

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
REDWOOD I CONDOMINIUMS

THIS DECLARATION is made and entered into by Roger Wilcox, William M. Hill, Sterling Martin, James W. Arnold and Virginia Arnold, hereinafter referred to as the "Declarants."

WITNESSETH:

WHEREAS, Declarants are the owners of the real property described as Lot 1, Block 2, of the Bookcliff Terrace Subdivision, Mesa County, Colorado, using the Street address, 552 Garfield Drive, Grand Junction, Colorado, hereinafter referred to as the "Property"; and,

WHEREAS, there presently exists on the Property a multi-unit dwelling which Declarants desire to establish as a condominium pursuant to the Condominium Ownership Act of the State of Colorado, to wit: Colorado Revised Statutes Sections 38-33-101, et seq. (1973, Amended);

NOW, THEREFORE:

Declarants 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 encompassing the Property and shall be a burden and benefit to Declarants, their grantees, successors and assigns, and any person acquiring or owning an interest in the real property and improvements thereon which are subject to this Declaration, their grantees, successors, heirs, personal representatives, devisees and assigns.

ARTICLE I: DEFINITIONS

1. As used in this Declaration, unless the context otherwise requires, the terms hereinafter set forth shall have the following meanings;

(a) "Articles" means the articles of incorporation of Redwood I Condominiums, Inc., a Colorado, not-for-profit corporation, established 1982.

(b) "Association" means the Redwood I Condominiums Inc. Association established by the Articles, its successors and assigns, the Articles and Bylaws, herein defined of which, along with this Declaration, shall govern the administration of the Property, and of which the members shall be all of the Owners.

(c) "Board of Directors" or "Board" means the governing body of the Association.

(d) "Building" means one or more of the building improvements erected on the Property.

(e) "Bylaws" means the bylaws of the Association.

(f) "Common Expenses" means and includes:

- (i) all sums lawfully assessed against the Owners by the Board;
- (ii) Expenses of administration, maintenance, repair or replacement of the General Common Elements, defined herein;
- (iii) expenses declared Common Expenses by provisions of this Declaration and the Bylaws; and,
- (iv) expenses agreed upon as Common Expenses by a vote of the Owners representing an aggregate ownership of at least fifty-one percent of the General Common Elements.

(g) "Condominium Unit" means the fee simple interest and title in and to a Unit, together with the undivided fee simple interest in the General Common Elements appurtenant to such Unit, subject to the burdens and benefits created by this Declaration.

(h) "Declarants" means the Declarants named herein and each successor or successors as may be designated hereafter by the Declarants, or either or them- by written notice duly recorded.

(i) "Declaration" means this Declaration together with any supplement or amendment hereto recorded in the office of the Clerk and Recorder of Mesa County, Colorado.

(j) "General Common Elements" means all of the Property, except the portions thereof which constitute Units, and all parts of the improvements on the Property, or any facilities or fixtures which may be within a Unit and which are, or may be, necessary or convenient to the support, existence, use, occupation, operation, maintenance, repair or safety of any improvement on the Property. Without limiting the generality of the foregoing, the following shall constitute General Common Elements:

(i) all of the land and easements which are part of the Property and all recreational facilities or service or parking areas thereon;

(ii) all foundations, columns, girders, beams and supports of a Building;

(iii) all deck or yard areas, porches, storage lockers or areas, balconies, patios, fireplaces, doors, windows, carports and parking spaces (subject to specific designation for individual Owner use as Limited Common Elements, defined hereinafter);

(iv) the exterior walls of the improvements, the main or bearing walls within any improvements, the main or bearing subflooring and the roofs of improvements;

(v) all entrances, exits, vestibules, halls, corridors, porches, stairs, stairways and fire escapes, if any, not within any Unit;

(vi) utility, service and maintenance areas, spaces, fixtures, apparatus, installations and central facilities for power, light, gas, telephone, water, air conditioning, trash, or similar utility or maintenance purposes; and,

(vii) all other parts of the Property necessary in common use or convenient to its existence, maintenance and safety.

(k) "Guest" means any agent, employee, tenant, guest, licensee or invitee of an Owner.

(l) "Improvements" means any building, structure, facility, or similar item erected or placed on the Property.

(m) "Limited Common Elements" means those General Common Elements which are reserved for the use of certain Owners to the exclusion of other owners, including but not limited to, certain balconies, porches, patios, fireplaces, parking spaces, or other areas similarly used.

(n) "Managing Agent" means the Person employed by the Board to perform the management and operational functions of the Condominium.

(o) "Mortgage" means and includes any mortgage, deed of trust or other assignment or security instrument creating a lien on any Condominium Unit, and "Mortgagee" shall include any grantee, beneficiary or assignee of a Mortgage.

(p) "Owner" means the Person or Persons, hereinafter defined, owning a Unit in fee simple together with an undivided interest in fee simple in the General Common Elements in the percentage specified and established in this Declaration, including the Declarants so long as any Condominium Unit, herein defined, is owned by any Declarant.

(q) "Project" means all of the Property, Condominium Units, Building(s) and improvements submitted to this Declaration.

(r) "Unit" means an individual air space which is contained in an enclosed room or rooms occupying all or part of a floor or floors in a Building, as hereinafter defined. Each Unit is shown on Map filed pursuant to this Declaration, and is identified thereon with a number. The exact boundaries thereof of a Unit are the interior unfinished surfaces of such walls, floors and ceilings which mark the perimeter boundaries thereof and where found along such walls, floors and ceilings the interior surfaces of built-in fireplaces with their flues in their closed position; and the Unit includes both the portions of the Building so described, the air space so encompassed and together with all fixtures and improvements therein contained but not any General Common Elements which may be within a Unit. Reference herein to "ownership of a Unit" or similar expressions recognize an appurtenant interest in common elements.

(s) "Person" means an individual, corporation, partnership, combination, association, trustee or any other legal entity.

ARTICLE II: MAP

2. There shall be filed for record in the County of Mesa, Colorado, a map, herein referred to as the "Map," which may be filed in whole or in part, depicting thereon:

(a) The legal description of the Property and a survey thereof;

(b) The name and general location of the Property;

(c) The linear measurements and location, with reference to the exterior boundaries of said land, of the Building(s) and all improvements on said land;

(d) Floor plans and elevation plans of the Building(s) showing the location, the designation and the linear dimensions of each Unit, and the designation of certain of the Limited Common Elements;

(e) The elevations of the unfinished interior surfaces of the floors and ceilings as established from a datum plan, and such other dimensions as to enable accurate legal description of the same.

The Map, and any supplements thereto shall contain the statements of (i) the Declarants, submitting the Property to the provisions of this Declaration; and (ii) an engineer and a registered land surveyor certifying that the Map fully and accurately depicts the layout, measurements and location of all of the Building(s) and improvements, the Unit designations, the dimensions of such Units and the elevations of the floors and ceilings. Declarants reserve unto themselves, and the Board, the right, from time to time, without the consent of any Owner being required, to amend the Map and supplements thereto, to conform the Map to the actual location of any of the constructed improvements, to establish, vacate and relocate utility easements, access road easements and carports or parking spaces, and to establish certain General Common Elements as Limited Common Elements.

In interpreting any and all provisions of this Declaration or the Bylaws, subsequent to deeds to and Mortgages of Condominium Units, the actual location of a Unit shall be deemed conclusively to be the property intended to be conveyed, reserved or encumbered, notwithstanding any minor deviations from the location of such Unit indicated on the Map.

ARTICLE III: DIVISION INTO UNITS

3. Declarants hereby submit the Project to condominium ownership pursuant to the Colorado Condominium Ownership Act and the Project is hereby divided into four Condominium Units, each consisting of a separate fee simple interest in the particular Unit, and an appurtenant undivided fee simple interest in the General Common Elements. The percentage of undivided interest in the General Common Elements appurtenant to a particular Unit is twenty-five per cent (25%) for each unit. Prior written approval of each institutional holder of a first mortgage on all units in the Project is required for any amendment hereto which would change the percentage interests of the Unit Owners.

A Condominium Unit may be held and owned by more than one Person as joint tenants or as tenants in common, or in any real property tenancy relationship recognized under the laws of the State of Colorado.

4. Right to Combine Units. Declarant hereby reserves the right to physically combine the area or space of one Unit with the area or space of one or more adjoining Units: provided, however, that Declarant shall not exercise said right without the written consent of any first Mortgagee having an interest in said Units. In the event of any such physical combining of Units to create a combined Unit, such combined Unit shall also include the combining of the fixtures and improvements and of the undivided interests in the General Common Elements appurtenant to the Units so combined. Declarant hereby reserves the right to designate and convey to any purchaser of any such combined Unit, as additional Limited Common Elements appurtenant thereto, any walls, floors or other structural separations between the Units so combined, or any space which would be occupied by such structural separations but for the combination of such Units; provided, however, that such walls, floors or other structural separations or such space shall automatically become General Common Elements and shall no longer be Limited Common Elements if the combined Units become subject to separate ownership in the future. This reserved right in Declarant shall terminate upon the conveyance by Declarant of all of the Condominium Units within the Project or May 4, 1982 whichever occurs first.

5. Limited Common Elements. Any area or improvement or portion thereof identified as a Limited Common Element and designated as appurtenant to a particular Unit, shall, without further reference thereto, be used in connection with the Unit to which it is appurtenant to the exclusion of the use thereof by the other Owners, except by invitation.

6. Inseparability. An Owner's undivided interest in the General Common Elements and in any appurtenant Limited Common Elements shall not be separated from the Unit to which they are appurtenant and shall be deemed to be conveyed or encumbered with the Unit even though the interest is not expressly mentioned or described in a deed or other instrument.

7. Description of Units.

(a) Every contract for the sale of a Condominium Unit written prior to the filing for record of the Map and this Declaration may legally describe a Condominium Unit by its identifying Condominium Unit (and Building, if appropriate) designation followed by the words, "Redwood I, Condominiums, Inc." with further reference to the Map thereof to be filed for record and this Declaration to be recorded and with further reference (iff appropriate) to the parking space(s). Upon recordation of the Map and this Declaration in the records of the Clerk and Recorder of the County of Mesa, Colorado, such description shall be conclusively presumed to relate to the therein described Condominium Units.

(b) Every deed, lease, Mortgage, will or other instrument shall legally describe a Condominium Unit by its identifying Condominium Unit number (and Building designation, if appropriate) followed by the words "Redwood I, Condominiums, Inc.", recorded on August 20th, 1982, in Book 1387 at Page 789, (Reception Number 1300608), and Map recorded on August 20th, 1982, in Book _____ at Page _____, County of Mesa, Colorado, records, together with the right to the exclusive use of parking space(s) no _____ [if appropriate]." 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 General Common Elements and the right to the use of the Limited Common Elements appurtenant thereto, Each such description

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shall be construed to include: a non-exclusive easement for ingress and egress throughout and for use of the General Common Elements which are not Limited Common Elements; the right to the exclusive use of the appurtenant Limited Common Elements; and the other easements, obligations, limitations, rights, encumbrances, covenants, conditions and restrictions created in this Declaration. The undivided fee simple interest in the General Common Elements appurtenant to any Condominium Unit shall be deemed conveyed or encumbered with that Condominium Unit, even though the legal description in the instrument conveying or encumbering said Condominium Unit may only refer to the title to that Condominium Unit.

(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 references thereto.

8. No Partition. The General Common Elements shall remain undivided, and no Owner or any other Person shall bring any action for partition or divisions of the General Common Elements. Similarly, no action shall be brought for partition of a Unit or a Condominium Unit between or among the Owners thereof. Each Owner hereby expressly waives any and all such rights of partition he may have by virtue of his ownership of a Condominium Unit.

9. No Right of Refusal. The right of a unit owner to sell, transfer or otherwise convey the Owner's Unit is not subject to any right of refusal or similar restriction in favor of the Association.

ARTICLE IV: TAXATION

10. Separate Taxation. Declarants shall cause to be filed a written notice to the Mesa County, Colorado, assessor, which notice shall set forth descriptions of the condominium units. Thereafter, all taxes, assessments, and other charges of the state of Colorado or of any political subdivision, or of any special improvement district, or of any other taxing or assessing authority shall be assessed against and collected on each condominium Unit, each of which shall be carried on the tax books as a separate and distinct parcel for that purpose and not on the building or property as a whole. The valuation of the general and limited common elements shall be assessed proportionately upon the individual air space unit in the manner provided in this Declaration. The lien for taxes assessed to any individual condominium owner shall be confined to his condominium unit and to his undivided interest in the general and limited common elements. No forfeiture or sale of any condominium unit for delinquent taxes, assessments, or charges shall divest or in any way affect the title of other condominium units.

ARTICLE V: WORK PROHIBITED

11. No Owner shall undertake any work in his Unit which would jeopardize the soundness or safety of the Project, reduce the value thereof or impair an easement or hereditament thereon or thereto, nor shall any Owner enclose, by means of screening or otherwise, any balcony, year, deck, patio or porch which is accessible from, associated with and which adjoins a Unit, without having first obtained the prior written approval of the Board (which approval may be withheld for any reason) for such enclosure and with respect to the materials, plans and specifi-

cations for such enclosure. Structural alterations shall not be made by an Owner to the exterior portions of his Unit or to the Building(s) or in the water, gas or steam pipes, electric conduits, plumbing or other fixtures connected therewith, nor shall an Owner remove any additions, improvements or fixtures from the Buildings without the prior written approval of the Board (which approval may be withheld for any reason) first having been obtained.

ARTICLE VI: LIENS

12. Removal From Lien--Effect of Part Payment.

(a) No labor performed or materials furnished, with the consent or at the request of an Owner of a particular Condominium Unit, or his agent, shall be the basis for the filing of a lien pursuant to law against the Condominium Unit or other property of another Owner not expressly consenting to or requesting the same, except that express consent shall be deemed to be given by the Owner of any Condominium Unit to the Managing Agent or the Board in the case of emergency repairs. Labor performed or materials furnished for the General Common Elements, if duly authorized by the Managing Agent or the Board of Directors in accordance with the Declaration or Bylaws, shall be deemed to be performed or furnished with the express consent of each Owner and shall be the basis for the filing of a lien pursuant to law against each of the Condominium Units in the Project.

(b) In the event a lien is effected against two or more Condominium Units, the Owners of the separate Condominium Units may remove their Condominium Units from said lien by payment of the fractional or proportional amount attributable to each of the Condominium Units affected. Individual payment shall be computed by reference to the percentages appearing in this Declaration. Subsequent to payment, discharge or other satisfaction, the Condominium Unit shall be released from the lien paid, satisfied or discharged. Partial payment, satisfaction or discharge shall not prevent the lienor from proceeding to enforce his rights against any Condominium Unit not so released or discharged.

(c) Each Owner shall indemnify and hold each of the other Owners harmless from and against liability or loss arising from the claim of any lien against the Condominium Unit of the Owner, or any part thereof, for labor performed or for materials furnished in work on such Owner's Condominium Unit. At the written request of any Owner, the Association shall enforce such indemnity by collecting from the Owner of the Condominium Unit on which the labor was performed or materials furnished the amount necessary to discharge any such lien and all costs incidental thereto, including reasonable attorney's fees. If not promptly paid, the Association may proceed to collect the same in the manner provided herein for collection of assessments for the purpose of discharging the lien.

ARTICLE VII: USE OF INTERESTS, OTHER RIGHTS

13. Use and Occupancy of Units.

Each Owner shall be entitled to the exclusive ownership and possession of his Unit. Each Unit shall be used for residential purposes only, and no Unit shall be occupied for living or sleeping purposes by more persons than it was designed to accommodate safely. No Unit shall be used at any time for any business or commercial activity, except as follows:

(i) the Owner thereof may lease or rent such Unit for private residential or living purposes (subject to Paragraph 29 (i) hereafter); (ii) Declarant or its nominee or agents may use any Unit(s) as a model or sales unit until all Condominium Units owned by Declarant are conveyed by Declarant; and (iii) the Association shall have the right, but not the obligation, to purchase, own, or lease any Condominium Unit for a manager's residence or office, or building superintendant or engineer, and the Association may also maintain offices, within the General Common Elements.

14. Use of General and Limited Common Elements.

Each Owner may use the General Common Elements and his appurtenant 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. None of the Common Elements, recreational facilities, parking spaces or other amenities contemplated as a part of the Project are to be leased to the unit owners or to the Association. The Association and/or the Board may from time to time 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 accept and be bound by any such adopted rules and regulations.

15. Various Rights and Easements.

(a) Owner's Rights in Limited Common Elements: Subject to the other provisions of this Declaration, each Owner, his family and Guests, shall have an exclusive right to use and enjoy the Limited Common Elements designated herein, in the Map or in the initial deed from Declarant as appurtenant to the Condominium Unit owned by such Owner.

(b) Association Rights. The Association, the Board and the Managing Agent shall have a non-exclusive right and easement to make such use of and to enter into or upon the General Common Elements, the Limited Common Elements and the Units as may be necessary or appropriate for the performance of the duties and function which they are obligated or permitted to perform under this Declaration.

(c) Owners' Easements for Access, Support and Utilities. Each Owner shall have a non-exclusive easement for access between his Unit and the roads and streets adjacent to the Project and the roads, streets and driveways in the Project. over and on the halls, corridors, stairs, walks, bridges and exterior access and other easements which are part of the General Common Elements. Each Owner shall have a non-exclusive easement in, on and over the General Common Elements, including the General Common Elements within the Unit of another Owner, for horizontal and lateral support of the Unit which is part of his Condominium Unit, for utility service to that Unit, including but not limited to, water, sewer, gas, electricity, telephone and television service and for the release of smoke, arising from any fireplace within a Unit, through the flue leading therefrom.

(d) Easements for Encroachments. In the event any portion of the common elements, as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the Project, a valid easement for the encroachment and for maintenance of the same shall exist so long as the encroachment exists.

(e) Easements in Units for Repair, Maintenance, and Emergencies. Some of the General Common Elements are or may be located within a Unit or may be conveniently accessible only through a particular Unit. The Association, Board, and Managing Agent and each Owner shall have an easement, which may be exercised for any Owner by the Association, the Board or the Managing Agent, as his agent, for access through each Unit and to all General Common Elements, from time to time, during such reasonable hours as may be necessary for the maintenance, repair or replacement of any of the General Common Elements located therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the General Common Elements or to another Unit, or for making repairs or replacements pursuant to Paragraph 16 hereafter. Damage to the interior or any part of a Unit resulting from the maintenance, repair, emergency repair or replacement of any of the General Common Elements, or as a result of emergency repairs within another Unit, at the instance of the Association, the Board or the Managing Agent, shall be a Common Expense of all of the Owners. No diminution or abatement of Common Expense assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements or from action taken to comply with any law, ordinance or order of any governmental authority. Restoration of the damaged improvements shall be substantially the same as the condition in which they existed prior to the damage. Notwithstanding the foregoing, if any such damage is the result of the carelessness or negligence of any Owner, then such Owner shall be solely responsible for the costs and expenses of repairing such damage.

(f) Easements Deemed Appurtenant. The easements, uses and rights herein created for an Owner shall be appurtenant to the Condominium Unit of that Owner and all conveyances of and other instruments affecting title to a Condominium Unit shall be deemed to grant and reserve the easements, uses and rights as are provided for herein, even though no specific reference to such easements, uses and rights appears in any such conveyance.

(g) Emergency Easement. A non-exclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance and other similar emergency agencies or persons, now or hereafter servicing the Project, to enter upon all streets, roads and driveways located in the Project, if any, and upon the Property, in the performance of their duties.

ARTICLE VIII: OWNERS' RESPONSIBILITIES

16. Owners' Maintenance Responsibility. For purposes of maintenance, repair, alteration and remodeling, an Owner shall be deemed to own and shall have the right and obligation to maintain, repair, alter and remodel, the interior non-supporting walls, the materials (such as, but not limited to, plaster, gypsum dry wall, paneling, wallpaper, paint, wall and floor tile, and flooring, but not including the sub-flooring) making up the finished surfaces of the perimeter walls, ceilings, and floors within the Unit and the Unit's doors and windows, and

any and all new additions to a Unit made by the Owner thereof, including, without limitation, any new fence or other structure enclosing a patio, balcony, yard or deck area. The obligation to maintain any fence or other structure enclosing a patio, balcony, yard or deck area originally conveyed by Declarants shall be that of the Association. No Owner shall, however, make any changes or alterations of any type or kind to the exterior surfaces of the doors or windows to his Unit nor to any General Common Elements (including, but not limited to, the exterior portions of his Unit.) The Owner shall not be deemed to own lines, pipes, wires, conduits or systems (which for brevity are 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. Each Owner shall have the obligation to replace any finishing or other materials removed with similar or other types or kinds of materials equal or better in quality. An Owner shall maintain and keep in good repair and in a clean, safe, attractive and sightly condition the interior of his Unit, including the fixtures, doors and windows thereof and the improvements affixed thereto, and such other items and areas as may be required in the Bylaws. Also, an Owner shall maintain, clean and keep in a neat and clean condition any fireplace within his Unit, any deck, yard, porch, balcony or patio area adjoining or leading to a Unit, which area are Limited Common Elements appurtenant to such Owner's Condominium Unit. All fixtures, appliances and equipment installed within a Unit commencing at a point where the utilities enter the Unit shall be maintained and kept in repair by the Owner thereof. If any Owner fails to carry out or neglects the responsibilities set forth in this paragraph, the Board or the Managing Agent may fulfill the same and charge such Owner therefor. Any expense incurred by an Owner under this paragraph shall be the sole expense of said Owner.

17. Compliance With Provisions of Declaration, Articles and Bylaws of the Association. Each Owner shall comply strictly with, and shall cause each of his Guests to comply strictly with, all of the provisions of this Declaration and the Articles and Bylaws, and the decisions, rules, regulations and resolutions of the Association or the Board adopted pursuant thereto, as the same may be lawfully amended from time to time. Failure to comply with any of the same gives rise to a cause of action in the Association and any aggrieved Unit Owner for the recovery of damages, or for injunction relief, or both.

ARTICLE IX: ASSOCIATION

18. The Association.

(a) General Purposes and Powers. The Association, through and Board or the Managing Agent, shall perform functions and hold and manage property as provided in this Declaration so as to further the interests of Owners of Condominium Units in the Project. It shall have all powers granted by law or the Articles, or implied therein.

(b) Membership. The Owner of a Condominium Unit shall automatically become a member of the Association. Said membership is appurtenant to the Condominium Unit of said Owner and the ownership of the membership for a Condominium Unit shall automatically pass with fee simple title to the Condominium Unit. Each Owner shall automatically be entitled to the benefits and subject to the burdens relating to the membership for his Condominium Unit. If the fee simple title to a Condominium Unit is held by more than one Person, each Owner of a Condominium Unit shall be a member of the Association. Memberships in the Association shall be limited to Owners of Condominium Units in the Project.

(c) Board of Directors. The affairs of the Association shall be managed by a Board of Directors which may be resolution delegate any portion of its authority to an executive committee, or to a director or Managing Agent for the Association. There shall be not more than four members of the Board of Directors, one for each unit, all of whom shall be Owners elected by Owners. Regardless of the number of members of the Board of Directors, the terms of two members of the Board shall expire annually. Initially, the Declarants shall control the Association. Control of the Association shall become vested in the Unit owners within not more than 120 days after completion of transfer to purchasers of title to units representing 75% of the votes of all unit owners.

(d) Voting of Owners. The Owner or Owners of each Condominium Unit shall be entitled to one vote for each such Condominium Unit owned by said Owner or Owners.

(e) Bylaws and Articles. The purposes and powers of the Association and the rights and obligations with respect to Owners set forth in this Declaration may and shall be amplified by provisions of the Articles and Bylaws of the Association.

19. Certain Rights and Obligations of the Association.

(a) Association as Attorney-in-Fact for Owners. The Association is hereby irrevocably appointed attorney-in-fact for the Owners, and each of them, to manage, control and deal with the interest of each Owner in the General Common Elements so as to permit the Association to fulfill all of its duties and obligations hereunder and to exercise all of its rights hereunder, to deal with the Project upon its destruction or obsolescence as hereinafter provided and to grant utility easements through any portion of the General Common Elements. The Unit shall constitute an appointment of the Association as attorney-in-fact as provided above and hereinafter. The Association is hereby granted all of the powers necessary to govern, manage, maintain, repair, rebuild, administer and regulate the Project and to perform all of the duties required of it. Notwithstanding the above, but subject to the provisions of Paragraphs 8, 30, 31 and 32 (b) hereof, unless at least two-thirds (2/3) of the first Mortgagees of Condominium Units (based upon one vote for each first Mortgage owned) or at least two-thirds (2/3) of the Owners (excluding Declarants) have given their prior written approval, the Association shall not be empowered or entitled to:

(i) by act or omission, seek to abandon or terminate the Project;

(ii) change the pro rata interest or obligations of an individual Condominium Unit for the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards;

(iii) partition or subdivide any Condominium Unit;

(iv) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer (excluding the granting of easements for public utilities or other public purposes consistent with the intended use of the General Common Elements) any of the General or Limited Common Elements; and,

(v) use hazard insurance proceeds for loss to the Project (whether Units or General Common Elements) other than for repair, replacement or reconstruction thereof.

(b) General Common Elements. The Association shall provide for the care, operation, management, maintenance, repair and replacement of the General Common Elements, except as is provided for in Paragraph 16 herein. Without limiting the generality of the foregoing, said obligations shall include the keeping of such General Common Elements in good, clean, attractive and sanitary condition, order and repair; removing snow and other materials from such General Common Elements which might impair access to the Project or the Units; keeping the Project safe, attractive and desirable; and making necessary or desirable alterations, additions, betterments or improvements to or on the General Common Elements.

(c) Other Association Functions. The Association may undertake any activity, function or service for the benefit of or to further the interests of all, some or any Owners on a self-supporting, special assessment or common assessment basis. Such activities, functions or services may include the providing of garbage and trash collection services, the providing of firewood, and the providing of maid and cleaning service for individual Units.

(d) Labor and Services. The Association (i) may obtain and pay for the services of a Managing Agent to manage its affairs, or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall determine to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any Person with whom or which it contracts; (ii) may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration; and (iii) may arrange with others to furnish lighting, heating, water, trash collection, sewer service and other common services.

(e) Limitation of Authority. The authority of the Board to obtain a managing Agent is limited to management agreements which, at a minimum, are terminable by the Association for cause upon 30 days written notice thereof, or such other and more favorable terms as the Board may desire, and the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods.

(f) Property of the Association. The Association may pay for, acquire and hold or lease real property (for the purpose set forth in Paragraph 13 herein) and tangible and intangible personal property and may dispose of the same by sale or otherwise. Subject to the rules and regulations of the Association, each Owner and each Owner's family and Guests may use such property. Upon termination of condominium ownership of the Project and dissolution of the Association, if ever, the beneficial interest in any such property shall be deemed to be owned by the then Owners as tenants in common in the same proportion as their respective interests in the General Common Elements. A transfer of a Condominium Unit shall transfer to the transferee ownership of the transferor's beneficial interest in such property without any reference thereto. Each Owner may use such property in accordance with the purposes for which it is intended, without hindering or encroaching upon the lawful rights of the other Owners. The transfer of title to a Condominium Unit under foreclosure shall entitle the purchaser to the beneficial interest in such property associated with the foreclosed Condominium Unit.

(g) Right to Lease and License General Common Elements. The Association shall have the right to lease or license or permit the use of, by less than all Owners or by non-owners, on either a short-term basis or long term basis and with or without charge as the Association may deem desirable, any portion of the General Common Elements or any Condominium Unit owned by the Association (which may be purchased from the Declarants as provided in Paragraph 13 herein.) The rights granted to the Association in this subparagraph shall only be used in the promotion of the collective best interests of the Owners. Further, the Association shall have the right to grant utility easements under, through or over the General Common Elements which are reasonably necessary to the ongoing development and operation of the Project.

(h) Mortgagee Notification. Any institutional holder of a first mortgage on a Unit in the project will, upon request, be entitled to: (i) inspect the books and records of the Project during normal business hours; and, (ii) receive an annual audited financial statement of the Project within 90 days following the end of any fiscal year of the Project; and, (iii) written notice of all meetings of the Owners Association and be permitted to designate a representative to attend all such meetings.

(i) Enforcement by Association. The Board may suspend any Owner's voting rights in the Association or the right of an Owner to use the recreational facilities of the Project during any period or periods during which such Owner fails to comply with the Association's rules and regulations, or with any other obligations of such Owner under this Declaration. The Association may also take judicial action against any Owner to enforce compliance with such rules, regulations or other obligations herein or in the Bylaws, or to obtain damages for noncompliance thereof, all to the extent permitted by law.

(j) Certificate. The Board may, from time to time, record a certificate of the identity and the mailing address of the Managing Agent, if any. Such certificate shall be conclusive evidence thereof in favor of any Person relying thereon in good faith regardless of the time elapsed since the date thereof.

(k) Implied Rights. The Association shall have and may exercise any right or privilege given to it expressly by this Declaration or the Articles or Bylaws, or reasonably to be implied from the provisions of said documents, or given or implied by law, or which may be necessary or desirable to fulfill its duties, obligations, rights or privileges.

ARTICLE X: ASSESSMENTS

20. Assessment for Common Expenses.

(a) All Owners, except Declarants, shall be obligated to pay the estimated assessments imposed by the Board of Directors to meet the Common Expenses from and after the conveyance of the first Condominium Unit to such Condominium Unit's original purchaser. The assessments shall be made pro rata according to each Owner's interest in and to the General Common Elements. Declarants shall have no obligation to pay the estimated Common Expense assessment, on Condominium Units owned by Declarant, imposed by the Board to meet the Common Expenses, but Declarants agree to pay to the Association a sum equal to the difference between the monthly cost of operating and maintaining the General Common Elements, exclusive of reserves, and the amount of funds payable by the other Owners to the Association. This obligation of the Declarants to subsidize the operations

of the Association shall terminate when Declarants relinquish their right to appoint the Association, or to control the Association, or May, 1984, whichever first occurs. Subsequent to the occurrence of either of the aforesaid events, Declarants shall be obligated as any other Owner in reference to Condominium Units then owned by Declarants to pay the estimated Common Expenses. Except as herein provided, the Limited Common Elements shall be maintained as General Common Elements and Owners having the exclusive use thereof shall not be subject to any special charges or assessments.

Assessments for the estimated Common Expenses shall be due monthly, in advance, on the first day of each month. The Managing Agent or Board shall prepare and deliver or mail to each Owner an itemized annual budget showing the various estimated or actual expenses for which the assessments are made. Contributions for monthly assessment shall be prorated if the ownership of a Unit commences on a day other than the first day of a month.

The assessments made for Common Expenses shall be based upon the requirements deemed to be such aggregate sum as the Board of Directors shall from time to time determine is to be paid or accrued to be paid to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the General Common Elements, which sum may include, among other things: expenses of management; taxes and special assessments, until separately assessed; premiums for insurance of the types and kinds provided for in Paragraph 23 hereafter; landscaping and care of grounds; common lighting and heating; repairs and renovations; trash collections; wages; water and sewer charges; legal and accounting fees; capital expenditures made by the Board not exceeding \$25,000.00 in any one calendar year (unless a greater amount is approved by Owners owning a majority interest in the General Common Elements); expenses and liabilities incurred by the Managing Agent or Board under or by reason of this Declaration; deficits remaining from a previous period; and other costs and expenses relating to the General Common Elements.

It is mandatory for the Board to establish and segregate, out of the monthly assessment, a contingency or reserve fund for the repair, replacement and maintenance of those General Common Elements that must be replaced periodically. The omission or failure of the Board to fix the assessment for any month shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay the same.

Any Owner or first Mortgagee may inspect the Association's records of receipts and expenditures at any reasonable time during convenient weekday business hours, and, upon ten days' notice to the Board of Directors or Managing Agent, if any, and upon payment of a reasonable fee, any Owner or first Mortgagee of such Owner shall be furnished a statement of account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner. At the end of any calendar year, the Board may, but is not required to, refund to each Owner his proportionate share of funds then held by the Association which are not deemed to be necessary to meet the Common Expenses. Each Owner shall be obligated to pay all charges for any separately metered utilities servicing his Unit. All utilities that are master metered shall be a common expenses hereunder.

(b) The Board shall have the right during any calendar year to levy and assess against all of the Owners a special assessment for such purpose or purposes, in accordance with this Declaration, the Articles or Bylaws, as may be necessary to keep the Project as a first class residential property. Such special assessments shall be borne by the Owners in accordance with each Owner's interest in the General Common Elements and shall be due and payable as determined by the Board of Directors.

21. Assessment Reserves. The Association may require an Owner, other than Declarant, to deposit with the Association an amount not exceeding six times the amount of the original estimated monthly common assessment and for working capital. Such an advance payment shall not relieve an Owner from making the regular monthly payment of the monthly common assessment as the same comes due. Upon the transfer of a Unit, the Owner shall be entitled to a credit from the transferee for any unused portion thereof. Such reserves shall at all times remain as capital of the Association.

22. Additions, Alterations and Improvements. There shall be no special assessments in excess of \$25,000.00 levied by the Board in any one calendar year, nor any capital additions, alterations, or improvements of or to the General or Limited Common Elements by the Association requiring expenditures in excess of \$25,000.00 in any one calendar year, without, in each case, prior approval by the Owners owning a majority interest in the General Common Elements, 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 General Common Elements as set forth in Paragraph 19 hereof, or for repair in the event of damage, destruction or condemnation as provided in Paragraphs 29 and 30 hereof.

ARTICLE XI: INSURANCE

23. Insurance.

(a) The Board shall obtain and maintain at all times to the extent obtainable policies of insurance, written with financially responsible and able companies licensed to do business in Colorado, covering the risks set forth below. The types of coverage and risks to be covered are:

(1) Insurance against loss or damage by fire and lightning, and such other hazards as are customarily covered in condominium projects in Mesa County, Colorado, under extended coverage and all risk endorsements. The coverage shall insure the entire Project and any property, the nature of which is a General Common Element (including all of the Units and the fixtures therein initially installed or conveyed by the Declarants) 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 first Mortgagee, which shall provide that the loss, if any, thereunder, shall be payable to the Association for the use and benefit of such first Mortgagees as their interest may appear.

(2) If the 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 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 first Mortgages on the Condominium Units comprising the Project.

(3) Bodily injury and property damage liability insurance in such limits as the Board 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. All liability insurance shall name the Association, the Board, the Managing Agent, the Declarants, first Mortgagees, the Owners and the officers of the Association, as insureds thereunder. If there are steam boilers in operation on the Project, there must be in force boiler explosion insurance providing for not less than \$50,000.00 per accident per location.

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

(5) Fidelity coverage against dishonesty of employees or any other Person handling funds of the Association, 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, insurance for any personal property of the Association located thereon, and errors and omissions insurance with respect to the actions of the Board and officers of the Association.

(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 an Owner and shall provide that such policies may not be cancelled or modified without at least twenty (20) days' prior written notice to all of the Owners, first Mortgagees and the Association. If requested, duplicate originals of all policies and renewals thereof, together with proof of payments of premiums, shall be delivered to all first Mortgagees at least ten (10) days prior to expiration of the then current policies. All casualty insurance shall be carried in blanket form naming the Association as the insured, as attorney-in-fact for all of the Owners, as their interest may appear, which policy or policies shall identify the interest of each Owner (name and Unit designation) and first Mortgagees.

(c) Prior to obtaining any policy of casualty insurance or renewal thereof, pursuant to the provisions of this Declaration, the Board shall obtain an appraisal from the insurance appraiser of the company issuing such insurance, which appraiser shall reasonably estimate the full replacement value of the entire Project, without deduction for depreciation, for the purpose of determining the amount of the insurance to be effected pursuant to the provisions of this paragraph 23. In no event shall the insurance policy contain a co-insurance clause for less than one hundred percent of the full replacement cost with an agreed amount endorsement. Determination of maximum replacement value shall be made annually, and each first Mortgagee, if requested, shall be furnished with a copy thereof, within thirty (30) days after receipt of such written appraisals. Such amounts of insurance shall be contemporized annually in accordance with their currently determined maximum replacement value.

(d) Owners may carry other insurance for their benefit and at their expense, provided that the liability of the carriers issuing insurance obtained by the Board shall not be affected or diminished by reason of any such additional insurance carried by any Owner.

(e) Insurance coverage on improvements and fixtures installed by an Owner and furnishings, including draperies, unattached carpeting and appliances, wall paper and other items of personal property belonging to an Owner, and public liability coverage within each Unit shall be the sole and direct responsibility of the Owner thereof, and the Board, the Association, and Managing Agent shall have no responsibility therefor.

(f) In the event that there shall be any damage, destruction or loss to a Unit or any damage, destruction or loss to the General Common Elements, then notice of such damage or loss shall be given by the Association to the first Mortgagees of said Condominium Unit within ten (10) days after the occurrence of such event.

(g) All policies of insurance shall provide that the insurance thereunder shall be invalidated or suspended only in respect to the interest of any particular Owner guilty of a breach of warranty, act, omission, negligence or non-compliance of any provision of such policy, including payment of the insurance premium applicable to that Owner's interest, or who permits or fails to prevent the happening of any event, whether occurring before or after a loss, which under the provisions of such policy would otherwise invalidate or suspend the entire policy, but the insurance under any such policy, as to the interests of all other insured Owners not guilty of any such act or omission, shall not be invalidated or suspended and shall remain in full force and effect.

ARTICLE XII: LIENS--ASSOCIATION'S

24. Lien for Non-Payment of Common Expenses. All sums assessed by the Board pursuant to any provision of this Declaration, including, without limitation, the share of Common Expenses chargeable to any Condominium Unit, shall constitute a lien on such Condominium Unit superior (prior) to all other liens and encumbrances, excepting only:

(i) Tax and special assessment liens on the Condominium Unit in favor of any governmental assessing entity, and

(ii) All sums unpaid on a first Mortgage of record, including all unpaid obligatory sums as may be provided by such encumbrance.

(a) If any assessment shall remain unpaid after 20 days from the due date thereof, such unpaid sums shall bear interest from and after the due date thereof at the rate of 18% per annum and the Board may impose a late charge on such defaulting Owner in an amount not exceeding Ten Dollars (\$10.00) to cover the extra cost and expenses involved in handling such delinquent assessments.

(b) To evidence such lien the Board shall prepare a written notice setting forth the amount of such unpaid indebtedness, the name of the Owner of the Condominium Unit and a description of the Unit. Such notice shall be signed by one of the Board members and shall be recorded in the office of the Clerk and Recorder, Mesa County, Colorado. Such lien may be enforced by foreclosure of the defaulting Owner's Unit by the Association in like manner as a mortgage

on real property, upon the recording of a notice or claim thereof. In any such foreclosure the Owner shall be required to pay the costs and expenses of such proceedings, the costs and expenses for filing the notice or claim of lien and all reasonable attorney's fees. The Owner shall also be required to pay to the Association the monthly assessment for the Condominium Unit during the period of foreclosure, and the Association shall be entitled to the appointment of a Receiver to collect the same. The Board shall have the power to bid on the Condominium Unit at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

(c) 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 said encumbrancer shall have a lien on such Condominium Unit for the amounts paid of the same rank as the lien of his encumbrance, provided that any first Mortgagee who acquires a Condominium Unit by foreclosure or by a deed in lieu thereof shall acquire title to such Condominium Unit free and clear of any lien for unpaid Common Expenses and shall only be responsible for Common Expenses arising after the date upon which such first Mortgagee acquires title to the Condominium Unit.

(d) The Association shall, upon request, deliver written notice to the first Mortgagee of a Condominium Unit of any unpaid assessments remaining unpaid for longer than thirty days after the same are due, as well as, of any other default of an Owner hereunder known to the Association which is not cured within sixty days.

(e) Declarants state 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 tax liens, may be obtained against the General Common Elements, including judgment liens and Mortgage liens.

(f) Each Owner hereby agrees that the Association's lien on a Unit for assessment as herein described shall be superior to the Homestead Exemption provided by Colorado law and each Owner hereby agrees that the acceptance of the deed or other instrument of conveyance in regard to any Unit within the Project shall signify such grantee's waiver of said Homestead right.

(g) Any recorded lien for non-payment of the Common Expenses may be released by recording a Release of Lien executed by a member of the Board.

25. Owners' Obligations for Payment of Assessments. The amount of the Common Expenses and any special assessment assessed against each Condominium Unit shall be the personal and individual debt of the Owner or Owners thereof at the time the assessment is made. Suit to recover a money judgment for unpaid Common Expenses and any special assessments, and costs of suit and attorney's fees, shall be maintainable without foreclosing or waiving the lien securing the same. No Owner may exempt himself from liability for his contribution towards the Common Expenses and any special assessment by waiver of the use or enjoyment of any of the General Common Elements or by abandonment of his Condominium Unit.

26. Liability for Common Expenses Upon Transfer of Condominium Unit is Joint.

(a) Upon payment of a reasonable fee not to exceed Twenty Dollars and upon ten days' prior written notice from any Owner or any Mortgagee or prospective Mortgagee of a Condominium Unit, the Association, by its Managing Agent or Board, shall issue a written statement setting forth the amount of the unpaid Common Expenses, if any, with respect to the subject Condominium Unit, the amount of the current monthly assessment, the date that such assessment becomes due, the amount of any assessment reserve on deposit with the Association and any credit for advanced payments for prepaid items, including but not limited to insurance premiums, which statement shall be conclusive upon the Association in favor of all Persons who rely thereon in good faith. Unless such request for a statement shall be complied with in ten days from the receipt thereof, all unpaid Common Expenses which become due prior to the date of making such request shall be subordinate to the lien of the Person requesting such statement.

(b) The grantee of a Condominium Unit, except a first Mortgagee who acquires a Condominium Unit by foreclosure or a deed in lieu of foreclosure, shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore; provided, however, that upon payment of a reasonable fee, and upon written request, any such prospective grantee shall be entitled to a statement from the Managing Agent or Board setting forth the amount of the unpaid Common Expenses, if any, with respect to the subject Condominium Unit, the amount of the current monthly assessment, the date that such assessment becomes due, the amount of any assessment reserve on deposit with the Association, and any credit for advanced payments for pre-paid items, including but not limited to insurance premiums, which statement shall be conclusive upon the Association in favor of all Persons who rely thereon in good faith. Unless such request for a statement shall be complied with within ten days from the receipt thereof, then such requesting grantee shall not be liable for, nor shall the Condominium Unit conveyed be subject to, a lien for any unpaid assessments against the subject Condominium Unit. The provisions contained in this paragraph shall not apply upon the initial transfer of the Condominium Units by Declarants.

27. Mortgaging a Condominium Unit--Priority. Any Owner shall have the right from time to time to mortgage or encumber his Condominium Unit by deed of trust, mortgage or other security instrument. The Owner of a Condominium Unit may create junior Mortgages (junior to the lien, deed of trust or other encumbrance of the first Mortgagee) on his Condominium Unit on the following conditions: (i) that any such junior Mortgages shall be subordinate to all of the terms, conditions, covenants, restrictions, uses, limitations, obligations, lien for Common expenses, and other obligations created by this Declaration, and the Bylaws; and, (ii) that the Mortgagee under any junior Mortgage shall release, for the purpose of restoration of any improvements upon the mortgaged premises, all of his right, title and interest in and to the proceeds under all insurance policies upon said premises which insurance policies were effected and placed upon the mortgaged premises by the Association. Such release shall be furnished forthwith by a junior Mortgagee upon written request of the Managing Agent or one or more members of the Board, and if not furnished, may be executed by the Association as attorney-in-fact for such junior Mortgagee.

28. Protection of Mortgagees. Any statement to the contrary herein notwithstanding, any lien which the Association may have on any unit in the Project for the payment of common expenses and assessments attributable to a Unit will be subordinate to the lien or equivalent security interest of any first mortgage on the Unit recorded prior to the date any such common expense assessments become due. Further, each holder of a first mortgage on a Unit who comes into possession of the unit by virtue of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, will take the Unit free of any claims for unpaid assessments and charges against the Unit which accrue prior to the time such holder comes into possession of the Unit, except for claims for a pro rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Project Units including the mortgage Unit.

ARTICLE XIII: RESTRICTIVE COVENANTS AND OBLIGATIONS

29. Restrictive Covenants and Obligations.

(a) No Imperiling of Insurance. No Owner and no Guests shall do anything or cause anything to be kept in or on the Project which might result in an increase in the premiums of insurance obtained for the Project or which might cause cancellation of such insurance.

(b) No Violation of Law. No Owner and no Guest shall do anything or keep anything in or on the Project which would be immoral, improper, offensive or in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body.

(c) No Noxious, Offensive, Hazardous or Annoying Activities. No noxious or offensive activity shall be carried on upon any part of the Project nor shall anything be done or placed on or in any part of the Project which is or may become a nuisance or cause embarrassment, disturbance or annoyance to others. No activity shall be conducted on any part of the Project and no improvements shall be made or constructed on any part of the Project which are or might be unsafe or hazardous to any Person or Property. No sound shall be emitted on any part of the Project which is unreasonably loud or annoying. No odor shall be emitted on any part of the Project which is noxious or offensive to others. No light shall be emitted from any part of the Project which is unreasonably bright or causes unreasonable glare.

(d) No Unsightliness. No unsightliness or waste shall be permitted on or in any part of the Project. Without limiting the generality of the foregoing, no Owner shall keep or store anything (except in designated storage areas) on or in any of the General Common Elements; nor shall any Owner hang, erect, affix or place anything upon any of the General Common Elements (except for decorative items within his Unit); and, nothing shall be placed on or in windows or doors of Units, which would or might create an unsightly appearance.

(e) Restriction on Animals. No animals, livestock, reptiles or birds shall be kept on any part of the Project, except that domesticated dogs, cats, birds or fish may be kept in a Unit, subject to all governmental animal ordinances and laws and subject to rules and regulations promulgated by the Association or Board in regard thereto, provided that they are not kept for

any commercial purposes. An Owner is responsible for any damage caused by his animals and shall be obligated to clean up after his animals on the Project. No animals shall be allowed to remain tied or chained to any balconies, patios or other parts of the Project, and any animals so kept may be removed by the Association or its agents.

(f) Restriction on Signs. No signs or advertising devices of any nature shall be erected or maintained on any part of the Project without the prior written consent of the Board. The Board shall permit the placing of at least one sign of reasonable size and dignified form to identify the Project and the Condominium Units therein, or for other reasonable purposes.

(g) No Violation of Rules. No Owner and no Owner's Guests shall violate the rules and regulations adopted from time to time by the Association, whether relating to the use of Units, the use of General or Limited Common Elements, or otherwise.

(h) Owner Caused Damages. If, due to the act or neglect of an Owner, his Guests or family, loss or damage shall occur or be caused to any Person or property, including the Project or any Unit therein, such Owner shall be liable and responsible for the same except to the extent that such damage or loss is covered by insurance obtained by the Association and the carrier of the insurance has waived its rights of subrogation against such Owner. The amount of such loss or damage may be collected by the Association from such Owner as an assessment against such Owner, by legal proceedings or otherwise, and such amount (including reasonable attorneys' fees) shall be secured by a lien on the Condominium Unit of such Owner as provided hereinabove for assessments or other charges.

(i) Leasing of a Condominium Unit. The Owner of a Condominium Unit, including Declarants, shall have the right to lease his Condominium Units under the following conditions:

(1) No Owner may lease less than the 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 and Bylaws and any failure by the lessee to comply with the terms of said documents shall be a default under the lease.

(4) Except for a lender in possession of a Condominium Unit following a default in a first Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Owner may lease his Condominium Unit for transient or hotel purposes.

(j) Parking of Vehicles. Parking of any and all vehicles on the Project shall be subject to the rules and regulations of the Association. The project shall contain sufficient parking space to accommodate at least one automobile for each unit. Each Condominium Unit Owner has the right to the use, for at least one vehicle, of such space. Additional parking spaces shall be allocated equally.

(k) Restrictions on Parking and Storage. No part of the Project, including the public streets and private streets, drives, or parking areas, unless specifically designated by the Association therefor, shall be used as a parking, storage, display, or accommodation area for any type of house trailer, camping trailer, boat trailer, hauling trailer, running gear, boat, or accessories thereto, truck or recreational vehicle, except as a temporary expedience for loading, delivery, emergency, or the like (provided that this restriction shall not restrict trucks or other commercial vehicles within the Project which are necessary for the construction or maintenance of the Project.)

Determination with respect to whether or not a particular activity or occurrence shall constitute a violation of this Paragraph 29 shall be made by the Board of Directors and shall be final.

ARTICLE XIV: DAMAGE, ETC. TO PROJECT

30. Association As Attorney-in-Fact -- Damage and Destruction and Obsolescence. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Project upon its destruction, repair or obsolescence.

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 from the Declarant or from any Owner shall constitute appointment of the attorney-in-fact herein provided. All of the Owners irrevocably constitute and appoint the Association, in their names, place and stead for the purpose of dealing with the Project upon its destruction, repair or obsolescence as is hereinafter provided. As attorney-in-fact, the Association, by its president and secretary, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interest of an Owner which is necessary and appropriate to exercise the powers herein granted. Repair and reconstruction of the improvements as used in the succeeding subparagraphs means restoring the improvements to substantially the same condition in which they existed prior to the damage, with each Unit and the General Common Elements and Limited Common Elements having substantially the same vertical and horizontal boundaries as before. Except as is otherwise herein provided, the proceeds of any insurance collected shall be available to the Association for the purpose of repair, restoration or replacement unless all Owners and all first Mortgagees agree not to rebuild in accordance with the provisions set forth hereinafter.

Assessment for Common Expenses shall not be abated during the period of insurance adjustment and repair and reconstruction.

(a) In the event of damage or destruction to the Project to the extent of not more than sixty-six and two-thirds percent (66-2/3%) of the total replacement cost therefor, not including land, due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the improvements shall be applied by the Association, as attorney-in-fact, to such reconstruction, and the improvements 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 improvements.

(b) If the insurance proceeds are insufficient to repair and reconstruct the improvements, and if such damage is to the extent of not more than sixty-six and two-thirds percent (66-2/3%) of the total replacement cost of the 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 an assessment to be made against all of the Owners and their Condominium Units. Such deficiency assessment shall be a Common Expense and made pro rata according to each Owner's interest in the General Common Elements and shall be due and payable within thirty days after written notice thereof. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair or restoration of the improvements using all of the insurance proceeds and such 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 this Declaration. 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. 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:

(i) for payment of taxes and special assessment liens in favor of any assessing entity;

(ii) for payment of the balance of the lien of any first mortgage;

(iii) for payment of unpaid Common Expenses;

(iv) for payment of junior Mortgages and encumbrances in the order of and to the extent of their priority; and,

(v) the balance remaining, if any, shall be paid to the Owner.

(c) If the Project is destroyed or damaged to the extent of more than sixty-six and two-thirds percent (66-2/3%) of the total replacement cost thereof, not including land, the Board shall adopt a plan for the repair and reconstruction of the Project, and all Owners shall be bound by the terms and provisions of such plan, unless the Owners representing an aggregate ownership interest of seventy-five percent, or more, of the General Common Elements and at least seventy-five percent (75%) of the first Mortgagees (based upon one vote for each first Mortgage owned) vote not to adopt such plan within one hundred (100) days after the damage or destruction. The Association shall have the right to use, in accordance with such plan, all proceeds of insurance for such destruction or damages, as well as the proceeds of an assessment to be made against all of the Owners and their Condominium Units. Any assessment made in connection with such plan shall be a Common Expense and made pro-rata according to each Owner's percentage interest in the General Common Elements and shall be due and payable as provided by the terms of such plan, but not sooner than thirty (30) days after written notice thereof. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair or restoration of the improvements, 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 herein. 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 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 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 subparagraphs (b) (i) through (v) of this paragraph.

(d) If the Project is damaged or destroyed to the extent of more than sixty-six and two-thirds percent (66-2/3%) of the total replacement cost thereof, not including land, and if the Owners representing an aggregate ownership interest of seventy-five percent (75%) or more, of the General Common Elements and at least seventy-five percent (75%) of the first Mortgagees (based upon one vote for each first mortgage owned) vote not to adopt a plan for repair and reconstruction, then 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, the entire remaining 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 and the Articles and By-laws. 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 (as such interests appear on the policy or policies), 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. Thereafter, each such account shall be supplemented by the apportioned amount of the proceeds derived from the sale of the entire Project. Such apportionment shall be based upon each Owner's percentage interest in the General 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) (i) through (v) of this paragraph. The provisions contained in this subparagraph shall not hinder the protection given to a first Mortgagee under a mortgagee endorsement.

(e) The Owners representing an aggregate ownership interest of eighty-five per cent (85%), or more, of the General Common Elements may agree that the Condominium Units are obsolete and adopt a plan for the renewal and reconstruction, which plan shall have the approval or consent of at least eighty-five percent (85%) of the first Mortgagees (based upon one vote for each first Mortgage owned). If a plan for the renewal or reconstruction is adopted, notice of such plan shall be recorded, then the expenses thereof shall be payable by all of the Owners as Common Expenses; provided, however, that an Owner not a party to such a plan for renewal or reconstruction may give written notice to the Association within fifteen (15) days after the adoption of such plan that his or its Condominium Unit shall be purchased by the Association for the fair market thereof. The Association shall then have fifteen (15) days within which to cancel such plan. If such plan is not cancelled then the Condominium Unit shall be purchased by the Association according to the following procedures.

If such Owner and the Association can agree on the fair market value thereof, then such sale shall be consummated within thirty (30) days thereafter. If the parties are unable to agree, the date when either party notified the other that he or it is unable to agree with the other shall be the "commencement date" from which all period of time mentioned in this subparagraph shall be measured. Within ten (10) days following the commencement date, each party shall nominate in writing (and give notice of such nomination to the other party) an independent appraiser. If either party fails to make such a nomination, the appraiser nominated shall within five (5) days after default by the other party appoint and associate with him another independent appraiser. If the two appraisers designated by the parties, or selected pursuant hereto in the event of the default of one party, are unable to agree, they shall appoint another independent appraiser to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire, then each appraiser previously appointed shall nominate two independent appraisers and from the names of the four persons so nominated one shall be drawn by lot by any judge of any court of record in Colorado and the name so drawn shall be such umpire. The nominations from whom the umpire is to be drawn by lot shall be submitted within ten (10) days of the failure of the two appraisers to agree, which, in any event, shall not be later than twenty (20) days following the appointment of the second appraiser. The decision of the appraisers as to the fair market value, or in the case of their disagreement, then such decision of the umpire shall be final and binding. The expenses and fees of such appraisers shall be borne equally by the Association and the Owner. The sale shall be consummated within fifteen (15) days thereafter, and the Association, as attorney-in-fact, shall disburse such proceeds as is provided in subparagraphs (b) (i) through (v) of this paragraph.

(f) The Owners representing an aggregate ownership interest of eighty-five percent (85%), or more, of the General Common Elements may agree that the Condominium Units are obsolete and that the same should be sold. Such plan (agreement) must have the unanimous approval or consent of every first Mortgagee. 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, 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 and the Bylaws. The sales proceeds shall be apportioned between the Owners on the basis of each Owner's percentage interest in the General 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 Owner. 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 subparagraphs (b) (i) through (v) of this paragraph.

(g) Any provision to the contrary notwithstanding, in all events of substantial damage to or destruction of any unit or any part of the common elements, the institutional holder of any first mortgage on a unit will be entitled to timely written notice of any such damage or destruction and no provision of any document establishing the Project will entitle the owner of a unit or other party to priority over such institutional holder with respect to the distribution to such unit of any insurance proceeds.

ARTICLE XV: CONDEMNATION

31. Condemnation.

(a) Consequences of Condemnation. If at any time or times during the continuance of condominium ownership pursuant to this Declaration, all or any part of the Project shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the provisions of this Paragraph 31 shall apply.

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

(c) Complete Taking. In the event that the entire Project is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, condominium ownership pursuant to this Declaration shall terminate. The Condemnation Award shall be apportioned among the Owners in proportion to their respective undivided interests in the General Common Elements, provided that if a standard different from the value of the Project as a whole is employed to measure the Condemnation Award in the negotiation, judicial decree, or otherwise, then in determining such share the same standard shall be employed to the extent it is relevant and applicable.

(d) Partial Taking. In the event that less than the entire Project is taken or condemned, or 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 among compensation, damages, and other proceeds, and shall apportion the amounts so allocated among the Owners as follows: (i) the total amount allocated to taking of, or injury to, the General Common Elements shall be apportioned among the Owners in proportion to their respective undivided interests in the General Common Elements, (ii) the total amount allocated to severance damages shall be apportioned to those Condominium Units which were not taken or condemned, (iii) the respective amounts allocated to the taking of, or injury to, a particular Unit or improvements an Owner had made within his own Unit shall be apportioned to the particular Condominium Unit involved, and (iv) the 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 an allocation of the Condemnation Award is already established in negotiation, judicial decree or otherwise, then in allocating the Condemnation Award the Association shall employ such allocation to the extent it is relevant and applicable. Any distribution of the Condemnation Award made pursuant to this sub-paragraph shall be made by checks payable jointly to the Owners and their first Mortgagees.

(e) Distribution. 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, provided that in the event of a complete taking such distribution shall be made in the same manner as is provided in Paragraph 30(b) of this Declaration. Written approval of each institutional holder of a first mortgage shall be obtained prior to any distribution.

(f) Mortgagee Notice. If any Unit or portion thereof or the common elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first mortgage on a unit will be entitled to timely written notice of any such proceeding or proposed acquisition.

(g) Mortgagee Protection. No provision in this Declaration, the Articles of Incorporation, the Bylaws or any other documents concerning the Project shall entitle any Owner of a unit or other Person to priority over such institutional holder or Mortgagee with respect to the distribution to such unit of the proceeds of any award or settlement.

(h) 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, and such Owner's interest in the General Common Elements shall thereupon terminate, and the Association, as attorney-in-fact for such Owner, may take whatever action is necessary and execute such documents as are necessary to reflect such termination. Thereafter, the Association shall reallocate the ownership and assessment ratio determined 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 of remaining Condominium Units for amendment of this Declaration as provided in Paragraph 32 (b) hereof.

ARTICLE XVI: MISCELLANEOUS

32. Miscellaneous.

(a) Duration of Declaration. All of the provisions contained in this Declaration shall continue and remain in full force and effect until condominium ownership of the Project and this Declaration are terminated, revoked, or amended as hereinafter provided.

(b) Amendment and Termination. Any provision contained in this Declaration may be amended, or additional provisions may be added to, this Declaration or this Declaration and condominium ownership of the Project may be terminated or revoked, by the recording of a written instrument or instruments specifying the amendment or addition or the fact of termination and revocation, executed by the Owners, as shown by the records in the office of the Clerk and Recorder of the County of Mesa, Colorado, of Condominium Units representing an aggregate ownership interest of seventy-five percent (75%), or more, of the General Common Elements and first Mortgagees whose liens encumber an aggregate ownership interest of seventy-five percent (75%), or more of the General Common Elements (except that no provision of this Declaration requiring the approval or consent of more than seventy-five percent (75%) of such first Mortgagees may be amended without the consent of at least the minimum number of first Mortgagees whose approval or consent is required under such provision); provided however, that in no event shall the undivided interest of an Owner in the General Common Elements be decreased without the unanimous consent of each Owner and each first Mortgagee; and provided further, that so long as Declarants continue to own one or more Condominium Units, which they are holding for rental or sale, no rights of Declarants contained in this Declaration may be amended or modified without the consent of Declarants. The consent of any junior Mortgagees shall not be required under the provisions of this paragraph. The Association shall at least ten (10) days prior to the effective date of any amendment to this Declaration notify all first Mortgagees of record of such amendment. Written approval from first Mortgagees must be obtained prior to material amendment to the Declaration or the Bylaws, or prior to effectuation of any decision to terminate professional management and assume self-management of the Project.

(c) Effect of Provisions of Declaration. Each provision of this Declaration, and an agreement, promise, covenant and undertaking to comply with each provision of this Declaration, and any necessary exception or reservation or grant of title, estate, right or interest to effectuate any provision of this Declaration shall:

(i) be deemed incorporated in each deed or other instrument by which any right, title or interest in the Project or in any Condominium Unit is granted, devised or conveyed, whether or not set forth or referred to in such deed or instrument;

(ii) by virtue of acceptance of any right, title or interest in the Project or in any Condominium Unit by an Owner, be deemed accepted, ratified, adopted and declared as a personal covenant or such Owner, and, as a personal covenant, shall be binding on such Owner and such Owner's heirs, personal representatives, successors and assigns and shall be deemed a personal covenant to, with and for the benefit of the Association but not to, with or for the benefit of any other non-aggrieved Owner;

(iii) be deemed a real covenant by Declarants, for themselves, their successors and assigns, and also as an equitable servitude, running, in each case, as a burden with and upon the title to the Project and each Condominium Unit and, as a real covenant and also as an equitable servitude, shall be deemed a covenant and servitude for the benefit of the Project and each Condominium Unit; and,

(iv) be deemed a covenant, obligation and restriction secured by a lien in favor of the Association, burdening and encumbering the title to the Project and each Condominium Unit in favor of the Association.

(d) Protection of Encumbrancer. Subject to the provisions of paragraph 27 above, no violation or breach of or failure to comply with, any provision of this Declaration and no action to enforce any such provision shall affect, defeat, render invalid or impair the lien of any first Mortgagee, or other lien on any Condominium Unit taken in good faith and for value and perfected by recording in the office of the office of the Clerk and Recorder of the County of Mesa, Colorado, prior to the time of recording in said office of an instrument describing the Condominium Unit and listing the name or names of the Owner or Owners of fee simple title to the Condominium Unit and giving notice of such violation, breach or failure to comply; nor shall such violation, breach, failure to comply or action to enforce affect, defeat, render invalid or impair the title or interest of the holder of any such first Mortgage, or other lien or the title or interest acquired by any purchaser upon foreclosure of any such first Mortgage or other lien or result in any liability, personal or otherwise, of any such holder or purchaser. Any such purchaser on foreclosure shall, however, take subject to this Declaration; provided, however, that violation or breaches of, or failures to comply with, any provisions of this Declaration which occurred prior to the vesting of fee simple title in such purchaser shall not be deemed breaches or violations hereof or failures to comply herewith with respect to such purchaser, his heirs, personal representatives, successors or assigns.

(e) Supplemental to Law. The provisions of this Declaration shall be in addition and supplemental to the laws of the State of Colorado and any subdivisions or entities therein, and the laws of the United States.

(f) Numbers and Genders. 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.

(g) Mailing Address. Each Owner shall register his mailing address with the Association and, except for monthly statements and other routine notices which shall be personally delivered or sent by regular mail, all other notices or demands intended to be served upon the Board of Directors of the Association or the Association shall be sent by certified mail, postage prepaid, to the registered agent of the corporation.

(h) Successors and Assigns. This Declaration shall be binding upon and shall inure to the benefit of the Declarants, the Association and each Owner, and the heirs, personal representatives, successors and assigns of each of them.

(i) Severability. Invalidity or unenforceability of any provision of this Declaration in whole or in part shall not affect the validity, or enforceability of any other provision or any valid and enforceable part of a provision of this Declaration.

(j) Captions. The captions and headings in this Declaration are for convenience only and shall not be considered in construing any provision any provision of this Declaration.

(k) No Waiver. Failure to enforce any provision of this Declaration shall not operate as a waiver of any such provision or of any other provision of this Declaration.

(l) Sales and Construction Facilities. Declarants, their agents, employees and contractors shall be permitted to maintain during the period of any construction or sales of the Condominium Units, such facilities as they deem reasonably necessary to promote to completion and sales of the Units, and such items as may be necessary for the same purposes. Further, they shall be entitled to have a right of ingress and egress through and to the common elements as may be necessary or convenient.

32. Phasing. The Project will not be subject to a proposal or plan pursuant to which the Project is subject to additions or expansion.

EXECUTED THIS DATE, Aug. 18th, 1982

Roger Wilcox
Roger Wilcox

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