

PENN TOWERS

DECLARATIONS

CONDOMINIUM DECLARATION

FOR

PENN TOWERS CONDOMINIUMS

KNOW ALL MEN BY THESE PRESENTS:

THAT WHEREAS, Penn Towers Investment Co., a Partnership (hereinafter called "Declarant") is the owner of that certain parcel of real property situated in the City and County of Denver, being more particularly described on Exhibit A attached hereto and incorporated by reference herein.

WHEREAS, there presently exists on said real property a 31 unit rental apartment complex, which improvements are commonly known as Penn Towers, 1045 Pennsylvania Street, Denver, Colorado; and

WHEREAS, Declarant desires to convert said apartment complex into a condominium and to establish a condominium project under the Condominium Ownership Act of the State of Colorado; and

WHEREAS, Declarant does hereby establish a plan for the ownership in fee simple of the real property estates, subject to the easements, restrictions, reservations, conditions, taxes and assessments as set forth in this Declaration, consisting of the area or space contained in each of the air space units in the building improvements and the co-ownership by the individual and separate owners thereof, as tenants in common, all of which remaining property, is hereinafter defined and referred to as the "common elements".

NOW, THEREFORE, Declarant does hereby publish and declare that the following terms, covenants, conditions, easements, restrictions, uses, reservations, limitations and obligations shall be deemed to run with the land, shall be a burden and a benefit to Declarant, its successors and assigns, and any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees or assigns.

1. Submission to Condominium Ownership. Declarant does hereby submit the real property described on Exhibit A and the improvements situated thereon to condominium ownership pursuant to the Condominium Ownership Act of the State of Colorado.

2. Definitions. Unless the context shall expressly provide otherwise:

(a) "Unit" means an individual air space which is contained within the windows, doors and unfinished perimeter walls, floors and ceilings of each Unit as shown on the Condominium Map to be filed for record, together with all fixtures and improvements therein contained, but not including any of the common elements, if any, located within the Unit.

(b) "Condominium Unit" means the fee simple interest and title in and to a Unit, together with the undivided interest in the common elements appurtenant to such Unit, any limited common elements appurtenant to said Unit, and all other rights and burdens created by this Declaration.

(c) "Owner" means a person, persons, firm, corporation, partnership, association or other legal entity, or any combination thereof, which own(s) an interest in one or more Condominium Units, but excluding, however, any such person having an interest therein merely as a Mortgagee (unless such Mortgagee has acquired fee simple title interest therein pursuant to foreclosure of a mortgage or deed of trust or any proceedings in lieu thereof).

(d) "Common elements" means and includes all of the land described on Exhibit A and all the improvements thereon and thereon located, excluding the Units. The common elements shall consist of the general common elements and limited common elements. The common elements shall be owned, as tenants in common, by the Owners of the separate Units, each Owner of a Unit having an undivided interest in the common elements as is hereinafter provided.

(1) "General common elements" means and includes: the land described on Exhibit A; the structural components of the building, including but not limited to the foundations, girders, beams, supports, roofs, and main walls; the yards, gardens, parking areas and storage spaces; installations of central services such as power, light, gas, hot and cold water, heating and air conditioning; such improvements and portions of the building and areas therein as are provided for the community use, recreation, utility and common use of all Owners; and all other parts of such land and the improvements thereon necessary or convenient to its existence, maintenance and safety which are normally and reasonably in general common use, including the air above such land. The General common elements shall include all tangible physical properties of this project, except limited common elements and the Units.

(2) "Limited common elements" means those parts of the common elements which are either limited to and reserved for the exclusive use of an Owner of a Condominium Unit or are limited to and reserved for the common use of more than one but fewer than all of the Condominium Unit Owners, which shall include by way of illustration and not limitation, balconies, certain parking spaces which are specifically designated as being appurtenant to a particular Unit. The term "limited common element" shall also mean certain other and storage spaces not initially assigned by Declarant on the date of recordation hereof, but subsequently assigned by Declarant and/or the Association to the Owner of one or more Condominium Units.

(e) "Condominium project" means all of the land and improvements submitted by this Declaration and subsequently submitted, if any, as is hereinafter provided.

(f) "Declaration" means this Declaration and amendments and supplements thereto, if any.

(g) "Common expenses" means and includes (i) expenses of administration, operation, management, repair and/or replacement of the common elements; (ii) expenses declared common expenses by the Association; (iii) all sums lawfully assessed against the common elements by the Board of Managers of the Association; and (iv) expenses agreed upon as common expenses by the Association of Unit Owners.

(h) "Association of Unit Owners" or "Association" means the Association formed as a Colorado not-for-profit corporation bearing the name of Penn Towers Condominium Association, Inc., the Articles of Incorporation and Bylaws of which shall govern the administration of this condominium project, and the members of which Association shall be all of the Owners of the Condominium Units.

(i) "Building" means a building containing Condominium Units as shown on the Map.

(j) "Map", "Condominium Map" or "Supplemental Map" means and includes the engineering survey of the land depicting and locating thereon all of the improvements; the floor and elevation plans and any other drawing or diagrammatic plan depicting a part of or all of the improvements and land which are included in this Condominium project.

(k) "Mortgage" as used herein shall mean any mortgage, deed of trust or other document pledging a Condominium Unit as security for the payment of a debt or obligation.

(l) "Mortgagee" shall mean any person, corporation, partnership, trust, company, association or other legal entity which takes, owns, holds or receives a mortgage.

3. Division of Property. The real property described above including the improvements thereon is hereby divided into 31 fee simple estates (Condominium Units). Each such estate shall consist of a separately designated Unit and the undivided interest in and to the common elements appurtenant to such Unit as set forth on Exhibit B attached hereto and incorporated by reference herein.

4. Limited Common Elements. Subject to the definition thereof, the limited common elements shall be identified on the Map. Any balcony, porch or patio which is accessible from, associated with and which adjoins a Unit shall, without further reference thereto, be used in connection with such Unit to the exclusion of the use thereof by the other Owners of the common elements except by invitation. Further, certain vehicular parking space(s) shall be assigned by Declarant and upon such assignment will be appurtenant to the Unit purchased and shall be for the exclusive use of the Owner of such Unit. Declarant has caused to be attached hereto and incorporated herein by reference Exhibit C which sets forth an initial assignment of certain vehicular parking space(s). Declarant hereby reserves the right, subsequent to the date of the recording of this Declaration, to assign all other parking space(s) within the project to the Owner or Owners of Units within the project and upon such assignment, said parking space(s) shall be limited common elements appurtenant to the Unit to which it has been assigned. Except as provided above, all of the Owners of Condominium Units in this condominium project shall have a non-exclusive right in common with all of the other Owners to use of sidewalks, recreational facilities, if any and streets located within the entire Condominium project. In addition to rights of use herein described and elsewhere described in this Declaration, the Association, its Board of Managers and its Managing Agent shall have the unrestricted irrevocable easement to traverse, cross and utilize any portion of the common elements which may be necessary in order to maintain, repair or replace general and/or limited common elements. Except as specifically hereinabove required, no reference thereto, whether such limited common elements are exclusive or non-exclusive, need be made in any instrument of conveyance or other instrument in accordance with paragraph 5 of this Declaration.

5. Description of Condominium Unit.

(a) Every contract for the sale of a Condominium Unit written prior to the recordation of the Map and this Declaration may legally describe a Condominium Unit by its identifying unit designation, followed by the words "Penn Towers". The location of such Condominium Unit shall be depicted on the Map subsequently recorded. Upon recordation of the Condominium Map in the County of Denver, Colorado, such description shall be conclusively presumed to relate to the thereon described Condominium Units.

(b) After the Condominium Map and this Declaration have been recorded in the Office of the County Clerk and Recorder of Denver County, Colorado, every contract, deed, lease, mortgage, trust deed, will or other instrument shall legally describe a Condominium Unit as follows:

Condominium Unit No. _____, Penn Towers Condominiums, in accordance with the Declaration recorded on _____, 1978, in Book _____, at Page _____, and Condominium Map recorded on _____, 1978, in Book _____ at Page _____ of the Denver County Records, together with the

exclusive right to use the following limited
common elements: Parking Space

Every such description shall be good and sufficient for all purposes to sell, convey, transfer, encumber, or otherwise affect not only the Unit, but also the undivided interest in the common elements appurtenant to said Unit and all other appurtenant properties and property rights, and incorporate all of the rights and burdens incident to ownership of a Condominium Unit and all of the limitations thereon as described in this Declaration and Condominium Map. Each such description shall be construed to include a non-exclusive easement for ingress and egress to and from an Owner's Unit and the use of all of the limited common elements appurtenant to said Unit as well as all the general common elements.

(c) The reference to the Map and Declaration in any instrument shall be deemed to include any supplements or amendments to the Map or Declaration, without specific reference(s) thereto.

6. Condominium Map. The Map may be filed for record in whole or in parts or sections. Each such Map shall be recorded prior to the conveyance of any of the Condominium Units shown thereon. Each such Map shall depict and show at least the following: the legal description of the land and a survey thereof; the location of the buildings in reference to the exterior boundaries of the land; the floor and elevation plans; the location of the Units within the buildings, both horizontally and vertically; the thickness of the common walls between or separating the Units; the location of any structural components or supporting elements of the buildings located within a Unit; the Condominium Unit designations; and the parking space(s) designations. Each such Map shall contain the certificate of a registered professional engineer, licensed architect or registered land surveyor certifying that the Map substantially depicts the location and the horizontal and vertical measurements of the Units, the Unit designations and parking and the elevations of the constructed unfinished floors and ceilings, and that such Map was prepared subsequent to substantial completion of the improvements. In interpreting the Map, the existing physical boundaries of each separate Unit as constructed shall be conclusively presumed to be its boundaries. Declarant reserves the right to amend the Map, from time to time, to conform the same according to the actual location of any of the improvements. Declarant's right, as hereinabove set forth, shall terminate on the sale of all Condominium Units within the project, or December 31, 1980, whichever first occurs.

7. Inseparability of a Condominium Unit. Each Unit, the appurtenant undivided interest in the common elements, as well as all other appurtenances, rights and burdens, shall together comprise one Condominium Unit; which Condominium Unit shall be inseparable and may be conveyed, leased, devised or encumbered only as a Condominium Unit. An Owner shall be entitled to lease any parking space which is a limited common element appurtenant to his Unit to any other Owner, provided, however, that the term of said Lease will expire, if not before, upon the sale of said Owner's Condominium Unit.

8. Separate Assessment and Taxation - Notice to Assessor. Declarant shall give written notice to the Assessor of the County of Denver, Colorado, of the creation of Condominium Ownership in this property, as is provided by law, so that each Unit and the undivided interest in the common elements appurtenant thereto shall be deemed a separate parcel for purposes of separate assessment and taxation. The Association upon the request of any first mortgagee, shall furnish proof that all taxes, real estate assessments and charges shall relate only to the individual Condominium Unit and not to the condominium project as a whole.

9. Form of Ownership - Title. A Condominium Unit may be held and owned in any real property Tenancy relationship recognized under the Laws of the State of Colorado.

10. Non-Partitionability and Transfer of Common Elements. The common Elements shall be owned in common by all of the Owners of the Units and shall remain undivided. By the acceptance of his deed or other instrument of conveyance or assignment, each Owner specifically waives his right to institute and/or maintain a partition action or any other action designed to cause a division of the common elements and each Owner specifically agrees not to institute any action therefor. Further, each Owner agrees that this Paragraph 10 may be pleaded as a bar to the maintenance of such an action. A violation of this provision shall entitle the Association to personally collect, jointly and severally, from the parties violating the same, the actual attorney fees, costs and other damages the Association incurs in connection therewith. Further, all Owners, and the Association, covenant that, they shall neither by act nor omission, seek to abandon, subdivide, encumber, sell or transfer the common elements without first obtaining the written consent of all the first mortgagees of the individual Condominium Units. Each such mortgagee shall have one vote for each mortgage owned by it. Any such action without the written consent of said mortgagees shall be null and void.

11. Use of General and Limited Common Elements Each Owner shall be entitled to exclusive ownership and possession of his Unit. Each Owner may use the appurtenant general and limited common elements in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other Owners. The Association may adopt rules and regulations governing the use of general and limited common elements, but such rules and regulations shall be uniform and non-discriminatory. Each Owner, by the acceptance of his deed or other instrument of conveyance or assignment, agrees to be bound by any such adopted rules and regulations.

12. Use and Occupancy. The Units shall be used and occupied by the Owner, his family, and their guests, or tenants only as and for residential purposes; provided, however, that this restriction as to use shall not apply to the Declarant, its agents, employees, officers and assigns during the sales period. Notwithstanding the above, the Association may use any Condominium Unit which it owns or leases as a business office and/or a residence for any on-site resident manager or custodian.

13. Easements.

(a) Encroachments. In the event that any portion of the common elements encroaches upon any Unit or Units or in the event that any portion of a Unit encroaches upon any other Unit or Units or upon any portion of the common elements or in the event any encroachment shall occur in the future as a result of: (i) settling of a building; or (ii) alteration or repair to the common elements; or (iii) repair or restoration of a building(s) or a Unit(s) after damage by fire or other casualty, or condemnation or eminent domain proceedings; a valid easement shall exist for the encroachment and for the maintenance of the same so long as the building stands. In the event that any one or more of the Units or building or other improvements comprising part of the common elements are partially or totally destroyed and are then rebuilt or reconstructed in substantially the same location, and as a result of such rebuilding any portion thereof shall encroach as provided in the preceding sentence, a valid easement for such encroachment does exist. Such encroachments and easements shall not be considered or determined to be encumbrances either on the common elements or on the Units for purposes of marketability of title or other purposes. In interpreting any and all provisions of the Declaration, subsequent Unit deeds to and mortgages of Units, the actual location of the Unit shall be deemed conclusively to be the property intended to be conveyed, reserved

or encumbered notwithstanding any minor deviations, either horizontally, vertically or laterally from the locations as indicated on the Condominium Map.

(b) Maintenance Easement. An easement is hereby granted to the Association, its officers, agents, employees and assigns upon, across, over, in and under the common elements and a right to make such use of the common elements as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration, including the right to construct and maintain on the common elements maintenance and storage facilities for the use of the Association.

(c) Emergency Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance and other similar emergency agencies or persons to enter upon the property in the performance of their duties.

14. Termination of Mechanic's Lien Rights and Indemnification. Subsequent to the completion of any alterations, modifications or additions to the improvements described on the Map, no labor performed or materials furnished and incorporated in a Unit with the consent or at the request of the Unit Owner, his agent, his contractor or subcontractor, shall be the basis for filing a lien against the Condominium Unit of any other Owner not expressly consenting to or requesting the same, or against the common elements. Each Owner shall indemnify and hold harmless each of the other Owners from and against all liability arising from the claim of any lien against the Condominium Unit of any other Owner or against the common elements for construction performed or for labor, materials, services or other products incorporated in the Owner's Condominium Unit at such Owner's request. The provisions herein contained are subject to the rights of the Managing Agent or Board of Managers of the Association as set forth in paragraph 15. Notwithstanding the foregoing, any first mortgagee of a Condominium Unit who shall become the owner of such Condominium Unit pursuant to a lawful foreclosure sale or the taking of a deed in lieu of foreclosure shall not be under any obligation to indemnify and hold harmless any other Owner against liability for claims arising prior to the date such mortgagee becomes an Owner.

15. Penn Towers Condominium Association, Inc.

(a) The interests of all Owners of Condominium Units shall be governed and administered by the Articles of Incorporation and By-Laws of the Penn Towers Condominium Association, Inc. An Owner of a Condominium Unit upon becoming an Owner, shall be a member of the Association and shall remain a member for the period of his ownership.

(b) The Association shall be granted all of the powers necessary to govern, manage, maintain, repair, administer and regulate the project and to perform all of the duties required of it. Notwithstanding the above, unless all of the first mortgagees of Condominium Units (based upon one vote for each first mortgage owned or held) have given their prior written approval, the Association shall not be empowered or entitled to:

(1) by act or omission, seek to abandon or terminate the condominium regime.

(2) partition or subdivide any Condominium Unit.

(3) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the common elements.

(4) use hazard insurance proceeds for loss to the improvements for other than the repair, replacement or reconstruction of such improvements.

(5) Terminate professional management of the Project.

(c) The Association shall grant to each first mortgagee of a Condominium Unit the right to examine the books and records of the Association at any reasonable time. Further, upon request of any first mortgagee of a Condominium Unit, shall be entitled to receive an annual audited Financial Statement of the Association within ninety (90) days following the end of any fiscal year; and written notice of all meetings of the Association and the Association hereby grants any such First Mortgagee the right to designate a representative to attend any such meeting.

16. Reservation for Access - Maintenance, Repair and Emergencies.

(a) The Owners shall have the irrevocable right to be exercised by the Association's Board of Managers or officers, or custodian, or Managing Agent, to have access to each Unit from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the common elements therein or accessible therefrom, or at any hour for making emergency repairs, maintenance or inspection therein necessary to prevent damage to the common elements or to another Unit.

(b) Damage to the interior or any part of a Unit resulting from the maintenance, repair, emergency repair or replacement of any of the common elements or as a result of emergency repairs within another Unit, at the instance of the Association, shall be a common expense of all of the owners; provided, however, that if the damage needed to be repaired is caused by negligent or tortious acts of a Condominium Unit Owner, members of his family, his agent, employee, invitee, licensee or tenants, then such Unit Owner shall be responsible and liable for all of such damage and the cost thereof shall forthwith become said Owner's obligation, which must be timely paid. Said obligation shall be a common expense as it relates to said Condominium Unit Owner(s), only, and shall be subject to the provisions elsewhere herein provided. All damaged improvements shall be restored substantially to the extent reasonably practical, to the same condition in which they existed prior to the damage. All maintenance, repairs and replacement of the common elements, whether located inside or outside of Units (unless necessitated by the negligence, misuse or tortious act of a Condominium Unit Owner, in which case such expense shall be charged to such Owner), shall be the common expense of all of the Owners. However, the Association shall not be obligated to seek redress for damages caused by a negligent Owner and this covenant shall not abrogate the insurance provisions of this Agreement.

★ 17. Maintenance and Service Responsibility. 831-9656

(a) Owner:

(1) For maintenance purposes, an Owner shall be deemed to own the interior non-supporting walls; floors and ceilings of his Unit; the materials such as, but not limited to, plaster, gypsum drywall, paneling, wallpaper, paint, wall and floor tile and flooring, and other materials which make up the finished surfaces of the perimeter walls, ceiling and floors within the Unit; but not including the pipes, wire, conduits or systems (which are general common elements and for brevity are herein and hereafter referred to as "utilities") running through his Unit which serve one or more other Units except as a tenant in common with the other Owners. Such utilities shall not be disturbed or relocated by an Owner without the written prior consent and approval of the Board of Managers, and any such alteration, relocation, enlargement, addition or modification shall be at the Owner's expense, which expense shall include all expenses incurred by the Association in reference thereto.

(2) An Owner shall maintain and keep in repair the interior of his own Unit, including the fixtures and utilities located therein to the extent current repair shall be necessary in order to avoid damaging other Condominium Units or the common elements. All fixtures and equipment and utilities installed within the Unit commencing at a point where the fixtures, equipment and utilities enter the Unit shall be maintained and kept in repair by the Owner thereof. An Owner shall do no act nor any work that will impair the structural soundness of the improvements or impair the proper functioning of the utilities, heating, air conditioning or plumbing systems or integrity of the buildings or impair any easement or hereditament. An Owner shall always keep the balcony, porch or patio area adjoining and appurtenant to his Unit and any other limited common elements appurtenant thereto in a clean, orderly and sanitary condition.

(b) Association:

(1) The Association shall have the duty of maintaining and repairing all of the common elements within the project. The cost of said maintenance and repair shall be a common expense of all of the Owners. The Association shall not need the prior approval of its members to cause such maintenance or repairs to be accomplished, notwithstanding the cost thereof.

(2) The Association shall provide to the Owners the following services which shall be paid for out of the common expense assessment, to-wit:

(a) maintenance of the common elements, except as otherwise provided;

(b) administration and management of the project;

(c) providing common heating and lighting;

(d) obtaining the insurance required in Section 22 hereof;

(e) enforcement of the covenants, conditions and restrictions set forth in the Declaration, enforcement of the Association's rules and regulations, and collection of all obligations owed to the Association by the owner;

(f) acting as attorney-in-fact in the event of damage or destruction as provided for in Section 27 hereof; and

(g) performing all other acts required by this Declaration, or the Articles of Incorporation and Bylaws of the Association.

Notwithstanding the above, the Association reserves the right to hire one or more persons or entities including a Managing Agent, contractors, and employees to perform such services, provided, however, that any Contract in regard to the hiring or employing of such Managing Agents, contractors or employees shall not be for a term in excess of one year and shall provide that the same may be terminable on thirty (30) days written notice, with or without cause or payment of a termination fee.

18. Compliance with Provisions of Declaration, Bylaws of the Association. Each Owner shall comply strictly with the provisions of the Declaration, the Articles of Incorporation and Bylaws of the Association, and the decisions, resolutions, rules and regulations of the Association adopted pursuant thereto as the same may be lawfully made and amended and/or modified from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief or both, and for reimbursement of all attorney's fees incurred in

connection therewith, which action shall be maintainable by the Association's Board of Managers or Managing Agent in the name of the Association on behalf of the owners, or, in a proper case, by an aggrieved Owner.

19. Revocation or Amendment To Declaration

(a) Except as is otherwise provided, this Declaration shall not be revoked unless all the Owners and all holders of recorded first mortgages or deeds of trust consent and agree to such revocation by instrument(s) duly recorded. This Declaration shall not be amended unless the Owners representing an aggregate ownership of at least seventy-five percent (75%) of the common elements and all of the holders of recorded first mortgages or deeds of trust consent and agree to such amendment by instrument(s) duly recorded; provided, however, that the undivided interest in the common elements appurtenant to each Unit, as expressed in the Declaration, shall have a permanent character and shall not be altered without the consent of all of the Unit Owners and all of the first mortgagees, as expressed in an amended Declaration duly recorded. The consent(s) of any junior mortgagee shall not be required under the provisions of this paragraph. In determining whether the appropriate percentage of mortgagee approval is obtained when so required by the terms of this Declaration, each first mortgagee shall have one (1) vote for each first mortgage owned.

(b) The Association shall at least ten (10) days prior to the effective date of any amendment to this Declaration notify the holders of all recorded first mortgages or deeds of trust encumbering a Condominium Unit(s) of such amendment.

20. Additions, Alterations and Improvements - General and Limited Common Elements. There shall be no capital additions, alterations or improvements, of or to the general or limited common elements by the Association requiring an expenditure in excess of an amount equal to ten percent (10%) of the Association's budget for any calendar or fiscal year without prior approval of a majority of the Owners, except in the event of an emergency. The limitations set forth above shall not apply to any expenditures made by the Association for maintenance and repair of the common elements as set forth in Section 17, supra, or for repair in the event of damage, destruction or condemnation as provided in Sections 27 and 28, infra.

21. Assessment for Common Expenses.

(a) All Owners, except Declarant, shall be obligated to pay the estimated common expense assessments (hereinafter sometimes referred to as "assessments") imposed by the Board of Managers of the Association to meet the common expenses and reserves. The assessments shall be made in proportion to each Owner's percentage interest in the common elements. Declarant shall have no obligation to pay the estimated common expense assessment, on Units owned by Declarant, imposed by the Board of Managers of the Association to meet the common expenses and reserves, but Declarant agrees to pay to the Association a sum equal to the difference between the monthly cost of operating and maintaining the common elements, exclusive of reserves, and the amount of funds payable by the other Owners to the Association. This obligation of Declarant to subsidize the operations of the Association shall terminate when Declarant relinquishes his right to elect the Association's Board of Managers or December 31, 1980, whichever event occurs first. Subsequent to the occurrence of either of the aforesaid events, Declarant shall be obligated, as any other Owner in reference to Condominium Units then owned by Declarant, to pay the estimated common expense assessments imposed by the Board of Managers to meet the common expenses and reserves. Subject to specific provisions elsewhere provided in this Declaration, the limited common elements shall be maintained as general common elements (except, however, this shall not impose

upon the Association the obligation to clean balconies, porches, patios, and parking spaces and Owners having exclusive use thereof shall not be subject to any special charges or assessments for the repair or maintenance thereof. Assessments for the estimated common expenses shall be due in advance on the first day of each calendar month. If any such monthly installment shall not be paid within fifteen (15) days after it shall become due and payable, the Association's Board of Managers may assess a "late charge" thereon in an amount not exceeding Ten Dollars (\$10.00) to cover the extra cost and expenses involved in handling such delinquent assessments. Each Owner hereby agrees that the Association's lien on a Condominium Unit for assessments as hereinafter described shall be superior to the Homestead Exemption provided by Section 38-41-201, C.R.S. 1973 and each Owner hereby agrees that the acceptance of the Deed or other instrument of conveyance in regard to any Condominium Unit within this project shall signify such grantee's waiver of the Homestead right granted in said Section of the Colorado statutes. The Association or Board of Managers shall cause to be prepared, delivered or mailed to each Owner at least once each year a payment statement setting forth the estimated common expense assessments.

(b) In the event the ownership of a Condominium Unit, title to which is derived from Declarant, commences on a day other than the first day of the assessment period, the common expense assessments for that period will be prorated.

(c) Common expense assessments shall be based upon the cash requirements deemed to be such aggregate sum as the Board of Managers of the Association shall from time to time determine is necessary to provide for the payment of all estimated expenses growing out of or connected with the administration, maintenance, repair, operation, addition, alteration and improvement of the common elements and the personal property owned by the Association, except as otherwise provided. Said sum may include but shall not be limited to, expenses of management; taxes and special assessments until separately assessed; premiums for insurance; landscaping and care of grounds; common lighting and heating; repairs and renovations; trash collection; wages, common water and sewer charges; legal and accounting fees; management fees; expenses and liabilities incurred by the Association's Board of Managers on behalf of the Unit Owners under or by reason of this Declaration and the Articles of Incorporation and By-Laws of the Association; for any deficit remaining from a previous period; for the creation of a reasonable contingency, reserve, working capital and sinking funds; and any and all other costs and expenses relating to the common elements, and/or the project.

(d) The omission or failure to fix the assessment or deliver or mail a statement for any period shall not be deemed a waiver, modification or a release of the Owners from their obligations to pay the same.

(e) The Association shall be obligated to establish a reserve fund for the maintenance, repair and replacement of those common elements that must be replaced periodically and such reserve fund shall be funded through the monthly payments of the common expenses and not be extraordinary special assessments.

(f) In addition to the assessments authorized above, the Association may at any time and from time to time, determine, levy and assess in any assessment year, which determination, levy and assessment may be made by the Association's Board of Managers with or without vote of the members of the Association, a special assessment applicable to that particular assessment year for the purpose of defraying, in whole or in part, the unbudgeted costs, fees and expenses of any construction, reconstruction, repair, demolition, replacement or maintenance of the common elements, the project, or any facilities located thereon, specifically including any fixtures and personal property related thereto. The amounts determined, levied and assessed pursuant hereto shall be assessed

to each owner in accordance with his ownership interest in the common elements; provided, however, that all owners of a particular Condominium Unit shall be jointly and severally liable to the Association for the payment of all assessments including the annual assessment for common expenses and any special assessments.

22. Insurance.

(a) The Board of Managers of the Association shall obtain and maintain at all times, to the extent obtainable, policies involving standard premium rates, established by the Colorado Insurance Commissioner, and written with companies licensed to do business in Colorado and having a Best's Insurance Report rating of AAA or better, covering the risks set forth below. The Board of Managers of the Association shall not obtain any policy where: (i) 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 (ii) by the terms of carrier's charter, bylaws or policy, loss payments are contingent upon action by the company's Board of Directors, policyholders or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent mortgagees or the mortgagor from collecting insurance proceeds. The types of coverages to be obtained and risks to be covered are as follows, to-wit:

(1) Fire insurance with extended coverage and standard all risk endorsements, which endorsements shall include endorsements for vandalism and malicious mischief. Said casualty insurance shall insure the entire condominium project and any property, the nature of which is a common element (including all of the Units, fixtures therein initially installed by the Declarant but not including furniture, furnishings or other personal property supplied by or installed by Unit Owners) together with all service equipment contained therein in an amount equal to the full replacement value, without deduction for depreciation. All policies shall contain a standard non-contributory mortgage clause in favor of each mortgagee of a Condominium Unit, which shall provide that the loss, if any, thereunder, shall be payable to the Penn Towers Condominium Association, Inc. for the use and benefit of mortgagees as their interests may appear.

(2) If the condominium project is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards and the sale of Flood Insurance has been made available under the National Flood Insurance Act of 1968, a "blanket" policy of flood insurance on the condominium project in an amount which is the lesser of the maximum amount of insurance available under the Act or the aggregate of the unpaid principal balances of the mortgages on the Condominium Units comprising the Condominium project.

(3) Public liability and property damage insurance in such limits as the Board of Managers of the Association may from time to time determine, but not in an amount less than \$500,000.00 per injury, per person, per occurrence and umbrella liability limits of \$1,000,000.00 per occurrence, covering all claims for bodily injury or property damage. Coverage shall include, without limitation, liability for personal injuries, operation of automobiles on behalf of the Association, and activities in connection with the ownership, operation, maintenance and other use of the project. Said policy shall also contain a "severability of interest endorsement".

(4) Workmen's Compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

(5) The Association shall purchase, in an amount not less than one hundred fifty percent (150%) of the Association's estimated annual operating expenses and reserves, fidelity coverage against dishonesty of employees, destruction or disappearance of money or securities and forgery. Said policy shall also contain endorsements thereto covering any persons who serve the Association without compensation.

(6) The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to the project, including plate or other glass insurance and any personal property of the Association located thereon.

(b) All policies of insurance to the extent obtainable shall contain waivers of subrogation and waivers of any defense based on invalidity arising from any acts of a Condominium Unit Owner and shall provide that such policies may not be cancelled or modified without at least ten (10) days prior written notice to all of the insureds, including mortgagees. If requested, duplicate originals of all policies and renewals thereof, together with proof of payments of premiums, shall be delivered to all mortgagees at least ten (10) days prior to expiration of the then current policies. The insurance shall be carried in blanket form naming the Penn Towers Condominium Association, Inc. as the insured, as attorney-in-fact for all of the Condominium Unit Owners, which policy or policies shall identify the interest of each Condominium Unit Owner (Owner's name and Unit number designation) and first mortgagee.

(c) Unit Owners may carry other insurance for their benefit and at their expense, provided that all such policies shall contain waivers of subrogation, and provided further that the liability of the carriers issuing insurance obtained by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

(d) Insurance coverage on furnishings, including carpet, draperies, oven, range, refrigerator, wallpaper, disposal and other items of person or other property belonging to an Owner and public liability coverage within each Unit shall be the sole and direct responsibility of the Unit Owner thereof, and the Board of Managers, the Association and/or the Managing Agent shall have no responsibility therefor.

(e) In the event that there shall be any damage or destruction to, or loss to a Unit which exceeds \$1,000.00 or any damage or destruction to, or loss to the common elements which exceeds \$10,000.00, then notice of such damage or loss shall be given by the Association to each first mortgagee of said Condominium Unit within ten (10) days after the occurrence of such event.

23. Owner's Personal Obligation for Payment of Assessments. The amount of the common expenses assessed against each Condominium Unit shall be the personal and individual debt of the Owner thereof. No Owner may exempt himself from liability for his contribution for the common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of his Unit. The Board of Managers shall have the responsibility to take prompt action to collect any unpaid assessment which remains unpaid for more than twenty (20) days from the due date for payment thereof. In the event of default in the payment of the assessment, the defaulting Condominium Unit Owner shall be obligated to pay interest at the rate of ten percent (10%) per annum on the amount of the assessment from due date thereof, together with all incurred expenses, including attorney's fees, and together with a late charge not to exceed Ten Dollars (\$10.00) per month. A suit to obtain a money judgment for unpaid common expenses shall be maintainable without constituting an election of remedies or waiving the lien securing said debt.

24. Assessment Lien.

(a) All sums assessed but unpaid for the share of common expenses chargeable to any Condominium Unit shall constitute a lien on such Condominium Unit superior to all other liens and encumbrances, except only for:

(1) real estate taxes and special assessment liens on the Condominium Unit in favor of any public or quasi-public assessing entity; and

(2) all sums unpaid on a first mortgage or first deed of trust of record, including advances and all unpaid obligatory sums as may be provided by such encumbrances.

To evidence such lien, the Board of Managers shall prepare a written notice of lien assessment setting forth the amount of such unpaid indebtedness, the amount of the accrued interest and late charges thereon, the name of the owner of the Condominium Unit and a description of the Condominium Unit. Such a notice shall be signed by one of the Board of Managers or by one of the officers of the Association and shall be recorded in the office of the Clerk and Recorder of the County of Denver, Colorado. Such lien shall attach on the date the Notice of Assessment is recorded. Such lien may be enforced by the foreclosure of the defaulting owner's Condominium Unit by the Association in like manner as a mortgage on real property.

(b) If any such monthly installment shall not be paid within fifteen (15) days after it shall become due and payable, the Association's Board of Managers may assess a "late charge" thereon in an amount not exceeding Ten Dollars (\$10.00) to cover the extra cost and expenses involved in handling such delinquent assessments. Each Owner hereby agrees that the Association's lien on a Condominium Unit for assessments as hereinbefore described shall be superior to the Homestead Exemption provided by Section 38-41-201, C.R.S. 1973 and each Owner hereby agrees that the acceptance of the Deed or other instrument of conveyance in regard to any Condominium Unit within this project shall signify such grantee's waiver of the Homestead right granted in said Section of the Colorado statutes.

(c) An Owner shall be required to pay the costs, expenses and attorney's fees incurred by the Association in regard to any such default including the cost of preparation and filing the lien, and, in the event of foreclosure proceedings, all additional costs, expenses and attorney's fees incurred. An Owner of the Condominium Unit being foreclosed shall be required to pay to the Association the monthly common expense assessment for the Condominium Unit during the period of foreclosure, and the Association shall be entitled to a receiver to collect the same. The Association shall have the power and authority to bid for the Condominium Unit at a foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same during such proceeding and its ownership thereof.

(d) Any encumbrancer holding a lien on a Condominium Unit may pay, but shall not be required to pay, any unpaid common expenses payable with respect to such Condominium Unit, and upon such payment, such encumbrancer shall have a lien on such Condominium Unit for the amounts paid of the same rank as the lien of his encumbrance without the necessity of having to record a notice or claim of such lien. Upon request of a mortgagee, the Association shall report to the mortgagee of a Condominium Unit any unpaid assessment remaining unpaid for longer than thirty (30) days after the same is due, or other default of any covenant, condition, obligation or term of this Declaration not cured within thirty (30) days.

(e) Any recorded lien for non-payment of the common expenses may be released by recording a Release of Lien executed by an officer or Manager of the Association.

(f) Declarant states in accordance with the requirements of the Colorado Condominium Ownership Act, that it is possible that liens, other than mechanic's liens, assessment liens and taxes liens, may be obtained against the common elements, including judgment liens and purchase money mortgage liens.

25. Liability for Common Expenses upon Transfer of Condominium is Joint.

(a) A grantee of a Condominium Unit, except for any first mortgagee who comes into possession of a Condominium Unit pursuant to the remedies provided in its mortgage or becomes an Owner of a Condominium Unit pursuant to foreclosure of its mortgage or by the taking of a deed in lieu thereof, shall be jointly and severally liable with his grantor for all unpaid common expense assessments against the latter for the unpaid common expense assessments up to the time of the grant or conveyance, without prejudice to the grantee's rights to recover from the grantor the amounts paid by the grantee therefor. Upon payment of a reasonable fee not to exceed Twenty Dollars (\$20.00), and upon written request, any such prospective grantee shall be entitled to a statement from the Board of Managers or Managing Agent of the Association, setting forth the amount of the current monthly common expense assessment, the date that such assessment becomes due and any credits for any advanced payments of common expenses and prepaid items, such as insurance premiums, but not including accumulated amounts for reserves, if any, which statement shall be conclusive upon the Association. Unless such request for such a statement shall be complied with within ten (10) days from receipt thereof, then such requesting grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien therefor.

(b) Upon payment to the Association of a reasonable fee not to exceed Twenty Dollars (\$20.00), and upon receipt of a written request from an Owner, any mortgagee or prospective mortgagee of a Condominium Unit, the Association, through any officer or the Board of Managers or by its Managing Agent, shall issue a written statement of account setting forth the amount of the unpaid common expenses, if any, with respect to the subject Condominium Unit, the amount of the current monthly common expense assessment and the date that such assessment becomes due, the amount of any credit for any advanced payments of common expense assessments and for prepaid items (such as insurance premiums, but not including accumulated amounts for reserves, if any), which statement shall be conclusive upon the Association in favor of all persons who rely thereon in good faith. Such request for a statement of indebtedness shall be issued within ten (10) days from receipt thereof.

(c) Notwithstanding the terms and conditions of paragraph 25(a), supra, in the event of any default on the part of any Owner under any first mortgage or first deed of trust which entitles the holder thereof to foreclose the same, any sale under such foreclosure, including delivery of a deed to the first mortgagee in lieu of such foreclosure, shall be made free and clear of the provisions of paragraph 25(a) relating to the liability of a grantee for the unpaid common expense assessments of his grantor. Further, no first mortgagee shall be liable for any unpaid common expense assessments accruing prior to the time such mortgagee becomes the Owner of any Condominium Unit or takes possession of a Condominium Unit pursuant to the remedies provided in its mortgage, whichever event is later.

26. Encumbrances - Priority. The Owner of a Condominium Unit may create a junior mortgage, liens or encumbrances on his Condominium Unit; provided, however, that any such junior

mortgages, liens or encumbrances shall always be subordinate to the prior and paramount lien of the Association for common expenses and all of the terms, conditions, covenants, restrictions, uses, limitations, and obligations under this Declaration, the Association's Articles of Incorporation and Bylaws. Such junior encumbrancer(s) shall release, for purposes of restoration of any improvements within the project, all of his right, title and interest in and to the proceeds under all insurance policies purchased by the Association. Such release shall be furnished forthwith by a junior mortgagee upon written request of the Association, and if such request is not granted, such release may be executed by the Association as attorney-in-fact for such junior mortgage.

27. Destruction, Damage or Obsolescence - Association as Attorney-in-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the project in the event of its destruction, damage, obsolescence or condemnation, including the repair, replacement and improvement of any Condominium Units, buildings, common elements or other portion of the project which have been so destroyed, damaged, condemned or becomes obsolete. Title to any Condominium Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed or other instrument of conveyance from the Declarant or from any Owner or grantor shall constitute appointment of the attorney-in-fact herein provided. All of the owners irrevocably constitute and appoint the Penn Towers Condominium Association, Inc. as their true and lawful attorney in their name, place and stead, for the purpose of dealing with the project upon its damage, destruction, obsolescence or condemnation as is hereinafter provided. As attorney-in-fact, the Association, by its President and Secretary or Assistant Secretary or its other duly authorized officers and agents, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed, or other instrument with respect to the interest of a Condominium Unit Owner which are necessary and appropriate to exercise the powers herein granted. In the event that the Association is dissolved or becomes defunct, a meeting of the Condominium Unit Owners shall be held within thirty (30) days of either such event. At such meeting a new attorney-in-fact, to deal with the property upon its destruction, damage, or obsolescence, or condemnation shall be appointed. Said appointment must be approved by the owners representing an aggregate ownership interest of seventy-five percent (75%) or more of the common elements and at least seventy-five percent (75%) of the first mortgagees of the Condominium Units. Repair and reconstruction of the improvements as used in the succeeding subparagraphs means restoring the improvement(s) to substantially the same condition in which they existed prior to the damage, with each Unit and the general and limited common elements having substantially the same vertical and horizontal boundaries as before, and all improvements being reconstructed or repaired in conformance with the project's original architectural plan and scheme. The proceeds of any insurance collected shall be available to the Association for the purpose of repair, restoration, reconstruction or replacement unless all of the Owners and all first mortgagees agree not to rebuild in accordance with the provisions hereinafter set forth.

(a) In the event of damage or destruction due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the improvement(s), shall be applied by the Association, as attorney-in-fact, to such reconstruction, and the improvement(s) shall be promptly repaired and reconstructed. The Association shall have full authority, right and power as attorney-in-fact to cause the repair and restoration of the improvement(s). Assessments for common expenses shall not be abated during the period of insurance adjustments and repair and reconstruction.

(b) If the insurance proceeds are insufficient to repair and reconstruct the improvement(s), and if such damage is not more than seventy percent (70%) of the total replacement cost of all of the Condominium Units in this Project, not including land, such damage or destruction shall be promptly repaired and reconstructed by the Association as attorney-in-fact, using the proceeds of insurance and the proceeds of a special assessment to be made against all of the Owners and their Condominium Units. Such special assessment shall be a common expense and made pro rata according to each Owner's interest in the common elements and shall be due and payable within thirty (30) days after written notice thereof. The Association shall have full authority, right and power as attorney-in-fact, to cause the repair, replacement or restoration of the improvement(s) using all of the insurance proceeds for such purpose, notwithstanding the failure of an Owner to pay the assessment. The assessment provided for herein shall be a debt of each Owner and a lien on his Condominium Unit and may be enforced and collected as is provided in paragraph 24. In addition thereto, the Association, as attorney-in-fact, shall have the absolute right and power to sell the Condominium Unit of any Owner refusing or failing to pay such deficiency assessment within the time provided, and if not so paid, the Association shall cause to be recorded a notice that the Condominium Unit of the delinquent Owner shall be sold by the Association, as attorney-in-fact, pursuant to the provisions of this paragraph. Assessments for common expenses shall not be abated during the period of insurance adjustment and repair and reconstruction. The delinquent Owner shall be required to pay to the Association the costs and expenses for filing the notice, interest at a rate of 10% per annum, on the amount of the assessment and all reasonable attorney's fees. The proceeds derived from the sale of such Condominium Unit shall be used and disbursed by the Association, as attorney-in-fact, in the following order:

- (1) For payment of the balance of the lien of any first mortgage;
- (2) For payment of taxes and special assessments liens in favor of any assessing entity and the customary expenses of sale;
- (3) For payment of unpaid common expenses and all costs, expenses and fees incurred by the Association;
- (4) For payment of junior liens and encumbrances in the order of and to the extent of their priority; and
- (5) The balance remaining, if any, shall be paid to the Condominium Unit Owner.

(c) If the insurance proceeds are insufficient to repair and reconstruct the improvement(s), and if such damage is more than seventy percent (70%) of the total replacement cost of all of the Condominium Units in this project, not including land, such damage or destruction shall be promptly repaired and reconstructed by the Association, as attorney-in-fact, using the proceeds of insurance and the proceeds of a special assessment to be made against all of the Owners and their Condominium Units, provided, however, that Owners representing an aggregate ownership interest of seventy-five percent (75%) or more of the common elements and all of the first mortgagees of record may agree not to repair or reconstruct the improvements; and in such event, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's President and Secretary or Assistant Secretary, the entire project shall be sold by the Association pursuant to the provisions of this paragraph, as attorney-in-fact for all of the owners, free and clear of the provisions contained in this Declaration, the Map, Articles of Incorporation and Bylaws. Assessments for common expenses shall not be abated during the period prior to sale. The insurance settlement proceeds shall be collected by the

Association, and such proceeds shall be divided by the Association according to each Owner's interest in the common elements, and such divided proceeds shall be paid into separate accounts, each such account representing one of the Condominium Units. Each such account shall be in the name of the Association, and shall be further identified by the Condominium Unit designation and the name of the Owner. From each separate account the Association, as attorney-in-fact shall forthwith use and disburse the total amount of each of such accounts, without contribution from one account to another, toward the partial or full payment of the lien of any first mortgagee encumbering the Condominium Unit represented by such separate account. Thereafter, each such account shall be supplemented by the apportioned amount of the proceeds obtained from the sale of the entire property. Such apportionment shall be based upon each Condominium Unit Owner's interest in the common elements. The total funds of each account shall be used and disbursed, without contribution, from one account to another by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in subparagraph (b)(1) thru (5) of this paragraph. In the event that the damage is to be repaired or reconstruction is to be made then the provisions of Section 27(b) shall apply.

(d) The Owners representing an aggregate ownership interest of eighty percent (80%) or more, of the common elements in this project may agree that the common elements are obsolete and adopt a plan for the renewal and reconstruction, which plan must have the approval of at least seventy-five percent (75%) of the first mortgagees of record at the time of the adoption of such plan. If a plan for the renewal or reconstruction is adopted, notice of such plans shall be recorded, and the expense of renewal and reconstruction shall be payable by all of the Owners as a common expense, whether or not they have previously consented to the plan of renewal and reconstruction. The Association, as attorney-in-fact, shall have the absolute right and power to sell the Condominium Unit of any Owner refusing or failing to pay such assessment within the time provided, and if not so paid the Association shall cause to be recorded a notice that the Condominium Unit of the delinquent Owner shall be sold by the Association. The delinquent Owner shall be required to pay to the Association the costs and expenses for filing the notices, interest at the rate of ten percent (10%) per annum, and all reasonable attorney's fees. The proceeds derived from the sale of such Condominium Unit shall be used and disbursed by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in subparagraph (b)(1) through (5) of this paragraph.

(e) The Owners representing an aggregate ownership interest of eighty percent (80%) or more, of the common elements may agree that the Condominium Units are obsolete and that the same should be sold. Such plan or agreement must have the approval of all of the first mortgagees of the Condominium Units. In such instance, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's President and Secretary or Assistant Secretary, the entire project shall be sold by the Association, as attorney-in-fact, for all of the Owners, free and clear of the provisions contained in this Declaration, the Map, the Articles of Incorporation and the Bylaws. The sale proceeds shall be apportioned among the Owners on the basis of each Owner's interest in the common elements, and such apportioned proceeds shall be paid into separate accounts, each such account representing one Condominium Unit. Each such account shall be in the name of the Association and shall be further identified by the Condominium Unit designation and the name of the Owners. From each separate account, the Association, as attorney-in-fact shall use and disburse the total amount (of each) of such accounts, without contribution from one account to another, for the same purposes and in the same order as is provided in subparagraph (b)(1) through (5) of this paragraph.

28. Condemnation. IF at any time or times during the continuance of the Condominium ownership pursuant to this Declaration, all or any part of the Condominium project shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the following provisions of this Article shall apply:

(a) Proceeds. All compensation, damages or other proceeds therefrom, the sum of which is hereafter called the "Condemnation Award" shall be payable to the Association.

(b) Complete Taking.

(1) In the event that the entire project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereto shall terminate. The Condemnation Award shall be apportioned among the Owners on the same basis of each Condominium Unit Owner's interest in the common elements, provided however, that if a standard different from the value of the property as a whole is employed as the measure of the Condemnation Award in the negotiation, judicial decree or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable.

(2) On the basis of the principle set forth in the last preceding paragraph, the Association shall as soon as practicable determine the share of the condemnation award to which each Owner is entitled. Such shares shall be paid into separate accounts and disbursed as soon as practicable in the same order provided for in Section 27(b)(1) through (5).

(c) Partial Taking. In the event that less than the entire Condominium project is taken or condemned, sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each Owner shall be entitled to a share of the Condemnation Award to be determined in the following manner: As soon as practicable the Association shall reasonably and in good faith, allocate the Condemnation Award between compensation, damages or other proceeds and shall apportion the amounts so allocated among the Owners as follows: (a) the total amount allocated to taking of or injury to the common elements, shall be apportioned among the Owners on the basis of each owner's interest respectively in the common elements; (b) the total amount allocated to severance damages shall be apportioned to those Condominium Units which were not taken or condemned; (c) the respective amounts allocated to the taking of or injury to a particular Unit and to the improvements an Owner has made within his own Unit shall be apportioned to the particular Unit involved and (d) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances. If the allocation of the Condemnation Award is already established in negotiations, judicial decree or otherwise, then in allocating the Condemnation Award the Association shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds shall be disbursed as soon as practicable in the same manner provided in Section 27(b)(1) through (5).

(d) The Association shall notify each first mortgagee of any Condominium Unit of the commencement of a condemnation proceedings and shall notify said mortgagees in the event of the taking of all or any part of the common elements, if the value of the common elements taken exceeds \$10,000.00.

29. Reorganization. In the event a partial taking results in the taking of a complete Unit, the Owner thereof automatically shall cease to be a member of the Association, shall cease to hold any right, title or interest in the remaining common elements and shall execute any and all documents necessary to accomplish the same. Thereafter, the Association shall reallocate the

ownership, voting rights and assessment ratio in accordance with this Declaration according to the same principles employed in this Declaration at its inception and shall submit such reallocation to the Owners and of first Mortgagees of remaining units for amendment of this Declaration as provided in Section 19.

30. Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Section 27.

31. Registration of Mailing Address. Each Owner shall register his mailing address and the name and address of his first Mortgagee, if any, with the Association and notices or demands intended to be served upon an Owner shall be sent by mail, postage prepaid, addressed in the name of the Owner and first Mortgagee at such registered address. Copies of such notices shall be sent to first Mortgagees in a like manner, except when such notices pertain to matters specifically relating to Mortgagee(s), in which case such notice shall be sent certified, return receipt requested or registered.

32. Period of Condominium Ownership. The separate condominium estates created by this Declaration and the Map shall continue until this Declaration is revoked in the manner and as provided in section 19 of this Declaration or until terminated in the manner and as provided in section 27 and 28 of this Declaration.

33. Assessment Reserves and Work Capital Account. Each Owner other than the Declarant, shall be required to deposit at the time of initial purchase and thereafter to maintain with the Association a sum equal to six (6) times the amount of the original estimated monthly common expense assessments, which sum shall be used by the Board of Managers as a reserve for paying such owner's common expense assessment, for capital repairs and/or replacements, purchase of equipment and for extraordinary common expenses. Such advance payment shall not relieve an Owner from making the regular monthly common expense assessment as the same come due. Upon the sale of his Condominium Unit, an Owner shall be entitled to a credit from his grantee for any unused portion thereof. Failure to so maintain said fund shall constitute a default on behalf of an Owner and the Association shall be entitled to proceed under the remedies granted to it in Section 18, supra. Any interest accruing on such deposit shall not be required to be distributed by the Association. However, such interest if any, for tax purposes as hereby recognized and declared to be a constructive receipt received by an Owner.

34. Restrictive Covenants and Obligations.

(a) Subject to subparagraph (b) hereof, the Property is hereby restricted to residential dwellings for residential use and uses related to the convenience and enjoyment of such residential use. No residential Buildings other than Buildings shown on the Map shall be erected or constructed on the property except by vote of the majority in interest of the Condominium Unit Owners. No structures of a temporary character, trailer, basement, tent, shack, garage, porch or other outbuilding shall be used or permitted to be kept or stored on any portion of the premises at any time either temporarily or permanently.

(b) Notwithstanding any provisions herein contained to the contrary, it shall expressly be permissible for the Declarant, his agent, employees and contractors to use and maintain, at no cost, during the period of sale of the Condominium Units, upon such portion of the property as Declarant may choose, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient, incidental to the renovation, if any, and sale or rental of Condominium Units, including, but without limitation, a business office, storage area, signs, model units, sales office, parking areas and lighting. Notwithstanding this privilege the Declarant will be responsible for his proportionate share of the common expenses for those units owned.

(c) No animals, livestock or poultry of any kind shall be raised, bred or kept on the property, except that not more than one dog, cat or other household pet may be kept; provided, however, that the right to keep a household pet shall be coupled with the responsibility to pay for any damage caused by an Owner's pet. Every Owner of a pet shall maintain strict control over his pet and shall prohibit the pet from making loud, disturbing noises or any other behavior reasonably annoying to other Owners. The Association may adopt rules and regulations to supplement this covenant.

(d) No advertising signs, (except as permitted in certain areas periodically designated by the Association's Board of Managers), unsightly objects or nuisances shall be erected, placed or permitted to remain on the premises, nor shall the premises be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Condominium Unit or any resident thereof. Further, no business activities of any kind whatever shall be conducted in any building or in any portion of the property except those permitted by law and the Board of Managers if such activities are categorized as "household occupations"; provided, however, that the foregoing restriction shall not apply to the business activities, signs and billboards, or the construction and maintenance of buildings and improvements, if any, of the Declarant, its agents, contractors and assigns during the sale and rental period.

(e) No nuisance shall be allowed on the Condominium property, nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful enjoyment or possession and proper use of the property by its residents. All parts of property shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage be allowed to accumulate nor any fire hazard to exist.

(f) No immoral, improper, offensive or unlawful use shall be permitted or made of the Condominium property or any part thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction shall be observed.

(g) Except for those improvements erected or installed by the Declarant, or its predecessors in time, no exterior additions to, alterations of or decoration of any buildings, nor changes in fences, hedges, walls and other structures shall be commenced, erected or maintained without the prior written approval of the Association's Board of Managers and Architectural Control Committee.

(h) No commercial type vehicles, campers, trailers, boats, recreational vehicles and trucks shall be stored or parked on the common elements nor shall they be parked on any common driveway except while engaged in transport to or from a building.

(i) All unused automobiles or vehicles of any kind, except as hereinafter provided, shall not be stored or parked on any portion of the Project. "Unused vehicle" shall be defined as any vehicle which has not been driven under its own propulsion for a period of three (3) weeks or longer. A written notice describing the "unused vehicle" and requesting removal thereof may be personally served upon the Owner or posted on the unused vehicle and if such vehicle has not been removed within seventy-two (72) hours thereafter, the Association shall have the right to remove the same without liability for such acts, and the expense thereof shall be charged against the Owner. If such Owner shall be a member of the Association, the cost thereof shall be added to his next assessment due.

(j) Nothing shall be done or kept in any Condominium Unit or in or on the common elements, or any part thereof, which would result in the cancellation of the insurance on the project, or any part thereof, or increase in the rate of insurance on the

project or any part thereof, over what the Association, but for such activity, would pay, without the prior written approval of the Association. Nothing shall be done or kept in any Condominium Unit or in or on the common elements, or any part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit or other imposed requirement of any governmental body. No damage to or waste of the common elements, or any part thereof, shall be committed by an Owner or by any member of the Owner's family or by any guest, invitee, or contract purchaser of an Owner and each Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from such damage or waste caused by him, the members of his family, or his guests, invitees or contract purchasers.

(k) Without the prior written approval of the Association, no exterior television, radio or other communication antennas or aerials of any type shall be placed, allowed or maintained on any portion of the common elements or the project.

(l) The Owner of a Condominium Unit shall have the right to lease his Condominium Unit under the following conditions:

(1) No Owner may lease less than his entire Condominium Unit;

(2) All leases shall be in writing;

(3) All leases shall provide that the terms of the lease and lessee's occupancy of the Condominium Unit shall be subject in all respects to the provisions of this Declaration and to the provisions of the Articles of Incorporation and Bylaws of the Association. Any failure by the lessee to comply therewith shall be a default under the lease. Any owner who leases his Condominium Unit shall, within ten (10) days after the execution of such lease, forward a copy of the same to the Association or the Association's Managing Agent.

(4) Except for a first mortgagee in possession of a Condominium Unit following the default under its mortgage or in connection with foreclosure proceedings or any deed or other arrangement in lieu of foreclosure proceedings by such first mortgagee, no Owner may lease his Condominium Unit for transient or hotel purposes.

(m) Additional and supplemental rules and regulations may be adopted by the Board of Managers concerning and governing the use of the general and limited common elements; provided, however, that such rules and regulations shall be furnished to Owners prior to the time that they become effective and that such rules and regulations shall be uniform and non-discriminatory except to the extent the Board has discretionary rights specifically given to it in this Declaration.

35. Association Right to Acquire Additional Property.

(a) The Board of Managers may acquire and hold for the benefit of all of the Condominium Unit Owners tangible personal property and may dispose of the same by sale or otherwise. The beneficial interest in any such property shall be owned by all of the Condominium Unit Owners in the same proportions as their respective interests in the common elements, and such interest therein shall not be transferable except with a conveyance of a Condominium Unit. A conveyance of a Condominium Unit shall transfer to the grantee ownership of the grantor's beneficial interest in all such property interests associated with and appurtenant to the subject Condominium Unit.

(b) The Owners of the Condominium Units described in Exhibit "B" shall have a perpetual non-exclusive easement in common with all other Condominium Unit Owners in this Condominium project, on, over and across driveways and extensions thereof

which are located on the Condominium Project for purposes of ingress and egress to and from the Units from the public street which adjoins the Condominium Project and any other common element (e.g., area and facility) so designated on the Map or Maps; subject, however, to reasonable regulations adopted and amended by the Association.

36. Exculpatory Clause. Any owners who acquire title to a Condominium Unit from Declarant hereby acknowledges and agrees that the Declarant makes no warranty as to the fitness of said Condominium Unit or the electrical, plumbing, heating and air conditioning systems situate therein. Furthermore, Declarant does not make any warranties concerning the structural integrity, footings, foundations or roofs of the buildings, or the condition and operation of the other facilities.

37. Recreational Amenities: Declarant acknowledges that the Project contains no recreational facilities, except for a sundeck. Said facilities shall only be available to the residents of the Condominium Units within the Project, the Owners and their guests. No special or additional fees shall be charged for use of said facility. Declarant represents that no additional common elements are contemplated.

38. General Reservations.

(a) Notwithstanding any other provisions expressly or impliedly to the contrary contained in this Declaration, the Articles of Incorporation or Bylaws of the Association, Declarant reserves the right to elect the Board of Managers and Architectural Control Committee of the Association until all of the Condominium Units in the entire Project have been sold, or December 31, 1980, whichever occurs first.

(b) Notwithstanding any other provisions expressly or impliedly to the contrary contained in this Declaration, Declarant reserves the exclusive right to act as or appoint and discharge, from time to time, the Managing Agent until Declarant sells all of said Condominium Units in the Condominium Project, or December 31, 1980, whichever occurs first.

39. Acceptance of Provisions of All Documents. The conveyance of a Condominium Unit shall be deemed to include the acceptance of all of the provisions of this Declaration, the Articles of Incorporation and Association Bylaws and Rules and Regulations and Management Agreement and shall be binding upon each grantee without the necessity of inclusion of such an express provision in the instrument of conveyance or encumbrance.

40. General .

(a) If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase or word, or the application thereof in any circumstances be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration, and the application of any such provision, paragraph, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

(b) "Declarant" as used herein means the named Declarant, its successors and assigns.

(c) The provisions of this Declaration shall be in addition to and supplemental to the Condominium Ownership Act of the State of Colorado and to all other provisions of law.

(d) That whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

(e) Paragraph titles are for convenience of reference and are not intended to limit, enlarge or change the meaning of the contents of the various paragraphs.

IN WITNESS WHEREOF, Declarant has duly executed this Declaration this 25 day of April, A D., 1978

PENN TOWERS INVESTMENT CO., a Partnership

By: [Signature]
General Partner

STATE OF COLORADO)
City & County of Denver) ss:

The above and foregoing Declaration was subscribed and sworn to before me this 25 day of April, 1978 by [Signature] as a General Partner of Penn Towers Investment Co

My commission expires: [Signature]

[Signature]
Notary Public

EXHIBIT A
TO
CONDOMINIUM DECLARATION
FOR
PENN TOWERS CONDOMINIUMS

Lots 8, 9, 10, and 11, Block 77, Porter's
Addition to Denver, according to the
recorded Plat thereof, City and County
of Denver, State of Colorado.

EXHIBIT C
TO
CONDOMINIUM DECLARATION
FOR
PENH TOWERS CONDOMINIUMS

<u>Unit Number</u>	<u>Parking - Storage</u>
101	101
201	201
202	202
203	203
204	204
205	205
301	301
302	302
303	303
304	304
305	305
401	401
402	402
403	403
404	404
405	405
501	501
502	502
503	503
504	504
505	505
601	601
602	602
603	603
604	604
605	605
701	701
702	702
703	703
704	704
705	705

EXHIBIT B
TO
CONDOMINIUM DECLARATION
FOR
PENN TOWERS CONDOMINIUMS

The real property submitted to condominium ownership is hereby divided into the following fee simple estates:

(a) Thirty-one (31) fee simple estates consisting of thirty-one (31) separately designated Units, each such Unit being identified by number on the Map.

(b) The remaining portion of the entire premises referred to as the common elements which shall be held (in fee simple) in common by the Owners, each such undivided interest being appurtenant to one of the thirty-one (31) Units. Declarant does hereby establish each undivided interest in the common elements appurtenant to each of the Units as follows:

<u>Unit Number</u>	<u>Appurtenant Undivided Interest in Common Elements</u>
101	1/31
201	1/31
202	1/31
203	1/31
204	1/31
205	1/31
301	1/31
302	1/31
303	1/31
304	1/31
305	1/31
401	1/31
402	1/31
403	1/31
404	1/31
405	1/31
501	1/31
502	1/31
503	1/31
504	1/31
505	1/31
601	1/31
602	1/31
603	1/31
604	1/31
605	1/31
701	1/31
702	1/31
703	1/31
704	1/31
705	1/31