

**DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS
OF
HORIZONS AT TOWNE MEADOW**

TABLE OF CONTENTS

ARTICLE I
DEFINITIONS

1.	"Act"	1
2.	"Agencies"	1
3.	"Allocated Interests"	2
4.	"Architectural. Review Committee"	2
5.	"Association"	2
6.	"Common Elements"	2
7.	"Common Expense Liability"	2
8.	"Common Expenses"	2
9.	"Common Interest Community"	2
10.	"Declarant"	2
11.	"Declaration"	3
12.	"Development Rights"	3
13.	"Executive Board"	3
14.	"Improvements"	3
15.	"Member"	3
16.	"Period of Declarant Control"	3
17.	"Person"	3
18.	"Security Interest"	3
19.	"Security Interest Holder"	4
20.	"Special Declarant Rights"	4
21.	"Unit"	5
22.	"Unit Owner"	5
23.	"Units that May Be Created"	5

ARTICLE II
MEMBERSHIP AND VOTING RIGHTS

1.	Membership	5
2.	One Class of Membership	5

ARTICLE III
EXECUTIVE BOARD MEMBERS AND OFFICERS

1.	Authority of Executive Board	6
2.	Election of Unit Owners During Period of Declarant Control.....	6
3.	Authority of Declarant	6
4.	Termination of Period of Declarant Control	6
5.	Delivery of Documents by Declarant	6
6.	Budget	8

ARTICLE IV
COVENANT FOR MAINTENANCE ASSESSMENTS

1.	Creation of the Lien and Personal Obligation for Assessments	8
2.	Purpose of Assessments	9
3.	Initial Annual Assessment	9
4.	Rate of Assessment	9
5.	Date of Commencement of Annual Assessments	9
6.	Special Assessments	9
7.	Notice and Quorum for- Any Special Assessments	10
8.	Lien for Assessments	10
9.	Priority of Association Lien	11
10.	Receiver	11
11.	Certificate of Status of Assessments	12
12.	Effect of Non-Payment of Assessments; Remedies of the Association	12
13.	Surplus Funds	12
14.	Working Capital Fund	12
15.	Assessments for Misconduct	13

ARTICLE V
ARCHITECTURAL REVIEW COMMITTEE

1.	Composition of Committee	13
2.	Review by Committee	13
3.	Procedures	14
4.	Vote and Appeal	14
5.	Records	15
6.	Liability	15
7.	Variance	15

ARTICLE VI
INSURANCE

1.	Insurance	15
2.	General Provisions of Insurance Policies	18
3.	Deductibles	18
4.	Payment of Insurance Proceeds	19
5.	Association Insurance as Primary Coverage	19
6.	Acceptable Insurance Companies	19
7.	Insurance to be Maintained by Unit Owners	19
8.	Annual Review of Insurance Policies	20
9.	Notice of Cancellation	20

ARTICLE VII
DAMAGE OR DESTRUCTION

1. Damage or Destruction 20
2. Units 21

ARTICLE VIII
EXTERIOR MAINTENANCE

1. General 22
2. Association's Right to Repair, Maintain
Restore and Demolish..... 22
3. Access Easement 23
4. Unit Owner's Negligence 23
5. Expenses for Property Subject to Development Rights 20

ARTICLE IX
RESTRICTIONS

1. General Plan 24
2. Restrictions imposed 24
3. Residential Use 24
4. Declarant's Use 24
5. Household Pets 25
6. Temporary Structures; Unsightly Conditions 25
7. Miscellaneous Improvements 26
8. Vehicular Parking, Storage and Repairs 27
9. Nuisances 27
10. Units Not to be Subdivided 28
11. No Hazardous Activities 28
12. No Annoying Light, Sounds or Odors 28
13. Restrictions on Trash and Materials 28
14. Minor Violations of Setback Restrictions 28
15. Rules and Regulations 29
16. Units to be Maintained; Hazardous Materials
or Chemicals..... 29
17. Leases 29
18. Management Agreements and Other Contracts 30
19. Maintenance of Grade and Drainage 30
20. Use of Common Elements 30
21. Easement for Encroachments 31
22. Utilities; Easements I-or Drainage and Utilities 31
23. Street Lighting 32
24. Landscaping 32

ARTICLE X
PROPERTY RIGHTS IN THE COMMON ELEMENTS

1. Unit Owners' Easements 33
2. Extent of Unit Owners' Easements 33
3. Delegation of Use 34

4. Payment of Taxes or Insurance by Security
Interest Holders 34

5. Conveyance or Encumbrance of Common Elements 34

ARTICLE XI

PROPERTY RIGHTS IN THE COMMON ELEMNTS

1. Enforcement 35

2. Severability 35

3. Conflict of Provisions 35

4. Annexation 36

5. Duration, Revocation, and Amendment 37

6. Registration of Mailing Address 37

7. HUD or VA Approval 38

8. Description of Units 38

9. Termination of Common `Interest Community 38

10. Transfer of Special Declarant 40

11. Eminent Domain 40

12. Association as Trustee 41

13. Association as Trustee 41

- Exhibit A - The Property
- Exhibit B - Common Elements
- Exhibit C - Easements
- Exhibit D - Annexable Land

DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF
HORIZONS AT TOWNE MEADOW

THIS DECLARATION is made and entered into by PULTE HOME CORPORATION, a Michigan corporation ("Declarant").

WITNESSETH:

THAT, WHEREAS, Declarant is the owner of that certain real property in the County of Arapahoe, State of Colorado, which is described on Exhibit A, attached hereto and incorporated herein by this reference; and

WHEREAS, Declarant desires to subject and place upon the above-described property certain covenants, conditions, restrictions, easements, reservations, rights-of-way, obligations, liabilities and other charges set forth herein for the purpose of Protecting the value and desirability of said property and for the purpose of furthering a plan for the improvement, sale and ownership of said property, to the end that a harmonious and attractive development of said property may be accomplished and the health, comfort, safety, convenience and general welfare of the Declarant, its successors and assigns in said property, or any portion thereof, may be promoted and safeguarded.

NOW, THEREFORE, Declarant hereby declares that all of the property described above shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions, easements, rights-of-way, obligations, liabilities, charges and other provisions set forth herein, which are for the purpose of protecting the value and desirability of, and which shall run with, the above-described property and be binding on all parties having any right, title, or interest in the above-described property or any part thereof, their heirs, personal representatives, successors, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

1. "Act" means the Colorado Common Interest Ownership Act, C.R.S. 38-33.3-101, et al., as amended.

2. "Agencies" means and collectively refers to the (Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), the Department of Housing and Urban Development (HUD), the Veterans Administration (VA) or any other governmental or quasi-governmental agency or any other public, quasi-public or

private entity which performs (or may in the future perform) functions similar to those currently performed by any of such entities

3. "Allocated Interests" means the Common Expense Liability and votes in the Association allocated to each Unit. The Allocated Interest of each Unit shall be equal to a fraction, the numerator of which is 1 and the denominator of which is the total number of Units within the Common Interest Community from time to time.

4. "Architectural Review Committee" means the committee appointed by the Declarant or by the Association to review and approve or disapprove plans for Improvements, as more fully provided in this Declaration.

5. "Association" means Horizons at Towne Meadow Homeowners Association, Inc., a unit owners, association organized under section 38-33.3-301 of, the Act.

6. "Common Elements" means any real estate owned or leased by the Association other than a Unit. The Common Elements initially owned by the Association upon execution of this Declaration by Declarant are described on Exhibit B attached hereto and incorporated herein by this reference.

7. "Common Expense Liability" means the liability for Common Expenses allocated to each Unit based on its Allocated Interest.

8. "Common Expenses" means expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.

9. "Common Interest Community" means the real estate described in Exhibit A to this Declaration, as supplemented and amended from time to time, with respect to which a Person, by virtue of such Person's ownership of a Unit, is obligated to pay for real estate taxes, insurance premiums, maintenance, or improvement of other real estate described in this Declaration.

10. "Declarant" means Pulte Home Corporation, a Michigan corporation, and any other Person or group of Persons acting in concert who:

(a) As part of a common promotional plan, offers to dispose of to a purchaser such Declarant's interest in a Unit not previously disposed of to a purchaser; or

(b) Reserves or succeeds to any Special Declarant Right.

11. "Declaration" means this Declaration of Covenants, Conditions and Restrictions; and any other recorded instruments, however denominated, that create this Common Interest Community, including any amendments to those instruments and also including, but not limited to, plats and maps.

12. "Development Rights" means any right or combination of rights reserved by a Declarant in this Declaration to add real estate to this Common Interest Community and to create Units or Common Elements within this Common Interest Community in connection with the addition of such real estate.

13. "Executive Board" means the body, regardless of name, designated in this Declaration and the Bylaws of the Association to act on behalf of the Association.

14. "Improvements" means all exterior improvements, structures, and any appurtenances thereto or components thereof of every type or kind, and all landscaping features, including, but not limited to, buildings, outbuildings, swimming pools, tennis courts, patios, patio cover, awnings, solar collectors, painting or other finish materials on any visible structure, additions, walkways, sprinkler systems, garages, carports, driveways, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, trees, shrubs, flowers, vegetables, sod, gravel, bark, exterior light fixtures, poles, signs, exterior tanks, and exterior air conditioning, cooling, heating and water softening equipment.

15. "Member" means each Unit Owner; membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Unit.

16. "Period of Declarant Control" means a length of time expiring ten (10) years after initial recording of this Declaration in the county in which the Common Interest Community is located; provided, that the Period of Declarant Control shall terminate no later than either sixty (60) days after conveyance of seventy-five percent (75%) of the Units that May Be Created to Unit Owners other than a Declarant, two (2) years after the last conveyance of a Unit by the Declarant in the ordinary course of business, or two (2) years after any right to add new Units to the Declaration was last exercised.

17. "Person" means a natural person, a corporation, a partnership, a limited liability company, an association, a trust, or any other entity or any combination thereof.

18. "Security Interest" means an interest in real estate or personal property created by contract or conveyance which secures

payment or performance of any obligation. The term includes a lien created by a mortgage, deed of trust, trust deed,

security deed contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in the Association, and any other consensual lien or title retention contract intended as security for an obligation. For purposes of Article IV, Section 12 hereof, and, with respect to notice of cancellation or substantial modification of certain insurance policies, to Article VI, Section 2, 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 each county in which any portion of the Common Interest Community is located, show the Administrator as having the record title to the Unit.

19. "Security Interest Holder" means any Person named as a mortgagee or beneficiary, or in a similar capacity, under any Security Interest (including, for purposes of Article IV, Section 12 hereof, and, with respect to notice of cancellation or substantial modification of certain insurance policies, to Article VI, Section 2 hereof, the Administrator of Veterans Affairs, an Officer of the United States of America, and his assigns under any executory land sales contract wherein the said Administrator is identified as the seller, whether such contract is recorded or not and the land records of the Clerk and Recorder of each county in which any portion of the Common Interest Community is located, show the said Administrator as having the record title to the Unit), or any successor to the interest of any such Person under such Security Interest:.

20. "Special Declarant Rights" means rights reserved for the benefit of a Declarant to perform the following acts To complete Improvements indicated on plats and maps filed with the Declaration; to exercise any Development Right; to maintain sales offices, management offices, signs advertising the Common Interest, Community, and models; to use easements through the Common Elements for the purpose of making Improvements within the Common Interest Community or within real estate which may be added to the Common Interest Community; to make the Common Interest Community subject to a master association; to merge or consolidate a Common Interest Community of the same form of ownership; or to appoint or remove any officer of the Association or any Executive Board member during, any Period of Declarant Control. All of the Special Declarant Rights may be exercised by the Declarant with respect to any portion of the property now or hereafter within the Common Interest Community Declarant may exercise any or all of these Special Declarant Rights at any time and from time to time. Such rights shall terminate automatically on the earlier of the following events: (a) conveyance of the last Unit by Declarant to a Unit

Owner other than Declarant; (b) ten (10) years from the date of recordation of this Declaration, except with respect to the appointment of officers and directors which may only be exercised in accordance with Article III hereof.

21. "Unit" means any separate numbered lot shown upon any recorded subdivision map of the real property described on the attached Exhibit A, or any other real property as may hereafter be brought within the jurisdiction of the Association, with the exception of the Common Elements and any public streets.

22. "Unit Owner" means the Declarant or other Person who owns a Unit, but does not include a Person having an interest in a Unit solely as security for an obligation. The Declarant is the owner of any Unit created by the Declaration until that Unit is conveyed to another Person who may or may not be a Declarant under this Article.

23. "Units that May Be Created" means One Hundred Forty-nine (149) Units, which shall be the maximum number of Units that may be subject to this Declaration, including those Units which may be included if all of the property provided for in Article XI, Section 4 hereof is annexed to this Declaration.

ARTICLE II
MEMBERSHIP AND VOTING RIGHTS

1. Membership. The membership of the Association at all times shall consist exclusively of all Unit Owners or, following termination of the Common Interest Community, of all former Unit Owners entitled to distributions of proceeds under the Act or their heirs, personal representatives, successors or assigns. Membership shall be appurtenant to and may not be separated from ownership of any Unit.

2. One Class of Membership. The Association shall have one class of voting membership. Each Unit Owner shall be entitled to one (1) vote for each Unit owned in accordance with the Allocated Interest attributable to such Unit, except that no votes allocated to a Unit owned by the Association may be cast. The total number of votes which may be cast in connection with any matter shall be equal to the total number of Units then existing within the Association. Except as otherwise provided in Article III of this Declaration, during the Period of Declarant Control, the Declarant or Persons appointed by the Declarant may appoint all officers and directors of the Association and may remove all, officers and directors of the Executive Board which have been appointed by such Declarant. A Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of the Period of Declarant Control, but, in that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions

of the Association or Executive Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

ARTICLE III
EXECUTIVE BOARD MEMBERS AND OFFICERS

1. Authority of Executive Board. Except as provided in this Declaration or the Association Bylaws, the Executive Board may act in all instances on behalf of the Association.

2. Election of Unit Owners During Period of Declarant Control. No later than sixty (60) days after conveyance of twenty five percent (25%) of the Units that May Be Created to Unit Owners other than a Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Executive Board must be elected by Unit Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units that May Be Created to Unit Owners other than a Declarant, not less than thirty-three and one-third percent (33 1/3%) of the members of the Executive Board must be elected by Unit Owners other than the Declarant.

3. Authority of Declarant. Except as otherwise provided in this Article, during the Period of Declarant Control, the Declarant or Persons appointed by the Declarant may appoint all officers and directors and may remove all officers and directors of the Executive Board appointed by it.

4. Termination of Period of Declarant Control. Not later than the termination of any Period of Declarant Control, the Unit Owners shall elect an Executive Board of at least three members, at least a majority of whom must be Unit Owners other than the Declarant or designated representatives of Unit Owners other than the Declarant. The Executive Board shall elect the officers. The Executive Board members and officers shall take office upon election.

5. Delivery of Documents by Declarant. Within sixty (60) days after the Unit Owners other than the Declarant elect a majority of the members of the Executive Board, the Declarant shall deliver to the Association all property of the Unit 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, of the Association's Articles of Incorporation, Bylaws, minutes book, other books and records, and any Association rules and regulations which may have been promulgated;

(b) An accounting for Association funds and financial statements from the date the Association received funds and ending on the date the Period of Declarant Control ends. The financial statements shall be audited by an independent certified public accountant and shall be accompanied by the accountant's letter expressing either this opinion that the financial statements present fairly the financial position of the Association in conformity with generally accepted accounting principles or a disclaimer of the accountant's ability to attest to the fairness of the presentation of the financial information in conformity with generally accepted accounting principles and the reasons therefor. The expense of the audit shall not be paid for or charged to the Association;

(c) The Association funds or control thereof;

(d) All of the Declarant's tangible personal property that has been represented by the Declarant to be the property of the Association or all of the Declarant's tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of the Common Elements, and inventories of these properties;

(e) A copy, for the non-exclusive use by the Association, of any plans and specifications used in the construction of the Improvements in the Common Interest Community;

(f) All insurance policies then in force in which the Unit Owners, the Association, or its directors and officers are named as insured persons;

(g) Copies of any certificates of occupancy that may have been issued with respect to any Improvements comprising the Common Interest Community

(h) 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 Unit Owners other than the Declarant took control of the Association;

(i) Written warranties of the contractor, subcontractors, suppliers and manufacturers that are still effective;

(j) A roster of Unit Owners and mortgagees and their addresses and telephone numbers, if known, as shown on the Declarant's records;

(k) Employment contracts in which the Association is a contracting party; and

(1) Any service contract in which the Association is a contracting party or in which the Association or the Unit owners have any obligation to pay a fee to the Persons performing the services.

6. Budget. Within thirty (30) days after adoption of any proposed budget for the Common Interest Community, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Unit Owners and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting the vote of eighty percent (80%) of the Allocated Interests rejects the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Unit Owners must be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Executive Board.

ARTICLE IV
COVENANT FOR MAINTENANCE ASSESSMENTS

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

of the homestead and any other exemption as against said assessment lien.

2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the 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 Bylaws of the Association, 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.

~~3. Initial Annual Assessment. Until the effective date of an Association budget ratified by the Unit Owners with a different amount for the Common Expense assessment, as provided above, the amount of the annual Common Expense assessment against each Unit shall be computed at the rate of _____ and 00/100 Dollars (\$ _____) per Unit per month. See Amendment 1~~

4. Rate of Assessment. Annual and special assessments shall be fixed at a uniform rate for all Units sufficient to meet the expected needs of the Association. The 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 a periodic basis, and for the payment of insurance deductibles. All Common Expenses shall be assessed against all the Units in accordance with the Allocated Interests set forth in this Declaration. If the Common Expense Liability is reallocated, Common Expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense Liability.

5. Date of Commencement of Annual Assessments. Until the Association makes a Common Expense assessment, the Declarant shall pay all Common Expenses. After any assessment has been made by the Association, assessments shall be made no less frequently than annually and shall be based on a budget adopted by the Association as provided above. The annual Common Expense assessments shall be due and payable in monthly installments, in advance, or on such other dates, and with such frequency (which may be other than monthly, but not less frequently than annually), as the Executive Board determines in its discretion from time to time, provided that the first annual assessment shall be adjusted to reflect the time remaining in the first Association fiscal year. Any Unit Owner purchasing a Unit between Common Expense assessment due dates shall pay a pro rata share of the last payment due.

6. Special Assessments. In addition to the annual Common Expense assessments authorized in this Article, the

Association, with the approval of two-thirds (2/3) of a quorum of Association votes cast by 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 defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of a capital improvement upon any portion of real property for which the Association has repair and/or reconstruction obligations, including fixtures and personal property related thereto, or for repair or reconstruction of any damaged or destroyed Improvements located on said real property, or for the funding of any operating deficit incurred by the Association. Any such special assessment shall be set against each Unit in accordance with the Allocated Interests set forth in this Declaration. A meeting of the Members called for the purpose of considering the establishment of a special assessment shall be held in conformance with Section 7 of this Article IV. Notwithstanding the foregoing, special assessments levied during the Period of Declarant Control may not be used for the purpose of constructing capital Improvements.

7. Notice and Quorum for Any Special Assessments.

Written notice of any meeting called for the purpose of taking any action authorized under Section 6 of this Article shall be sent to all Members not less than 30 days nor more than 60 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 (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

8. Lien for Assessments

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

(b) Recording of the Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessments is required. However, the Executive Board or managing agent of the Association may prepare, and record in the county in which the applicable Unit is located, a written notice setting forth the amount of the unpaid indebtedness, the name of the Unit Owner of the Unit, and a description of the Unit. If a lien is filed, the costs; and expenses thereof shall be added

to the assessment for the Unit against which it is filed and collected as part and parcel thereof. The Association's lien may be foreclosed in like manner as a mortgage on real estate.

(c) A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within six (6) years after the full amount of assessments become due.

(d) Unless the Declaration otherwise provides, if two (2) or more associations have liens for assessments created at any time on the same property, those liens have equal priority.

9. Priority of Association Lien

(a) A lien under this Article IV is prior to all other liens and encumbrances on a Unit except:

(1) Liens and encumbrances recorded before the recordation of the Declaration;

(2) A Security Interest on the Unit which has priority over all other Security Interests on the Unit and which was recorded or perfected before the date on which the assessment sought to be enforced became delinquent; and

(3) Liens for real estate taxes and other governmental assessments or charges against the Unit.

(b) A lien under this Section is also prior to the Security Interests described in the preceding subsection (a) to the extent of an amount equal to the Common Expense assessments based on a periodic budget adopted by the Association as provided above, which would have become due, in the absence of any acceleration, during the six (6) months immediately preceding institution by either the Association or any party holding a lien senior to any part of the Association lien created under this section of an action or a non-judicial foreclosure either to enforce or extinguish the lien.

(c) This Section does not affect the priority of mechanics' or material men's liens or the priority of liens for other assessments made by the Association. A lien under this Article is not subject to the provisions of part 2 of Article 41 of Title 38, C.R.S., as amended, or to the provisions of Section 15-11-201, C.R.S. 1973, as amended.

10. Receiver. In any action by the Association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver of the Unit Owner to collect all sums alleged to be due from the Unit Owner prior to or during the pending of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pending of

the action to the extent of the Association's Common Expense assessments.

11. Certificate of Status of Assessments. The Association shall furnish to a unit Owner or such Unit Owner's designee or to a Security Interest Holder or its designee, upon written request delivered personally or by certified mail, first class postage prepaid, return receipt, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such Unit Owner's Unit. The statement shall be furnished within fourteen (14) calendar days after receipt of the request and is binding on the Association, the Executive Board, and every Unit Owner. If no statement is furnished to the Unit Owner or Security Interest Holder or their designee, delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a lien upon the Unit for unpaid assessments which were due as of the date of the request.

12. Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment not paid within ten (10) days after the due date thereof may bear interest from the due date at the rate of twenty-one percent (21%) per annum, or at such lesser rate as may be set from time to time by the Executive Board, and the Executive Board may assess thereon a late charge not in excess of Twenty-Five and 00/100 Dollars (\$25.00) per month. The Association may bring an action at law against the Unit Owner personally obligated to pay the same, or foreclose the lien against such Unit Owner's Unit. 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 a reasonable attorney's fee to be fixed by the court, together with the costs of the action, and may include interest and late charges, as above provided. No Unit Owner may be exempt from liability for payment of the assessments by waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Unit against which the assessments are made. This Article does not prohibit actions or suits to recover sums for which this Declaration creates a lien or to prohibit the Association from taking a deed in lieu of foreclosure.

13. 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 as unallocated reserves and need not be paid to the Unit Owners in proportion to their Common Expense Liability or credited to them to reduce their future Common Expense Assessments.

14. Working Capital Fund. The Association or Declarant shall require the first Unit Owner of any Unit who purchases that Unit from Declarant to make a non-refundable contribution to the Association the amount of One Hundred Dollars (\$100.00) (regard-

less of whether or not assessments have commenced as provided in Section 5 of this Article). Said contribution shall be collected and transferred to the Association at the time of closing of the sale by Declarant of each Unit and shall, until use, be maintained in a segregated account with other such working capital funds for the use and benefit of the Association, 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 a Unit Owner from making regular payments of assessments as the same become due. Upon the transfer of his Unit, a Unit Owner shall be entitled to a credit from his transferee (but not from the Association) for the aforesaid contribution to working capital fund.

15. Assessments for Misconduct. If any Common Expense is caused by the misconduct of any Unit Owner, the Association may assess that Common Expense exclusively against such Unit Owner and his Unit.

ARTICLE V
ARCHITECTURAL REVIEW COMMITTEE

1. Composition of Committee. The Architectural Review Committee shall consist of three (3) or more Persons appointed by the Executive Board; provided, however, that until all of the Units have been conveyed by Declarant to the first Unit owner thereof (other than Declarant), Declarant shall appoint the Architectural Review Committee. Two members of the Committee may jointly designate a representative to act for them. The power to "appoint, ll as provided herein., shall include without limitation the power to: constitute the initial membership of the Architectural Review Committee; appoint member(s) to the Architectural Review Committee on the occurrence of any vacancy therein, for whatever reason; 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 appointor.

2. Review by Committee. No Improvements shall be constructed, erected, placed, planted, applied or installed upon any Unit unless complete plans and specifications therefor (said plans and specifications to show exterior design, height, materials, color, and location of the Improvements, plotted horizontally and vertically, location and size of driveways, location, size, and type of landscaping, fencing, walls, windbreaks and grading plan, as well as such other materials and information as may be required by the Committee), shall have been first submitted to and approved in writing by the Architectural Review Committee; provided, however, that the Declarant shall be exempt from seeking or obtaining Architectural Review Committee approval during Declarant's development of, construction on, or sales of any Unit

or residence on any Unit. The Architectural Review Committee shall exercise its reasonable judgment to the end that all Improvements conform to and harmonize with the existing surroundings, residences, landscaping and structures. In its review of such plans, specifications and other materials and information, the Architectural Review Committee may require that the applicants reimburse the Committee for the actual expenses incurred by the Committee in the review and approval process. Such amounts, if any, shall be levied in addition to the Common Expense assessment against the Unit 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.

3. Procedures. The Architectural Review Committee shall approve or disapprove all requests for approval within forty-five (45) days after the complete submission of all 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 forty-five (45) days after the complete submission of all plans, specifications, materials and other information with respect thereto, approval shall not be required and this Article shall be deemed to have been fully complied with.

4. 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. In the event a representative acting on behalf of the Architectural Review Committee approves or denies a request for architectural approval, any Unit Owner shall have the right to an appeal of such decision to the full Committee, upon a request therefor submitted to the Committee within thirty (30) days after such approval or denial by the Committee's representative. In the event 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 Committee, any Unit Owner shall have the right to appeal such decision to the Executive Board, if a written request for a hearing on an appeal of the same shall be submitted to the Executive Board within thirty (30) days after such approval or denial by the Committee.

5. Records. The Architectural Review Committee shall maintain written records of all applications submitted to it and all actions taken by it thereon, and such records shall be available to Members for inspection at reasonable hours of the business day.

6. Liability. The Architectural Review Committee and the members thereof, as well as any representative of the Committee appointed to act on its behalf, shall not be liable in damages to any person submitting requests for approval or to any Unit Owner by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove in regard to any matter within its jurisdiction hereunder.

7. Variance. The Architectural Review Committee may grant reasonable variances or adjustments from any conditions and restrictions imposed by this Article or Article IX hereof, 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 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 and shall not militate against the general intent and purpose hereof.

8. Waivers. The approval or consent of the Architectural Review Committee, any representative thereof, or the Executive Board, 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 Committee, any representative thereof, or the Executive Board, as to any application or other matters whatsoever as to which approval or consent may subsequently or additionally be required.

ARTICLE VI INSURANCE

1. Insurance. The Association may maintain insurance in connection with parcels of real property which the Association has an obligation to maintain, repair and/or reconstruct. The Association shall maintain the following types of insurance, to the extent that such insurance is reasonably available, considering the availability, cost and risk coverage provided by such insurance, and the cost of said coverage shall be paid by the Association as Common Expenses. Notwithstanding any of the specific insurance requirements specified in this Article, the Association may also consider, in determining the types and amount of insurance it needs to obtain, the then existing requirements of any of the Agencies with respect to their insurance, guaranty, or purchase of Security Interests.

(a) A policy, of property insurance covering all of real property for which the Association has the duty to repair and/or reconstruct, except for land, foundation, excavation and other matters normally excluded from coverage, in an amount not less than necessary to comply with any co-insurance percentage stipulated in the insurance policy. Further, said policy shall contain a "Replacement Cost Endorsement" providing that any claim

will be settled on a full replacement cost basis without deduction for depreciation, and include an "Inflation Guard Endorsement" and an "Agreed Amount Endorsement." The Association may also purchase any or all of the following: a "Demolition Endorsement," an "Increased Cost of Construction Endorsement," a "Contingent Liability from Operation of Building Laws Endorsement," a "Vacancy Permit Endorsement" or the equivalent, and coverage on personal property owned by the Association including fixtures and building service equipment, furnishings and supplies. Such insurance as maintained by the Association pursuant to this subsection shall afford protection against at least the following:

(1) loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; and

(2) such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available.

(b) A comprehensive policy of public liability insurance covering parcels of real property which the Association has the obligation to maintain, repair and/or reconstruct, insuring the Association in an amount not less than one Million Dollars (\$1, 000, 000. 00) covering bodily injury, including death to persons, personal injury and property damage liability arising out of a single occurrence. Such coverage shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or USE, of all parcels of real property for which the Association has the obligation to maintain, repair and/or reconstruct, legal liability arising out of lawsuits related to employment contracts of the Association, and protection against liability for non-owned and hired automobiles. Such coverage may also include, if applicable, comprehensive automobile liability insurance, garage keepers liability, liability for property of others, host liquor liability, water damage liability, contractual liability, workmen's compensation insurance for employees of the Association, and such other risks as shall customarily be required by private institutional mortgage investors with respect to projects similar in construction, location and use. Such insurance shall insure the Executive Board, Association, any managing agent, and their respective employees, agents and all Persons acting as agents. The Declarant shall be included as an additional insured in such Declarant's capacity as a Unit Owner and member of the Executive Board. The Unit Owners shall also be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use or management of the Common Elements or other property insured by the Association from time to time. The insurance shall cover claims of one or more insured parties against other insured parties.

(c) A policy providing comprehensive fidelity coverage or fidelity bonds to protect against dishonest acts on the part of officers, directors, Unit Owners, trustees and employees of the Association and/or any independent contractor employed by the Association for the purpose of managing the Common Interest Community, in an amount at least equal to the estimated maximum of funds, including maintenance reserves, in the custody of the Association at any given time; provided, however, that such fidelity coverage or fidelity bonds shall not be in an amount less than two (2) months aggregate Common Expense assessments on the Units, plus such reserve funds as calculated from the current budget of the Association. The Association may carry fidelity insurance in amounts greater than required hereinabove and may require any independent contractor employed for the purposes of managing the Common Interest Community to carry more fidelity insurance coverage than required hereinabove. Such fidelity coverage or bonds shall meet the following requirements:

(1) all such fidelity coverage or bonds shall name the Association as an obligee;

(2) such fidelity coverage or bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

In the event the Association has delegated some or all of its responsibility for the handling of funds to a managing agent, the Association may require the managing agent to purchase, at its own expense, a policy of fidelity insurance or bonds which fully complies with the provisions of this subparagraph (c).

(d) If any parcels of real property which the Association has an obligation to repair or reconstruct are 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 such a policy of flood insurance on such parcels in an amount at least equal to the lesser of:

(1) 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

(2) one hundred percent (100%) of current replacement cost of all buildings and other insurable property located within a designated flood hazard area.

(e) In addition, the Association may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate, to the extent that such coverage is

reasonably available, including, but not limited to, personal liability insurance to protect directors and officers of the Association from personal liability in relation to their duties and responsibilities in acting as directors and officers on behalf of the Association.

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

3. Deductibles. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment. No policy of insurance of which the Association or its designee is the beneficiary shall include a deductible clause in an amount which is greater than the lesser of One Thousand Dollars (\$1,000.00) or one percent (1%) of the face amount of the policy.

(a) To the extent the Association settles claims for damages, it shall have the authority to assess negligent Unit Owners causing such loss or benefiting from such repair or restoration all deductibles paid by the Association. In the event that more than any one (1) Unit is damaged by a loss, the Association, in its reasonable discretion, may assess each Unit Owner a pro rata share of any deductible paid by the Association.

(b) Any loss to any Unit or to any property which the Association has the duty to maintain, repair and/or reconstruct, and which falls within the deductible portion of such policy, shall be borne by the Person who is responsible for the repair and maintenance of the property which is damaged or

destroyed. In the event of a joint duty of repair and maintenance of the damaged or destroyed property, then the deductible may be apportioned among the Persons sharing in such joint duty or may be partly or wholly borne by the Association, at the election of the Executive Board. Notwithstanding the foregoing, after notice and hearing, the Association may determine that a loss, either in the form of a deductible to be paid by the Association or an uninsured loss, resulted from the act or negligence of a Unit Owner. Upon said determination by the Association, any such loss or portion thereof may be assessed to the Unit Owner in question and the Association may collect the amount from said Unit Owner in the same manner as any assessment.

4. Payment of Insurance Proceeds. Any loss covered by an insurance policy described in Section 1 of this Article must be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any-Security Interest Holder. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Association, Unit Owners and Security Interest Holders as their interests may appear. Subject to the provisions of Section I of Article VII of this Declaration, the proceeds must; be disbursed first for the repair or restoration of the damaged property; and the Association, Unit Owners and Security Interest; Holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Common Interest Community is terminated.

5. Association Insurance as Primary Coverage. If at the time of any loss under any policy which is in the name of the Association, there is other insurance in the name of any Unit Owner and such Unit Owner's policy covers the same property or loss, or any portion thereof, which is covered by such Association policy, such Association policy shall be primary insurance not contributing with any of such other insurance. A Unit Owner shall be liable to the Association for the amount of any diminution of insurance proceeds to the Association as a result of policies of insurance-of a Unit Owner, and the Association may collect the amount from said Unit owner in the same manner as any assessment. Any such Unit Owner's policy shall also contain waivers of subrogation.

6. Acceptable Insurance Companies. Each hazard insurance policy purchased by the Association must be written by a hazard insurance carrier which has a current rating by Best's Insurance Reports of B/VI or better, or a financial rating of Class V provided it has a general policy holder's rating of at least A, and is authorized by law to do business in the State of Colorado. The Association shall not obtain any policy where (a) under the terms of the insurance company's charter, bylaws, or policy, contributions or

assessments may be made against the mortgagor or mortgagee's designee,
or (b) under the terms of the carrier's

charter, bylaws, or policy, loss payments are contingent upon action by the carrier's Board of Directors, policy holders or members, or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent mortgagees or any Unit Owner from collecting insurance proceeds.

7. Insurance to be Maintained by Unit Owners. An insurance policy issued to the Association does not obviate the need for Unit Owners to obtain insurance for their own benefit. Insurance coverage on each Unit and the Improvements thereon, and the furnishings and other items of personal property belonging to a Unit Owner, and public liability insurance coverage on each Unit, including any portions of any Unit to be maintained by the Association, if any, shall be the responsibility of the Unit Owner of such Unit. Unit Owners shall also be responsible for obtaining any policies of title insurance required in connection with any sale of a Unit other than the purchase by the initial Unit Owner from the Declarant.

8. Annual Review of Insurance Policies. All insurance policies carried by the Association shall be reviewed at least annually by the Executive Board to ascertain that the coverage provided by such policies adequately covers those risks insured by the Association. Prior to obtaining any policy of fire insurance or renewal thereof, the Executive Board or the managing agent of the Association may obtain a written appraisal from a duly qualified real estate or insurance appraiser, or other person knowledgeable as to replacement costs, which appraiser shall reasonably estimate the full replacement value of the Improvements to the insured for the purpose of determining the amount of insurance required pursuant to the provisions of this Article. Any Security Interest Holder shall be furnished with a copy of such appraisal upon request.

9. Notice of Cancellation. If the insurance described in Section 1 of this Article is not reasonably available, or if any policy of such insurance is cancelled or not renewed without a replacement policy therefor having been obtained, the Association promptly shall cause notice of that fact to be hand delivered, or sent prepaid by United States mail, to all Unit Owners.

ARTICLE VII
DAMAGE OR DESTRUCTION

1. Damage or Destruction

(a) Any portion of the Common Interest Community for which insurance is carried by the Association under this Declaration, and which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

(1) The Common Interest Community is terminated;

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

(3) Eighty percent (80%) of the Unit Owners, including every Unit Owner of a Unit that will not be rebuilt, vote not to rebuild; or

(4) Prior to the conveyance of any Unit to a Person other than the Declarant, the holder of a deed of trust or mortgage on the damaged portion of the Common Interest Community rightfully demands all or a substantial part of the insurance proceeds.

(b) The cost of repair or replacement that is covered by insurance carried by the Association, but which is in excess of insurance proceeds and reserves, is a Common Expense. If the entire Common Interest Community is not repaired or replaced, the insurance proceeds attributable thereto must be used to restore the damaged area to a condition compatible with the remainder of the Common Interest Community and, except to the extent that other Persons will be distributees, the remainder of the proceeds must be Distributed to all the Unit Owners or lien holders, as their interests may appear, in proportion to the Common Expense Liability of all the Units. If the Unit Owners vote not to rebuild any Unit, that Unit's Allocated Interests are automatically reallocated upon the vote as if the Unit had been condemned as provided in Article XI, Section 11 hereof, and the Association promptly shall prepare, execute and record an amendment to this Declaration reflecting such reallocations.

2. Units. Any damage to or destruction of any structure located on a Unit on which insurance is not carried by the Association shall, except as hereafter provided, be promptly repaired and reconstructed by- the Unit Owner thereof using insurance proceeds and personal funds of such Unit Owner. "Repaired and reconstructed," as used in this Section 2, shall mean restoring the structure to substantially the same condition in which it existed immediately prior to such damage or destruction, including having the same boundaries as before. However, if a residence located on a Unit shall be destroyed or so damaged that the residence is no longer habitable, then the Unit Owner of such Unit shall, within a reasonable time not to exceed 120 days after the event resulting in such damage or destruction, either commence and diligently pursue repair or reconstruction of the residence or demolish the same. Demolition of a residence shall include removal of any foundation slab, basement walls and floors, regrading of the Unit to a level condition, and the installation of such landscaping as may be required by the Architectural Review Committee pursuant to a plan

submitted to said Committee by the Unit Owner of said Unit. If the Unit Owner of a Unit does not, either commence repair, reconstruction or demolition activities within a reasonable time, as provided above, and diligently pursue the same in conformance with the plans approved by the Architectural Review Committee, then the Association may, in its reasonable discretion, after providing the notice required in Article VIII, Section 2 hereof, enter upon the Unit for the purpose of demolishing the residence and then landscape the Unit in conformance with approved plans. The cost related to such demolition and landscaping shall be the personal obligation of the Unit Owner of the Unit on which such work is performed and shall be subject to all the terms and provisions applicable to assessments as provided in Article IV hereof, including without limitation, interest, late charges and lien rights.

ARTICLE VIII
EXTERIOR MAINTENANCE

1. General

(a) Maintenance, repair and replacement of Improvements located on all Common Elements and of any drainage structure or facilities, or other public Improvements required by the local governmental entity as a condition of development of the Common Interest Community or any part thereof, shall be the responsibility of the Association unless such Improvements have been dedicated to and accepted by the local governmental entity for the purpose of maintenance, repair or replacement or unless such maintenance, repair or replacement has been authorized by law to be performed by a special district or other municipal or quasi-municipal entity. Further, the Association may provide such other maintenance and repair as the Executive Board deems appropriate from time to time. The costs to be expended for such maintenance and repair shall, subject to Section 4 of this Article, be collected by the Association as Common Expenses pursuant to Article IV hereof.

(b) The maintenance, repair and replacement of each Unit, including, but not limited to, the interior and exterior of the residence and other Improvements thereon, shall be the responsibility of the Unit Owner of such Unit. The Association and each Unit Owner, and their agents and contractors, are hereby granted an easement for the purpose of maintenance and repair of the Unit Owner's Unit on, over, across, under and through any Unit upon reasonable notice to the Unit Owner thereof. Any damage occurring to such Unit or the Improvements thereon in performing such repairs or maintenance shall be the responsibility of the party performing or authorizing such repairs or maintenance.

2. Association's Right to Repair, Maintain, Restore and Demolish. In the event any Unit Owner shall fail to perform his

maintenance, repair and/or Reconstruction obligations in any manner satisfactory to the Executive Board, the Association may, if said failure continues for a thirty (30) day period after written notice to said Unit Owners by the Executive Board, enter upon said Unit subsequent to the expiration of said thirty (30) day time period to perform any or all of such maintenance, repair or restoration or, pursuant to Article VII, Section 2 hereof, to demolish a residence. The cost of such maintenance, repair, reconstruction and/or demolition shall be the personal obligation of the Unit Owner of the Unit on which such work is performed, and shall be subject to all of the terms and provisions applicable to "assessments" as provided in Article IV hereof, including, without limitation, interest, late charges and lien rights.

3. Access Easement. Each Unit Owner shall afford to the Association and the other Unit Owners, and to their agents or employees, access through such Unit Owner's Unit for maintenance, repair and replacement of any Common Elements and any other property or Improvements maintained, repaired or replaced by the Association to the extent such access is necessary and conducted in a reasonable manner. If damage is inflicted, or a strong likelihood exists that it will be inflicted, on the Common Elements, any other property, or any Unit through which access is taken, the Unit Owner responsible for the damage, or expense to avoid damage, or the Association if it is responsible, is liable for the cost of prompt repair. Further, each Unit shall be subject to an easement in favor of the Association (including its agents, employees and contractors) for performing maintenance, repair and/or reconstruction as provided in this Article during reasonable hours after reasonable notice to the Unit Owners or occupants of any affected Unit, except that no such notice shall be required in connection with maintenance of any landscaping, walks, or other exterior non-intrusive maintenance, and except that in emergency situations entry upon a Unit may be made at any time provided that the Unit Owner or occupants of each affected Unit shall be warned, of impending emergency entry as early as is reasonably possible. The interior of any residence located on a Unit shall not be subject to such easements as provided for in this Section 3.

4. Unit Owner's Negligence. Notwithstanding anything to the contrary contained in this Declaration, in the event that the need for maintenance, repair or reconstruction of the Common Elements, any Unit, any other property, or any Improvements located thereon, is caused by the willful or negligent act or omission of any Unit Owner, or by the willful or negligent act or omission of any member of such Unit Owners family or by a guest or invitee of such Unit Owner, the cost of such repair, maintenance, reconstruction or expense to avoid such damage shall be the personal obligation of such Unit owner to the extent that said unit Owner would be liable for the acts of such Persons under the laws of the State of Colorado; and any costs, expenses and fees incurred by the Association for such maintenance, repair or reconstruction

shall be added to the assessment to which such Unit Owner's Unit is subject and shall be subject to all of the terms and provisions of Article IV of this Declaration. A determination of the negligence or willful act or omission of any Unit Owner, or any member of a Unit Owner's family or a guest or invitee of any Unit Owner, and the amount of the Unit Owner's liability therefor, shall be determined by the Association at a hearing after notice to the Unit owner, provided that any such determination which assigns liability to any Unit Owner pursuant to the terms of this Section may be appealed by said Unit Owner to a court of law.

5. Expenses for Property Subject to Development Rights.

In addition to the liability that a Declarant as a Unit Owner has under the Act, the Declarant alone is liable for all expenses in connection with real estate subject to Development Rights until expiration of all Development Rights with respect to such real estate. No other Unit Owner and no other portion of the Common Interest Community is subject to a claim for payment of those expenses. Any income or proceeds from real estate subject to Development Rights inures to the Declarant.

ARTICLE IX
RESTRICTIONS

1. General Plan. It is the intention of the Declarant to establish and impose a general plan for the improvement, development, use and occupancy of the Units, all in order to enhance the value, desirability, and attractiveness of the Units and subserve and promote the sale thereof.

2. Restrictions Imposed. This Common Interest Community is subject to the recorded easements, licenses and other matters listed on Exhibit C attached hereto and incorporated herein .by this reference. In addition, the Declarant declares that all of the Units shall be held and@ shall henceforth be sold, conveyed, used, improved, occupied, owned, resided upon and hypothecated, subject to the following revisions, conditions, limitations, restrictions, agreements and covenants, as well as those contained elsewhere in this Declaration.

3. Residential. Use. Subject to Section 4 of this Article IX, Units shall be used for residential use only, including uses which are customarily incident thereto, and shall not be used at any time for business, commercial or professional purposes; provided, however, that a Unit Owner may use his Unit for professional or home occupation(s) so long as the applicable zoning permits such use, there is no external evidence thereof, and no unreasonable inconvenience to other residents of the Units is created thereby.

4. Declarant's Use. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly

permissible and proper for Declarant, its employees, agents, and contractors, to perform such reasonable activities, and to maintain upon portions of the Units@ such facilities as Declarant deems reasonably necessary or incidental to the construction and sale of Units, and development and construction of Improvements specifically including, without limiting the generality of the foregoing, maintaining management offices, signs, model units and sales offices, in such numbers, of such sizes, and at such locations as it determines in its reasonable discretion. Notwithstanding the foregoing, Declarant shall not perform any activity or maintain any facility on any portion of the Units in such a way as to unreasonably interfere with or disturb any Unit Owner, or to unreasonably interfere with the use, enjoyment or access of such Unit Owner, his family members, guests or invitees of and to his Unit and to a public right-of-way.

5. Household Pets. No animals, livestock, birds, poultry, reptiles or insects of any kind shall be raised, bred, kept or boarded in or on tried Units; provided, however, that the Unit Owners of each Unit may keep a reasonable number of dogs, cats, or other domestic animals which are bona fide household pets, so long as such pets are nor kept for any commercial purpose and are not kept in such number or in such manner as to create a nuisance to any resident of the Units. 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 a Unit Owner is, otherwise iii violation of the provisions of this Section 5, and to take such action or actions as it deems appropriate to correct the same. A Unit Owner's right to keep household pets 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 Article IV hereof.

6. Temporary Structures; Unsightly Conditions. Except as hereinafter provided, 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 Unit; 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 the person doing such work. The work of constructing, altering or remodeling any structure or other Improvements shall be prosecuted diligently from the commencement thereof until the commencement thereof. Further, no unsightly conditions, structures, facilities, equipment or objects shall be so located on any Unit as to be visible from a street or from any other Unit.

7. Miscellaneous Improvements

(a) No advertising or signs of any character shall be erected, placed, permitted, or maintained on any Unit 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 in connection with the sale or rental of Units, or otherwise in connection with development of or construction in the Common Interest Community, shall be permissible, provided that such use shall not interfere with the Unit Owners' use and enjoyment of their Unit or with their ingress or egress from a public way to their Unit.

(b) No clothes lines, chain-linked (or other) dog runs, drying yards, service yards, wood piles or storage areas shall be so located on any Unit as to be visible from a street or from any other Unit.

(c) No types of exterior refrigerating, cooling or heating apparatus other than those originally installed by Declarant shall be permitted, except when appropriately screened and approved by the Architectural Review Committee.

(d) Except as may otherwise be permitted by the Architectural Review Committee, no exterior radio antenna, television antenna, or other antenna, satellite dish, or audio or visual reception device of any type shall be placed, erected or maintained on any Unit, except inside a residence or otherwise concealed from view; provided, however, that any such devices may be erected or installed by the Declarant during its sales or Construction in the Common Interest Community.

(e) No wind generators of any kind shall be constructed, installed, erected or maintained in the Common Interest Community.

(f) No fences shall be constructed, installed, erected or maintained on any Unit except six foot (6') high cedar fences approved in advance by the Architectural Review Committee as to location and other matters, and except such fences, in such locations, as were installed or permitted to be installed by the Declarant in its construction of Improvements in the Common interest Community.

(g) Any exterior lighting installed or maintained on the Units shall either be indirect or of such controlled focus and intensity so as not to disturb the residents of adjacent or nearby property.

8. Vehicular Parking, Storage and Repairs

(a) No house trailer, camping trailer, boat trailer, hauling trailer, boat, or accessories thereto, truck (larger than 3/4 ton), self-contained motorized recreational vehicle, or other type of recreational vehicle or equipment, may be parked or stored in the Common Interest Community, unless such parking or storage is within the garage area of any Unit or will be suitably screened from view as approved in advance by the Architectural Review Committee, except that any such vehicle may be otherwise parked as a temporary expedient for loading, delivery, or emergency. This restriction, however, shall not restrict trucks or other commercial vehicles which are necessary for construction or for the maintenance of the units or any Improvements.

(b) Except as hereinabove provided, no abandoned or inoperable automobiles or vehicles of any kind shall be stored or parked in the Common Interest Community. An "abandoned or inoperable vehicle" shall be defined as any automobile, truck, motorcycle, or other similar vehicle, which has not been driven under its own propulsion for a period of one (1) week or longer, or which does not have an operable propulsion system installed therein; provided, however, that otherwise permitted vehicles parked by Unit Owners while on vacation (for a maximum of two (2) weeks) or during a period of illness shall not be deemed to be abandoned.

(c) In the event the Association shall determine that a vehicle is parked or stored in violation of subsections (a) or (b) of this Section 8, then a written notice describing said vehicle shall be personally delivered to the owner thereof (if such owner can be reasonably ascertained) or shall be conspicuously placed upon the vehicle (if the owner thereof cannot be reasonably ascertained), and if the vehicle is not removed within a reasonable time thereafter, as determined by the Association in its discretion from time to time, the Association shall have the right to remove the vehicle at the sole expense of the owner thereof.

(d) No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting or servicing of any kind of vehicles, trailers or boats, may be performed or conducted in the Common Interest Community, unless such activity is done within completely enclosed structure(s) which screen the sight and sound of the activity from the street and from adjoining property. The foregoing restriction shall not be deemed to prevent washing and polishing of any motor vehicle, together with those activities normally incident and necessary to such washing and polishing.

9. Nuisances. No nuisance shall be permitted on any Unit nor any use, activity, or practice which is a source of annoyance or embarrassment to, or which offends or disturbs the

resident of any Unit or which interferes with the peaceful enjoyment or possession and proper use of any Unit, or any portion thereof, by its residents. As used herein, the term "nuisance" shall not include any activities of Declarant which are reasonably necessary to the development and construction of, and sales activities on, the Units; provided, however that such activities of the Declarant shall not unreasonably interfere with any Unit Owner's use and enjoyment of his Unit, or with any Unit Owner's ingress and egress to or from his Unit and a public way. No noxious or offensive activity shall be carried on upon any Unit nor shall anything be done or placed on any Unit which is or may become a nuisance or cause embarrassment, disturbance or annoyance to others. Further, no immoral, improper, offensive or unlawful use shall be permitted or made of any Unit or any portion thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Units, or any portion thereof, shall be observed.

10. Units Not to be Subdivided. No Unit shall be subdivided except for the purpose of combining portions with an adjoining Unit provided that no additional building site is created thereby. Not less than one entire Unit, as conveyed, shall be used as a building site.

11. No Hazardous Activities. No activities shall be conducted on any Unit or within Improvements constructed on any unit 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 Unit and no open fires shall be lighted or permitted on any Unit except in a contained barbecue 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.

12. No Annoying Light, Sounds or Odors. No light shall be emitted from any Unit which is unreasonably bright or causes unreasonable glare; no sound shall be emitted from any Unit which is unreasonably loud or annoying; and no odor shall be permitted from any Unit which is noxious or offensive to others.

13. Restrictions on Trash and Materials. 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 Unit 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. No garbage or trash cans or receptacles shall be maintained in an exposed or unsightly manner.

14. Minor Violations of Setback Restrictions. 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 Unit owners of each Unit immediately adjoining the structure which is in violation of the setback, and such waiver shall be binding upon all other Unit Owners. However, nothing contained in this Section 14 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 Unit 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.

15. Rules and Regulations. Rules and regulations concerning and governing the Units and/or this Common Interest Community may be adopted, amended or repealed from time to time by the Executive Board, and the Executive Board may establish and enforce penalties for the infraction thereof, including, without limitation, the levying and collecting of fines for the violation of any of such rules and regulations.

16. Units to be Maintained: Hazardous Materials or Chemicals. Each Unit shall at all times be kept in a clean, sightly and wholesome condition by the Unit Owner of the Unit. No trash, litter, junk, boxes, containers, bottles, cans, implements or machinery shall be permitted to remain upon any Unit except as necessary during the period of construction or as provided in Section 13 of this Article. Further, no hazardous materials or chemicals shall at any time be located, kept or stored in, on or at any Unit 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.

17. Leases. The term "lease," as used herein, shall include any agreement for the leasing or rental of a Unit, or any portion thereof, and shall specifically include, without limitation, month-to-month rentals and subleases. Any Unit Owner shall have the right to lease his Unit, or any portion thereof, under the following conditions:

(a) All leases shall be in writing and a copy of the lease delivered to the Executive Board or the Association's managing agent, if any; and

(b) All leases shall provide that the terms of the lease and lessee's occupancy of the leased premises shall be subject in all respects to the provisions of this Declaration, and the Articles of Incorporation, Bylaws and rules and regulations of the Association; and that any failure by the lessee to comply with

any of the aforesaid documents, in any respect, shall be a default under the lease; and

(c) No lease shall be for less than thirty (30) days.

18. Management Agreements and Other Contracts. Any agreement for professional management of the Association's business or other contract providing for the services of the Declarant shall have a maximum term of three (3) years and any such agreement shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon not more than ninety (90) days' prior written notice; provided, however, that any such management agreements entered into by the Association with a manager or managing agent prior to termination of the Period of Declarant Control shall be subject to review and approval by HM or VA, if at the time such agreement is entered into, HUD has insurance or VA has a guarantee on one or more Security Interests, and shall terminate absolutely, in any event, no later than thirty (30) days after Termination of the Period of Declarant Control.

19. Maintenance of Grade and Drainage. Each Unit Owner shall maintain the grading upon his Unit, 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 Unit 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 such real property, from adjoining or other real property. In the event that it is necessary or desirable to change the established drainage over any Unit or other real property, 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 V of this Declaration. For purposes of this Section 19, "established drainage" is defined as the drainage which exists at the time final grading of a Unit is completed.

20. Use of Common Elements. An easement is hereby granted to the Declarant through the Common Elements as may be reasonably necessary for the purpose of discharging any of Declarant's obligations or exercising any Special Declarant Rights. Subject to the immediately Preceding sentence:

(a) No use shall be made of the Common Elements which will in any manner violate the statutes, rules, or regulations of any governmental authority having jurisdiction over the Common Elements.

(b) No Unit 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 unit Owner place any structure whatsoever upon the Common Elements.

(c) The use of the Common Elements shall be subject to such rules and regulations as may be adopted from time to time by the Executive Board.

(d) No use shall ever be made of the Common Elements which will deny ingress or egress to those Unit Owners having access to their Units only over Common Elements, and the right of ingress and egress to said Units is hereby expressly granted.

21. Easement for Encroachments To the extent that any Unit or Common Element encroaches on any other Unit or Common Element, a valid easement for the encroachment exists. The easement does not relieve a Unit Owner of liability in case of willful misconduct nor relieve a Declarant or any other Person of liability for failure to adhere to the plats and maps.

22. Utilities; Easements for Drainage and Utilities

(a) Easements for the installation and maintenance of utilities, drainage facilities, public or private improvements and access thereto are reserved as shown on the recorded plats affecting the Units and any amendments to such plats or as established by any other instrument of record. In addition, there is hereby created a blanket easement upon, across, over and under the Common Interest Community for utilities and the installation, replacement, repair and maintenance of utilities, including, but not limited to, water, sewer, gas, telephone, electricity, master television antenna systems, and cable television. By virtue of this blanket easement, it shall be expressly permissible to erect and maintain the necessary facilities, equipment and appurtenances on the Common Interest Community property and to affix, repair and maintain water and sewer pipes, gas, electric, telephone and television wires, circuits, conduits and meters. In the event any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, Declarant reserves and is hereby given the right and authority to grant such easement upon, across, over or under any part or all of the Common Elements without conflicting with the terms hereof; provided, however, that such right and authority shall cease and determine upon the earlier of conveyance by Declarant of the last Unit to the first purchaser thereof (other than Declarant) or ten (10) years after recording of this Declaration in Arapahoe County, Colorado, at which time said right and authority shall vest in the Association.

(b) Declarant hereby reserves, for itself and the Association, easements for drainage or drainage facilities across the five (5) rear and five (5) side feet of each Unit. As more

fully provided in Section 19 of this Article, no Improvements shall be placed or permitted to remain on any Unit 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 rear and side yard drainage easements. Declarant reserves to itself and to the Association the right to enter in and upon each five foot: rear and side yard drainage easements 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.

23. Street Lighting. All units are subject to and bound by Public Service Company tariffs which are now and may in the future be filed with the Public Utilities Commission of the State of Colorado relating to Street lighting in the common interest community, together with rates, rules and regulations therein provided, and subject to all future amendments and changes thereto. Each Unit Owner shall pay as billed a portion of the cost of public street lighting in the common interest community according to Public Service Company rates, rules and regulations, including future amendments and changes on file with the Public Utilities Commission of the State of Colorado.

24. Landscaping. Within sixty (60) days after acquisition of record title to a Unit by the first Unit Owner thereof (other than a Declarant), such Unit Owner shall install landscaping on all of his Unit not covered by a building or building Improvement, and shall thereafter maintain such landscaping in a neat and attractive condition, including periodic and horticulturally correct watering, fertilizing, trimming, pruning, removal of weeds, and replacement of landscaping when necessary; provided, however, this time limit shall be extended for so long and to the extent that delay is due to an act of God, strike, riot, war, weather, failure to obtain labor and materials at reasonable cost, or any other facts beyond the reasonable control of the Unit Owner. Landscaping plans and other required documents shall be submitted to the Architectural Review Committee for approval and the approval of the same shall be obtained prior to commencement of installation of landscaping except where installed by Declarant. If any Unit Owner fails to comply with this section, or with the requirements of the Architectural Review Committee in installation of landscaping, the Association may enter upon such Unit and install or maintain landscaping for which the Unit Owner shall be obligated to pay, all of which shall be done in accordance with and subject to the provisions of Article VIII, Section 2 hereof.

ARTICLE X
PROPERTY RIGHTS IN THE COMMON ELEMENTS

1. Unit Owners' Easements. Subject to the provisions of Section 2 of this Article X, every Unit Owner shall have a nonexclusive right and easement for the purpose of access to their Units 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 Unit.

2. Extent of Unit Owners' Easements. The rights and easements created hereby shall be subject to the following:

(a) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Elements and to mortgage said property as security for any such loan; provided, however, that the Association may not subject any portion of these 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 Units not owned by the Declarant; and

(b) The right of the Association to take such steps as are reasonably necessary to protect the Common Elements against foreclosure; and

(c) The right of the Association to promulgate and publish rules and regulations with which each Member shall strictly comply, including, but not limited to, the right of the Association to regulate and/or restrict vehicular parking and Improvements; and

(d) The right of the Association to suspend the voting rights of a Member for any period during which any assessment against his Unit remains unpaid and, for a period not to exceed sixty (60) days, for any infraction of the Bylaws of the Association or the Association's rules and regulations; and

(e) The right of the Association to dedicate or transfer all or any part of the Common Elements owned by the Association to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer shall be effective unless first approved 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 Units not owned by the Declarant, 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. Notwithstanding the foregoing, the granting of permits, licenses and easements for public utilities, roads or for other purposes reasonably necessary or useful for the proper maintenance or

operation of the Common Interest Community shall not be deemed a transfer within the meaning of this subsection (e); and

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

(g) The right of the Association to close or limit the use of the Common Elements while maintaining, repairing and making replacements in the Common Elements.

3. Delegation of Use. Any Unit Owner may delegate his rights of use of and access over the Common Elements to the members of his family, his tenants, or contract purchasers who reside on his Unit.

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

5. Conveyance or Encumbrance of Common Elements

(a) Portions of the Common Elements may be conveyed or subjected to a Security Interest by the Association only if Persons entitled to cast at least eighty percent (80%) of the votes in the Association, including eighty percent (80%) of the votes allocated to Units not owned by a Declarant, agree to that action.

(b) An agreement to convey Common Elements or subject them to a Security Interest must be evidenced by the execution of an agreement, or ratification thereof, in the same manner as a deed, by the requisite number of Unit Owners. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in every county in which a portion of the Common Interest Community is situated and is effective only upon recordation.

(c) The Association, on behalf of all Unit Owners, may contract to convey an interest in the Common Interest Community pursuant to subsection (a) of this section, but the contract is not enforceable against the Association until approved, executed and

ratified Thereafter, the Association has all powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments.

(d) Unless in compliance with this section, any purported conveyance, encumbrance, judicial sale or other transfer of Common Elements is void.

(e) A conveyance or encumbrance of Common Elements pursuant to this section shall not deprive any Unit of its rights of ingress and egress to the Unit and support of the Unit.

(f) A conveyance or encumbrance of Common Elements pursuant to this section does not affect the priority or validity of preexisting encumbrances.

ARTICLE XI
PROPERTY RIGHTS IN THE COMMON ELEMENTS

1. 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 or rules and regulations 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 Unit 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 for the violation of any provision of any of the aforesaid documents. In any action instituted or maintained under this section, 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 Unit 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.

2. Severability. All provisions of the Declaration, the Articles of Incorporation and Bylaws of the Association are severable. Invalidation of any of the provisions of any such documents, by judgment, court order or otherwise, shall in no way affect or limit any other provisions which shall remain in full force and effect.

3. Conflict of Provisions. Except to the extent that any provision of this Declaration is inconsistent with the Act, in case of any conflict between this Declaration, the Articles of Incorporation or Bylaws of the Association, this Declaration shall control. In case of any conflict between the Articles of

Incorporation and the Bylaws of the Association, the Articles of incorporation shall control.

4. Annexation

(a) Additional residential property may be annexed to this Declaration with the consent of the Members having two-thirds (2/3) of the Allocated Interests. Notwithstanding the foregoing, the Declarant may annex to this Declaration additional property within the lands described on Exhibit D, attached hereto and incorporated herein by this reference, until that date which is ten (10) years after the date of recording of this Declaration in the county in which the Common Interest Community is located, without consent of any other Unit Owners, Security Interest Holders, or any other Person, subject to a determination by HUD or VA that the annexation is in accord with the general plan approved by them and that the structures to be located thereon will be of comparable style, quality, size and cost to the existing Improvements (if the Declarant desires to attempt to obtain HUD or VA approval of the property being annexed). Each such annexation shall be effected, if at all, by recording of a plat or map of the property to be annexed (unless such plat or map has previously been recorded), and by recording an Annexation of Additional Land and Declaration Amendment in the Office of the Clerk and Recorder of the county in which this Common Interest Community is located, which document shall provide for annexation to this Declaration of the property described in such Annexation of Additional Land and Declaration Amendment, shall state that the Declarant is the owner of the Units thereby created, shall assign an identifying number to each new Unit, shall describe any Common Elements within the property being annexed, shall reallocate the Allocated Interests among all Units, and may include such other provisions as Declarant deems appropriate. All provisions of this Declaration, including, but not limited to, those provisions regarding obligations to pay assessments to the Association and any right to cast votes as Members shall apply to annexed property immediately upon recording an Annexation of Additional Land and Declaration Amendment with respect thereto, as aforesaid. In addition to the foregoing, the Declarant may amend this Declaration at any time during the ten (10) year period noted hereinabove, in order 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 Exhibit D, does not exceed ten percent (10%) of the total area described in the attached Exhibits A and D.

(b) The Declarant may exercise its development rights in all or in any portion of the property described in the attached Exhibit D over which such rights have not already been exercised, and no assurances are made as to the boundaries or order of exercise of any such development rights.

5. Duration, Revocation, and Amendment

(a) Each and every provision of this Declaration shall run with and bind the land for a term of twenty (20) years from the date of recording of this Declaration, after which time this Declaration shall be automatically extended for successive periods of ten (10) years each. Except as provided in subsection (d) of this Section 5 or in Section 4 of this Article XI, this Declaration may be amended during the first twenty (20) year period, and during subsequent extensions thereof, by a vote or agreement of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

(b) No action to challenge the validity of an amendment adopted by the Association pursuant to this section may be brought more than one (1) year after the amendment is recorded.

(c) Every amendment to the Declaration must be recorded in every county in which any portion of the Common Interest Community is located, and is effective only upon recordation.

(d) Except to the extent expressly permitted or required by other provisions of this Declaration, no amendment may create or increase Special Declarant Rights, increase the number of Units, change the boundaries of any Unit or the Allocated Interests of a Unit, or the uses to which any Unit is restricted, in the absence of unanimous consent of the Unit Owners.

(e) Amendments to the Declaration that are required by this Declaration to be recorded by the Association shall be prepared, executed, recorded, and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.

6. Registration of Mailing Address. Each Unit Owner and each Security Interest Holder, insurer or guarantor of a Security Interest shall register his mailing address with the Association, and except for annual statements and other routine notices, all other notices or demands intended to be served upon a Unit Owner, or upon a Security Interest Holder, insurer or guarantor of a Security Interest, shall be sent by either registered or certified mail, postage prepaid, addressed in the name of such Person at such registered mailing address. However, if any Unit Owner fails to notify the Association of a registered address, then any notice or demand may be delivered or sent, as aforesaid, to such Unit Owner at the address of such Unit Owner's Unit. All notices, demands, or other notices intended to be served upon the Executive Board or the Association shall be sent by registered or certified mail, postage prepaid, c/o Pulte Home

Corporation, 15150 East Iliff, Aurora, Colorado 80014, until such address is changed by the Association.

7. HUD or VA Approval. During the Period of Declarant Control, the following actions shall require the prior approval of HUD or VA if, at the time any such action is taken, HUD has insurance or VA has a guarantees on one or more Security Interests: annexation of additional real property; amendment of this Declaration; termination of this Common Interest Community; or merger or consolidation of the Association.

8. Description of Units. A description of a Unit may set forth the name of the Common Interest Community, the recording data for the Declaration, the county in which the Common Interest Community is located, and the identifying number of the Unit is a legally sufficient description of that Unit and all rights, obligations and interests appurtenant to that Unit which were created by the Declaration or Bylaws of the Association. It shall riot be necessary to use the term "unit" as a part of a legally sufficient description of a Unit.

9. Termination of Common Interest Community

(a) Except in the case of a taking of all the Units by eminent domain, a Common Interest Community may be terminated only by agreement of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

(b) An agreement of Unit Owners to terminate must be evidenced by their execution of a termination agreement or ratifications thereof in the same manner as a deed, by the requisite number of Unit Owners. The termination agreement must specify a date after which the agreement will be void unless it is recorded before that date. A termination agreement and all ratifications thereof must be recorded in every county in which a portion of the Common Interest Community is situated and is effective only upon recordation.

(c) Subject to the provisions of a termination agreement described in this section, the Association, on behalf of the Unit Owners, may contract for the sale of real estate in a Common Interest Community following termination, but the contract is not binding on the Unit Owners until approved pursuant to this Section. If any real estate is to be sold following termination, title to that real estate, upon termination, vests in the Association as trustee for the holders of all interests in the Units. Thereafter, the Association has all the powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds thereof distributed, the Association continues in existence with all the powers it had before termination. Proceeds of the sale must be distributed to Unit Owners and lien holders as their interests may appear, taking into account the value of the

property owned or distributed that is not sold so as to preserve the proportionate interests of each Unit Owner with respect to all property cumulatively. Unless otherwise specified in the termination agreement, as long as the Association holds title to the real estate, each Unit Owner and the Unit Owner's successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted the Unit. During the period of that occupancy, each Unit Owner and the Unit Owner's successors in interest remain liable for all assessments and other obligations imposed on Unit Owners by this Article or the Declaration.

(d) Following termination of the Common Interest Community, the proceeds of any sale of real estate, together with the assets of the Association, are held by the Association as trustee for Unit Owners and holders of liens on the Units, as their interests may appear.

(e) Creditors of the Association who obtain a lien and record it in every county in which any portion of the Common Interest Community is located are to be treated as if they had perfected liens on the Units immediately before termination or when the lien is obtained and recorded, whichever is later.

(f) The respective interests of Unit Owners referred to in subsections (c), (d) and (e) of this Section 9 are as follows:

(1) Except as provided in paragraph (2) of this subsection (f), the respective interests of Unit Owners are the combined fair market values of their Units and Allocated Interests immediately before the termination, as determined by one or more independent appraisers selected by the Association. The decision of the independent appraisers shall be distributed to the Unit Owners and becomes final unless disapproved within thirty (30) days after distribution by Unit Owners of Units to which twenty-five percent (25%) of the votes in the Association are allocated. The proportion of any Unit Owner's Interest to that of all Unit Owners is determined by dividing the fair market value of that Unit Owner's Unit and its Allocated Interests by the total fair market values of all the Units and their Allocated Interests.

(2) If any Unit or any limited Common Element is destroyed, to the extent that an appraisal of the fair market value thereof prior to destruction cannot be made, the interests of all Unit Owners are their respective Common Expense Liability immediately before the termination.

(g) Except as provided in subsection (h) of this section, foreclosure or enforcement of a lien or encumbrance against the entire Common Interest Community does not terminate, of itself, the Common Interest Community. Foreclosure or enforcement of a lien or encumbrance against a portion of the Common Interest

Community other than withdrawable real estate does not withdraw that portion from the Common Interest Community. Foreclosure or enforcement of a lien or encumbrance against withdrawable real estate does not withdraw, of itself, that real estate from the Common Interest Community, but the Person taking title thereto may require from the Association, upon request, an amendment to the Declaration excluding the real estate from the Common Interest Community prepared, executed and recorded by the Association.

(h) If a lien or encumbrance against a portion of the real estate comprising the Common Interest Community has priority over the Declaration and the lien or encumbrance has not been partially released, the parties foreclosing the lien or encumbrance, upon foreclosure, may record an instrument excluding the real estate subject to that lien or encumbrance from the Common Interest Community. The Executive Board shall reallocate interests as if the foreclosed sections were taken by eminent domain by an amendment to the Declaration prepared, executed and recorded by the Association.

10. Transfer of Special Declarant Rights. A Special Declarant Right created or reserved under this Declaration may be transferred only by an instrument evidencing the transfer recorded in every county in which any portion of the Common Interest Community is located. The instrument is not effective unless executed by the transferee.

11. Eminent Domain

(a) If a Unit is acquired by eminent domain or part of a Unit is acquired by eminent domain leaving the Unit Owner with a remnant which may not practically or lawfully be used for any purpose permitted by this Declaration, the award must include compensation to the Unit Owner for that Unit and its Allocated Interests whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, that Unit's Allocated Interests are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking. Any remnant of a Unit remaining after part of a Unit is taken under this subsection (a) is thereafter Common Elements.

(b) Except as provided in subsection (a) of this section, if part of a Unit is acquired by eminent domain, the award must compensate the Unit Owner for the reduction in value of the Unit and its interest in the Common Elements whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides:

(1) That Unit's Allocated Interests are reduced in proportion to the reduction in the size of the Unit or on any other basis specified in this Declaration; and

(2) The portion of Allocated Interests divested from the partially acquired Unit is automatically reallocated to that Unit and to the remaining Units in proportion to the respective interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests.

(c) If part of the Common Elements is acquired by eminent domain, that portion of any award attributable to the Common Elements taken must be paid to the Association. For the purposes of acquisition of a part of the Common Elements, service of process on the Association shall constitute sufficient notice to all Unit Owners, and service of process on each individual Unit Owner shall not be necessary.

(d) The court decree shall be recorded in every county in which any portion of the Common Interest Community is located.

(e) The reallocations of Allocated Interests pursuant to this section shall be confirmed by an amendment to the Declaration prepared, executed, and recorded by the Association.

12. Association as Trustee. With respect to a third Person dealing with the Association in the Association's capacity as a trustee, the existence of trust powers and their proper exercise by the Association may be assumed without inquiry. A third Person is not bound to inquire whether the Association has the power to act as trustee or is properly exercising trust powers. A third Person, without actual knowledge that the Association is exceeding or improperly exercising its powers, is fully protected in dealing with the Association as if it possessed and properly exercised the powers it purports to exercise. A third Person is not bound to assure the proper application of trust assets paid or delivered to the Association in its capacity as trustee.

13. Dedication of Common -Elements. Declarant, in recording this Declaration of Covenants, Conditions and Restrictions, has designated certain areas of land as Common Elements intended for the common use and enjoyment of Unit Owners for recreation and other related activities. The Common Elements owned by the Association is not dedicated hereby for use by the general public but is dedicated to the common use and enjoyment of the Unit Owners, as more fully provided in this Declaration of Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 16th day of November, 1993.

DECLARANT:

PULTE HOME CORPORATION, a Michigan corporation

By: [Signature]
Its: President

STATE OF COLORADO)
COUNTY OF Arapahoe) ss.

The foregoing instrument was acknowledged before me this 16th day of November, 1993 by Michael D. Odette as President of PULTE HOME CORPORATION, a Michigan corporation, Declarant.

Witness my hand and official seal.

My commission expires: 9-30-96

Elizabeth Alexander
Notary Public 15150 ~~Stiff~~ Stiff Ave
Aurora CO 80014



EXHIBIT A
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
HORIZONS AT TOWNE MEADOW

The Property:

Lots I through 26, inclusive, Block I
Lots 1 through 10, inclusive, Block 2
Lots 15 through 21, inclusive, Block 2
Tracts A, B, C, E & F
Horizons at Towne Meadows Subdivision
City of Aurora
County of Arapahoe
Colorado

EXHIBIT B
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
HORIZONS AT TOWNE MEADOW

Common Elements Owned by the Association:

All of Tracts A, B, C, E and F as described on the Final Plat of the Common Interest Community recorded on July 20, 1993, at Reception No. 93-92689 in the records of the Clerk and Recorder of Arapahoe County, Colorado, including the bicycle path located on Tracts C and F.

EXHIBIT C
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
HORIZONS AT TOWNE MEADOW

Recorded Basements:

1. TAXES AND ASSESSMENTS FOR THE YEAR 1993 AND SUBSEQUENT YEARS,
A LIEN, NOT YET DUE OR PAYABLE.
2. ORDINANCE NO. 83,216 ANNEXING SUBJECT PROPERTY RECORDED
MARCH 20, 1984 IN BOOK 4113 AT PAGE 766 AND RECORDED APRIL 25,
1984 IN BOOK 4142 AT PAGE 312.
3. TERMS, CONDITIONS, PROVISIONS, AGREEMENTS AND OBLIGATIONS
SPECIFIED UNDER THE AIR RIGHTS COVENANT WITH THE CITY OF
AURORA AND THE UNITED STATES OF AMERICA RECORDED JUNE 9, 1993
AT BOOK 6970, PAGE 304.
4. ALL ITEMS SET FORTH ON THE PLAT OF HORIZONS AT TOWNE MEADOW
SUBDIVISION FILING NO. 1.

EXHIBIT D
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
HORIZONS AT TOWNE MEADOW

Annexable Land:

Lots 27 through 50, inclusive, Block 1
Lots 11 through 14, inclusive, Block 2
Lots I through 31, inclusive, Block 3
Lots I through 30, inclusive, Block 4
Lots 1 through 17, inclusive, Block 5
Horizons at Towne Meadows Subdivision
City of Aurora
County of Arapahoe
Colorado

