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**DECLARATION
OF
COVENANTS, CONDITIONS
AND
RESTRICTIONS
FOR
SPRING VALLEY
GOLF ESTATES**

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DECLARATION
OF
COVENANTS, CONDITIONS
AND
RESTRICTIONS
FOR
SPRING VALLEY GOLF ESTATES

Centex Homes, a Nevada general partnership with an office at 9250 East Costilla Avenue, Suite 200, Englewood, Colorado 80112 ("Declarant") hereby submits the real property in Boulder County, Colorado described on Exhibit A attached and incorporated herein, to the provisions of the Colorado Common Interest Ownership Act, Colorado Revised Statute 38-33.3-101 et seq., as amended, for the purpose of creating Spring Valley Golf Estates and making the improvements shown in the Plat. Declarant hereby DECLARES that the property described in Exhibit A shall be held and conveyed subject to the following terms, covenants, restrictions and conditions, which shall run with the above described property and be binding on all parties having any right, title, or interest therein or any part thereof, their heirs, personal representatives, successors, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1.1. Act: The Colorado Common Interest Ownership Act, as it may be amended from time to time.

Section 1.2. Agencies: The Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Department of Housing and Urban Development (HUD), the Department of Veterans Affairs (VA) or any other governmental or quasi-governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by any of such entities.

Section 1.3. Allocated Interests: The Common Expense liability and votes in the Association, allocated to Lots in the Common Interest Community. The Common Expense liability for each Lot shall be a fraction, the numerator of which is one and the denominator of which is the total number of Lots then in the Common Interest Community.

Section 1.4. Architectural Review Committee: The committee appointed by the Declarant during the Period of Declarant Control as defined in Section 4.4 or by the Association to review and approve or disapprove plans for Improvements submitted by any Owner, as more fully provided in Article VIII of this Declaration.

Section 1.5. Articles of Incorporation: The Articles of Incorporation of the Association, as they may be amended from time to time.

Section 1.6 Association: The Spring Valley Golf Estates Homeowners Association, Inc., a nonprofit corporation organized pursuant to Section 38-33.3-301 of the Act.

Section 1.7. Board of Directors or Board: The Board of Directors of the Association duly elected pursuant to the Bylaws of the Association or appointed by the Declarant; the "Executive Board" as the term is used in the Act.

Section 1.8. Builder or Developer: Any Person who acquires one or more vacant Lots to construct Initial Improvements thereon for resale to a purchaser.

Section 1.9. Bylaws: The Bylaws of the Master Association, as they may be amended from time to time.

Section 1.10. Common Elements: Any Property within the Common Interest Community owned by the Association. The Common Elements initially owned by the Association upon execution of this Declaration by Declarant are described as Outlots A, B, C, D, E, F, G, H, I, J and K on the Plat.

Section 1.11. Common Expenses: The expenses or financial liabilities for the operation of the Common Interest Community. These expenses include:

- A. Expenses of administration, maintenance, repair or replacement of any Common Elements or property owned or maintained (under an easement, license or contract) by the Association;
- B. Expenses declared to be Common Expenses by the Documents or by the Act;
- C. Expenses agreed upon as Common Expenses by the Board;
- D. Such reasonable reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held or maintained (under an easement, license or contract) by the Association; and
- E. The costs and expenses imposed on the Association, benefitting fewer than all the Lots, shall be a Common Expense, when assessed exclusively against those Lots benefitted.

Section 1.12. Common Expense Assessments: The funds required to be paid by each Owner in payment of a Common Expense liability, including Annual Common Expense Assessments, Special Assessments, and Common Expenses attributable to fewer than all Lots.

Section 1.13. Common Interest Community: The real property subject to this Declaration.

Section 1.14. Declarant: Centex Homes, a Nevada general partnership or its successors as defined in Section 38-33.3-103(12) of the Act.

Section 1.15. Declaration: This document, including any amendments and plats.

Section 1.16. Development Rights: The rights as defined by Section 38-33.3-103(14) of the Act reserved by the Declarant in this Declaration to add real estate to the Common Interest Community and to create Lots on Common Elements within the Common Interest Community in connection with the addition of such real estate, to create additional Common Elements or limited common elements, subdivide Lots or convert Lots into Common Elements or withdraw real estate from the Common Interest Community.

Section 1.17. Director: A member of the Board of Directors.

Section 1.18. Documents: The Declaration and Plat recorded and filed pursuant to the provisions of the Act, the Bylaws, Architectural Guidelines, and the Rules as they may be amended from time to time. Any exhibit, schedule or certification accompanying a Document is a part of that Document.

Section 1.19. Dwelling Unit: The residence constructed on each Lot within the Common Interest Community and any replacement thereof, including the patio, deck, basement and garage, if applicable. Dwelling Unit shall include the Lot upon which such Dwelling Unit is constructed.

Section 1.20. Eligible Mortgagee: The holder of a first Security Interest in a Lot, when the holder has notified the Association, in writing, of its name and address and that it holds a first Security Interest in a Lot. The notice must include the address of the Lot on which it has a security interest. This notice shall include a request that the Eligible Mortgagee be given the notices and other rights described in Article XIV.

Section 1.21. First Security Interest: A Security Interest (as hereinafter defined) that has priority of record over all other recorded liens except those liens made superior by statute (such as general ad valorem tax liens and special assessments).

Section 1.22. Guest: (a) Any person who resides with an Owner within the Common Interest Community; (b) a guest or invitee of an Owner; or (c) an occupant or tenant of a Dwelling Unit within the Common Interest Community, and any member of his or her household, invitee or cohabitant of any such person.

Section 1.23. Improvements: Any exterior construction, structure, fixture, or facilities existing or to be placed on a Lot constructed in the Common Interest Community, other than Initial Improvements, including but not limited to: buildings, outbuildings, swimming pools, tennis courts, patios, patio covers, awnings, solar collectors or panels, painting or other finish materials on any visible structure, additions, garages, carports, driveways, fences, screening walls,

retaining walls, stairs, decks, streets, drainage facilities (including any change in slope, pitch or drainage pattern), exterior light fixtures, poles, basketball stands, trampolines, or other recreational or sporting equipment, signs, satellite dishes, antennas, exterior tanks, and exterior air conditioning, cooling, heating and water softening equipment.

Section 1.24. Initial Improvements: Any improvements constructed by a Builder on any Lot including but not limited to: (a) the construction, installation, erection or expansion of any building, structure or other improvements, including utility facilities; (b) the grading, excavation, filling or similar disturbance to the surface of the Lot including, without limitation, change of grade, ground level, and drainage pattern; (c) landscaping, planting, clearing or removing of trees, shrubs, grass or perennial plants; and (d) any change, alteration, modification, expansion, or addition to any previously approved Initial Improvement, including any change of exterior appearance, finish material, color or texture.

Section 1.25. Lots: Each platted lot which is a physical portion of the Common Interest Community, other than Common Elements, designated for separate ownership or occupancy, the boundaries of which are described on the Plat. The term "Lot" as used herein is synonymous with the term "Unit" as the latter term is used in the Act.

Section 1.26. Majority of Owners: The owners of more than fifty percent (50%) of the votes in the Master Association.

Section 1.27. Manager: A person, firm, corporation or other business entity employed or engaged to perform management services for the Common Interest Community and the Association.

Section 1.28. Member: Each Owner, as set forth in Sections 1.30 and 4.1 below.

Section 1.29. Notice and Hearing: The right of an Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to be heard thereon, as provided for herein, or in the Bylaws or Guidelines.

Section 1.30. Owner: The Declarant, Builder or other Person who is the owner of record of the fee simple title to any Lot, but not a Person having an interest in a Lot solely as security for an obligation. The Declarant is the initial owner of any Lot created by this Declaration.

Section 1.31. Period of Declarant Control: That period of time defined in Section 4.4 below.

Section 1.32. Person: A natural person, corporation, trust, partnership, association, joint venture, government subdivision or agency or other legal or commercial entity or combination thereof.

Section 1.33. Plat: The plat for Spring Valley Parcel E (as defined in C.R.S. §38-33.3-103 and

§38-33.3-209), filed in the office of the Boulder County Clerk and Recorder, Boulder County, Colorado, as it may be supplemented or amended from time to time.

Section 1.34. Property: The land and all Dwelling Units and Improvements that are subject to this Master Declaration.

Section 1.35. Rules: Rules and regulations adopted and amended from time to time by the Board of Directors pursuant to this Declaration for the regulation of the Common Interest Community.

Section 1.36. Security Interest: An interest in real estate or personal property, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an Association, and any other consensual lien or title retention contract intended as security for an obligation. For purposes of Section 7.3 hereof and, with respect to notice of cancellation or substantial modification of certain insurance policies, to Section 10.12 hereof, "Security Interest" shall also mean and refer to any executory land sales contract wherein the Administrator of Veterans Affairs, an Officer of the United States of America, is the seller, whether such contract is recorded or not, and whether such contract is owned by the said Administrator or has been assigned by the Administrator and is owned by the Administrator's assignee, or a remote assignee, and the land records in the Office of the Clerk and Recorder of Boulder County, Colorado, show the Administrator as having the record title to the Lot.

Section 1.37. Special Assessments: Those Common Expenses Assessments defined in Subsection D of Section 7.1 below.

Section 1.38. Special Declarant Rights: Rights reserved for the benefit of a Declarant to (1) complete Improvements indicated on the Plat; (2) exercise any Development Right; (3) maintain sales offices, management offices, signs advertising the Common Interest Community, and models; (4) use easements through the Common Elements for the purpose of making improvements within the Common Interest Community or within real estate that may be added to the Common Interest Community; (5) appoint or remove an officer of the Association or any Board of Director member during any Period of Declarant Control; (6) merge or consolidate the Common Interest Community with another Common Interest Community of the same form or ownership; or (7) appoint or remove any Architectural Review Committee member as set forth in Section 8.3.

ARTICLE II SCOPE OF THE COMMON INTEREST COMMUNITY AND ASSOCIATION

Section 2.1. The Common Interest Community: The name of the Common Interest Community

is Spring Valley Golf Estates. It is a planned community.

Section 2.2. The Association: The name of the Association is Spring Valley Golf Estates Homeowners Association, Inc.

Section 2.3. Maximum Number of Lots: The Common Interest Community contains 51 Lots. The Declarant reserves the right to create a maximum of 160 Lots.

Section 2.4. Identification of Lots: The identification number of each Lot is shown on the Plat.

Section 2.5. Lot Boundaries: The boundaries of each Lot are located as shown on the Plat.

ARTICLE III THE COMMON ELEMENTS

Section 3.1. Title to the Common Elements: The Declarant hereby covenants that it will convey to the Association fee simple title to the Common Elements prior to the conveyance of the first Lot within the Common Interest Community to an Owner other than Declarant.

Section 3.2. Duty to Accept the Common Elements Transferred by Declarant: The Association shall accept title to the Common Elements deeded by Declarant and agrees to own and maintain any property, including all Improvements located thereon, and personal property relating thereto, transferred to the Association by Declarant as Common Elements. Any property or interest in property transferred to the Association by Declarant shall be transferred to the Association free and clear of all liens and encumbrances (other than the lien of real estate taxes not then due and payable) and Declarant shall furnish and pay for a title insurance policy reflecting same.

Section 3.3. Owners' Easements: Every Owner shall have a nonexclusive right and easement for the purpose of access to their Lots and for use for all other purposes, in and to the Common Elements, and such easement shall be appurtenant to and shall pass with the title to every Lot. Any Owner may delegate their right of enjoyment to the Common Elements and facilities to the members of their family, their Guests, or contract purchasers who reside on their Lot. No Lot Owner shall engage in any activity which will temporarily or permanently deny free access to any part of the Common Elements to all Members, nor shall any Lot Owner place any structure whatsoever upon the Common Elements.

Section 3.4. The Association's Rights: The rights of each Owner shall be subject to the Development Rights and Special Declarant Rights of the Declarant reserved herein and the following rights of the Association:

- A. To borrow money to improve the Common Elements and to mortgage said property as security for any such loan; provided, however, that the Association may not subject any portion of the Common Elements to a Security Interest unless such is

approved by Members casting at least eighty percent (80%) of the votes in the Association, including eighty percent (80%) of the votes allocated to Lots not owned by the Declarant or a Builder.

B. To convey or dedicate all or any part of the Common Elements to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members entitled to cast at least eighty percent (80%) of the votes in the Association, including eighty percent (80%) of the votes allocated to Lots not owned by the Declarant or a Builder, and unless written notice of the proposed agreement and the proposed dedication or transfer is sent to every Member at least thirty (30) days in advance of any action taken. The granting of permits, licenses and easements for public utilities or for other purposes consistent with the intended use of such Common Elements shall not be deemed a transfer within the meaning of this clause.

C. To adopt, amend or repeal and distribute to Owners Rules with which each Owner and their Guests shall strictly comply, and enforce penalties for the infraction thereof, including, without limitation, the levying and collecting of fines for the violation of any such Rules.

D. To suspend the voting rights of a Member for any period during any infraction or breach by such Member or a Guest of such Member of any provision of the Declaration, the Bylaws, or of any Rule unless such breach is a continuing breach, in which case such suspension shall continue for so long as such breach continues and for up to sixty (60) days thereafter.

E. To take such steps as are reasonably necessary to protect the Common Elements against foreclosure.

F. To enter into, make, perform or enforce any contracts, leases, agreements, licenses, easements and rights-of-way, for the use of Common Elements by Owners and Guests for any purpose(s) the Board may deem to be useful, beneficial or otherwise appropriate.

G. To close or limit the use of the Common Elements temporarily while maintaining, repairing and making replacements in the Common Elements, or permanently if approved by a majority vote of Members present in person or by proxy at a meeting duly held.

ARTICLE IV THE ASSOCIATION; PERIOD OF DECLARANT CONTROL

Section 4.1. Membership: Members of the Association shall be every record Owner of a Lot subject to this Declaration. Membership shall terminate on transfer of a fee simple title by the Owner, but may not be separated from the ownership of a Lot. The purposes and powers of the

Association and the rights and obligations with respect to Members set forth in this Declaration shall be amplified by the Articles of Incorporation, Bylaws, Rules, and Architectural Guidelines.

Section 4.2. Voting Rights: Each Member is entitled to one vote for each Lot owned. If more than one person holds such interest, the vote for such Lot shall be exercised as the persons holding such interest shall determine between themselves, provided that in no event shall more than one vote be cast with respect to any Lot.

Section 4.3. Authority of Board: Except as otherwise provided in this Declaration or the Bylaws, the Board of Directors may act in all instances on behalf of the Association.

Section 4.4. Declarant Control of the Association:

A. Subject to Subsections 4.4(B) and (C), there shall be a "Period of Declarant Control" during which a Declarant, or Persons designated by the Declarant, may appoint and remove the officers and members of the Board. The Period of Declarant Control terminates no later than the earlier of:

- (i) Sixty (60) days after conveyance of seventy-five percent (75%) of the Lots that may be created to Owners other than the Declarant; or
- (ii) Two (2) years after the last conveyance of a Lot by the Declarant in the ordinary course of business to Owners other than Declarant; or
- (iii) Two (2) years after any right to add new Lots was last exercised.

A Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of the Period of Declarant Control. In that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Board of Directors, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

B. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Lots that may be created to Owners other than a Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board of Directors shall be elected by Owners other than the Declarant.

C. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots that may be created to Owners other than a Declarant, not less than thirty-three and one third percent (33-1/3%) of the members of the Board of Directors must be elected by Owners other than the Declarant.

D. Not later than the termination of any Period of Declarant Control, the Owners shall elect a Board of Directors of at least three (3) members, at least a majority of whom shall be Owners other than Declarant. The Board shall elect the officers. The Owners elected to the Board shall take office upon election.

E. Notwithstanding any provision of this Declaration or the Bylaws to the contrary, following notice under Section 38-33.3-308 of the Act, the Owners, by a vote of sixty-seven percent (67%) of all persons present and entitled to vote at a meeting of the Owners at which a quorum is present, may remove a member of the Board of Directors with or without cause, other than a member appointed by the Declarant.

Section 4.5. One Class of Membership: The Association shall have one class of voting membership. The total number of votes which may be cast in connection with any matter shall be equal to the total number of Lots then existing within the Association.

Section 4.6. Delivery of Documents by Declarant: Within sixty (60) days after the Owners other than the Declarant elect a majority of the Members of the Board of Directors, the Declarant shall deliver to the Association all property of the Owners and of the Association held by or controlled by the Declarant, including, without limitation, the following items:

- A. The original or a certified copy of the recorded Declaration, as amended, the Articles of Incorporation, Bylaws, minute books, other books and records, and any Rules which may have been promulgated;
- B. An accounting for Association funds and audited financial statements from the date the Association received funds and ending on the date the Period of Declarant Control ends in accordance with Section 38-33.3-303(9)(b) of the Act;
- C. The Association funds, books and records;
- D. All of the tangible personal property that has been represented by the Declarant to be the property of the Association or that is necessary for and has been used exclusively in the operation and enjoyment of the Common Elements;
- E. A copy, for the nonexclusive use of the Association, of any plans and specifications used in the construction of improvements in the Common Interest Community;
- F. All insurance policies then in force in which the Owners, the Association, or its directors and officers are named as insured persons;
- G. Any other permits issued by governmental bodies applicable to the Common Interest Community and which are currently in force or which were issued within one (1)

year prior to the date on which Owners other than the Declarant took control of the Association;

H. Written warranties of any contractor, subcontractors, suppliers and manufacturers that are still effective;

I. A roster of Owners and Eligible Mortgagees and their addresses and telephone numbers, if known, as shown on the Declarant's records;

J. Employment contracts in which the Association is a contracting party; and

K. Any service contract in which the Association is a contracting party or in which the Association or the Owners have any obligation to pay a fee to the person performing the services.

Section 4.7 Management Agreements and Other Contracts: Any agreement for professional management of the Association's business or other contract providing for services of the Declarant shall have a maximum term of three (3) years and any such agreement shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon not more than ninety (90) day's prior written notice.

ARTICLE V DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

Section 5.1. Reservation of Development Rights: The Declarant reserves the following withdrawal and Development Rights:

A. The right by amendment to subject all or any part of the real property described on Exhibit B (the "Development Property") to this Common Interest Community, replat it as deemed desirable, and create Lots and Common Elements. The consent of the existing Owners or Security Interest Holders shall not be required for any such expansion, and Declarant may proceed with such expansion without limitation at its sole option.

B. The right to construct underground utility lines, pipes, wires, ducts, conduits and other facilities for the purpose of furnishing utility and other services to buildings and Improvements to be constructed on, and for the use and benefit of, the Property and the Development Property. Notwithstanding anything herein to the contrary, Declarant does not reserve and specifically disclaims any right or easement hereunder to construct underground utility lines, pipes, wires, ducts, conduits and other facilities either above or below ground upon that portion of any Lot where Dwelling Units may be located on said Lot.

C. The right to replat the Common Interest Community and to replat it into

additional or fewer Lots and Common Elements, and to subdivide Lots, or convert Lots into Common Elements.

D. The right to withdraw any real estate from the Common Interest Community, before or after annexation, in accordance with the Act.

E. If all or any part of the Development Property is submitted to this Declaration, this right to reserve property for future development shall apply to such property as well.

Section 5.2. Limitations on Development Rights: The Development Rights reserved in Section 5.1 are limited as follows:

A. The Development Rights may be exercised at any time, but not more than fifteen (15) years after the recording of the initial Declaration.

B. All Lots and Common Elements created pursuant to the Development Rights will be restricted to residential use in the same manner and to the same extent as the Lots created under this Declaration as initially recorded.

Section 5.3. Phasing of Development Rights: No assurances are made by the Declarant regarding the Development Rights reserved as to whether the Declarant will exercise its Development Rights or the order in which such portions, or all of the areas, will be developed. The exercise of Development Rights as to some portions will not obligate the Declarant to exercise them as to other portions.

Section 5.4. Special Declarant Rights: The Declarant reserves the following Special Declarant Rights, to the maximum extent permitted by law, which may be exercised, where applicable, anywhere within the Common Interest Community:

A. To complete Improvements indicated on Plats filed with the Declaration;

B. To exercise any Development Right reserved herein;

C. To maintain construction, sales and management offices, and signs advertising the Common Interest Community and models;

D. To use and to permit others to use easements through the Common Interest Community for construction, and to discharge Declarant's obligations under the Act and this Declaration;

E. To appoint or remove any officer of the Association or a Board of Directors member during a period of Declarant control subject to the provisions of Section 4.4 of this Declaration;

- F. To merge or consolidate the Common Interest Community with another common interest community or subject it to a master association;
- G. To amend the Declaration and the Plat in connection with the exercise of any Development Rights;
- H. To appoint or remove any Architectural Review Committee member; and
- I. To exercise any other Declarant right created by any other provision of this Declaration.

Section 5.5. Rights Transferable: Any expansion, withdrawal and Development Rights, and Special Declarant Rights created or reserved under this Article for the benefit of Declarant may be transferred to any Person by an instrument describing the rights transferred and recorded in Boulder County, Colorado. Such instrument shall be executed by the transferor Declarant and the transferee.

Section 5.6. Limitations on Special Declarant Rights: Unless terminated earlier by an amendment to this Declaration executed by the Declarant, any Special Declarant Right may be exercised by the Declarant or any Transferee of Rights pursuant to Section 5.5 until the earlier of the following: as long as the Declarant or Transferee (a) is obligated under any warranty or obligation; (b) holds a Development Right to create additional Lots or Common Elements; (c) owns any Lot; (d) owns any Security Interest in any Lots; or (e) fifteen (15) years have elapsed after recording of this Declaration. Earlier termination of certain rights may occur by statute.

Section 5.7. Interference with Special Declarant Rights: Neither the Association nor any Owner may take any action or adopt any rule that will interfere with or diminish any Special Declarant Right without the prior written consent of the Declarant.

Section 5.8. Construction Sales Management Offices: The Declarant, and any Builder, their duly authorized agents, representatives and employees may maintain any Lot owned by the Declarant, Builder or Developer or any portion of the Common Elements as a model Dwelling Unit, Lot, or construction, sales or management office.

Section 5.9. Construction; Declarant's Easement: The Declarant reserves the right to perform warranty work, and repairs and construction work on Lots and Common Elements, to store materials in secure areas, and to control and have the right of access to perform work and repairs until completion. All work may be performed without the consent or approval of the Board of Directors. The Declarant and each Builder has an easement through each Lot and the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or exercising Development or Special Declarant Rights, whether arising under the Act or reserved in this Declaration. This easement includes the right to convey utility and drainage easements to public utilities, municipalities or metropolitan or special improvement

districts, the State, riparian owners or upland owners to fulfill the plan of development.

Section 5.10. Signs and Marketing: The Declarant reserves the right for Declarant and any Builder to post signs and displays in the Common Elements in order to promote sales of Lots and Improvements. Declarant also reserves the right for Declarant and any Builder to conduct general sales activities in a manner which will not unreasonably disturb the rights of Owners.

Section 5.11. Declarant's Personal Property: The Declarant for itself and each Builder reserves the right to retain all personal property and equipment used in the sales, management, construction and maintenance of the Common Elements that is owned by them and has not been represented as property of the Association. The Declarant for itself and each Builder reserves the right to remove from the property (promptly after the conveyance of the last Lot) any and all goods and improvements owned by them and used in development, marketing and construction, whether or not they have become fixtures.

Section 5.12. Reciprocal Easements: If all or part of the Development Property is not submitted to this Declaration, or if property is withdrawn from the Common Interest Community ("Withdrawn Property"):

A. The Owner(s) of the Development Property or the Withdrawn Property, or both, shall have whatever easements are necessary or desirable, if any, for access, utility service, repair, maintenance and emergencies over and across the Common Interest Community; and

B. The Owner(s) in the Common Interest Community shall have whatever easements are necessary or desirable, if any, for access, utility service, repair, maintenance and emergencies over and across the Development Property and the Withdrawn Property.

Declarant shall prepare and record in the office of the Clerk and Recorder of the County where the Property is located whatever documents are necessary to evidence such easements and shall amend Exhibit C to the Declaration to include reference to the recorded easement(s). Such recorded easement(s) shall specify that the Owners of the Development Property and the Withdrawn Property and the Owners in the Common Interest Community shall be obligated to pay a proportionate share of the cost of the operation and maintenance of any easements utilized by either one of them on the other's property upon such reasonable basis as the Declarant shall establish in the easement(s). Preparation and recordation by Declarant of an easement pursuant to this Section shall exclusively determine the existence, location and extent of the reciprocal easements that are necessary or desirable as contemplated by this Section.

ARTICLE VI MAINTENANCE

Section 6.1. Common Elements: The Association shall manage, operate, insure, maintain, repair

and replace all of the Common Elements, and any drainage structure or facility or other public improvements required by local governmental entities under Section 38-33.3-307(1.5) of the Act.

Section 6.2. Lots: Each Owner shall maintain, repair and replace, at their own expense, all portions of their Lot.

Section 6.3. Right of Access: Any person authorized by the Board of Directors shall have the right of access to all portions of any Lot for the purpose of performing emergency repairs or to do other work reasonably necessary for the proper maintenance of the Common Interest Community, for the purpose of performing installations, alterations or repairs, and for the purpose of reading, repairing and replacing utility meters and related pipes, valves, wires and equipment, provided that requests for entry are made in advance and that any entry is at a time reasonably convenient to the affected Owner. In case of an emergency, no request or notice is required and the right of entry shall be immediate, and with as much force as is reasonably necessary to gain entrance, whether or not the Owner is present at the time.

Section 6.4. Repairs Resulting From Negligence: Each Owner will reimburse the Association for any damages to the Common Elements caused intentionally, negligently or by the failure to properly maintain, repair or make replacements to a Lot including drainage. If such expense is caused by misconduct, it will be assessed following Notice and Hearing. If damage is inflicted on any Lot as a result of entry thereon by the Association, through maintenance access under Section 6.3, the Association will be responsible to repair such damage.

ARTICLE VII ASSESSMENT AND COLLECTION OF COMMON EXPENSES

Section 7.1. Apportionment of Common Expenses: Except as provided in Section 6.4 and Section 7.2, all Common Expenses shall be assessed against all Lots in accord with the Allocated Interests. If additional Lots are added to the Common Interest Community, then the Common Expense liability shall be reallocated and any Common Expense Assessment not yet due shall be recalculated.

A. Initial Annual Common Expense Assessment. Until the effective date of an Association budget ratified by the Owners with a different amount for the Common Expense Assessments, the amount of the annual Common Expense Assessment against each Lot shall not exceed Three Hundred and no/100 Dollars (\$300.00) per Lot per annum. Until the Association makes a Common Expense Assessment, the Declarant shall pay all Common Expenses.

B. Annual Common Expense Assessment. Annual Common Expense Assessments shall be fixed at a rate for all Lots sufficient to meet the expected needs of the Association. The Annual Common Expense Assessments shall include an adequate reserve fund for the maintenance, repair and replacement of those items that must be

maintained, repaired or replaced on an occasional basis, and for the payment of insurance deductibles.

C. Levy of Assessments. The Annual Common Expense Assessment shall be levied on an annual basis against all Lots and shall be based upon the Association's advance budget of the cash requirements needed by it to provide for the administration and performance of its duties during such assessment year. Common Expense Assessments may be collected in monthly, quarterly, biannual or annual installments, or in any other manner as determined by the Board of Directors. Common Expense Assessments may begin on the first day of the month in which conveyance of the first Lot to an Owner other than the Declarant occurs. The assessments shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Dwelling Units, and for all of those purposes and activities which may be required of the Association or which the Association may be empowered to pursue pursuant to this Declaration or the Articles of Incorporation or Documents, or by law; provided, however, that such assessments levied during the Period of Declarant Control may not be used for the purpose of constructing capital Improvements.

Special Assessments shall be levied in accordance with Subsection D of this Section 7.1.

The omission or failure of the Board of Directors to levy the Assessment for any period shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay. No assessment may be levied retroactively.

Common Expenses attributable to fewer than all Lots may be levied at any time, shall be due and payable as established by the Board, and are exempt from any voting requirements by the membership required for Special Assessments called for under the Declaration.

D. Special Assessments. In addition to the Annual Common Expense Assessments authorized in this Article, but subject to the limitations set forth herein, the Association, with the approval of the votes of sixty-seven percent (67%) of the Members voting in person or by proxy at a meeting duly called for this purpose, may levy, in any fiscal year, a Special Assessment applicable to that year only, for the purpose of: (1) defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of a capital Improvement upon any portion of the Common Elements, including fixtures and personal property related thereto; or (2) for repair or reconstruction of any damaged or destroyed Improvements located on said Common Elements; or (3) for the funding of any operating deficit incurred by the Association. Any Special Assessment shall be levied against each Lot according to the Allocated Interests. A meeting of the Members called for the purpose of considering the establishment of a Special Assessment shall be held in conformance with Subsection E of this Section 7.1. Notwithstanding the foregoing, Special Assessments levied during the Period of Declarant Control may not be used for

the purpose of constructing capital Improvements.

E. Notice and Quorum for any Special Assessments. Written notice of any meeting called for the purpose of taking any action authorized under Subsection D of this Section 7.1 shall be sent to all Members not less than fifteen (15) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the Membership votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7.2. Common Expenses Attributable to Fewer than all Lots: The following Common Expenses may be assessed to one or more, but fewer than all, of the Lots:

- A. Any insurance premium increase attributable to a particular Lot by virtue of activities in or construction of the Lot shall be assessed against that Lot.
- B. If a Common Expense is caused by the misconduct of an Owner or Guest, the Association may assess that expense exclusively against that Owner's Lot.
- C. Fees, including attorney fees, charges, taxes, impositions, late charges, fines, collection costs and interest charged against an Owner pursuant to the Documents and the Act may be assessed against that Lot as Common Expense assessments.
- D. Any common expense benefitting fewer than all of the Lots may be assessed exclusively against the Lots benefitted.

Section 7.3. Lien:

- A. The Association has a lien on a Lot for a Common Expense Assessment levied against the Lot and all fees established or fines imposed against its Owner, from the time the Common Expense Assessment, fee or fine becomes due. If a Common Expense Assessment is payable in installments, each installment is a lien from the time it becomes due, including the due date set by any valid acceleration of installment obligations.
- B. A lien under this Section is prior to all other liens and encumbrances on a Lot except: (1) liens and encumbrances recorded before the recordation of the Declaration; (2) a Security Interest on the Lot which has priority over all other Security Interests on the Lot and recorded before the date on which the Common Expense Assessment sought to be enforced became delinquent; and (3) liens for real estate taxes and other governmental assessments or charges against the Lot. A lien under this Section is also prior to all

Security Interests described in (2) above of this Subsection B to the extent of an amount equal to the Common Expense Assessments based on the periodic budget adopted by the Association pursuant to Section 7.4 which would have become due, in the absence of acceleration, during the six (6) months immediately preceding institution by either the Association or the holder of a First Security Interest of an action or a nonjudicial foreclosure either to enforce or extinguish either the Association's lien or a Security Interest described in (2) of this Subsection B. This Subsection B does not affect the priority of mechanics' or materialmen's liens or the priority of a lien for other assessments made by the Association. A lien under this Section is not subject to the provision of Section 38-41-201 or 15-11-201, C.R.S. The Association's lien on a Lot for any assessment shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Colorado or any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed to a Lot subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said assessment lien.

Notwithstanding any provision of this Section 7.3.B. to the contrary, the lien of the assessments provided for herein shall be subordinate to the lien of any purchase money loan evidenced by a recorded first mortgage or recorded first deed of trust, and to any executory land sales contract wherein the Administrator of Veterans Affairs (Veterans Administration) is seller, whether such contract is owned by the Veterans Administration or its assigns, and whether recorded or not. However, the lien of such assessments shall be superior to any homestead exemption of a deed to land subject to this Declaration shall constitute a waiver of the homestead exemption as against the said assessment lien. Sale or transfer of any lot shall not affect the assessment lien. However the sale or transfer of any lot pursuant to mortgage foreclosure, or any proceeding in lieu thereof, or the cancellation or foreclosure of any executory land sales contract wherein the Administrator of Veteran's Affairs (Veterans Administration) is seller, whether such contract is owned by the Veterans Administration or its assigns, and whether recorded or not, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

C. Recording of this Declaration constitutes record notice and perfection of the lien. Further recording of a claim of lien for a Common Expense Assessment is not required. However, the Board of Directors or Manager of the Association may prepare and record in Boulder County a written notice setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot, and a description of the Lot. If a notice of lien is filed, the costs and expenses thereof shall be added to the assessment for the Lot against which it is filed and collected as part and parcel thereof.

D. A lien for an unpaid Common Expense Assessment is extinguished unless proceedings to enforce the lien are instituted within six (6) years after the full amount of

the Common Expense Assessment becomes due.

- E. This Section does not prohibit an action to recover sums for which Subsection A of this Section creates a lien or to prohibit the Association from taking a deed in lieu of foreclosure.
- F. A judgment or decree in any action brought under this Section shall entitle the Association to costs and reasonable attorney fees, which shall be additional Common Expense Assessments; and is enforceable by execution.
- G. The Association's lien may be foreclosed by the same procedure by which a mortgage or deed of trust on real estate is foreclosed. The Board shall have the power to bid at the foreclosure sale, and if title is obtained, hold, lease, mortgage, and encumber or convey the same.
- H. In any action by the Association to collect Common Expense Assessments or to foreclose a lien for unpaid Common Expense Assessments, the court may appoint a receiver for the Owner to collect all sums alleged to be due from that Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Common Expense Assessments.
- I. If a holder of a first or second Security Interest in a Lot forecloses that Security Interest, the purchaser at the foreclosure sale is not liable for any unpaid Common Expense Assessments against that Lot which became due before the sale, other than the assessments which are prior to that Security Interest under Subsection B of this Section of the Declaration. Any unpaid Common Expense Assessments not satisfied from the proceeds of sale become Common Expenses collectible from all the Owners, including the purchaser.
- J. Any payments received by the Association in the discharge of an Owner's obligation may be applied to attorney fees and costs first, then late fees, penalties and interest, and then the oldest balance due.
- K. Sale or transfer of any Lot shall not affect the lien for said assessments or charges except that sale or transfer of any Lot pursuant to foreclosure of any First Security Interest, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture, shall only extinguish the lien of assessment charges as provided by applicable Colorado law. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture, shall relieve any Lot from continuing liability for any assessment charges thereafter becoming due, nor from the lien thereof.

Section 7.4. Budget Adoption and Ratification: Within thirty (30) days after adoption of any proposed budget for the Common Interest Community, the Board of Directors shall mail first class or deliver a summary of the budget to each Owner and shall set a date for a meeting of the Owners to consider ratification of the budget. The meeting shall be not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting at least sixty-seven percent (67%) of all Owners vote to reject the budget, the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the Owners continues until the Owners ratify a new budget proposed by the Board of Directors.

Section 7.5. Certificate of Payment of Common Expense Assessments: The Association, upon written request, shall furnish an Owner or their designee, or a holder of a Security Interest or its designee, a written statement setting out the amount of unpaid Common Expense Assessments against the Lot. Said request shall be delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the Association's registered agent. The statement shall be furnished within fourteen (14) calendar days after receipt of the request, delivered personally or by certified mail, first class postage prepaid, return receipt requested, and is binding on the Association, the Board of Directors and each Owner, or the Association shall have no right to assert a lien upon the Lot for unpaid assessments which were due as of the date of the request.

Section 7.6. Effect of Nonpayment of Assessments; Remedies of the Association: Any assessment not paid within ten (10) days after the due date thereof shall be delinquent, and shall be subject to fees authorized by Section 7.2, including interest from the due date at the rate of eighteen percent (18%) per annum, or at such lesser rate as may be set from time to time by the Board of Directors. Fees, including attorney fees, charges, late charges, fines and interest may be charged pursuant to the Act and the Documents due to late payment of assessments under this Section. The Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against such Lot. If a judgment or decree is obtained, including without limitation in a foreclosure action, such judgment or decree shall include interest on the assessment and attorney's fees, together with the costs of the action, and other fees.

Section 7.7. Acceleration of Common Expense Assessments: If any Owner does not make the payment of any Common Expense Assessment levied against their Lot within ten (10) days of the date due, the Board of Directors shall have the right to declare all unpaid Common Expense Assessments for the pertinent fiscal year immediately due and payable for that Lot.

Section 7.8. No Waiver of Liability for Common Expenses: No Owner may become exempt from liability for payment of the Common Expense Assessments by waiver of the use or enjoyment of the Common Elements, by abandonment of the Lot against which the Common Expense Assessments are made, or because of dissatisfaction with the Association's performance.

Section 7.9. Personal Liability of Owners: Each Owner, by acceptance of a deed therefor,

whether or not it shall be so expressed in such deed, is personally liable for Common Expense Assessments made against such Owner's Lot during the period of ownership of such Lot, at the time a Common Expense Assessment or portion of the assessment is due and payable. Personal liability for the Common Expense Assessment shall not pass to a successor in title to the Lot unless the successor agrees to assume the obligation. All Owners of each Lot shall be jointly and severally liable to the Association for the payment of all assessments, including fees and fines. The obligation for such payments by each Owner to the Association is an independent covenant with all amounts due, from time to time, payable in full when due without notice or demand (except as otherwise expressly provided in this Declaration), and without setoff or deduction.

Section 7.10. Surplus Funds: Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of or provision for reserves shall be retained by the Association and need not be paid to the Owners in proportion to their Common Expense Liability but may be credited to them to reduce their future Common Expense Assessments.

Section 7.11. Working Capital Fund: The Association shall require the first Owner of any Lot (other than a Declarant or a Builder) who purchases that Lot from Declarant or a Builder to make a nonrefundable contribution to the Association in the amount equal to one-sixth (1/6th) of the total annual assessment at the time of sale (regardless of whether or not assessments have commenced as provided in Section 7.1). Said contribution shall be collected and transferred to the Association at the time of closing of the sale by Declarant or a Builder of each Lot as aforesaid, and shall, until used, be maintained in a segregated account with other such working capital funds for the use and benefit of the Association as the Board deems desirable, including, without limitation, to meet unforeseen expenditures or to purchase additional equipment, property or services. Such contribution to the working capital fund shall not relieve an Owner from making regular payments of assessment as the same become due. Upon the transfer of their Lot, an Owner shall be entitled to a credit from their transferee (but not from the Association) for the aforesaid contribution to working capital fund. The Association may, from time-to-time, increase the amount required for each Owner's share of the Working Capital Fund to an amount equal to one-sixth (1/6th) of the then current total annual assessment for each Owner.

ARTICLE VIII ARCHITECTURAL REVIEW COMMITTEE

Section 8.1. Written Approval of Plans Required: No Improvements (other than Initial Improvements) shall be constructed, erected, placed, applied or installed upon any Lot unless plans and specifications therefor shall have been first submitted to and approved in writing by the Architectural Review Committee. Said plans and specifications shall show exterior design, height, materials, color, and location of the Improvements, and type of fencing, walls, windbreaks and grading plan, as well as such other materials and information that may be required by the Architectural Review Committee. Declarant, and any Builder, shall be exempt from seeking or obtaining Architectural Review Committee approval during Declarant's or

Builder's construction on, or sales of, any Initial Improvements on any Lot. However, Declarant reserves the right, but is not obligated, to require any Builder to either obtain approval of Initial Improvements pursuant to the provisions of this Article VIII, or pursuant to a separate procedure established by Declarant. The Architectural Review Committee shall exercise its reasonable judgment to the end that all Improvements conform to and harmonize with the existing surroundings, residences, and structures. In its review of such plans, specifications and other materials and information, the Architectural Review Committee may require that the applicant(s) reimburse the Architectural Review Committee for the actual expenses incurred by the Committee in the review and approval process. Such amounts, if any, shall be levied in addition to the Common Expense assessment against the Lot for which the request for Architectural Review Committee approval was made, but shall be subject to the Association's lien for assessments and subject to all other rights of the Association for the collection of such assessments, as more fully provided in this Declaration. All work authorized by the Architectural Review Committee shall be completed within the time limits established therefor. Notwithstanding any time limits established by the Architectural Review Committee of completion of improvements, each Owner shall complete installation of landscaping on such Owner's Lot within ninety (90) days after the conveyance of the Lot to such Owner, except, if the conveyance to such Owner occurs after September 30 in a given year or before March 1 in a given year, then such Owner shall have until the immediately following May 31st to complete landscaping of the Lot.

Section 8.2. Additional Guidelines, Standards, Rules, Regulations and Procedures: The Board of Directors or the Architectural Review Committee may, from time to time, adopt, promulgate, amend or otherwise revise additional guidelines, standards, Rules and procedures governing Architectural Review for the purposes of:

- A. Further enhancing, defining, or interpreting what items or improvements are covered by this Article VIII; and
- B. Providing for changes in technology, industry standards, style, materials, safety issues, consistency with updated building codes or other laws or ordinances, or for any other reason that the Board of Directors or Architectural Review Committee, deem to be proper, necessary or in the best interests of the community.

In determining what is in the best interests of the community, the Board of Directors or Architectural Review Committee may, but shall not be required to, solicit input from: (1) Owners whose Lots are near a proposed improvement or item to be placed on a Lot; or (2) from the entire community. The Architectural Review Committee shall not be bound by said input but shall use its best judgment in approving or disapproving the proposed improvement or item.

Any additional guidelines, standards, Rules and regulations, procedure or amendment thereto, shall apply to construction, additions, modifications, installations or items placed on a Lot occurring after the date such additional guidelines, standards, Rules, procedures or amendments

are published or otherwise made available to all Owners.

Section 8.3. Membership of Committee: The Architectural Review Committee shall consist of three (3) or more persons appointed by the Board of Directors; provided, however, that until all of the Lots have had a Dwelling Unit constructed thereon and have been conveyed to the first Owner thereof (other than Declarant or a Builder), Declarant may at its option appoint the Architectural Review Committee. The power to appoint shall include the power to fill any vacancy and remove any member of the Architectural Review Committee, with or without cause, at any time, and appoint the successor thereof. Each such appointment may be made for such term(s) of office, subject to the aforesaid power of removal, as may be set from time to time in the discretion of the Board.

Section 8.4. Procedures: The Architectural Review Committee shall approve or disapprove all requests for approval within thirty (30) days after the complete submission of the plans, specifications and other materials and information which the Committee may require in conjunction therewith. If the Architectural Review Committee fails to approve or disapprove any request within thirty (30) days after the complete submission of the plans, specifications, materials and other information with respect thereto, the request shall be deemed to have been disapproved by the Architectural Control Committee. However, applicant may resubmit the application.

Section 8.5. Vote and Appeal: A majority vote of the Architectural Review Committee is required to approve a request for approval pursuant to this Article, unless the Committee has appointed a representative to act for it, in which case the decision of such representative shall control. If a representative acting on behalf of the Architectural Review Committee approves or denies a request for architectural approval, any Owner shall have the right to an appeal of such decision to the full Architectural Review Committee, upon a request therefor submitted to the Architectural Review Committee within thirty (30) days after such approval or denial by the Committee's representative. If an application for architectural approval is approved or denied by the Architectural Review Committee, whether pursuant to an original request for approval or on appeal from a decision of a representative of the Architectural Review Committee, any Owner shall have the right to appeal such decision to the Board of Directors, if a written request for a hearing on an appeal of the same shall be submitted to the Board within thirty (30) days after such approval or denial by the Architectural Review Committee.

Section 8.6. Records: The Architectural Review Committee shall maintain written records of all applications submitted to it and all actions taken by it, and such records shall be available to Members for inspection at reasonable hours.

Section 8.7. Liability: The Architectural Review Committee and the members thereof, as well as the Declarant, the Association, the Board of Directors, or any representative of the Architectural Review Committee appointed to act on its behalf, shall not be liable for any loss, damage or injury arising out of or in any way connected with the performance of the

Architectural Review Committee for any action, failure to act, approval, disapproval, or failure to approve or disapprove in regard to any matter within its jurisdiction hereunder, if such action was in good faith or without malice. In reviewing any matter, the Architectural Review Committee shall not be responsible for passing on safety, whether structural or otherwise, or conformance with building codes or other governmental laws or regulations, nor shall its approval of an Improvement be deemed approval of such matters.

Section 8.8. Variance: The Architectural Review Committee may grant reasonable variances or adjustments from any conditions and restrictions imposed by this Article, in order to overcome practical difficulties or prevent unnecessary hardships arising by reason of the application of any such conditions and restrictions. Such variances or adjustments (1) shall be granted only in case the granting thereof shall not be materially detrimental or injurious to the other property or improvements in the neighborhood; (2) shall not militate against the general intent and purpose hereof; and (3) shall not set a precedent for any other applicant.

Section 8.9. Waivers: The approval or consent of the Architectural Review Committee, any representative thereof, or the Board of Directors, to any application for architectural approval shall not be deemed to constitute a waiver of any right to withhold or deny approval or consent by the Architectural Review Committee, any representative thereof, or the Board of Directors, as to any application or other matters whatsoever as to which approval or consent may subsequently or additionally be required.

ARTICLE IX RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

Section 9.1. Restrictions Imposed: All of the Lots shall be held, conveyed, used, improved, occupied, owned, resided upon and secured, subject to the following provisions, conditions, limitations, restrictions, agreements and covenants, as well as those contained elsewhere in this Declaration. These restrictions are general in nature and the Board shall have the power to adopt, amend, repeal and enforce more specific and restrictive guidelines and Rules as the Board deems to be reasonable and necessary to carry out the intent of this Declaration.

Section 9.2. Business Use Restrictions: Subject to the Special Declarant Rights reserved under Article V, the following use restrictions apply to all Lots and Dwelling Units and to the Common Elements.

A. The use of each Lot and Dwelling Unit is restricted to that of a single family residence and accessory uses as permitted herein. A single-family residence is defined as a single housekeeping unit, operating on a nonprofit, noncommercial basis with a common kitchen and dining area. Except for those activities conducted as a part of the marketing and development program of the Declarant and Builders, no business, trade, professional or commercial activities ("business activity") of any kind may be conducted in or from any Lot except that an Owner or Guest residing in a Dwelling Unit may

conduct such business activity within the Lot so long as:

- (1) No business, trade, professional or commercial Improvement or building devoted to business, trade, professional, commercial or public enterprises shall be erected or used on any Lot.
- (2) The existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from the exterior of the Lot, and does not substantially increase traffic within the Common Interest Community.
- (3) The business activity conforms to all zoning requirements for the property.
- (4) The business activity does not increase the insurance obligation or premium of the Association.
- (5) The business activity is consistent with the residential character of the Lot and does not constitute a nuisance or hazardous or offensive use, determined in the sole discretion of the Board of Directors.
- (6) No Lot shall be used or rented for transient, hotel or motel purposes. Rentals for terms of less than six (6) months may be regulated by the Board of Directors.

B. The terms "business, trade, professional or commercial" and "business activity" shall be construed to have their generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other consideration, regardless of whether such activity is engaged in full or part time, generates a profit, or requires a license.

C. Declarant and Builders, and their respective employees, agents, and contractors, may perform such reasonable activities, and maintain upon portions of the Lots such facilities as Declarant or such Builder deems reasonably necessary or incidental to the development, construction and sale of Lots, and development and construction of Improvements and Initial Improvements, specifically including, without limiting the generality of the foregoing, maintaining management offices, signs, model units, construction offices, trailers and sales offices, in such numbers, of such sizes, and at such locations as Declarant determines in its reasonable discretion.

D. The Board may adopt additional Rules regulating business activities conducted on a Lot. Uses described as "day care" or "child care" facilities (licensed or unlicensed) are expressly prohibited.

Section 9.3. Occupancy and Use Restrictions: Subject to the Special Declarant Rights reserved under Article V, the following occupancy and use restrictions apply to all Lots and to the Common Elements:

- A. Lots and Dwelling Units shall not be permitted to fall into disrepair; and shall be kept and maintained in a clean, safe, attractive and sightly condition and pursuant to all Rules and architectural guidelines, except as necessary during the period of construction.
- B. No immoral, improper, offensive or unlawful use may be made of the Property. Owners and Guests shall comply with and conform to all applicable laws and regulations of the United States, the State of Colorado and all other governmental ordinances, rules and regulations; violations thereof shall be a breach of this Declaration, subject to enforcement by the Association. Determination of whether an activity violates this covenant shall be at the sole discretion of the Board of Directors or other committees and shall be subject to the Rules.
- C. No noxious, offensive, dangerous or unsafe activity shall be conducted in or on any Lot, nor shall anything be done, either willfully or negligently, which may be or become a reasonable annoyance or nuisance to the other Owners or Guests. No Owner or Guest shall make or permit any disturbing noises nor do or permit anything to be done by others that will interfere with the rights, comforts or convenience of other Owners or Guests. Habitually barking, howling or yelping dogs shall be deemed a nuisance. The use of exterior spot lights, searchlights, speakers, horns, whistles, bells or other light or sound devices on any Lot may be regulated or prohibited by the Architectural Guidelines and Rules. The terms "annoyance" and "nuisance" shall not include any activities of Declarant or a Builder which are reasonably necessary to the development and construction of, and sales activities on, the Lots provided that such activities of the Declarant or a Builder shall not unreasonably interfere with any reasonable use and enjoyment of a Lot, or with any ingress and egress to or from a Lot or a public way.
- D. Except as may be approved in writing by the Board of Directors, nothing shall be done or kept which may result in a material increase in the rates of insurance or would result in the cancellation of any insurance maintained by the Association.
- E. Garages and carports are restricted to occupancy by the residents of the Dwelling Unit for residential storage and for a parking space for vehicles (as limited by Section 9.3.J).
- F. No animals, livestock, birds, poultry, reptiles or insects of any kind shall be raised, bred, kept or boarded in or on a Lot; provided, however, that the Owners or their Guests may keep a reasonable number of dogs, cats or other domestic animals which are bona fide household pets, so long as such pets are not kept for any commercial purposes, and are not kept in such number or in such manner as to create a nuisance to any other

Owners or Guests. The Association shall have, and is hereby given, the right and authority to determine in its sole discretion that dogs, cats or other household pets are being kept for commercial purposes or are being kept in such number or in such manner as to be unreasonable or to create a nuisance, or that an Owner or Guest is otherwise in violation of the provisions of this Section, and to take such action(s) as it may deem appropriate to correct the same. Any pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Property upon three (3) days' written notice following Notice and Hearing from the Board of Directors. Owners and Guests shall hold the Association harmless from any claim resulting from any action of their pets. The right to keep household pets may be regulated by Rules and Regulations issued by the Board, and shall be coupled with the responsibility to pay for any damage caused by such pets, as well as any costs incurred by the Association as a result of such pets, and any such costs and damages shall be subject to all of the Association's rights with respect to the collection and enforcement of assessments as provided in this Declaration.

G. Subject to the Rules and architectural guidelines, all unsightly conditions, structures, facilities, equipment, objects and conditions shall be enclosed within an approved structure, including all tractors, snow removal equipment and garden or maintenance equipment, except when actually in use. No structure of a temporary character, including, but not limited to, a house trailer, tent, shack, storage shed, or outbuilding shall be placed or erected upon any Lot; provided, however, that during the actual construction, alteration, repair or remodeling of a structure or other Improvements, necessary temporary structures for storage of materials may be erected and maintained by a Builder or a Person doing such work. Any addition to the Dwelling Unit, including without limitation, awnings and porch or patio covers, must be of materials and colors that are compatible with the Dwelling Unit, and are subject to the provisions of Article VIII hereof. In no event may any the exterior of such addition or alteration be constructed of aluminum, vinyl or similar materials. The work of constructing, altering or remodeling any structure or other Improvements shall be prosecuted diligently from the commencement thereof until the completion thereof. Further, no unsightly conditions, structures, facilities, equipment or objects shall be so located on any Lot as to be visible from a street or from any other Lot. All service areas for hanging, drying or airing of clothing shall be kept within approved structures. No clothes lines, chain-linked (or other) dog runs, drying yards, service yards, wood piles or storage areas shall be so located on any Lot as to be visible from a street or from the ground level of any other Lot. (No wood piles nor any other materials or any Improvements shall be located on any Lot so as to be adjacent to any fence maintained by the Association.) No types of refrigerating, cooling or heating apparatus shall be permitted on a roof and no such apparatus shall be permitted elsewhere on a Lot, except when appropriately screened and approved by the Architectural Review Committee. No wind generators of any kind shall be constructed, installed, erected or maintained on a Lot.

H. Utility or storage sheds are subject to the provisions of this Declaration related to Improvements and may be subject to further provisions of the Architectural Guidelines. Utility and storage sheds shall: (1) be constructed so as not to encroach upon any set back lines; (2) be constructed on a level ground pad; (3) not alter drainage patterns of a Lot; (4) not exceed 8' X 10' in either base dimension; (5) not exceed 7' in height at its highest point measured from the pad if visible from any street or Lot within the Common Interest Community, and in any event, not exceed 8' in height at its highest point measured from the pad; (6) be located so as not to be viewed in full from the front of the Lot; and (7) be constructed of materials and colors that match or are compatible with the Dwelling Unit. In no event shall metal sided or roofed utility or storage sheds be allowed.

I. Each Owner shall keep their lot at all times in a neat and clean condition and grass and weeds shall be kept mowed. No refuse, garbage, trash, lumber, grass, shrubs or tree clippings, plant waste, metal, bulk materials, scrap or debris of any kind shall be kept, stored, or allowed to accumulate on any Lot unless placed in a suitable container suitably located solely for the purpose of garbage pickup. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition, and shall be obscured from public view by planting, fences or other means, except that containers containing such material may be placed outside at proper times for garbage or trash pickup. No garbage or trash cans or receptacles shall be maintained in an exposed or unsightly manner. Each Owner shall provide for a regular removal of garbage and agrees to use the trash company as designated by the Board of Directors, if one is so designated; the Association has the power to provide and pay for regular or periodic trash removal as a Common Expense, if it so decides. The Association shall have the right, through its agents and employees, after Notice and Hearing to enter upon any Lot and maintain it and remove unsightly objects and materials. The cost of such maintenance and removal shall be chargeable to such Owner.

J. Recreational or business vehicles, including but not limited to, trailers of any kind, campers (including camper shells and motor homes), buses, vans, boats or boat accessories, and trucks larger than three-quarter (3/4) ton (as defined by Colorado Department of Vehicles), selfcontained and other motorized recreational vehicles, all terrain vehicles, any other vehicle clearly designed or designated by the manufacturer or the owner thereof (through signage or accessories) to be a commercial or recreational vehicle, even though it may be licensed by a state as a passenger vehicle, shall not be parked, placed, stored or maintained anywhere within the Common Interest Community unless such parking, placement, storage or maintenance is within the garage area of any Lot, or is behind a fence on the Lot and the vehicle or equipment cannot be seen over such fence from ground level or from the street except in emergencies or as a temporary expedience for loading or unloading, unless in conformance with the Rules. Any vehicle may be towed by the Association if it is in violation of any City, County or State regulation or this Declaration or the Rules. The Board may adopt and enforce additional Rules regarding parking, and those Rules shall have the same force and effect as these

restrictions. These restrictions, however, shall not restrict trucks or other business vehicles which are necessary for construction or for the maintenance of the Lots or any Improvements located thereon.

K. No abandoned or inoperable vehicle of any kind shall be stored or parked on any Lot unless it cannot be seen from any street or other Property. An "abandoned or inoperable vehicle" shall be defined as any vehicle which has not been driven under its own propulsion for a period of seventy-two (72) hours or longer, or which does not have an operable propulsion system installed therein or which is not then currently licensed and registered; provided however, that otherwise permitted vehicles parked by Lot Owners while on vacation (for a maximum of two (2) weeks) or during a period of illness, shall not be deemed to be abandoned..

L. If the Association shall determine that a vehicle is parked, stored or used in violation of this Section 9.3, then a written notice describing said vehicle shall be conspicuously placed upon the vehicle and if the vehicle is not removed within a reasonable time thereafter, as determined by the Association in its discretion from time to time, the Association shall have the right to tow the vehicle at the sole expense of the owner of the vehicle or the Lot.

M. No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting or servicing of any kind of vehicle, trailer or boat, may be performed or conducted on any Lot unless it is done in a manner and location that screens the sight and sound of the activity from the street and from any other Property. The foregoing restriction shall not be deemed to prevent washing and polishing of any motor vehicle, boat, trailer, motor-driven cycle, or other vehicle, together with those activities normally incident and necessary to such washing and polishing.

N. No advertising or signs of any character shall be erected, placed, permitted, or maintained on any Lot other than a name plate of the occupant and a street number, and except for a "For Sale," "Open House" or "For Rent" sign of not more than five (5) square feet. Notwithstanding the foregoing, reasonable signs, advertising, or billboards used by the Declarant or a Builder in connection with the sale or rental of the Lots, or otherwise in connection with development of or construction on the Lots, shall be permissible. The Association may issue, and amend from time to time, Rules or architectural guidelines that modify, relax or further restrict the provisions of this subsection N.

O. Except as may otherwise be permitted by the Architectural Review Committee, exterior radio antenna, television antenna, or other antenna, satellite dish of one meter or less in diameter, shall be placed, erected or maintained on any Lot, so as to be screened from view of adjoining Lots or the street in such manner as will allow for reception of an acceptable quality signal at no unreasonable cost or delay to the Lot Owner, provided, however, that any such devices may be erected or installed by the Declarant or any

Builder during their respective sales or construction upon the Lots.

P. Any exterior lighting installed or maintained on the Lots shall either be indirect or of such controlled focus and intensity so as not to disturb the residents of adjacent or nearby property. No light shall be emitted from any Lot which is unreasonably bright or causes unreasonable glare; no sound shall be emitted from any Lot which is unreasonably loud or annoying; and no odor shall be permitted from any Lot which is noxious or offensive to others.

Q. No fences shall be permitted except with the prior written approval of the Architectural Review Committee. Notwithstanding the foregoing, it shall be a requirement within the Property that any pool constructed within the Property, whether above ground or in-ground shall be surrounded by a non-climbable perimeter fence of at least five (5) feet in height and equipped with a self-closing mechanism on all gates. The design for swimming pool construction must be submitted to the Architectural Review Committee for prior approval, and said approval will not be given unless the plans therefore include a perimeter fence in compliance with this section. Without limiting the generality of the foregoing, the Committee may at any time, from time to time, promulgate and publish guidelines, rules or regulations regarding the permitted types, locations, materials, and other matters having to do with fences.

R. No activities shall be conducted on any Lot, or within Improvements constructed on any Lot, which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Lot and no open fires shall be lighted or permitted on any Lot except in a contained barbeque unit while attended and in use for cooking purposes or within an interior fireplace, or except such campfires or picnic fires on property which may be designated for such use by the Association. Further, no hazardous materials or chemicals shall at any time be located, kept or stored in, on or at any Lot except such as may be contained in household products normally kept at homes for use of the residents thereof and in such limited quantities so as to not constitute a hazard or danger to person or property.

S. If upon the erection of any structure, it is disclosed by survey that a minor violation or infringement of setback lines has occurred, such violation or infringement shall be deemed waived by the Owners of each Lot immediately adjoining the structure which is in violation of the setback, and such waiver shall be binding upon all other Lot Owners. However, nothing contained in this Section shall prevent the prosecution of a suit for any other violation of the restrictions, covenants, or other provisions contained in this Declaration. A "minor violation," for the purpose of this Section, is a violation of not more than four (4) feet beyond the required setback lines or Lot lines. This provision shall apply only to the original structures and shall not be applicable to any alterations or repairs to, or replacements of, any of such structures. Nothing herein contained is intended to circumvent the zoning regulations or the zoning variance procedure of the

City of Longmont.

T. All front, back and side yards on all Lots must be landscaped, including a minimum of fifty percent (50%) sod, unless otherwise approved by the Architectural Review Committee. Trees, shrubs, vines and plants which die shall be promptly removed from the Lot and replacements of equal quality or value promptly installed.

U. All fireplace flues, smoke stacks and spark arresters shall be completely enclosed and concealed from public view in finished chimneys of materials architecturally compatible with the principle finish material of the exterior walls of the dwelling or otherwise approved by the Architectural Review Committee.

V. No aluminum foil, newspaper reflective film or similar treatment shall be placed on windows or glass doors.

W. Permanent recreational facilities, such as basketball goals, shall not be placed on any lot closer than eighteen (18) feet from the front setback line. Temporary recreational facilities, such as basketball goals, shall be stored out of sight when not in use.

Section 9.4. Maintenance of Grade and Drainage. Each Lot Owner shall maintain the grading upon his Lot, and the Association shall maintain the grading upon the Common Elements, at the slope and pitch fixed by the final grading thereof, including landscaping and maintenance of the slopes. Each Lot Owner and the Association agree, for themselves and their successors and assigns, that they will not in any way interfere with the established drainage pattern over any real property which they have a duty to maintain, from adjoining or other real property. In the event that it is necessary or desirable to change the established drainage over any Lot or other Common Elements which a Lot Owner or the Association has a duty to maintain, then the party responsible for the maintenance of such real property shall submit a plan to the Architectural Review Committee for its review and approval, in accordance with the provisions of Article VIII of this Declaration. For purposes of this Section, "established drainage" is defined as the drainage which exists at the time final grading of a Lot is completed.

Section 9.5. Soils. Declarant has provided a copy of a summary of the soils analysis and site recommendation ("Soils Analysis") relating to each Owner's Lot, in addition to a publication detailing the problems associated with construction on such soils and suggestions for cure and maintenance, all as required by C.R.S. §6-6.5-101. Each Owner, as a condition of conveyance of his Lot by Declarant, hereby covenants and agrees for himself, his successors and assigns, to provide a copy of the Soils Analysis to his grantee prior to Owner's transfer of title to his Lot.

Section 9.6. Sight Distance at Intersections. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and in a line connecting them at points twenty-five (25) feet from the intersection

of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended. The same sight line limitations shall apply on any Lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

Section 9.7. Restrictions on Alienation: A Lot may not be leased or rented for a term of less than six (6) months, except in compliance with Rules established by the Board of Directors; or for less than the whole Lot. All leases and rental agreements shall be in writing; include a provision that the lease is subject to the terms of this Declaration, the Bylaws of the Association and the Rules, and that the failure of the tenant to comply with the terms of the Declaration or Bylaws or the Rules shall constitute a default enforceable by either the Association or Owner, or by both of them. Any Owner who leases their Lot shall within a reasonable period of time following the leasing of the same, mail or deliver a copy of same to the Association. The tenant will recognize and attorn to the Association as landlord, solely for the purpose of having the power to enforce a violation of the provisions of the Documents against the tenant, provided the Association gives the landlord notice of its intent to so enforce and a reasonable opportunity to cure the violation directly, prior to the commencement of an enforcement action.

Section 9.8 No liability for nuisances/hazards associated with adjacent lands: By purchasing a Lot, each Owner hereby acknowledges that the Lot is located either adjacent to or in relatively close proximity to land designated as a golf course, hereafter being referred to as the Golf Course. Owners of Lots hereby recognize and assume the risks of owning property adjacent to or within relatively close proximity of the Golf Course. Such risks include, without limitation: injury to person and/or property arising out of, or resulting from, the operation, maintenance and/or use of the golf course, noise associated with the golf course, errant golf balls and/or other golf related equipment, trespass, acts or omissions of persons using or otherwise on the golf course, and/or the existence of water hazards, ponds, and/or lakes on the Golf Course property, attractive nuisances to children (all of the above being collectively referred to as the "Adjacent Property Risks"). Neither the Association, Declarant, any owner of a portion or all of the Golf Course from time to time to include the Golf Course operator (hereafter collectively referred to as the "Golf Course Owner"), the Golf Course architect, nor their respective members, managers, officers, directors, employees, committees, independent contractors, agents, successors, and assigns shall be liable to any Owner, his family, tenants, guests, invitees, servants, agents or employees for any personal injury or property damage resulting from the Adjacent Property Risks, including but not limited to, errant golf balls. By virtue of taking title to a Lot subject to this Declaration, each Owner of a Lot for themselves, their heirs, personal representatives, executors, tenants, successors, assigns, invitees and licensees hereby agrees to: (i) assume the risk of injury or damage to property or persons resulting from Adjacent Property Risks; (ii) obtain such policies of insurance as may be necessary to insure such Owner, his family, tenants, guests, invitees, servants, agents or employees from injury or damage to property or person resulting from the Adjacent Property Risks; (iii) release, remise, hold harmless, forever and discharge the Association, the Declarant, the Golf Course Owner and the Golf Course architect

and their respective members, managers, officers, directors, employees, independent contractors, agents, successors, and assigns from any liability for any personal injury or property damage resulting from the Adjacent Property Risks, including, without limitation, arising from the Association's, Declarant's, the Golf Course Owner's, agents, contractors, subcontractors, employees, officers, heirs, successors, assigns, guests, or invitees own negligence; and (iv) to indemnify (including reasonable costs and attorney's fees) the Association, Declarant, the Golf Course Owner, and their respective members, managers, officers, directors, employees, independent contractors, agents, successors, and assigns (the "Benefitted Parties") of and from any and all claims, actions, suits, demands and/or compensations, either at law or in equity, against the Benefitted Parties for or on account of any damages, loss, or injury either to person or property, or both, resulting directly or indirectly from the Adjacent Property Risks.

Section 9.9. Damage to Common Elements. If, due to the act or neglect of an Owner or Guests, loss or damage shall occur or be caused to any person or property within the Common Elements, such Owner or Guest shall be liable and responsible for the payment of same. The amount of such loss or damage, together with costs of collection and reasonable attorney's fees, if necessary, may be collected by the Board of Directors after Notice and Hearing, from such Owner as a Common Expense Assessment against such Owner in accordance with Section 7.2. Determination with respect to whether or not a particular activity or occurrence shall constitute a violation shall be made by the Board of Directors and shall be final.

Section 9.10. Violation of Use Restrictions. The Board may establish and enforce penalties for the infraction of the provisions of this Declaration, any Rules or architectural guidelines, including, without limitation, the levying and collecting of fines for the violation of any of such Rules in compliance with the Act.

ARTICLE X INSURANCE

Section 10.1. Coverage: To the extent reasonably available, the Board of Directors shall obtain and maintain insurance coverage as set forth in this Article. If such insurance is not reasonably available, or if any policy is cancelled, or not renewed, without a replacement policy having been obtained, the Association shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Owners at their respective last known addresses.

Section 10.2. Property Insurance Coverage: The Association shall obtain property insurance on the Common Elements for broad form covered causes of loss and on all personal property owned by the Association. The property insurance will be for an amount (after application of any deductions for depreciation) equal to one hundred percent (100%) of full insurable replacement cost of the insured property less applicable deductibles, exclusive of land, foundations, excavations and other items normally excluded from property policies. The Board of Directors is authorized to obtain appraisals periodically for the purpose of establishing replacement cost of the property, and the cost of such appraisals shall be a Common Expense.

Section 10.3. Liability Insurance: Commercial General Liability insurance, as set forth in Section 38-33.3-313(b) of the Act, will be maintained in an amount determined by the Board of Directors, but in no event shall it be less than \$1,000,000. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits may also be obtained. This insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements and the activities of the Association; and may also include, if applicable, comprehensive automobile liability insurance, garagekeeper's liability, liability for property of others, host liquor liability, water damage liability, contractual liability, and such other risks as shall customarily be required by private institutional mortgage investors with respect to projects similar in construction, location and use.

Section 10.4 Mandatory Provisions The insurance policies carried pursuant to Sections 10.2 and 10.3 shall provide that:

- A. Each Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association;
- B. The insurer waives the right to subrogation under the policy against an Owner or member of the household of an Owner;
- C. No act or omission by an Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy;
- D. If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance; and
- E. The insurer shall issue certificates or memoranda of insurance to the Association and, upon request, to any Owner or holder of a Security Interest. Unless otherwise provided by statute, the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued at their last known addresses.

Section 10.5. Fidelity Bonds: The Association shall obtain and maintain, to the extent reasonably available, fidelity bond insurance coverage for any Owner or Association employee who either handles or is responsible for funds held or administered by the Association. The bond or insurance shall name the Association as obligee, and shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression. If reasonably available, the bond or coverage shall be the sum of two (2) month's assessments for all Lots plus up to one hundred percent (100%) of the reserve

funds as calculated from the current budget of the Association. The bond or coverage shall include a provision that calls for ten (10) day's written notice to the Association, before the bond can be cancelled or substantially modified for any reason. The Association shall also require any independent contractor who manages the Association to obtain and maintain fidelity bond insurance coverage in the amount required by law or to the extent that it is reasonably available, unless they are covered under the Association's fidelity bond insurance coverage.

Section 10.6. Owner Policies: An insurance policy issued to the Association does not preclude Owners from obtaining insurance for their own benefit.

Section 10.7. Workers Compensation Insurance: The Board of Directors shall obtain and maintain Workers Compensation Insurance if required to meet the requirements of the laws of the State of Colorado.

Section 10.8. Directors' and Officers' Liability Insurance: The Board of Directors shall obtain and maintain directors' and officers' liability insurance, if reasonably available, covering all of the directors and officers of the Association. This insurance will have limits determined by the Board of Directors.

Section 10.9. Other Insurance: The Association may carry other insurance which the Board of Directors considers appropriate to protect the Association. If any parcels of real property which the Association has an obligation to repair or reconstruct is located within an area identified by the Federal Emergency Management Agency as having special flood hazards, and flood insurance coverage on such parcels has been made available under the National Flood Insurance Program, then the Board may obtain a policy of flood insurance on such parcels in an amount at least equal to the lesser of:

- A. The maximum coverage available under the National Flood Insurance Program for all buildings and other insurable property located within a designated flood hazard area; or
- B. One hundred percent (100%) of current replacement cost of all buildings and other insurable property located within a designated flood hazard area.

Section 10.10. Premiums: Insurance premiums for insurance carried by the Association shall be a Common Expense.

Section 10.11. Procedures: The Board of Directors may adopt written nondiscriminatory policies and procedures for claims adjustment and responsibility for deductibles. To the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefitting from such repair or restoration all deductibles paid by the Association. If more than one (1) Lot is damaged by a loss, the Association, in its reasonable discretion, may assess each Owner a pro rata share of any deductible paid by the

Association.

Section 10.12. General Provisions: All Association insurance shall be carried in blanket policy form naming the Association as insured, or naming its designee as trustee and attorney-in-fact for the Association. The policies shall contain:

A. A standard noncontributory Security Interest Holder's clause in favor of each holder of a First Security Interest, and shall provide that it cannot be cancelled or materially altered by either the insured or the insurance company until thirty (30) days' prior written notice is given to the insured and each Eligible Mortgagee.

B. Waivers of any defense based on invalidity arising from any acts or neglect of an Owner where such Owner is not under the control of the Association. Upon request, the Association shall furnish a certified copy or duplicate original of such policy or renewal thereof, with proof of premium payment and a certificate identifying the interest of the Owner in question to any party in interest, including Security Interest Holders of First Security Interests.

Section 10.13. Insurance Proceeds: Any loss covered by the property insurance policy described in Section 10.2 above shall be adjusted by the Association, and the insurance proceeds for that loss shall be payable to the Association, and not to any Security Interest Holder. The Association shall hold any insurance proceeds in trust for the Association, Owners and lienholders as their interests may appear. The proceeds must be disbursed first for the repair or restoration of the damaged property, and the Owners, Association and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored. If hazard insurance proceeds are distributed to the Owners, the distribution shall be as the parties with interests and rights are determined or allocated by record, and pursuant to the Act. The Association may designate a Trustee for the receipt, administration and disbursement of funds derived from insured losses, condemnation awards, special assessments for uninsured losses and other sources.

Section 10.14. Damage to Property: Any portion of the Common Interest Community for which insurance is required under Section 38-33.3-313 of the Act or for which insurance carried by the Association is in effect, whichever is more extensive, that is damaged or destroyed, shall be repaired or replaced by the Association in accordance with Section 38-33.3-313(9) of the Act.

ARTICLE XI EASEMENTS AND LICENSES

Section 11.1. Easements and Licenses: Easements or licenses to which the Lots and the Common Interest Community are presently subject are recited in Exhibit C and on the Plat. In addition, the Common Interest Community may be subject to other easements or licenses granted by the Declarant pursuant to its powers under Article V of this Declaration.

Section 11.2. Easements for the Board of Directors: Each Lot shall be subject to an easement in favor of the Board of Directors (including its agents, employees and contractors) to perform its obligations pursuant to this Declaration.

Section 11.3. Declarant's and Builder's Easements: Anything to the contrary herein notwithstanding, the Declarant hereby reserves for itself, and for Builders, agents, employees, business invitees, successors or assigns, reasonable easements and rights-of-ways over all Lots for the sole purpose of constructing improvements to the Common Interest Community and making repairs pursuant to contracts of sale made with purchasers of Lots, but only if access thereto is otherwise not reasonably available, including the right to erect temporary buildings to store any and all materials. Such easements and rights-of-way, however, shall not unreasonably inhibit the use of Lots by Owners and Guests. The Declarant and any Builder shall be fully responsible for any damage to Lots caused by its use of such easements and rights-of-way. Such reservations shall terminate at the option of the Declarant by its written notice to the Secretary of the Board of Directors, but in any event such reservations shall terminate without further act or deed not later than the completion of all of the Initial Improvements.

Section 11.4. Emergency Easements: A nonexclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance, and other similar emergency agencies or persons, now or hereafter servicing the Property, to enter upon any part of the Common Interest Community in the performance of their duties.

Section 11.5. Easement for Encroachments: If any Lot or Common Element encroaches on any other Lot or Common Element, a valid easement for the encroachment exists. The easement does not relieve an Owner of liability in case of willful misconduct nor relieve a Declarant or any other Person of liability for failure to adhere to the plans.

Section 11.6. Easements for Drainage and Utilities: Easements for the installation and maintenance of utilities, drainage facilities, Association, public or private improvements and access thereto are reserved as shown on the recorded plats and other documents affecting the Lots and any amendments to such plats and documents or as established by any other instrument of record. Declarant hereby reserves, to itself and to the Association, easements for drainage or drainage facilities as noted on the recorded Plats. No Improvements shall be placed or permitted to remain on any Lot nor shall any change in grading be permitted to exist which may change the direction of flow or obstruct or retard the flow of water through channels or swales within such front, rear and side yard drainage easements. Declarant reserves to itself and to the Association the right to enter in and upon each front, rear and side yard drainage easement and at any time to construct, repair, replace or change drainage structures or to perform such grading, drainage or corrective work as Declarant or the Association may deem necessary or desirable in their sole discretion from time to time.

Section 11.7. Easements Deemed Created: All conveyances of any Lot hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve the easements contained in

this Article even though no specific reference to such easements or to this Article appears in the instrument of such conveyance.

ARTICLE XII
DURATION, ANNEXATION, AMENDMENTS AND MERGER

Section 12.1. Duration: This Declaration shall run with and bind the land perpetually, unless terminated as set forth in Article XIII below.

Section 12.2. Declarant Annexation and Amendment:

A. Annexation: Declarant may annex the property described on Exhibit B in whatever increments deemed desirable by Declarant, without consent of Owners but with the consent of any person or entity that owns said property if other than Declarant, as set forth in Section 5.1A above. This annexation right (1) shall run for a period of fifteen (15) years from the date this Declaration is recorded by the Clerk and Recorder of Boulder County, Colorado; and (2) shall be exercised by recording a Declaration of Annexation and new plats in the office of the Clerk and Recorder of Boulder County, Colorado, describing therein the land being annexed; and all rights, duties and covenants of this Declaration shall be binding upon said annexed land from the time a Declaration of Annexation is recorded.

B. Amendment: Declarant declares and reserves the right to amend without the consent of Owners this Declaration, or the Plat, Articles of Incorporation or Bylaws, any time within fifteen (15) years from the date this Declaration is recorded, or before Declarant conveys the last Lot to a purchaser other than Declarant or a successor Declarant, whichever first occurs, as follows:

- (1) To make nonmaterial changes, such as the correction of a technical, clerical, grammatical or typographical error or clarification of a statement.
- (2) To comply with any requirements of the Act or amendments thereto, or any of the Agencies or to induce any of the Agencies to make, purchase, sell, insure or guarantee First Security Interests.
- (3) To exercise any Development Rights specified in this Declaration.
- (4) To add additional real estate to the Common Interest Community from such locations as the Declarant may elect in its sole discretion, so long as the total additional real estate so annexed to the Common Interest Community pursuant to this sentence, and not described in the attached Exhibits A or B, does not exceed ten percent (10%) of the total area described in the attached Exhibits A and B(as amended).

Section 12.3. Owner Annexation and Amendment:

A. Annexation: Owners may annex additional real estate to this Declaration, by Amendment of this Declaration under the terms of Section 12.3(B) below.

B. Amendment: Owners may amend the covenants and restrictions of this Declaration at any time, as follows:

- (1) By an instrument signed by not less than sixty-seven percent (67%) of the Owners of Lots recorded with the Clerk and Recorder of Boulder County, Colorado.
- (2) Any amendment shall be effective on the tenth (10th) day after it is properly recorded in the records of the Clerk and Recorder of Boulder County, Colorado.
- (3) Upon instruction from the Board of Directors, the President and Secretary of the Association may certify in a notarized affidavit attesting to their receipt and review of the necessary number of signatures and that the appropriate number of Owners executed the amendment, in lieu of recording each individual signature.
- (4) Where a Lot is owned by more than one (1) person, the execution of any amendment or revocation shall be valid if executed by any one (1) Owner. Where a Lot is owned by a general or limited partnership, or by a corporation or trust or other business entity, the entity may, through action by the proper rule making persons, designate a person to sign for the entity. Signatures need not be notarized. The signature need not be identical to the name of the recorded Owner, but shall be sufficiently close as to be identified as a proper signature of such person. The originals of all signatures shall be retained for a period of three (3) years from the date of recording.
- (5) No action shall be commenced or maintained to challenge the validity of any aspect of any amendment of the Association's Declaration, Articles of Incorporation or Bylaws unless it is commenced within one (1) year from the effective date of said amendment, unless fraud or willful negligence is asserted and proven.
- (6) All signatures shall be irrevocable even upon death or conveyance of the Lot, except that if an amendment is not recorded within three (3) years of the date of signature, then the executing Owner or their successor or assigns may revoke their signature by a written and notarized document delivered to the Secretary of the Association.

(7) Amendments can be executed in counterparts, provided that such recorded document shall also contain a certification of the Secretary of the Association that all counterparts, as executed, are part of the whole.

Section 12.4. Mergers: The Common Interest Community may be merged or consolidated with another Common Interest Community of the same form of ownership by complying with Section 38-33.3-221 of the Act.

Section 12.5. Recordation of Amendments: Each amendment to the Declaration must be recorded in accordance with Section 38-33.217(3) of the Act as it may be amended.

Section 12.6. Special Declarant Rights: Provisions in this Declaration creating Special Declarant Rights may not be amended without the consent of the Declarant.

Section 12.7. Expenses: All expenses associated with preparing and recording an amendment shall be allocated in accordance with Section 38-33.3-217(6) of the Act.

ARTICLE XIII TERMINATION

Termination of the Common Interest Community may be accomplished only in accordance with Section 38-33.3-218 of the Act, upon agreement of Owners to which at least sixty-seven percent (67%) of the votes are allocated.

ARTICLE XIV SECURITY INTEREST PROTECTION

Section 14.1. Rights of First Security Interest Holders: First Security Interest Holders shall have the following rights:

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

B. Holders of First Security Interests will be entitled to cure any delinquency of the Owner of the Lot encumbered by the First Security Interest in the payment of Common Expense Assessments. In such event, the first Security Interest Holder will be entitled to obtain a release from the lien imposed or perfected by reason of such delinquency.

Section 14.2. Title Taken by First Security Interest Holder: Any first Security Interest Holder

who obtains title to a Lot pursuant to the remedies provided in the Security Interest documentation, including foreclosure or deed in lieu of foreclosure, will be liable for all Common Expense Assessments due and payable as of the date title to the Lot vests in the Security Interest Holder under the statutes of Colorado governing foreclosures. Except as provided in the Act, such Security Interest Holder will not be liable for any unpaid Common Expense Assessments, dues, and charges attributable to the Lot which occurred prior to the date such title vests in the Security Interest Holder.

ARTICLE XV
RIGHT TO ASSIGN FUTURE INCOME

The Association may assign its future income, including its right to receive Common Expense Assessments, only by the affirmative vote of Owners of Lots to which at least fifty-one percent (51%) of the votes in the Association are allocated, at a meeting called for that purpose, and with Eligible Mortgagee consent.

ARTICLE XVI
CONDEMNATION

If part or all of the Common Interest Community is taken by any power having the authority of eminent domain, all compensation and damages for and on account of the taking shall be payable in accordance with Section 38-33.3-107 of the Act.

ARTICLE XVII
MISCELLANEOUS

Section 17.1. Captions: The captions contained in the Documents are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Documents or the intent of any provision thereof.

Section 17.2. Gender: The use of the masculine gender refers to the feminine gender, and vice versa, and the use of the singular includes the plural, and vice versa, whenever the context of the Documents so require.

Section 17.3. Waiver: No provision contained in the Documents is abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 17.4. Invalidity: The invalidity of any provision of the Documents does not impair or affect in any manner the validity, enforceability or effect of the remainder, and if a provision is invalid, all of the other provisions of the Documents shall continue in full force and effect.

Section 17.5. Conflict: The Documents are intended to comply with the requirements of the Act

and the Colorado Revised Nonprofit Corporation Act. If there is any conflict between the Documents and the provisions of the statutes, the provisions of the statutes shall control. In the event of any conflict between this Declaration and any other Document, this Declaration shall control.

Section 17.6. Severability: All provisions of the Documents of the Association are severable. Invalidation of any of the provisions of any such documents, by judgment, court order or otherwise, shall in no way affect or limit any other provisions which shall remain in full force and effect.

Section 17.7. Registration of Mailing Address: Each Owner shall register their mailing address with the Association, and except for assessment statements and other routing notices, all other notices or demands intended to be served upon an Owner shall be either delivered to them or sent by first class mail, postage prepaid, addressed in the name of such person or entity at such registered mailing address. However, if any Owner fails to notify the Association of a registered address, then any notice or demand may be delivered or sent, as aforesaid, to such Owner at the address of such Owner's Lot. All notices, demands, or other notices intended to be served upon the Board or the Association shall be sent by registered or certified mail, postage prepaid, to the Association's Manager or Registered Agent.

Section 17.8. Enforcement: Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges and other provisions contained in this Declaration, the Articles of Incorporation, Bylaws, Architectural and Design Guidelines, or Rules of the Association, as amended, may be by any proceeding at law or in equity against any person or persons (including, without limitation, the Association) violating or attempting to violate any such provision. The Association and any aggrieved Owner shall have the right to institute, maintain and prosecute any such proceedings, and the Association shall further have the right to levy and collect fines and enforce other established penalties for the violation of any provision of any of the aforesaid documents. In any action instituted or maintained for enforcement, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto, as well as any and all other sums awarded by the Court. Failure by the Association or any Owner to enforce any covenant, restriction or other provision herein contained, or any other provision of any of the aforesaid documents, shall in no event be deemed a waiver of the right to do so thereafter.

Section 17.9. Indemnification: To the fullest extent permitted by Colorado law, the Association shall indemnify every present and former Director, Officer, committee member, agent or employee against loss, costs, and expense, including attorneys' fees reasonably incurred in connection with any action, suit, or proceeding in which such person may be made a party by reason of being, or having been such Director, Officer, committee member, agent or employee of the Association. Any such indemnification may be limited to and paid out of the insurance proceeds provided by an insurer furnishing Officers and Directors Errors and Omissions insurance coverage or similar protection and any other insurance protecting the Association from



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Boulder County Clerk, CO

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**EXHIBIT A
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
SPRING VALLEY GOLF ESTATES**

**LEGAL DESCRIPTION
OF THE
COMMON INTEREST COMMUNITY**

LEGAL DESCRIPTION

Lots 34 through 46, inclusive, Block 1,
Lots 1 through 9, inclusive, Block 2,
Lots 13 through 31, inclusive, Block 4,
Outlots A, B, C, D, E, F, G, H, I, J and K
Spring Valley, Parcel E Final Plat
Boulder County, Colorado



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Boulder County Clerk, CO PROT CVNTS R 260.00 D 0.00

**EXHIBIT B
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
SPRING VALLEY GOLF ESTATES**

**LEGAL DESCRIPTION
OF THE
DEVELOPMENT PROPERTY**

LEGAL DESCRIPTION

Lots 1 through 45, inclusive, Block 1,
Lots 10 through 28, inclusive, Block 2,
Lots 1 through 41, inclusive, Block 3,
Lots 1 through 12, inclusive, Block 4,
Spring Valley, Parcel E Final Plat
Boulder County, Colorado

**EXHIBIT C
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
SPRING VALLEY GOLF ESTATES**

**EASEMENTS AND LICENSES BURDENING AND SERVING THE
ASSOCIATION**

1. **RIGHTS OF WAY FOR COUNTY ROADS NO. 3 AND NO. 10 OVER SUBJECT PROPERTY.**
2. **NOTICE OF GENERAL DESCRIPTION OF AREA SERVED BY PANHANDLE EASTERN PIPELINE COMPANY CONCERNING UNDERGROUND FACILITIES RECORDED JUNE 25, 1986 ON FILM 1415 AS RECEPTION NO. 768891.**
3. **RESERVATION OF RIGHT OF PROPRIETOR OF ANY PENETRATING VEIN OR LODE TO EXTRACT HIS ORE, IN U.S. PATENT RECORDED DECEMBER 22, 1882 IN BOOK 75 AT PAGE 538.**
4. **TERMS, CONDITIONS, PROVISIONS AND OBLIGATIONS OF AGREEMENT IN FURTHERANCE OF ANNEXATION FOR SPRING VALLEY ANNEXATION TO THE CITY OF LONGMONT, COLORADO, RECORDED JANUARY 11, 195 ON FILM 2031 AS RECEPTION NO. 1491719.**
5. **TERMS, CONDITIONS, PROVISIONS AND OBLIGATIONS OF LETTER BY AND BETWEEN CENTEX HOMES, G.T. LAND AND SPRINGS VALLEY PROPERTIES, LLC, AND THE CITY OF LONGMONT RECORDED SEPTEMBER 12, 1995 ON FILM 2076 AS RECEPTION NO. 1546932.**
6. **EASEMENTS AND RIGHTS OF WAY AS CREATED BY THE FINAL PLAT OF SPRING VALLEY, PARCEL E, BOULDER COUNTY, COLORADO.**