections 6.3 and 6.4 below, each Director will hold office for a term of one year, and the Owners shall elect the Directors at the annual meetings; provided, however, that the Bylaws may provide for a longer term of office (not to exceed three years) and may provide for staggered terms of Directors so as to provide continuity in membership.

6.2 Powers of the Executive Board.

(a) Except as provided in this Declaration, the Articles and the Bylaws, the Executive Board may act on behalf of the Association in all instances.

(b) The Executive Board may not act on behalf of the Association to:

(i) amend this Declaration;

(ii) terminate the Association, this Declaration or the Condominium;

(iii) elect Directors to the Executive Board, other than to fill a vacancy for the unexpired portion of any Director's term, subject to Declarant's rights under Section 6.3 below; or

(iv) determine the qualifications, powers and duties, or terms of office, of Directors.

6.3 Declarant Control Period.

(a) Subject to the terms and conditions of paragraphs 6.3(b) and (c) below, but notwithstanding anything else to the contrary contained in this Declaration or in any other Association Document, Declarant shall have the exclusive right to appoint and remove all Directors and Officers during the Declarant Control Period. The phrase "Declarant Control Period" means the period commencing on the date on which Declarant forms the Association and ending on the earliest to occur of:

(i) the date that is sixty days after conveyance to Purchasers of 75 percent of the maximum number of Units that may be created by Declarant under this Declaration;

(ii) the date that is two years after the last conveyance of a Unit by Declarant or a successor Declarant in the ordinary course of business; or

(iii) the date that is two years after any right to add new Units was last exercised.

(b) Declarant may voluntarily surrender its right to appoint and remove Officers and Directors prior to the expiration of the Declarant Control Period, but, in that event, Declarant may require, for the remainder of the Declarant Control Period, that specific actions of the Association or the Executive Board, as described in a recorded instrument executed by Declarant, be approved by the Declarant before they become effective.

(c) Notwithstanding anything to the contrary contained in paragraph 6.3(a) above, not later than sixty days after the conveyance of 25 percent of the Units that may be created under this Declaration to Purchasers, one Director appointed by Declarant shall be replaced with a Director elected by Owners other than Declarant.

(d) During the thirty-day period immediately preceding the date on which the Declarant Control Period expires, the Owners shall elect an Executive Board of three Directors, at least a majority of whom must be Owners other than Declarant or designated representatives of Owners other than Declarant. Such Directors shall take office upon election.

6.4 Removal of Directors.

Notwithstanding any provision of this Declaration or any other Association Document to the contrary, the Owners, by a 67 percent vote of all Memberships represented and entitled to vote at any meeting at which a quorum is present, may remove any Director, with or without cause, other than a Director appointed by Declarant during the Declarant Control Period.

ARTICLE VII

ASSESSMENTS, COMMON EXPENSES, BUDGETS AND LIENS

7.1 Obligations for Assessments.

(a) Each Owner, by accepting a deed to a Unit (regardless of whether it shall be expressly stated in such deed), shall be deemed to have covenanted and agreed, to pay to the Association all:

- (i) General Assessments;
- (ii) Special Assessments;
- (iii) Default Assessments; and
- (iv) other charges,

that the Association is required or permitted to levy or impose on such Owner or such Owner's Unit pursuant to this Declaration or any other Association Document. In addition each Owner shall be deemed to have covenanted and agreed to pay all assessments and other charges imposed by the Neighbourhood Company pursuant to the Neighbourhood Company Declaration.

(b) Notwithstanding the definition of the term "Owner":

- (i) a Person who acquires a Unit in a foreclosure sale shall be personally liable for all Assessments and other charges that the Association is

required or permitted to levy or impose on that Unit or on the Owner of that Unit commencing on the date of the foreclosure sale; and

(ii) a Person who acquires a Unit by deed-in-lieu of foreclosure shall be personally liable for all Assessments and other charges that the Association is required or permitted to levy or impose on that Unit or on the Owner of that Unit commencing on the date on which the Owner of the Unit executes the deed-in-lieu of foreclosure.

(c) No Owner shall be exempt from liability for any such Assessment or other charges by waiving the use or enjoyment of any Common Element or by abandoning a Unit against which such Assessments or other charges are made.

(d) Each Owner shall be personally liable for all Assessments and other charges levied on such Owner or such Owner's Unit during the period of such Owner's ownership of the Unit. If there is more than one Owner of a Unit, each Owner shall be jointly and severally liable with the other Owners of the Unit for all Assessments and other charges levied on the Unit or any Owner of the Unit.

(e) Each Assessment or other charge, together with interest and penalties thereon and all costs and expenses incurred by the Association to collect such Assessment or other amount, including all fees and disbursements of attorneys, accountants, appraisers, receivers and other professionals engaged by the Association in connection therewith, may be recovered by a suit for a money judgment by the Association without foreclosing or waiving any Assessment Lien securing the same.

7.2 Shares of Common Expenses.

(a) Except as otherwise set forth in this Declaration, the Association's Common Expenses shall be allocated among the Units as set forth in this Section 7.2. The Share of Common Expenses allocated to a Unit shall be expressed as a percentage and calculated in accordance with the following formula:

$$\text{Share of Common Expenses} = \frac{(\text{Area of the Unit})}{(\text{Total Condominium Area})} \times 100$$

(b) The Share of Common Expenses attributable to the initial Units of the Condominium are set forth on Exhibit C attached hereto and made a part hereof.

(c) If any Units are added to or withdrawn from the Condominium, or the Area of one or more Units is increased or decreased, the Shares of Common Expenses for all Units within the Condominium after such addition, withdrawal, increase or decrease shall be recalculated in accordance with the formula set forth in paragraph 7.2(a) above.

(d) Until the Association levies an Assessment, Declarant shall pay all Common Expenses.

7.3 Budgets.

(a) Prior to the first levy of a General Assessment, and thereafter on or before October 1 of each calendar year, the Executive Board shall adopt a proposed annual budget for the Association for the following calendar year that sets forth:

(i) the Executive Board's estimates of Common Expenses for the next calendar year;

(ii) the amount of funds for such Common Expenses that the Executive Board proposes to raise through General Assessments; and

(iii) the amount of funds for such Common Expenses that the Executive Board proposes to raise through Special Assessments.

(b) Within thirty days after adopting a proposed annual budget, the Executive Board shall deliver a summary of the proposed annual budget to the Owners and set a date for a meeting of the Owners to consider ratification of the proposed annual budget. The date of such meeting shall not be less than fourteen days nor more than sixty days after the delivery of the summary of the proposed annual budget to the Owners. Unless at that meeting a majority of the votes allocated to all Memberships, whether or not a quorum is present, rejects the proposed annual budget, the proposed annual budget shall be deemed ratified. If the proposed annual budget is rejected, the annual budget last ratified by the Owners shall be deemed renewed for the next calendar year and shall remain in full force and effect until such time as the Owners ratify a subsequent annual budget proposed by the Executive Board.

(c) If the Executive Board deems it necessary or advisable to amend an annual budget that has been ratified by the Owners under paragraph 7.3(b) above, the Executive Board may adopt a proposed amendment to the annual budget, deliver a summary of the proposed amendment to all Owners and set a date for a meeting of the Owners to consider ratification of the proposed amendment. The date of such meeting shall not be less than fourteen days nor more than sixty days after the delivery of the summary of the proposed amendment. Unless at that meeting a majority of the votes allocated to all Memberships, whether or not a quorum is present, rejects the proposed amendment, the proposed amendment shall be deemed ratified.

7.4 General Assessments.

(a) After the Owners ratify an annual budget pursuant to paragraph 7.3(b) above, the Association shall levy an assessment for Common Expenses (a "General Assessment") on each Unit. The amount of the General Assessment levied against a Unit shall equal the product obtained by multiplying:

(i) the amount set forth in the annual budget ratified by the Owners as the amount of Common Expenses to be raised by General Assessments, by

(ii) that Unit's Share of Common Expenses.

(b) The Owners shall pay the General Assessments levied against their respective Units in such periodic installments as may be required by the Association.

(c) If the Owners ratify an amendment to the General Assessment portion of an annual budget pursuant to paragraph 7.3(b) above, the amount of the General Assessment levied against each Unit shall be adjusted accordingly, as shall the amount of each Owner's periodic installments.

(d) If the Owners fail to ratify an annual budget for any calendar year prior to January 1 of that calendar year, the Owners shall continue to pay periodic installments of the General Assessment to the Association at the rate payable during the prior calendar year until such time as the Owners ratify a new annual budget for the then current calendar year. Once the Owners ratify a new annual budget, the Association shall levy against each Unit the General Assessment for the then current calendar year, and each Owner's periodic installments shall be adjusted as necessary to pay the new General Assessment in equal periodic installments over the remainder of such calendar year, giving the Owners credit, in such manner as the Executive Board deems necessary or appropriate, for any installments that the Owners have previously paid to the Association during such calendar year.

(e) The failure of the Association to levy a General Assessment for any calendar year shall not be deemed a waiver, modification or release of an Owner's liability for the Share of Common Expenses allocated to such Owner's Unit.

7.5 Alternate Methods of Assessment.

(a) Notwithstanding anything to the contrary contained in Section 7.4 above, if any Common Expense is attributable to the operation, maintenance, repair, replacement, alteration or improvement of a Limited Common Element, the Association may levy an Assessment for such Common Expense against the Units to which that Limited Common Element is assigned, equally, in proportion to the Shares of Common Expenses attributable to those Units or in any other equitable proportion as the Association reasonably deems appropriate.

(b) Notwithstanding anything to the contrary contained in Section 7.4 above, if any Common Expense or portion thereof benefits fewer than all of the Units, the Association may levy an Assessment for such Common Expense against the Units benefitted thereby, equally, in proportion to the Shares of Common Expenses attributable to those Units or in any other equitable proportion as the Association reasonably deems appropriate.

(c) Notwithstanding anything to the contrary contained in Section 7.4 above, if any Common Expense is separately metered or assessed to the Units by third parties, the Association may assess the amount of such separate charge to the Unit with which it is associated.

(d) All such allocations of Common Expenses to Units on a basis other than the Units' allocated interest in the Common Elements shall be made at the sole discretion of the Executive Board and shall be indicated in the annual budget to be approved by the Owners. Any billing for an installment of Assessments may indicate items that are specially allocated as set forth above or items that are included in the Assessment and allocated based on the Units' allocated interests in the Common Elements but would commonly be the separate expense of the Owner (e.g., utility charges).

7.6 Special Assessments.

In addition to the annual Assessments authorized above, the Executive Board may at any time and from time to time determine, levy, and assess in any fiscal year a Special Assessment applicable to that particular fiscal year (and for any such longer period as the Executive Board may determine) for the purpose of defraying, in whole or in part, the unbudgeted costs, fees, and expenses of any construction, reconstruction, repair, demolition, replacement, renovation or maintenance of the Condominium, specifically including any fixtures and personal property related to it (each, a "Special Assessment"). Any amounts determined, levied, and assessed pursuant to this Declaration shall be assessed to the Unit pursuant to the provisions of Section 7.4 above. Any Special Assessment shall be subject to the same requirement for review and approval by the Owners as is the annual budget.

7.7 Default Assessments.

(a) Notwithstanding anything to the contrary contained herein, if any Common Expense is caused by:

(i) the negligence or misconduct of an Owner or an Owner's Guest; or

(ii) a violation of any covenant or condition of an Association Document by an Owner or an Owner's Guest,

the Association may levy an Assessment for such Common Expense against such Owner's Unit. Any such Assessment levied by the Association and each fine, penalty, fee or other charge imposed upon an Owner for the Owner's violation of any covenant or condition of any Association Document are each referred to herein as a "Default Assessment."

(b) Default Assessments need not be shown on an annual budget, or on an amendment to an annual budget, ratified by the Owners pursuant to Section 7.3 above.

(c) With respect to any Default Assessment, or portion thereof, levied other than as a late charge, the Owner of the Unit against which the Association seeks to levy the Default Assessment shall be provided notice and an opportunity to be heard. Owners of Units against which Default Assessments have been levied shall pay such Default Assessments as and when required by the Association.

7.8 Use and Consumption Fees.

The Association may charge use and consumption fees to any Person who uses services or facilities provided by or through the Association. The Executive Board shall have sole discretion to determine the amount and method of calculation of such fees, which may vary based upon the service provided and the user of such service.

7.9 Assignment of Assessments.

The Association shall have the unrestricted right to assign its right to receive Assessments and other future income, either as security for obligations of the Association or otherwise, on the condition that any such assignment is approved by a majority of the votes allocated to Memberships present at a meeting at which a quorum is present.

7.10 Assessment Lien.

(a) The Association shall have a lien on each Unit for any Assessment levied against that Unit and for any fines, late charges, penalties, interest and attorneys' fees, disbursements and costs of collection imposed against the Owner of such Unit under any Association Document (the "Assessment Lien"). The Assessment Lien shall secure all of the foregoing obligations of an Owner from the time such obligations become due. If an Assessment is payable in installments, the Assessment Lien shall secure each installment from the time it becomes due, including the due date set by any valid Association acceleration of installment obligations.

(b) An Assessment Lien is prior to all other liens and encumbrances on a Unit, except:

(i) liens and encumbrances recorded prior to the recordation of this Declaration;

(ii) liens for real estate taxes and other governmental assessments or charges against the Unit; and

(iii) a Mortgage which was recorded and constituted a First Mortgage upon the Unit before the date on which the Assessment sought to be enforced became delinquent.

(c) Notwithstanding the terms and conditions of subparagraph 7.8(b)(iii) above, an Assessment Lien is prior to a First Mortgage recorded before the date on which the Assessment sought to be enforced became delinquent to the extent permitted by the Act.

(d) The recording of this Declaration constitutes record notice and perfection of an Assessment Lien on each Unit. No further recordation of any claim of any Assessment Lien is required.

(e) An Assessment Lien is extinguished unless proceedings to enforce the Assessment Lien are instituted within six years after the full amount of the Assessment secured thereby becomes due.

(f) This Section 7.8 does not prohibit actions or suits to recover sums secured by an Assessment Lien or the Association from taking a deed-in-lieu of foreclosure.

(g) In any action by the Association to collect Assessments or to foreclose an Assessment Lien for unpaid Assessments, the court may appoint a receiver of the affected Unit to collect all sums alleged to be owed by the Owner of such Unit prior to or during the pendency of the action. A court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Assessments.

(h) An Assessment Lien may be foreclosed in like manner as a mortgage on real estate. Periodic Assessments shall be payable during the period of foreclosure of an Assessment Lien.

7.11 Waiver of Homestead Exemptions.

By acceptance of the deed or other instrument of conveyance of a Unit, an Owner irrevocably waives the homestead exemption provided by Part 2, Article 41, Title 38, Colorado Revised Statutes, as amended, as the same may apply to the Assessment Lien.

7.12 Estoppel Certificates: Notices to Mortgagees.

(a) The Association shall furnish to an Owner or such Owner's designee or to a Mortgagee or its designee upon written request, delivered personally or by certified mail, postage prepaid, return receipt requested, to the Association's registered agent, a statement setting forth the amount of unpaid Assessments currently levied against such Owner's Unit. The statement shall be furnished within fourteen calendar days after receipt of the request and is binding on the Association, the Executive Board and every Owner. If no statement is furnished to the Owner, the Mortgagee or their designee, delivered personally or by certified mail, postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert the priority of its Assessment Lien upon the Unit for unpaid Assessments which were due as of the date of the request.

(b) If a First Mortgagee delivers to the Association a written request for notice of unpaid Assessments levied against a Unit subject to a First Mortgage held by that First Mortgagee, the Association shall report to the First Mortgagee any unpaid Assessments levied against such Unit that remain unpaid for more than sixty days after the same shall have become due. The First Mortgagee may pay any such unpaid Assessment, together with any and all costs and expenses incurred with respect to the Assessment Lien securing such unpaid Assessment, and upon such payment, such First Mortgagee shall have a lien on the Unit for the amounts paid with the same priority as a lien of the First Mortgage held by such First Mortgagee.

7.13 Reserve Fund.

(a) The Association shall have the right to maintain a reserve fund for Common Expenses. The reserve fund will be funded as follows. At the closing of the sale of a Unit by Declarant to a Purchaser, the Purchaser shall pay to the Association an amount equal to the Association's estimate of three months of Common Expenses for the fiscal year in which the sale of the Unit occurs. Thereafter, the Association may increase the reserve fund or replace funds withdrawn from the reserve fund with funds collected through Assessments.

(b) Payments by Purchasers to the Association at closings under paragraph 7.11(a) above shall not be credited against, or relieve Purchasers from, their obligation to pay other Assessments levied against Units by the Association.

(c) Upon the sale of a Unit from one Owner to another, the Association shall not be obligated to return to the transferor any funds held in reserve, but the transferor shall be entitled to an appropriate credit from its transferee.

ARTICLE VIII

UTILITY AND OTHER SERVICES

8.1 Water, Sewer, Gas, Electric, Cable Television, Trash Removal and Snow Removal Services.

(a) In connection with its construction of the initial Units and the other initial Improvements, Declarant has installed water, sewer, gas, electric and cable television lines that service such initial Units and the other initial Improvements. If Declarant adds any portion of the Additional Property to the Condominium and creates additional Units and Common Elements thereon, Declarant shall install water, sewer, gas, electric and cable television lines to service those Units and Common Elements, and may connect to the utility lines serving the initial Units and initial Improvements to that end.

(b) The Association shall be responsible for obtaining water, sewer, gas, electric, cable television, trash removal and snow removal services for all portions of the Condominium. Common Expenses incurred by the Association for such services shall be

allocated among the Units in accordance with the provisions of Sections 7.4 and 7.5 of this Declaration.

8.2 Telephone and Other Services.

(a) In connection with its construction of the initial Units and the other initial Improvements, Declarant has installed telephone lines that service such initial Units and the other initial Improvements. If Declarant adds any portion of the Additional Property to the Condominium and creates additional Units and Common Elements thereon, Declarant shall install telephone lines to service those Units and Common Elements, and may connect to the utility lines serving the initial Units and initial Improvements to that end.

(b) The Owner of a Unit shall be responsible for obtaining telephone and other desired services for its Unit and the Limited Common Elements designed to serve only its Unit, and shall pay all costs, expenses, fees, rates and other charges incurred in connection therewith directly to the utility company providing such service.

(c) The Association shall be responsible for obtaining telephone services for the General Common Elements. Common Expenses incurred by the Association for such electric and telephone services shall be allocated among the Units in accordance with Sections 7.4 and 7.5 of this Declaration.

8.3 Other Utilities.

If the Association incurs Common Expenses for any utility service not described above, or if the manner of providing or metering any utility service described above changes from the manner in which such service is provided or metered as of the date of this Declaration, the Association may allocate the Common Expenses incurred for such new utility service or changed utility service in any reasonable and equitable manner consistent with sections 7.4 and 7.5 of this Declaration.

ARTICLE IX

MAINTENANCE OF COMMON ELEMENTS AND UNITS

9.1 Maintenance of Common Elements.

Except as otherwise provided in this Declaration, the Association, or its duly designated agent, shall maintain the Common Elements and the other Association property in good order and condition and shall otherwise manage and operate the Common Elements as it deems necessary or appropriate. In addition, the Association shall ensure that all interior Common Elements (including, without limitation, any interior parking area) are sufficiently heated to prevent the freezing of water and sewer lines serving the Condominium. In this regard, the Association may:

- (a) construct, modify, add to, repair, replace or renovate any improvements that are located on or constitute a part of any Common Element;
- (b) plant and replace trees, shrubs and other vegetation on any Common Element;
- (c) place, maintain and replace signs upon any Common Element;
- (d) adopt and enforce Rules and Regulations regulating the use of Common Elements; and
- (e) take any other actions as the Association deems necessary or advisable to protect, maintain, operate, manage or regulate the use of the Common Elements.

9.2 Maintenance of Units.

Each Owner, at such Owner's sole cost and expense, shall maintain in good order and repair its Unit (including all fixtures located therein) and the Limited Common Elements assigned solely to its Unit, other than those Limited Common Elements which the Association chooses to maintain for reasons of uniformity or structural considerations. Without limiting the generality of the preceding sentence, the Association may maintain all exterior patios, roofs, decks, trellises, skylights and other such exterior portions of the Condominium, even if such portions are Limited Common Elements appurtenant to a single Unit, and all costs incurred by the Association in that regard shall be charged to Owners in accordance with Sections 7.4 and 7.5 above.

9.3 Mechanic's Liens and Indemnification.

No labor performed or materials furnished and incorporated into a Unit with the consent or at the request of an Owner or an agent, contractor or subcontractor of an Owner shall be the basis either for filing a lien against the Unit of any other Owner not expressly requesting or consenting to the same, or against the Common Elements. Each Owner shall indemnify and hold harmless the Association, each of the other Owners and any Mortgagee from and against all liability arising from any claim or lien against the Unit of any other Owner or against the Common Elements for construction performed or for labor, materials, services or supplies incorporated in the Owner's Unit at the Owner's request.

9.4 Neighbourhood Company.

The rights and obligations of the Association and the Owners under this Article IX are subject to the rights of the Neighbourhood Company and the Design Review Board of the Neighbourhood Company under the Neighbourhood Company Documents.

ARTICLE X

COVENANTS, CONDITIONS AND RESTRICTIONS

10.1 Applicability of Covenants, Conditions and Restrictions.

Except as otherwise provided in this Declaration, the covenants, conditions and restrictions set forth in this Article X shall apply to all Units and Common Elements.

10.2 Association Documents.

Each Owner shall comply with, and shall require its Guests to comply with, all provisions of the Association Documents that apply to such Owner or such Owner's Unit.

10.3 Neighbourhood Company Documents.

Each Owner shall comply with, and shall require its Guests to comply with, all provisions of the Neighbourhood Company Documents that apply to such Owner or such Owner's Unit.

10.4 Notice of Conveyance, Assignment or Encumbrance.

(a) Promptly after a conveyance of a fee simple interest in a Unit or portion thereof, the grantee shall furnish a copy of the conveyance deed to the Association.

(b) Promptly after an encumbrance of a fee simple interest in a Unit or portion thereof, the Owner shall furnish the Association with a copy of the Mortgage creating the encumbrance.

10.5 Use of Units.

(a) Except as otherwise expressly permitted by this Declaration, an Owner may use its Unit only as a permanent or vacation residence for itself and its Guests. No Owner of a Unit shall conduct any business, profession, occupation or trade from its Unit, including, without limitation, the operation of a so-called "bed and breakfast" or "chalet."

(b) Notwithstanding the restrictions set forth in paragraph 10.5(a) above:

(i) an Owner may use its Unit as its private office on the condition that the Owner does not invite others to its Unit to conduct business; and

(ii) the Association and, during the Declarant Control Period, Declarant may use one Unit owned or leased by it as a management office, or a combined management office and residence for a resident manager, for the Condominium.

10.6 Use of Common Elements.

All Owners and their Guests may use the General Common Elements and the Limited Common Elements designed to serve their Units for the purposes for which such Common Elements are intended. Notwithstanding the preceding sentence, neither an Owner nor a Guest may use any Common Element in any manner that unreasonably interferes with the rights of other Owners in and to the Common Elements. Without limiting the generality of the foregoing, no Owner shall cause, or permit its Guests to cause, waste to any Common Element. The Owners' rights to use the Common Elements are subordinate and subject to all of the rights and powers of the Association with respect to the Common Elements, including, without limitation, the Association's right and power to adopt rules regulating the use of the Common Elements.

10.7 Alterations.

(a) Except as otherwise expressly provided in this Declaration, an Owner of a Unit may not make any improvement or alteration to a Common Element or any improvement or alteration to its Unit that affects any Common Element or any other Unit, without the prior written consent of the Association.

(b) Notwithstanding paragraph 10.7(a) above, an Owner who owns adjoining Units may remove or alter any intervening partition, even if the partition in whole or in part is a Common Element, if those acts do not impair the structural integrity, electrical systems or mechanical systems or lessen the support of any portion of the Condominium. Prior to performing any such work, an Owner shall request and obtain the written confirmation of the Association that the proposed work does not adversely affect the structural integrity of or any system within the Condominium.

(c) No new Improvement shall be constructed on the Property, and no construction, alterations, installations or other work to or affecting the exterior surface of any existing Improvement shall be made, except as required or approved by the Neighbourhood Company's Design Review Board, and then only in strict accordance with the terms and conditions of the Neighbourhood Company Documents.

(d) Without limiting the generality of paragraphs 10.7(a) through (c) above, an Owner of a Unit may not, without the prior written consent of the Association, install or erect any improvement, mechanical system or fixture of any kind that either:

(i) protrudes beyond the boundaries of the Owner's Unit; or

(ii) is located wholly outside the Owner's Unit (even if located within a Limited Common Element that is assigned to solely the Owner's Unit).

(e) The Association shall perform or make, or cause to be performed or made, any Improvement, construction, alteration, installation or other work on, to or affecting the exterior of any Improvement on the Property which the Neighbourhood Company requires, in writing, to be performed or made.

10.8 Nuisances, Hazardous Activities and Unsightliness.

(a) No Person shall conduct any activity on the Property which creates a nuisance. Without limiting the generality of the foregoing:

(i) no lights shall be emitted that are unreasonably bright or cause unreasonable glare;

(ii) no sound shall be emitted that is unreasonably loud or annoying;
and

(iii) no odor shall be emitted that is unreasonably offensive.

(b) No Person shall conduct any activity on the Property which is or might be hazardous to any Person or property.

(c) No unsightliness shall be permitted at the Property. Without limiting the generality of the foregoing:

(i) all exterior mechanical equipment lines, wires, pipes and other facilities shall either be buried or enclosed within a structure approved by the Neighbourhood Company's Design Review Board; and

(ii) all garbage shall be stored in accordance with the terms and conditions of Section 10.14 below.

(d) Normal construction activities shall not be considered to violate the terms and conditions of this Section 10.8. The terms of this Section 10.8 shall also not apply to the construction, use, operation or maintenance of skier transportation systems, snow making lines or facilities, ski trails or similar activities conducted pursuant to easements encumbering any portion of the Common Elements. By accepting a deed to a Unit, an Owner acknowledges that noises, lights and odors common to commercial and/or ski area activities as well as construction activities may exist on or near the Property, at any time and from time to time.

(e) The Association shall have the power to grant variances from the terms and conditions of this Section 10.8 from time to time as it deems necessary or appropriate.

10.9 Signs.

(a) No signs whatsoever shall be erected or maintained on the Property, except signs required by legal proceedings and such other signs as may be permitted or approved by the Neighbourhood Company.

(b) Without limiting the generality of paragraph 10.9(a) above, no "For Sale" or "For Rent" signs shall be displayed on the exterior or interior of a Unit.

10.10 Compliance with Laws.

Nothing shall be done or kept at the Property in violation of any law, ordinance, rule, regulation or other requirement of any governmental or quasi-governmental authority.

10.11 Compliance with Insurance.

Except as may be approved in writing by the Association, nothing shall be done or kept at the Property that may result in the cancellation of any insurance maintained by the Association or may result in an increase in the rates of any such insurance.

10.12 Subdivision, Rezoning and Timesharing.

(a) No Unit may be subdivided, unless the subdivision has been approved by 100 percent of the votes allocated to all Memberships and complies with applicable zoning and subdivision ordinances or regulations.

(b) No application for rezoning any portion of the Property, and no applications for variances or use permits, shall be filed with any government or quasi-governmental authority, unless the proposed rezoning, variance or use has been approved by 100 percent of the votes allocated to all Memberships and the uses that would be permitted under the rezoning, variance or use permit comply with this Declaration and the other Association Documents.

(c) No Owner shall offer or sell any interest in any Unit under a "timesharing" or "interval ownership" plan or similar plan.

(d) The covenants, conditions and restrictions set forth in paragraphs 10.12(a) through (c) above shall not apply to Declarant's development of the Property or to Declarant's exercise of any Special Declarant Right.

10.13 Vehicles and Parking.

- (a) No motor vehicle classed by manufacturer rating as exceeding three-quarter ton, and no mobile home, trailer, detached camper or camper shell, boat or other similar equipment or vehicle may be kept or parked at the Property.
- (b) No motor vehicle shall be constructed, repaired or serviced at the Property.
- (c) Initially, parking spaces within the Condominium are not assigned to Owners, and shall be available to all Owners on a "first come, first serve" basis. Notwithstanding the foregoing, the Association may adopt Rules and Regulations governing the use of parking spaces or number of vehicles which may be parked by each Owner, and, in conjunction with such regulations, may assign parking space(s) for use by each Unit.
- (d) An Owner may not store a motor vehicle, nor permit a Guest to store a motor vehicle, in any parking space, whether assigned to its Unit or not, for more than seven consecutive days when neither the Owner nor its Guest is occupying its Unit.
- (e) An Owner may not park its vehicles and shall not permit its Guests to park their vehicles:
 - (i) in any parking spaces that are designated as Limited Common Elements assigned to any other Owner's Unit; or
 - (ii) on any street or road, or on the shoulder of any street or road located at, on or adjacent to the Property.
- (f) An Owner shall not sell, lease or otherwise convey all of any part of the parking rights it has by virtue of its ownership of a Unit or Membership in the Association, except in connection with the sale, lease or other conveyance of its Unit and then only to the purchaser of its Unit.

10.14 Trash Removal and Other Services.

- (a) All trash and other waste removed from a Unit shall be placed in covered sanitary containers within enclosed structures provided by the Association. Owners shall not and shall not permit their Guests to litter. No burning of trash, garbage or other waste materials shall be permitted at the Property.

10.15 Exterior Storage.

No Owner shall store any materials or items on or in any Common Element, other than those Common Elements designed for that purpose, such as ski lockers, and then only in strict accordance with the terms and conditions of the Association Documents. No Owner shall store

any materials or items on or in any Limited Common Element appurtenant to its Unit except in compliance with the Rules and Regulations of the Association.

10.16 Animals.

The Association may adopt Rules and Regulations governing the number and type of animals which may be kept in the Units or Common Elements and, in conjunction with such Rules and Regulations, may prohibit all or any type of animal from being kept upon the premises.

10.17 Solid-Fuel Burning Devices.

No solid-fuel burning devices shall be used, kept or stored on the Property except in compliance with Rules and Regulations adopted by the Association.

10.18. Declarant's Exemption.

Nothing contained in this Declaration or in any other Association Document shall be construed to prevent:

- (a) Declarant's exercise and enjoyment of any Special Declarant Right or any other rights of Declarant under this Declaration or any other Association Document; or
- (b) the conduct by Declarant or its employees or agents of any activity, including, without limitation, the erection or maintenance of temporary structures, improvements or signs, necessary or convenient to the development, construction, marketing or sale of property within or adjacent to the Condominium.

ARTICLE XI

EASEMENTS AND RESERVATIONS

11.1 Declarant's Easements Over Common Elements.

- (a) Declarant hereby reserves for itself, its successors and assigns a general easement over, across, through and under the Common Elements to:
 - (i) discharge Declarant's obligations under this Declaration;
 - (ii) exercise any of Declarant's rights under this Declaration; and
 - (iii) make improvements at the Property, the Additional Property or any other real estate owned by Declarant.

(b) Declarant hereby reserves for itself, its successors and assigns, the right to:

(i) establish from time to time utility and other easements, permits or licenses over, across, through and under the Common Elements; and

(ii) create other reservations, exceptions and exclusions for the best interest of the Association.

(c) In addition, until such time as Declarant adds the Additional Property to the Condominium, and after such time as Declarant withdraws any portion of the Property from the Condominium, Declarant shall have whatever easements are reasonably necessary or desirable across the Property for access to and utility services for the Additional Property or the withdrawn property, as the case may be.

11.2 Utility Easement.

(a) Subject to the terms and conditions of this Declaration and all other Association Documents, Declarant hereby creates a general easement over, across, through and under the Property for ingress to, egress from, and installation, replacement, repair and maintenance of, all utility and service lines and systems, including, without limitation, water, sewer, gas, telephone, electricity and cable communication that service the Property or any portion thereof as well as any such lines and systems which service the Additional Property or property owned by Declarant or the Neighbourhood Company. The Association may, but is not obligated to, authorize the release of portions of the general easement created pursuant to this Section 11.2 upon the request of any Owner showing good cause therefor.

(b) Pursuant to this easement, a utility or service company may install and maintain facilities and equipment on the Property and affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of Improvements to provide service to the Units or the Common Elements. Notwithstanding anything to the contrary contained in this Section 11.2, no sewers, electrical lines, water lines or other utilities or service lines may be installed or relocated on any portion of the Property, except in accordance with terms and conditions of Sections 10.7 and 10.8 above, and subject to Section 10.18 above. Any utility or service company using this general easement shall use its best efforts to install, repair, replace and maintain its lines and systems without disturbing the uses of Owners, the Association, Declarant and other utility and service companies.

(c) If any utility or service company furnishing utilities or services to the Property or any portion thereof, the Additional Property or property of the Neighbourhood Company as permitted under paragraph 11.2(a) above requests a specific easement by separate recordable document, the Association shall have the right and authority, but not the obligation, to grant such easement over, across, through and under any portion of the Property.

11.3 Association's Easement.

(a) The Association shall have a general easement over, across, through and under each Unit and each Common Element to:

(i) exercise any right held by the Association under this Declaration or any other Association Document; and

(ii) perform any obligation imposed upon the Association by this Declaration or any other Association Document.

(b) Notwithstanding the foregoing, the Association shall not enter any Unit without reasonable prior notice to the Owner thereof, except in cases of emergency.

11.4 Easements for Encroachments.

To the extent that any Unit or Common Element encroaches on any other Unit or Common Element, an easement shall exist for that encroachment, but such easement shall not relieve an Owner of liability in the case of willful misconduct.

11.5 Emergency Access Easement.

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

11.6 Metro District Easement.

Declarant hereby grants a general easement to any metropolitan district or other special district providing services or facilities to the Property to enter upon the Property in the proper performance of their duties.

11.7 Recorded Easements and Licenses.

The Property shall be subject to all easements and licenses as shown on any recorded plat affecting the Property and to any other easements or licenses of record or of use as of the date of recordation of this Declaration. The recording data for all presently recorded easements and licenses appurtenant to or included in the Condominium have been set forth on Exhibit D attached hereto. In addition, the Property is subject to all easements created or permitted by this Declaration.

11.8 Disclaimer.

The Map grants to Vail Summit Resorts, Inc., the current owner and operator of the ski area known as Keystone Resort, and its successors in interest, an easement for the construction, installation, maintenance, repair, replacement and operation of a gondola, tram or similar transportation system for patrons of the ski area. Each Owner is advised that neither Declarant nor the Association has control over, or liability for the operation or use of such easement or the construction, installation, repair and maintenance of improvements thereon, and that there may be certain inconveniences which result from such activities (including but not limited to noise, odors, dust, view blockage and unsightliness). BY ACCEPTING A DEED TO ANY UNIT, THE OWNER WAIVES AND RELINQUISHES ANY AND ALL CLAIMS, AND AGREES TO HOLD DECLARANT, VAIL SUMMIT RESORTS, INC., AND THEIR RESPECTIVE AFFILIATES, EMPLOYEES AND AGENTS HARMLESS FROM AND AGAINST ANY COSTS, LOSSES OR OCCURRENCES ARISING OUT OF OR ASSOCIATED WITH THE EXISTENCE OR USE OF SUCH EASEMENT AND ANY ASSOCIATED DISRUPTIONS AND INCONVENIENCES RELATING TO SUCH EASEMENT.

ARTICLE XII

INSURANCE

12.1 Insurance Required to Be Obtained by the Association.

The Association shall obtain and maintain all insurance required to be obtained and maintained by the Association under the Act and any additional insurance that the Executive Board deems necessary.

12.2 Casualty Insurance for Improvements.

(a) The Association shall obtain and maintain casualty insurance for all Improvements located on or forming a part of the Common Elements, including, without limitation, the structural and mechanical components serving the Units, in accordance with the requirements set forth in Section 12.1 above.

(b) Owners shall be responsible for obtaining and maintaining any casualty insurance that they desire for Improvements located in or forming a part of their Units, and for any fixtures, furnishings and equipment, other than fixtures and equipment that are part of the Common Elements, located within their Units.

12.3 Adjustments.

Any loss covered by insurance maintained by the Association shall be adjusted with the Association in accordance with the terms and conditions of the Act. The insurance proceeds for any such loss shall be paid in accordance with the terms and conditions of the Act.

ARTICLE XIII

CASUALTY

13.1 Casualty to Common Elements.

The Association shall respond to any damage to, or the destruction of, any Common Elements in accordance with the terms and conditions of the Act.

13.2 Casualty to a Unit.

To the extent that the Association is not obligated to make any such repairs or replacements, each Owner shall repair or replace any damage to or destruction to the interior of its Unit, as soon as is reasonably practical after such damage or destruction occurs.

ARTICLE XIV

CONDEMNATION

14.1 Condemnation of All Units.

If the entire Condominium is taken by condemnation or similar proceeding, the Condominium shall terminate as of the date of the taking, and any condemnation award payable in connection therewith shall be paid to the Association and then disbursed by the Association in accordance with the terms and conditions of the Act.

14.2 Condemnation of Fewer Than All Units.

If one or more Units, but less than the entire Condominium, are taken by condemnation or similar proceeding:

- (a) any condemnation award payable in connection therewith shall be paid;
- (b) the Interest in General Common Elements appurtenant to those Units shall be reallocated; and
- (c) the Shares of Common Expenses allocated to those Units shall be reallocated,

in accordance with the terms and conditions of the Act.

14.3 Condemnation of Common Elements.

(a) If any Common Element is taken by condemnation or similar proceeding, any condemnation award payable in connection therewith shall be paid to the Association and used by the Association:

- (i) first, to repair any damage to Common Elements resulting from the condemnation or similar taking; and
- (ii) second, for any other Common Expenses.

(b) The Association shall not be required to pay all or any portion of the condemnation award received for the condemnation or similar taking of a Limited Common Element to the Owners of the Units served by such Limited Common Element, unless the Association deems it necessary or appropriate to do so.

ARTICLE XV

SPECIAL DECLARANT RIGHTS

15.1 Improvements.

Declarant hereby reserves for itself, its successors and assigns the right, but is not obligated, to construct:

- (a) any improvements shown on the Map; and
- (b) any other buildings, structures or improvements that Declarant desires to construct on the Property, the Additional Property or any other real estate owned by Declarant, regardless of whether the same ever become part of the Condominium.

15.2 Development Rights.

- (a) Declarant hereby reserves for itself, its successors and assigns:
 - (i) the right to amend this Declaration to add additional real estate to the Condominium as permitted pursuant to section 38-33.3-222 of the Act;
 - (ii) the right to add or any portion of the Additional Property to the Condominium;
 - (iii) the right to create up to 85 additional Units and certain additional Common Elements on all or any portion of the Property, the Additional Property

or any other real estate that Declarant may add to the Condominium pursuant to subparagraph 13.2(a)(i) above;

(iv) the right to subdivide any Unit owned by Declarant;

(v) the right to combine any Units owned by Declarant;

(vi) the right to convert any Unit owned by Declarant into Common Elements; and

(vii) the right to withdraw from the Condominium any real estate owned by Declarant and located within the Property prior to the conveyance of a Unit located within the Property to a Purchaser, and after the addition of any other real property to the Condominium, the right to withdraw any real estate owned by Declarant and located within such portion at any time prior to the conveyance of a Unit located in such portion to a Purchaser.

(b) In exercising any development right reserved hereunder, Declarant shall execute and record an amendment to this Declaration in accordance with the requirements of the Act.

15.3 Sales Offices and Models.

Declarant hereby reserves for itself, its successors and assigns the right to maintain sales offices, management offices and models within any Unit owned or leased by Declarant. Declarant also reserves for itself, its successors and assigns the right to construct and maintain signs advertising the Condominium on any and all Common Elements.

15.4 Merger.

Declarant hereby reserves for itself and its successors and assigns the right to merge or consolidate the Condominium with any other condominium.

15.5 Exercising Special Declarant Rights.

Declarant may exercise its Special Declarant Rights at any time prior to the later to occur of the date on which the Declarant Control Period expires or the date that is fifty years after the date on which this Declaration is recorded in the Summit County Records. Declarant may exercise its Special Declarant Rights in any order, and no assurance is given as to the order in which Declarant will exercise its Special Declarant Rights. If Declarant exercises any Special Declarant Right with respect to any portion of the Property, Declarant may, but is not obligated to, exercise that Special Declarant Right with respect to any other portion of the Property. Notwithstanding anything to the contrary contained in this Declaration, Declarant may exercise

any Special Declarant Right described in this Article XV and any other right reserved to Declarant in this Declaration, without the consent of the Association or any of the Owners.

15.6 Interference with Special Declarant Rights.

Neither the Association nor any Owner may take any action or adopt any Rule or Regulation that interferes with or diminishes any Special Declarant Right, without Declarant's prior written consent. Any action taken in violation of this Section 15.6 shall be null and void and have no force or effect.

15.7 Rights Transferable.

Declarant may transfer any Special Declarant Right reserved to it under this Article XV or under any other provision of this Declaration in accordance with the terms and conditions of the Act.

ARTICLE XVI

MORTGAGEE PROTECTIONS

16.1 Benefit of Mortgagees.

This Article establishes certain standards and covenants which are for the benefit of Mortgagees. This Article is supplemental to, and not in substitution of, any other provisions of this Declaration, but in the case of any conflict, this Article shall control.

16.2 Notice of Actions.

If requested in writing to do so, the Association shall give prompt written notice of the following to each First Mortgagee making such request:

- (a) any condemnation loss or any casualty loss which affects a material portion of the Common Elements or any Unit in which an interest is held by the First Mortgagee;
- (b) any delinquency in the payment of Assessments which remains uncured for sixty days by an Owner whose Unit is encumbered by a First Mortgage held by such First Mortgagee;
- (c) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;
- (d) any proposed action which would require the consent of First Mortgagees as set forth in this Article; and

- (e) any judgment rendered against the Association.

16.3 Consent Required.

Notwithstanding anything to the contrary contained in this Declaration, the Association may not take any of the following actions without the consent of 67 percent of the First Mortgagees (based on one vote for each Unit encumbered by a First Mortgage):

- (a) by act or omission seek to abandon or terminate the Condominium, except after condemnation or substantial casualty;

- (b) except as provided herein for condemnation, casualty and the exercise of Special Declarant Rights, change the Interests in General Common Elements, Shares of Common Expenses or votes in the Association of any Unit;

- (c) subdivide, partition, or relocate the boundaries of any Unit, except as permitted with respect to Special Declarant Rights;

- (d) abandon, subdivide, partition, encumber, sell or transfer the Common Elements (the granting of easements for public utilities or for other purposes provided for in this Declaration shall not be deemed transfers);

- (e) use hazard insurance proceeds for losses to any portion of the Common Elements for other than repair, replacement, or reconstruction of such Common Elements, except as provided by the Act; or

- (f) merge the Condominium with any other common interest community, except as permitted with respect to Special Declarant Rights.

16.4 Notice of Objection.

Unless a First Mortgagee provides the Association with written notice of its objection, if any, to any proposed amendment or action requiring the approval of First Mortgagees within thirty days following the receipt of notice of such proposed amendment or action, the First Mortgagee will be deemed conclusively to have consented to or approved the proposed amendment or action.

16.5 First Mortgagees' Rights.

- (a) First Mortgagees, jointly or singly, may pay taxes or other charges which are in default and which may or have become a charge against any of the Common Elements or improvements thereon, and may pay overdue premiums on hazard insurance policies, for the Common Elements. First Mortgagees making such payment shall be owed immediate reimbursement from the Association.

(b) A First Mortgagee shall be entitled to cure any delinquency of the Owner of a Unit encumbered by its First Mortgage in the payment of Assessments. In that event, the First Mortgagee shall be entitled to obtain a release from the lien imposed or perfected by reason of such delinquency.

16.6 Limitations on First Mortgagees' Rights.

No requirement for approval or consent by a First Mortgagee provided in this Article shall operate to:

- (a) deny or delegate control over the general administrative affairs of the Association by the Owners or the Executive Board;
- (b) prevent the Association or the Executive Board from commencing, intervening and/or settling any legal proceeding; or
- (c) prevent any insurance trustee or the Association from receiving and distributing any insurance proceeds in accordance with the requirements of Article XII above.

16.7 Declarant Rights.

No provision or requirement of this Article XVI shall apply to any Special Declarant Rights or other rights reserved to Declarant in this Declaration.

ARTICLE XVII

ENFORCEMENT AND REMEDIES

17.1 Enforcement.

- (a) Each provision of this Declaration with respect to the Association or the Common Elements shall be enforceable by Declarant or by any Owner by a proceeding for injunctive relief.
- (b) Each provision of this Declaration with respect to an Owner or a Unit shall be enforceable by Declarant or by the Association by:
 - (i) a proceeding for injunctive relief;
 - (ii) a suit or action to recover damages; or
 - (iii) in the discretion of the Association, for so long as any Owner fails to comply with any such provisions, exclusion of such Owner and its Guests from

the use of any Common Elements and from participation in any Association affairs.

(c) In addition to the rights and remedies described in paragraph 17.1(b) above, if an Owner fails to perform or observe any covenant or condition to be performed or observed by such Owner under this Declaration or any other Association Document, the Association shall have the following rights and remedies:

(i) The Association may, but is not obligated to, cure such failure to comply at the Owner's sole cost and expense. If the Association cures any such failure to comply, the Owner shall pay to the Association the amount of all costs incurred by the Association in connection therewith within thirty days after the Owner receives a written invoice therefor from the Association.

(ii) The Association may, after notice and an opportunity to be heard, fine the Owner, as a Default Assessment, an amount not to exceed \$100 for each violation. The Owner shall pay any such fine to the Association within thirty days after the Owner receives written invoice therefor from the Association.

(iii) With respect to an Owner's failure to pay an installment of any Assessment, the Association may accelerate the due date for the payment of the full amount of the Assessment.

(iv) The Association shall have all other rights and remedies available to it under this Declaration, at law or in equity.

(d) All rights and remedies of the Association shall be cumulative and the exercise of one right or remedy shall not preclude the exercise of any other right or remedy.

17.2 Attorneys' Fees.

Except as otherwise provided herein, in the event of any dispute under or with respect to this Declaration or any other Association Document, the prevailing party shall be entitled to recover from the nonprevailing party all of its costs and expenses in connection therewith, including, without limitation, the fees and disbursements of any attorneys, accountants, or other professionals engaged by the prevailing party.

17.3 Interest.

If an Owner fails to pay to the Association any Assessment or other amount due to the Association as and when the same becomes due, the Owner shall pay to the Association interest on such unpaid amount at the rate of 18 percent per annum, or such other rate as the Executive Board may establish from time to time, from the due date of such unpaid amount until the date paid.

17.4 Right to Notice and Hearing.

Whenever an Association Document requires that an action be taken after "notice and hearing," the following procedure shall be observed. The party proposing to take the action (e.g., the Executive Board or a committee or officer of the Association) shall give at least three days' prior written notice of the proposed action to all Owners whose interests would be significantly affected by the proposed action, as reasonably determined by the proposing party. The notice shall include a general statement of the proposed action and the date, time and place of the hearing. At the hearing, the party proposing to take the action, and all affected Owners may give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the hearing to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the decision makers. Any affected Owner shall be notified of the decision in the same manner in which notice of the hearing was given. Any Owner having a right to notice and hearing shall have the right to appeal to the Executive Board from a decision of a proposing party other than the Executive Board. Such right of appeal may be exercised within ten days after an Owner receives notice of the decision, by filing a written notice of appeal with the Executive Board. The Executive Board shall conduct a hearing within forty-five days thereafter, giving the same notice and observing the same procedures as were required for the original hearing.

17.5 Nonwaiver.

Failure by Declarant, the Association or any Owner to enforce any covenant, condition, restriction, reservation, easement, assessment, charge, lien or other provision of this Declaration or any other Association Document shall in no way be deemed to be a waiver of the right to do so thereafter.

ARTICLE XVIII

TERM AND AMENDMENTS

18.1 Term.

The covenants, conditions, restrictions, reservations, easements, assessments, charges and liens set forth in this Declaration shall run with and bind the Property until the Declaration is terminated pursuant to Section 18.2 below.

18.2 Termination.

Subject to the rights of Mortgagees under Article XVI above, the Owners may terminate the Condominium and this Declaration, by the vote of 67 percent of the votes allocated to all Memberships. If the necessary votes are obtained, the agreement of the Owners to terminate the Condominium and this Declaration shall be evidenced by a termination agreement or ratification thereof, executed by the required number of Owners in accordance with the Act. Upon

recordation of the termination agreement in the Summit County Records, the Condominium shall be terminated, this Declaration shall have no further force or effect, and the Association shall be dissolved. Notwithstanding the foregoing, the Owners may not terminate the Condominium during the Declarant Control Period without Declarant's prior written consent, which consent Declarant may withhold in its sole discretion.

18.3 Amendments.

(a) Except for provisions of this Declaration regarding the rights and obligations of Declarant, which may not be amended without Declarant's prior written consent, Owners may amend any provision of this Declaration at any time by a vote of at least 50 percent of the votes allocated to all Memberships. If the necessary votes and consent are obtained, the Association shall cause an amendment to the Declaration to be recorded in the Summit County Records in accordance with the terms and conditions of the Act. Notwithstanding the foregoing, the Owners may not amend this Declaration during the Declarant Control Period without Declarant's prior written consent, which consent Declarant may withhold in its sole discretion.

(b) Notwithstanding the terms and conditions of paragraph 18.3(a) above, Declarant may amend this Declaration as expressly provided herein or by the Act, without the approval of the Owners.

ARTICLE XIX

MISCELLANEOUS

19.1 Interpretation of the Declaration.

Except for judicial construction, the Association, by its Executive Board, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefitted or bound by the covenants and the provisions hereof.

19.2 Severability.

Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity and enforceability of any other provision hereof.

19.3 Disclaimer of Representations.

Notwithstanding anything to the contrary contained in this Declaration, Declarant makes no warranties or representations whatsoever that the plan presently envisioned for the complete development of the Condominium can or will be carried out or that any land now owned or

hereafter acquired by Declarant is or will be subject to this Declaration, or that any such land, whether or not it has been subjected to this Declaration, is or will be committed to or developed for a particular use, or that if such land is once used for a particular use, that such use will continue in effect.

19.4 Reference to Declaration and Deeds.

Deeds to and instruments affecting any Unit or any other part of the Condominium may contain the provisions set forth herein by reference to this Declaration, but regardless of whether any such reference is made in any deed or instrument, each and all of the covenants, conditions, restrictions, reservations, easements, assessments, charges and liens set forth herein shall be binding upon the grantee-owner or other person claiming through any deed or other instrument and his heirs, executors, administrators, successors and assigns.

19.5 Successors and Assigns of Declarant.

Any reference in this Declaration to Declarant shall include any successors or assignees of Declarant's rights and powers hereunder on the condition that Declarant's rights and powers may only be assigned by a written recorded instrument expressly assigning such rights and powers.

19.6 Captions and Titles.

All captions and titles of headings of Articles and Sections in this Declaration are for the purpose of reference and convenience and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.

19.7 Exhibits.

All exhibits attached to this Declaration are a part of, and are incorporated into, this Declaration.

19.8 Governing Law.

This Declaration shall be governed by and construed in accordance with Colorado law.

19.9 Notices.

All owners of each Unit shall have one and the same registered mailing address to be used by the Association or other Owners for notices, demands, and all other communications regarding Association matters. The Owner or the representative of the Owners of a Unit shall furnish such registered address to the secretary of the Association within ten days after transfer of title to the Unit to such Owner or Owners. Such registration shall be in written form and signed by all of the Owners of the Unit or by such persons as are authorized to represent the interests of

all Owners of the Unit. If no address is registered or if all of the Owners cannot agree, then the address of the Unit shall be deemed the registered address of the Owner(s), and any notice shall be deemed duly given if delivered to the Unit. All notices and demands intended to be served upon the Association shall be sent to the following address or such other address as the Association may designate from time to time by notice to the Owner(s):

The Timbers on River Run Condominium Association, Inc.
c/o Keystone Property Management Company
P.O. Box 38
Keystone, Colorado 80435
Attention: Property Manager

19.10 Waivers

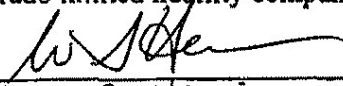
No waivers by the Association of any right of the Association shall constitute a waiver by the Neighbourhood Company of any right of the Neighbourhood Company.

19.11 Priority of Neighbourhood Company Documents.

This Declaration and the other Association Documents shall be subject and subordinate to the Neighbourhood Company Documents. If there is any conflict or inconsistency between the terms and conditions of this Declaration or any of the other Association Documents and the terms and conditions of the Neighbourhood Company Documents, the terms and conditions of the Neighbourhood Company Documents shall control. The terms and conditions of this Section 19.11 may not be amended or deleted without the prior written consent of the Neighbourhood Company.

Declarant has caused its name to be signed by the signature of a duly authorized official as of the day and year first written above.

HOMESTEAD LODGE PARTNERS, LLC,
a Colorado limited liability company

By: 
William S. Haruj Manager

STATE OF COLORADO)
) ss.
COUNTY OF SUMMIT)

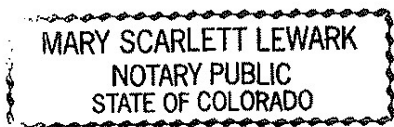
On this 29th day of August, 2000, before me, personally appeared William S. Parwin, as Manager of Homestead Lodge Partners, LLC, who acknowledged that, being authorized to do so, he executed the foregoing instrument on behalf of such company.

Witness my hand and official seal.

[SEAL]

Mary Scarlett Lewark
Notary Public

My commission expires: 12/8/00



My Commission Expires 12-08-2000

EXHIBIT A

(Attached to and forming part of
the Declaration of Covenants, Condition and Restrictions
for The Timbers on River Run Condominium)

LEGAL DESCRIPTION OF THE PROPERTY

A PARCEL OF LAND BEING A PORTION OF THE SE1/4, NW1/4, SECTION 19,
TOWNSHIP 5 SOUTH, RANGE 76 WEST OF THE SIXTH PRINCIPAL MERIDIAN,
SUMMIT COUNTY, COLORADO, AND BEING MORE PARTICULARLY DESCRIBED AS
FOLLOWS:

BEGINNING AT THE C-S-S-NW 1/256 CORNER OF SAID SECTION 19, A B.L.M. BRASS
CAP; THENCE N02°39'20"E A DISTANCE OF 646.79 FEET TO THE C-N-S-NW CORNER
OF SAID SECTION 19, A B.L.M. BRASS CAP; THENCE S88°12'52"E A DISTANCE OF
207.00 FEET TO A REBAR WITH ALUMINUM CAP (PLS. 15242); THENCE S01°47'08"W
A DISTANCE OF 644.41 FEET TO A REBAR WITH ALUMINUM CAP (PLS. 15242);
THENCE N88°49'25"W A DISTANCE OF 216.86 FEET TO THE POINT OF BEGINNING;
CONTAINING 136,805 SQUARE FEET, OR 3.14 ACRES MORE OR LESS.

EXHIBIT B

(Attached to and forming part of
the Declaration of Covenants, Condition and Restrictions
for The Timbers on River Run Condominium)

LEGAL DESCRIPTION OF THE ADDITIONAL PROPERTY

Any adjacent property under the jurisdiction of the United States Forest Service and lying to the west of the Property.

EXHIBIT C

(Attached to and forming part of
the Declaration of Covenants, Condition and Restrictions
for The Timbers on River Run Condominium)

ALLOCATED INTERESTS

<u>Unit</u>	<u>Area</u>	<u>Interest in General Common Elements</u>	<u>Votes</u>
3055	1401	2.62	1
3056	910	1.70	1
3057	887	1.66	1
3058	857	1.60	1
3059	1363	2.55	1
3060	1840	3.44	1
3061	1365	2.55	1
3062	2308	4.32	1
3063	826	1.55	1
3064	1331	2.49	1
3065	818	1.53	1
3066	1224	2.29	1
3067	1355	2.54	1
3068	1853	3.47	1
3069	1388	2.59	1
3070	1874	3.51	1
3071	1661	3.11	1
3072	1733	3.24	1
3073	2588	4.84	1
3074	1962	3.67	1
3075	1373	2.57	1
3076	1873	3.51	1
3077	2398	4.49	1
3078	1733	3.24	1
3079	1843	3.46	1
3080	1963	3.67	1
3081	3327	6.24	1
3082	3281	6.14	1
3083	6095	11.41	2

EXHIBIT D

(Attached to and forming part of
The Declarations of Covenants, Conditions and Restrictions
For the Timbers on River Run Condominiums)

LIST OF RECORDED EASEMENTS

1. RIGHT-OF-WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES AS RESERVED IN UNITED STATES PATENT NO. 710243.
2. CROSS EASEMENT AGREEMENT RECORDED APRIL 20, 1999 UNDER RECEPTION NO. 593017.
3. PRIVATE ROAD EASEMENT RECORDED APRIL 15, 1999 UNDER RECEPTION NO. 592750.
4. TRANSPORTATION EASEMENT AGREEMENT RECORDED JUNE 11, 1999 UNDER RECEPTION NO. 597929.
5. EASEMENT AND DEDICATIONS AS SHOWN AND RESERVED ON THE RECORDED PLAT OF THE TIMBERS ON RIVER RUN.
6. DEED OF EASEMENT (TIMBERS TO KNC) AS RECORDED IN THE OFFICE OF THE SUMMIT COUNTY CLERK AND RECORDER.
7. EASEMENT AGREEMENT (SKI TRAILS – THE TIMBERS AND LONE EAGLE) AS RECORDED IN THE OFFICE OF SUMMIT COUNTY CLERK AND RECORDER.
8. EASEMENT AGREEMENT (WATER LINE) AS RECORDED IN THE OFFICE OF SUMMIT COUNTY CLERK AND RECORDER.