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INDEX IN GRANTEE INDEXES UNDER
STONE RIDGE VILLAGE AND UNDER
GRANTOR AS STONE RIDGE VILLAGE,
LLC, A COLORADO CORPORATION.**

DECLARATION

Of

Covenants, Conditions, Restrictions

And Easements for

Stone Ridge Village
and

Stone Ridge Village, Filing No. 1

(Revised April 10, 2007)

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DECLARATION

Of Covenants, Conditions, Restrictions and Easements

For

Stone Ridge Village Stone Ridge Village Filing No. 1

This Declaration is made as of April 10, 2007 by Stone Ridge Village, LLC, a Colorado Corporation (“Declarant” or “Stone Ridge Village, LLC”), in order to create a common interest community pursuant to the Colorado Common Interest Ownership Act.

ARTICLE 1

GENERAL

Section 1.1 Common Interest Community. The name of the common interest community created by this Declaration is “Stone Ridge Village.” Stone Ridge Village is a planned community as defined in the Colorado Common Interest Ownership Act, Section 38-33.3-103 (22), Colorado Revised Statutes. All of Stone Ridge Village is located in Teller County, Colorado.

Section 1.2 Property Affected. Stone Ridge Village, LLC, a Colorado Corporation (“Current Owner”) owns certain real property in the Teller County, Colorado described as Stone Ridge Village Filing Number One, and hereby consents to the property described as Stone Ridge Village Filing Number One being made subject to this Declaration. The property described as Stone Ridge Village Filing Number One is referred to in this Declaration as the “Community Area.”

Section 1.3 Purposes of Declaration. This declaration is executed and recorded (a) in the furtherance of a common and general plan for those parcels of land which are part of the Community Area; (b) to protect and enhance the quality, desirability and attractiveness of all property within the Community Area; (c) to provide for the Association to hold, maintain and manage certain common properties and amenities in the Community Area; (d) to define the duties, powers and rights of the Association; and (e) to define certain duties, powers and rights of Owners.

Section 1.4 General Scheme and Plan of Community Area. The Community Area created pursuant to this Declaration encompasses all of the property described as Stone Ridge Village.

The overall plan is for the Community Area to be a Mixed Use Planned Community with Multi-Family sites, Commercial sites, Open Space areas and single family residential neighborhoods with lots of 11,000 square feet, one-third acre and half acre sizes. The entire Community Area is intended to be developed as a quality community developed in accordance with the Design Guidelines, as amended from time to time. All Lots within the Community Area will be serviced by the City of Woodland Park Water and Sewer. All of the roadways which are or will be constructed within the Community Area will be public roads, dedicated to the City of Woodland Park and will be maintained by the City of Woodland Park. Some areas may incorporate private roads that would be maintained by the Association, per Section 2.21. The entrances into Stone Ridge Village will be through a monumented entry feature. At the entrance into the Community Area, Declarant intends to construct entry features, signage, and Landscaping (the "Entry Features"). At designated locations within the Community Area, Declarant, if required by the U.S. Postal Service, will construct various "community mailbox" structures. Declarant shall transfer the Entry Features to the Association pursuant to Section 9.2 of this Declaration, and they will thereafter be controlled by the Association.

Section 1.5 Declaration. Declarant, for itself, its successors and assigns, hereby declares that the Community Area, and each part thereof, shall, on and after the date this Declaration is recorded, be owned, held, transferred, conveyed sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered, and improved subject to the covenants, conditions, restrictions, limitations, reservation, exceptions and other provision set forth in this Declaration, all of which are declared to be a part of and in furtherance of a common and general plan of development, improvement, enhancement and protection of the Community Area. The provisions of this Declaration are intended to and shall run with the land and, until their expiration in accordance with Section 15.1 hereof, shall bind, be a charge upon and inure to the mutual benefit of (a) all of the property within the Community Area and each part or parcel thereof; (b) Declarant and its successors and assigns; (c) the Association and its successors and assigns; and (d) all other persons and entities having or acquiring any right, title or interest in any property which is part of the Community Area or any part or parcel thereof or any Improvement thereon, and their mortgages, Deeds of Trust, other encumbrances, claimants, heirs, personal representatives, successors and assigns.

Article 2

DEFINITIONS

Unless otherwise expressly provided in this Declaration, the following words and phrases whenever used in this Declaration shall have the meaning specified in this Article 2.

Section 2.1 Architectural Committee. "Architectural Committee" or "Architectural Review Board", (ARB) shall mean the approving authority described in Section 6.1 of this Declaration.

Section 2.2 Assessment. "Assessment" shall mean a "Common Assessment," pursuant to Section 11.3 a "Special Assessment," pursuant to Section 11.8 or a "Site Assessment," pursuant to Section 11.9.

Section 2.3 Association. “Association” shall mean Stone Ridge Village Homeowners Association, a Colorado nonprofit corporation, its successors and assigns.

Section 2.4 Association Documents. “Association Documents” shall mean the various operative documents of the Association, whether recorded or adopted at this time or as the same have been or may be amended, modified, supplemented, or otherwise changed from time to time, all of which are incorporated herein by this reference, and shall include the following:

- (a) The Articles of Incorporation of the Association;
- (b) The Bylaws of the Association;
- (c) This Declaration and all amendments to this Declaration;
- (d) The Plats and any Supplemental Plat;
- (e) The Design Guidelines;
- (f) The Rules and Regulations; and
- (g) The Colorado Common Interest Ownership Act “CCIOA” Governance Policies.

Section 2.5 Association Properties. “Association Properties” or Association Property” shall mean all real and personal property, together with any and all Improvements now or hereafter thereon and appurtenances and rights thereto, hereafter owned by the Association or to which the Association does not hold title but hereafter maintains, holds or uses for the common use and enjoyment of all of the Members as provided herein and for other purposes as may be permitted by this Declaration. The Association Properties shall include the tracts of land identified on the Plats or Supplemental Plat as Association Properties, which Declarant will hereafter convey to the Association and which consist of the following:

- (a) Any streets and roads within or providing direct access to the Community Area as shown on the plats as private or subject to Association maintenance.
- (b) The Entry Features, including without limitation, the Main Entry at the entrance to Stone Ridge Village; Highway 67 and Stone Ridge Drive and appurtenant land and facilities, including monument signs, round about(s) and Landscaping.

All of the Association Properties will be “common elements” as defined in the Colorado Common Interest Ownership Act, Section 38-33.3-103(5).

Section 2.6 Board of Directors. “Board of Directors” or “Board” shall mean the Board of Directors of the Association.

Section 2.7 Declarant. “Declarant” shall mean Stone Ridge Village, LLC, a Colorado Limited Liability Company, its successors and assigns. A Person shall be deemed a “successor and assign” of Stone Ridge Village, LLC, as Declarant, only if specifically designated in a duly recorded instrument as a successor or assign of Declarant under this Declaration, and shall be deemed a successor and assign of Declarant only as to the particular rights or interest of Declarant under this Declaration which are specifically designated in the written instrument. Notwithstanding the foregoing, a successor to Stone Ridge Village, LLC, by consolidation or merger shall automatically be deemed a successor or assign of Stone Ridge Village, LLC, as Declarant under this Declaration.

Section 2.8 Declaration. “Declaration” shall mean this Declaration of Covenants, Conditions, Restrictions and Easements for Stone Ridge Village, in its entirety, including all attached exhibits and all subsequent amendments.

Section 2.9 Design Guidelines. “Design Guidelines” shall mean the guidelines adopted by the Architectural Committee pursuant to Section 6.2 setting forth certain architectural, building, and development standards and specifications regarding the location and design of Improvements, construction materials, lighting, landscaping, and other matters relating to Improvements on Lots. The Design Guidelines are incorporated in this Declaration by reference. Copies of the Design Guidelines are available from the Declarant, the Association or the Architectural Committee from time to time as provided in Section 6.2.

Section 2.10 Dwelling Unit. “Dwelling Unit” shall mean an Improvement or any living space within a building located on a Lot which is intended or used for residential occupancy, including with limitation, any individual single family detached home.

Section 2.11 First Mortgage. “First Mortgage” shall mean and refer to any unpaid and outstanding mortgage, deed of trust or other security instrument recorded in the records of the Office of the Clerk and Recorder of the County of Teller, Colorado, pertaining to a Lot and having priority of record over all other recorded liens except those governmental liens made superior by statute (such as general ad valorem tax liens and special assessments).

Section 2.12 First Mortgagee. “First Mortgagee” shall mean and refer to any Person named as a mortgagee or beneficiary under any First Mortgage or any successor to the interest of any such Person under such First Mortgage.

Section 2.13 Improvements. “Improvements” shall mean all structures and any appurtenances thereto or components thereof of every type or kind, including, but not limited to, building, outbuildings, swimming pools, tennis courts, basketball backboards and supporting structures, patio covers, awnings, painting or other finish material of any exterior surfaces or any visible structure additions, walkways, bicycle and/or pedestrian trails, equestrian trails, garages, carports, roads, driveways, culverts, parking areas, fences and screening walls, retaining walls, stairs, decks, fixtures, landscaping, hedges, windbreaks, plantings, planted trees and shrubs,

poles, signs, exterior tanks, solar equipment, and exterior air conditioning and water softener fixtures. "Improvements" shall also mean an excavation of the volume of which exceeds two cubic yards, and any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters upon or across any Lot, or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel upon or across any Lot.

Section 2.14 Landscape. "Landscape" shall mean the treatment of ground surface with live plant materials, wood chips, crushed stone, decorative rocks, mulch materials or other decorative surfacing materials approved by the Architectural Committee. For purpose of this definition, the word "Landscape" shall include all other forms of the word Landscape, such as "Landscaped" and "Landscaping."

Section 2.15 Lot. "Lot" shall mean a parcel of land subject to this Declaration which is shown as a lot on the Plat or any Supplemental Plat, and which is not part of the Association Properties. Each Lot constitutes a "unit" as defined in the Colorado Common Interest Ownership Act. Section 38-33.3-103(30), Colorado Revised Statutes.

Section 2.16 Lot Lines. Front, side and rear "Lot Lines" shall be the same as defined in the zoning regulations of the City of Woodland Park, Colorado in effect from time to time and as approved in the Planned Unit Development (PUD) plan. In the absence of such a definition, a front Lot Line is each boundary line (whether one or more) between the Lot and any street access easement or Tract. A side Lot Line is any boundary line which meets and forms an angle with a street except for a corner Lot with two front Lot Lines, the side Lot Line is the boundary which forms an angle with the street that affords the principal access to the Lot. All other Lot Lines are rear Lot Lines.

Section 2.17 Member. "Member" shall mean a member of the Association, who must also be an Owner. Membership in the Association shall be appurtenant to, and may not be severed from ownership of the lot.

Section 2.18 Owner. "Owner" shall mean the record title holder, including Declarant whether one or more Persons, of fee simple title to a Lot, including sellers under executory contracts under Colorado Law,

Section 2.19 Person. "Person" shall mean a natural person, corporation, a limited liability, company, a partnership (including general, limited and limited liability partnerships) or any other public or private entity recognized as being capable of owning real property under Colorado Law.

Section 2.20 Plats. "Plat" or "Plats" shall mean the Preliminary Plat, the Final Plat and all Supplemental Plats of all or a portion of the Community Area.

Section 2.21 Private Road. “Private Road” shall mean the private roadway shown on the Plat as the Private Right of Away, which is generally depicted, for convenience purposes only, on the final Plat. After construction and all applicable warranty periods, the Association shall be solely responsible to repair, maintain, and replace the Private Road. Any private utilities located within the Private Road Easement shall be construed either by the Declarant or by the applicable governmental entity. Any connection to those utilities by any Lot shall be at the Lot Owner’s expense. To the extent not repaired or maintained by the public utility, the utilities (water and sewer) shall be repaired and maintained by the Association. The Association’s maintenance of the Private Road shall include snow removal, periodic seal coating and other general maintenance and repair services determined to be appropriate by the Association from time to time.

Section 2.22 Related User. “Related User” shall mean (a) any Person who resides with an Owner within the Community Area; (b) a guest or invitee or the owner; (c) an occupant, tenant or contract purchaser of any Dwelling Unit on Lot; and (d) any family member, guest, employee, agent, representative, licensee, contractor, invitee or cohabitant of any of the foregoing Persons.

Section 2.23 Rules and Regulations. “Rules and Regulations” shall mean the rules and regulations adopted by the Board of Directors as provided in Section 8.9 of this Declaration.

ARTICLE 3

COVENANTS TO PRESERVE THE RESIDENTIAL CHARACTER OF THE RESIDENTIAL SINGLE FAMILY COMMUNITY AREA

Section 3.1 Property Uses. Except as provided below in this Section 3.1, all Lots in the Residential Single Family Community Area shall be used exclusively for private family residential purposes. Human service establishments, including human service homes, human service residences, human service facilities and human service shelters, health care support facilities, hospices and youth homes (as each of such terms are defined in the Zoning Code of Woodland Park) and any other similar or dissimilar group home are each prohibited on a lot and in the Community Area. No Dwelling Unit erected or maintained within the Community Area shall be used or occupied for any purpose other than for a single family dwelling. No business, profession or other activity conducted for gain shall be carried on or within any Lot or Dwelling Unit; provided that any uses that are permitted under the Home Occupation ordinance of the City of Woodland Park, as it may be hereafter amended, shall be permitted, subject to the limitations described in this Section 3.1. The Home Occupation ordinance is in Section 18 of the Woodland Park Code, Zoning Regulations. If the Home Occupation ordinance is hereafter repealed, then for purposes of this Declaration and its enforcement, the provisions of the Home Occupation ordinance in effect at the time of the recordation of this Declaration shall be incorporated herein as a part of this Declaration. Any violation of the Home Occupation ordinance shall be a violation of this Declaration. Notwithstanding the above, no Home Occupation shall be permitted which requires employees to be present at any Dwelling Unit within the Community Area or which materially increases the amount of traffic within the Community Area as determined by the Association from time to time. Nothing contained in this Section 3.1 is intended to, nor shall it, prohibit any Owner from constructing Architectural Committee approved accessory buildings on his Lot, which approval shall be sought and granted as provided in this Declaration. The Association shall have the right, from time to time, to establish Rules and Regulations regarding the use of Dwelling Units for Home Occupations and the use of accessory buildings which are constructed and approved for use as a Dwelling Unit, including the prohibition thereof if required in the Association's reasonable judgment. **Each Owner hereby acknowledges that the intent of the Association is to NOT PERMIT rental of any living space within an accessory building, unless the Association's Board expressly approves of such use in writing, which approval may contain such limitations and conditions as the Association shall deem advisable from time to time, and which approval shall be in the Association's sole and absolute discretion and revocable at any time with thirty (30) days written notice to the Owner. In addition, any use of an accessory building for living space by a renter, if approved, shall be subject to the Design Guidelines requirements and restrictions, Section 14.1 of this Declaration and rules and regulations adopted from time to time by the Association, including without limitation, restrictions regarding the use of Association Properties and additional Lot assessments.**

Section 3.2 Improvements. No Improvement shall be erected within a Lot except single family Dwelling Units as permitted in accordance with the provisions of Section 3.1 of this Declaration and other Improvements which have been approved by the Architectural Committee. No Improvement, other than a Dwelling Unit and an approved accessory building,

and no trailer, tent or other similar or dissimilar temporary quarters may be used for living purposes. No other Improvement may be placed on any Lot before completion of the Dwelling Unit upon such Lot except with the permission of the Architectural committee.

Section 3.3 Construction Type. All construction shall be new. No building previously used at another location nor any building or Improvement originally constructed as a mobile dwelling may be moved onto a Lot except as expressly provided in Section 3.7 for temporary construction, sales or administration buildings.

Section 3.4 Storage. No building materials shall be stored on any Lot except temporarily during continuous construction of a building or its alteration or improvement unless such building materials are stored in the garage on the Lot or otherwise enclosed and fully screened in a manner approved by the Architectural Committee.

Section 3.5 Substantial Completion. No Dwelling unit shall be occupied in the course of original construction until a Certificate of Occupancy is issued. All construction work shall be prosecuted diligently and continuously from the time of commencement until fully completed.

Section 3.6 Construction Completion. The exterior of all Dwelling Units must be completed within one year after the commencement of construction, and Landscaping and other improvements on a Lot outside of a Dwelling Unit must be completed within Ninety Days after completion of the Dwelling Unit, except where such completion is impossible or would result in great hardship due to strikes, fires, national emergency or natural calamities and except if the Architectural Committee approves a longer period of construction due to unusual circumstances. For purposes of this Section 3.6, “commencement of construction” for a Dwelling Unit is defined as the obtaining of necessary building permits and the excavation of earth for a foundation, and for all other improvements is defined as the undertaking of any visible exterior work. If construction is not completed within the above time periods or such later time approved by the Architectural Committee, or if construction shall cease for a period of forty-five (45) days without permission of the Architectural Committee, the Architectural Committee will give the Owner of the Improvements involved written notice of such fact, and if construction on such Improvement is not diligently commenced within thirty (30) days after such notice, the unfinished Improvement or unfinished portion thereof shall be deemed a nuisance and shall be removed forthwith by and at the cost of the Owner.

Section 3.7 Construction or Sales Offices. Temporary buildings for construction or administration purposes or for sales offices may be erected or maintained only by Declarant or with the permission of the Declarant or the Architectural Committee. Model homes may be used and exhibited only by Declarant or with the permission of the Declarant or the Architectural Committee. Temporary buildings permitted for construction or administration purposes or for sales offices shall be promptly removed when they cease to be used for these purposes.

Section 3.8 Construction Debris. During the period of construction of a Dwelling Unit or other Improvements on a Lot, the Owner of the Lot or his contractor shall comply with all construction Rules and Regulations which Declarant may establish from time to time. In addition, the Owner of the Lot and his contractor shall control dirt and dust, keep surrounding streets reasonably clean and keep construction debris confined in a trash receptacle. Trash shall be removed from the Lot on a regular basis during the construction period. All construction debris which is blown by the wind shall be collected and placed in the trash receptacle. Construction debris may not be dumped or left on any Lot or on any of the Association properties permanently. Contractors, subcontractors and construction personnel shall not enter upon any other Lot or any of the Association Property without the permission of the Owner of such property. The storage or placing of construction materials on any street within the community Area is prohibited at all times. No construction equipment, construction trailers or construction vehicles shall be left overnight on any street within the Community Area.

Section 3.9 Natural Vegetation

- (a) No trees, surface boulders, or other natural vegetation shall be removed from any Lot, except (i) as permitted by the Design Guidelines, (ii) with the prior approval of the Architectural Committee, (iii) as provided in Section 5.12 or (iv) as provided in Section 3.9(b). In addition, some of the Lots within the Community Area contain Special Areas and/or Conservation Areas as indicated on the Preliminary Plat of the Community Area. Special Areas and Conservation Areas will be subject to the restrictions set forth in the City of Woodland Park Ordinances.
- (b) Each Owner, solely for purposes of maintaining the overall health of heavily forested areas, thinning will be permitted by removing evergreen trees on his Lot which are less than five inches (5") per caliper. Each Owner will be obligated to remove all brush within 10 feet of his Dwelling Unit and shall prune all dead limbs and thin trees and undertake such other action as required by the Design Guidelines. All branches which extend over or under the eaves of the roof of an Improvement shall be trimmed by the Owner thereof.

Section 3.10 Mineral Exploration. No Lot within the Community Area shall be used in any manner to explore for or to move any oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance of any kind. The foregoing is not intended to prohibit temporary drilling to obtain samples in connection with the investigation of soils or temporary drilling necessary in the construction of Improvements.

Section 3.11 Water and Sanitary Facilities. Each Owner hereby acknowledges that the Lots within the Community Area will require connection to applicable governmental water and sanitation facilities.

Section 3.12 Designation and Use of the Conservation Area. Certain areas within the Community Area have been designated on the Plat of the Community Area, the Conservation Area shall be used by each Lot Owner only in such a manner as is consistent with the preservation of the natural growth and shall not be subjected to any kind of intensive or destructive use or any activity which might result in permanent damage to the existing natural growth. In amplification and not in limitation of this general restriction the following specific restrictions are imposed on the Conservation Area:

- (a) No planting or cultivation shall be permitted except planting and cultivation of plants native to the Pikes Peak region.
- (b) No alteration of ground conditions and no clearing of living growth shall be permitted, except for the removal of noxious weeds, trees infected with beetles, such insects or disease infected plants as specified from time to time by the Architectural Committee and the management of mistletoe or such diseases as directed from time to time by the Architectural Committee.
- (c) No structures or installations of any kind shall be permitted, other than fencing approved in accordance with this Declaration. Any other improvements permitted pursuant to the easements shown on the Plats or Supplemental Plats.
- (d) No activity tending to produce litter shall be permitted.
- (e) No obstruction of any kind of the natural flow of water through any drainage channels or Conservation Areas shall be allowed.
- (f) No spraying of pesticides shall be allowed except as directed from time to time by the Architectural Committee.

ARTICLE 4

DENSITY, SETBACK AND QUALITY STANDARDS

Section 4.1 Limitation on Dwellings and Subdivisions. No more than one Dwelling Unit shall be erected or maintained within any Lot, except in accordance with the terms and conditions set forth in Section 3.1 of this Declaration. No Lot shall be replatted or otherwise subdivided. Lot Line adjustments which do not result in an increase in the number of Lots and which are made to accommodate building plans approved by the Architectural Committee may be approved by the Architectural Committee in its sole discretion. This Section 4.1 does not apply to and shall not restrict Declarant's rights under Section 10.3.

Section 4.2 Setbacks. The setback distances of Dwelling Units and other Improvements from Lot Lines shall be determined in accordance with the Plat applicable to the Lot in question and in accordance with the Design Guidelines. Each Owner hereby acknowledges that the following Setbacks shall apply:

Lots sized less than or equal to one-half acre (21,780 square feet)

Minimum:

25 feet - Front and Rear standard setback

18 feet - Front and/or Rear setback with no more than two adjacent lots with side-by-side 18-foot setbacks, or no more than three lots if one of the three is a corner lot

8 feet - Side Yard, minimum one side

5 feet - Side yard on one side of the lot and any other side must be 8 feet. (Two 5-foot side lot setbacks may atraddle a common lot line.)

Corner lots: Front yard adjacent to one street shall be 25 feet. The reverse side may have an 18-foot setback.

Garages: All lots shall have a minimum of 25 feet setback to the garage vehicle access point.

Lots sized greater than one-half acre (21,780 square feet)

Minimum:

25 feet - Front and Rear standard setback

8 feet - Side Yard, minimum all sides

Maximum lot coverage: 25% (per maximums as provided in the Woodland Park Subdivisoin Regulations.)

Minimum lot Frontage: 25 feet

These setbacks shall prevail unless otherwise approved in writing by the Architectural Committee and all applicable governmental authorities. All construction must also conform to the setback requirements of the building code, zoning code and subdivision regulations of the City of Woodland Park, Colorado. Fences shall not be subject to any setback building requirements contained in this Declaration or in the Design Guidelines and may be erected or placed within the setback zone, up to and including being placed on the Lot Line, subject to receipt of all applicable approvals required pursuant to this Declaration and the Design Guidelines. All Lots adjacent to two (2) street right-of-ways are platted with a twenty (20) feet by twenty (20) feet (20' x 20') site visibility triangle easement for public improvements only, with the Owner thereof being solely responsible for maintenance (the "Corner Easements"). No Improvements, including without limitation, fences, hedges, trees, shrubbery or landscaping, may be constructed within any Corner Easements, other than approved landscaping which shall at no time obstruct visibility at the intersection and which will not be permitted to exceed three feet (3') in height at any time.

Section 4.3 Dwelling Area Requirements. The minimum size requirement for Dwelling Units shall be determined in accordance with the Design Guidelines and the Architectural Committee's approval process described in Article 6.

Section 4.4 Height Restrictions. All Dwelling Units and other Improvements shall be subject to a height restriction of 35 feet, as measured in accordance with the City of Woodland Park zoning code. In addition, the height of Dwelling Units and other Improvements shall be in compliance with the Design Guidelines and the Plat.

Section 4.5 Exterior Colors and Materials. All exterior colors and materials, including roofing materials, used on Dwelling Units and other Improvements must be approved by the Architectural Committee. Acceptable materials and standards for approval shall be described in the Design Guidelines. The use of natural materials, such as wood, stucco, brick and stone will be encouraged, and colors which are consistent with the color palettes which will be dealt with in the Design Guidelines will be required. Long unbroken rooflines will be avoided. Natural appearing materials are encouraged.

Section 4.6 Antennae and Roof Projections; Satellite Dishes. Except as provided below in this Section 4.6, no aerial, antenna, or other device for reception or transmission of radio or television or other electronic signals shall be maintained on the roof of any building, nor shall any such aerial, antenna or other device be mounted at any location so as to be visible from neighboring properties or adjacent streets. Plans for structures, other than FCC Protected Structures, as defined below, must be submitted to and approved by the Architectural Committee prior to installation. If the Architectural Committee disapproves such structure, the party requesting approval may modify its plans to eliminate the Architectural Committee's objections and resubmit them for approval. If any such aerial, antenna, satellite dish or other device is installed without the approval of the Architectural Committee, the Architectural Committee shall have the rights set forth in these Covenants. Notwithstanding the above, an antenna that is of a kind which may not be prohibited pursuant to the terms of the Federal Communications Commission or the Telecommunications Act of 1996, as may be amended from time to time (collectively, "FCC Protected Structures"), shall be permitted so long as the means, method and location of such FCC Protected Structures comply with the permitted rules adopted from time to time by the Architectural Committee. No unreasonable delay or unreasonable increase in the cost or installation or maintenance of an FCC Protected Structure shall be imposed by such rules, nor shall the rules prevent reception or otherwise make reception impossible for any Owner who shall seek to install an FCC Protected Structure, other than for health and safety reasons.

Section 4.7 Rebuilding or Restoration. If any Dwelling Unit or other Improvement is destroyed in whole or in part by fire, windstorm or from any other cause or act of God, it must be rebuilt or all debris must be removed and the Lot restored to a sightly condition. Such rebuilding or restoration must be commenced within three months after the damage or destruction occurs and thereafter diligently pursued to completion within a reasonable time, not to exceed 9 months after the date the damage occurred or such longer period of time as may be approved by the Architectural Committee due to unusual circumstances. If restoration, rebuilding or removal is not completed within the above time periods or such later time approved

by the Architectural Committee, or if the restoration, rebuilding or removal shall cease for a period of sixty days without permission of the Architectural Committee, the Architectural Committee will give the Owner of the Lot involved written notice of such fact, and if the restoration, rebuilding or removal of the Improvements is not diligently commenced within thirty days after such notice, the damaged or destroyed Improvements shall be deemed a nuisance. The Association shall have the right thereafter to enter upon the Lot involved and either remove the damaged or destroyed Improvements or complete the restoration and rebuilding of the Improvements at the expense of the Owner. Such an entry and removal or restoration shall not be deemed a trespass and the Owner shall be liable for all costs incurred in connection with the removal or restoration.

Section 4.8 Fences.

- (a) No fences, other than those described below, shall be erected on any Lot or elsewhere in the Community Area, except in accordance with plans and specifications approved in advance by the Architectural Committee. The height, location, and material of all fences, animal pens, dog runs, and other similar Improvements located within a Lot must be approved by the Declarant or Architectural Committee. Chain link or similar wire or wire mesh fencing shall not be allowed as the primary fencing material. The total fencing of front yards is not permitted. In addition, no fence or hedge more than two feet (2') high shall be installed or maintained (a) closer than five feet (5') to the side Lot Line of any "corner" Lot which is adjacent to a street, provided however, any such fence parallel to the front street and no closer to the front street than the front setback, shall be entitled to be as high as six feet (6'), or (b) closer to a front Lot Line of the Lot than the dwelling or any other Improvement located on the Lot, except with the written approval of the Architectural Committee. No sign of any type shall be displayed from any fence, other than promotive sales signs for initial Lot or home sales by Declarant or persons authorized by the Declarant or the Architectural Committee, and not for home resales or other home builders not expressly authorized as provided by this Declaration.
- (b) The Declarant is hereby granted the right, but not the obligation, to construct a fence along that portion of the Community Area which borders the Diamond Campground to the south, the Commercial zoned property along the West side of Highway 67 and south of Stone Ridge Drive and the westerly boundary along the existing subdivision known as Northwoods ("Perimeter Fencing"). If either the Declarant or the Association elects to construct Perimeter Fencing, and the Association does not enter into a Lot Owner Maintenance Agreement with a third party regarding such maintenance, the Property Owner shall be obligated to maintain such Perimeter Fencing as Private Property. The Declarant and the Association are hereby granted easements to construct and maintain all Perimeter Fencing. Nothing contained herein is intended to, nor will it, obviate the need to obtain any required City approvals for any

fencing, including Perimeter Fence, whether constructed by a Lot Owner, Declarant or the Association.

Section 4.9 Underground Utilities. All utilities that will be installed within the Community Area, including electrical, telephone and security services, television service, except lighting standards and customary service devices for access, control or use of utilities, shall be installed underground. The Declarant may grant approval for temporary above ground utility lines as needed during construction.

Section 4.10 Garage and Driveway. The Improvements on each Lot shall include, as a minimum, a two-car, attached, fully enclosed garage or such equivalent garage arrangements as may be approved by the Declarant. All driveways shall be improved with concrete or asphalt unless otherwise approved by the Declarant. No Lot shall contain more than one (1) driveway which directly accesses the garage from the Right of Way. No driveway shall be added, extended, expanded or altered without the written approval of the Architectural Committee or Architectural Review Board, as provided in this Declaration.

Section 4.11 Access Restriction. All persons or entities having any interest in any of the Lots are required to and shall each arrange and maintain any drives, dwellings, or other Improvements so that ingress and egress to and from their respective Lots is exclusively from a publicly dedicated street and **not** through other private property or adjoining public lands or tracts.

Section 4.12 No Access from Adjacent County or City Streets. Access to and from any County or City street adjacent to the Community Area is hereby denied to all Owners of the Lots adjoining each such street, and all persons claiming by, through or under them, and the Owners of said Lots are required to and shall arrange and maintain their drives, dwellings and other Improvements so that ingress and egress to and from their Lots is exclusively from an adjoining public street or a Private Road as directed by Declarant.

Section 4.13 Compliance with Building Codes. All construction must also conform to the building codes, zoning codes and subdivision regulations of the City of Woodland Park, which regulations may vary from the provisions of this Declaration; provided, however, if this Declaration is more restrictive than such governmental codes and regulations, then the more restrictive provisions of this Declaration shall control.

Section 4.14 General Architectural Standards. The Declarant shall have the right and authority to establish and amend specific architectural design guidelines from time to time as provided in Section 6.2 hereof.

ARTICLE 5

LIVING ENVIRONMENT STANDARDS

Section 5.1 Building and Grounds Maintenance. Each Owner shall maintain the exterior of the Dwelling Unit and all other Improvements on the Lot of the Owner in good condition and shall cause them to be repaired as the effects of damage or deterioration become apparent. Each Owner shall keep all Landscaping properly maintained in accordance with the Design Guidelines. Each Owner hereby acknowledges that the requirement to maintain each Lot in “good condition” and “properly maintained” shall be based upon a standard of care which is appropriate for the highest quality single family residential areas in Woodland Park, Colorado. If the Owner fails to properly perform such maintenance, Declarant or the Architectural Committee may, after giving thirty (30) days written notice and at the Owners’ expense, effect such repairs and maintenance as it deems necessary in its judgment to maintain the standards of the Community Area. Entry to effect such repairs and maintenance shall not be deemed a trespass, and the Owner shall be liable for all costs incurred in connection with the repairs and maintenance.

Section 5.2 Garage Doors. Garage doors shall be kept closed except when being used to permit ingress and egress to or from the garage.

Section 5.3 Outside Storage. All maintenance equipment shall be stored in an enclosed building or otherwise adequately screened so as not to be visible from neighboring properties or adjoining streets or stored in a manner which is approved in writing by the Architectural Committee in accordance with this Declaration. Each Owner will consider the impact, and take reasonable steps to minimize any material adverse impacts on neighboring Owners when allowing maintenance equipment and materials, including but not limited to play equipment, children’s toys, and lawn furniture, to be located outside when such items are not in active use. The Association will have the authority to adopt such Rules and Regulations as it deems appropriate in its reasonable discretion to regulate the placement of such items and materials on any Lot when such items are not in active use, including requiring the removal of any items which the Association deems to have a material adverse impact on neighboring Lots.

Section 5.4 Clotheslines. No outdoor clothes poles, clotheslines or other facilities for drying or airing clothing or household goods shall be placed on any Lot, and no laundry or wash shall be dried or hung outside any Dwelling Unit or other Improvements.

Section 5.5 Swing sets and Play Areas. No swingsets, jungle gyms, slides or other similar Improvements shall be installed on a Lot except in compliance with the Design Guidelines and unless approved by the Architectural Committee prior to construction or installation of such Improvements.

Section 5.6 Refuse. No unsightly objects or materials, including but not limited to ashes, trash, rubbish, garbage, scrap material or other refuse, or receptacles or containers thereof, shall be stored, accumulated or deposited outside or so as to be visible from any neighboring property or adjoining street, except during refuse collections and then in covered containers. The Association will have the authority to adopt such rules and regulations as it deems appropriate in its reasonable discretion to further regulate unsightly objects and materials on any Lot. The Association and the Declarant shall each have the right to enter upon a Lot which is in violation of this provision and remove such unsightly objects or materials at the expense of the Owner. Such an entry shall not be deemed a trespass and the Owner shall be liable for all costs incurred relative thereto.

Section 5.7 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot within the community Area, and no odors shall be permitted to arise therefrom, so as to render any such Lot or any portion thereof unsanitary, unsightly, offensive, or detrimental to any other Lot within the vicinity thereof or to its Related Users. No noxious or offensive activity shall be carried on upon any Lot nor anything done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. No offensive or hazardous activities may be carried on within any Lot or in any Dwelling Unit. No annoying lights, sounds shall be permitted to emanate from any Lot or Dwelling Unit. The Association will have the authority to adopt such Rules and Regulations as it deems appropriate in its reasonable discretion to further regulate nuisances within the Community Area.

Section 5.8 Sound Devices. No exterior speakers, horns, whistles, bells or other sound devices, except security and fire alarm devices used exclusively for security purposes, shall be located, used or placed on any Improvement or within any Lot, without the prior written approval of the Architectural Committee. With the prior approval of the Architectural Committee, an Owner may install exterior stereo speakers, provided that the sound levels from such speakers are not objectionable to neighbors.

Section 5.9 Outside Lighting. The Architectural Committee may establish various standards for exterior lighting, including, without limitation, standards for hue and intensity. All exterior flood lights and spot lights installed or maintained on any Dwelling Unit or other Improvement must be approved by the Architectural Committee prior to installation.

Section 5.10 Landscaping. Within Ninety Days after completion of a Dwelling Unit or within any extension of that period granted by the Architectural Committee, all yards and open spaces shall be Landscaped and thereafter maintained and kept in a manner that is required by the Design Guidelines. In addition, Landscaping on any Lot may not contain more than 2500 square feet which will be irrigated by the City's water regardless of the use. Irrigated surfaces shall include, without limitation, all gardens, flower beds, vegetated walkways, lawns and water landscape features of every kind. Each Owner hereby acknowledges that all connections for water within a Lot shall be required to be located after the water meter to ensure complete and accurate measuring of water usage. Such connections include, without limitation, all connections for exterior water hoses, sprinklers and other outside water use. The Association shall have the authority to require each Owner to locate such connection on his landscape plan

and shall have the right to enter each Lot from time to time to inspect such connections.

Section 5.11 Weeds or Infectious Conditions. All yards and open spaces and the entire area of every Lot on which no building has been constructed shall be kept free from noxious weeds, trees infected with beetles, such insects or disease infected plants as specified from time to time by the Architectural Committee and shall be subject to the management of Pine Beetle, mistletoe or such diseases as directed from time to time by the Architectural Committee, and free from brush or other growth or trash which in the reasonable opinion of the Association or Declarant causes undue danger of fire. If requested by the Association, an Owner will undertake, through an appropriate professional, a survey of his Lot to determine if any of the above-described conditions exist within his Lot.

Section 5.12 Mowing and Pruning. In order to effect insect, weed and fire control and to prevent and remove nuisances, the Owner of any Lot upon which a building has not been constructed shall mow, cut, prune, clear and remove from the premises unsightly brush, weeds and other unsightly growth and shall remove any trash which may collect or accumulate on the Lot.

Section 5.13 Grading Patterns. No material change may be made in the ground level, slope, pitch or drainage patterns of any Lot as fixed by the original, approved finish grading plan except after first obtaining the prior consent and approval of the Declarant. Grading shall be maintained at all times so as to conduct irrigation and surface waters away from buildings and so as to protect foundations and footings from excess moisture. Any construction, grading or swales should direct surface waters to a drainage easement or to the street, including a Private Road. Surface waters should not be concentrated and directed differently than the historic direction of flow. Special attention should be paid to the revegetation of approved grades, cuts and fills to eliminate erosion.

Section 5.14 Transmitters. No electronic or radio transmitter of any kind other than garage door openers, electronic devices and transmitters permitted by Title 47, Part 15 of the United States Code and remote control devices for televisions, stereos, video cassette recorders and similar equipment shall be operated in or on any Improvement or Lot.

Section 5.15 Animals.

- (a) An Owner of a Lot within the Community Area may maintain, keep and care for on his Lot, exclusive of domestic household pets, no pigs, hogs, swine, goats, poultry, fowl, horses, cows or wild animals shall be maintained, kept or cared for on any portion of the Community Area. No animal shall be stabled, maintained, kept or cared for or boarded for hire or remuneration within any Lot within the Community Area. The term “mature” as used in this Section 5.15 (a) shall mean any such animal which has reached one year of age. A reasonable number of domestic household pets, maximum of Three (3), may be kept, maintained or cared for on a Lot in addition to the permitted number of mature animals described in this Section 5.15(a).

- (b) No animal of any kind within the Lots shall be permitted which, in the opinion of the Association, makes an unreasonable amount of noise or odor or is a nuisance. The Association shall have the right to adopt Rules and Regulations to address nuisance animals, including, without limitation, barking dogs. No animals shall be kept, bred or maintained within the Community Area for any commercial purposes. No dogs or other pets shall be chained or enclosed on any Lot outside of the Dwelling Unit for any extended period of time, except by means of underground electronic fences or other invisible barriers or fences. Dogs or pets may also be kept in a dog run or other similar enclosure. The location, materials, size and other specifications for the dog run shall be subject to approval by the Architectural Committee.

- (c) Each Owner shall be responsible for cleaning up after his/her pets and their guests' pets in Common Areas of the Community Area, including all streets, sidewalks, parks and Association Properties, including the Private Road. In addition, each Owner shall be liable for any damage caused by their or their guests' pets to any improvements to the Community Area. All pets must be appropriately leashed or controlled in the Community Area.

Section 5.16 Parking of Vehicles. No motor vehicles owned, leased, rented or used by Owners, Related Users or any other Person shall be parked overnight on any street, including any Private Road, within the Community Area. No boat, trailer, camper (on or off supporting vehicles), tractor, commercial vehicle, mobile home, motor homes any towed trailer unit or truck shall be parked overnight on any street, including a Private Road, or overnight for two or more consecutive nights within any Lot except in a completely enclosed building such as a garage, or as otherwise approved in writing by the Architectural Committee. Pickup trucks having a one-ton or less manufacturer's rated capacity and passenger vans for the private use of the residents of a Dwelling Unit as primary transportation on a day-to-day basis, shall not be considered trucks for purposes of the foregoing restrictions. No motor vehicles shall be parked within the Association Properties, except as authorized by the Association.

Section 5.17 Inoperative Vehicles. No unused, stripped down, partially wrecked or inoperative motor vehicle or part thereof shall be permitted to be parked on any street or on any Lot in such a manner as to be visible at ground level from any neighboring property or street, unless fully screened in a manner approved by the Architectural Committee. An unused vehicle shall be any vehicle which is not properly licensed as determined by the Association. Nothing contained in this Section shall permit or be deemed to permit any Owner to maintain more than one (1) inoperative motor vehicle or part thereof, even if screened, within any portion of a Lot.

Section 5.18 Vehicle Repairs. No maintenance, servicing, repair, dismantling, sanding or repainting of any type of vehicle, boat, machine or device may be carried on except within a completely enclosed Improvement which screens the sight and sound of the activity from adjoining streets and from neighboring property.

Section 5.19 No Signs. No sign of any kind shall be displayed to public view on any Lot or on or from any Dwelling Unit, except for signs permitted under the Design Guidelines or otherwise approved by the Architectural Committee.

Section 5.20 Outdoor Burning. There shall be no outdoor fires on any Lot or on the Association Properties, except fires in barbecue, braziers and outside fireplaces contained within facilities or receptacles intended for such purpose. Any outside facilities or receptacles intended for use as a fireplace or to contain fires shall be in compliance with the Design Guidelines and shall be subject to approval by the Architectural Committee. In no event shall any such facility or receptacle be used for burning of trash. Any such facilities or receptacles shall be subject to the Rules and Regulations, which may include limitations on the time and manner in which fires will be permitted and may permit the Association to impose total outside fire bans when deemed appropriate by the Association. No Owner shall permit any condition on such Owner's Lot which creates a fire hazard or is in violation of fire prevention regulations adopted by City of Woodland Park or any governmental authority having jurisdiction and control over outside burning. If any ban on outdoor fires is at any time imposed by the City or a governmental authority having jurisdiction and control over outside burning, such ban shall be observed within the Community Area.

Section 5.21 Community Amenities. The Declarant shall have the right, but not the obligation to construct within the Association Property and within various tracts within the Community Areas, the Entry Features and monuments, any Private Road, fencing, mail box facilities, Communication Equipment Structures, Bus Stop Shelters and such other amenities and Improvement to service the Owners and the Association Property and such other Improvements as the Declarant shall elect to construct within the Community Area for the benefit of the Owners ("Community Amenities"). All such Community Amenities shall initially be constructed by the Declarant or those authorized by the Declarant. Until the Community Amenities have been conveyed to the Association, the Declarant shall be responsible for the maintenance of the Community Amenities in a reasonable manner. After the Community Amenities have been conveyed to the Association, the Association shall be responsible for their maintenance, repair and operation in a manner determined by the Board of Directors of the Association.

Section 5.22 Drainage. The soils within the State of Colorado consist of both expansive soils and low-density soils that will adversely affect the integrity of the Dwelling Units or other Improvement and the Lot containing it are not properly maintained. Expansive soils contain clay minerals which have the characteristic of changing volume with the addition or subtraction of moisture, thereby resulting in swelling and/or shrinking soils, and the addition of moisture to low-density soils causes a realignment of soil grains, thereby resulting in consolidation and/or collapse of the soils.

An Owner shall not permit the moisture content of the soil supporting the foundation and supporting the concrete slabs forming a part of the Dwelling Unit to increase to an extent that would adversely affect the foundation and concrete slabs, and shall not introduce excessive water into the soil surrounding the Dwelling Unit. An Owner shall maintain the grading and drainage patterns of the Lot in accordance with the terms of Section 5.13 of this Declaration.

An Owner shall not impede or hinder in any way the water flowing on his Lot from reaching the drainage courses established for the Lot and the Property or areas shown on the approved drainage plans.

By virtue of the review and submittals described in this Section 5.23 and Section 5.13, the Declarant is in no manner certifying, guaranteeing or otherwise making any representations or warranties with respect to the adequacy, sufficiency or appropriateness of any grading plan applicable to the Lot. Each Owner of a Lot acknowledges and agrees that the Declarant shall have no responsibility or liability whatsoever with respect to such issues and each Owner shall be fully and solely responsible for same.

The Owner of each Lot hereby acknowledges that it is solely responsible for any damage which results, directly or indirectly, from a change in the grading pattern of the Lot in violation of the provisions of this Section 5.23 or Section 5.13 of this Declaration.

Section 5.23 Hazardous Materials. No materials shall be transported to, from or within the Community Area in such a way as to create a nuisance or hazard, Storage, use or disposal of hazardous or radioactive material within the Community Area is prohibited. Any continued or intensive use of pesticides or herbicides is deemed to be a use of hazardous materials.

Section 5.24 Solar Devices, Air Conditioning Units, Etc. All solar devices, exterior air conditioning units and systems, swamp coolers and other similar devices must either be architecturally and aesthetically integrated into the building they serve or be screened from the view of adjacent Lots and streets in either manner approved by the Architectural Committee in accordance with the terms of this Declaration.

Section 5.25 Storage Sheds. No storage sheds of any kind will be permitted to be constructed or installed within any Lot prior to the specific prior written approval of the design, color, materials to be used in connection therewith and the location thereof by the Architectural Committee in accordance with the terms of this Declaration.

ARTICLE 6

ARCHITECTURAL CONTROL

Section 6.1 Architectural Committee or Architectural Review Board.

Until Declarant has sold all of the Lots in the Community, or until such earlier time as Declarant elects to assign the right to appoint the Architectural Committee to the Board, the Architectural Committee shall consist of three members appointed by the Declarant. After the right to appoint the Architectural Committee has been transferred to the Board, the Architectural Committee shall consist of at least three and not more than five individuals, all of whom shall be appointed by the Board. The members of the Architectural Committee need not be Members of the Association. The Architectural Committee shall exercise the functions assigned to it by this Declaration and the Design Guidelines, including reviewing and approving all plans for Improvements as provided in this Declaration.

Section 6.2 Design Guidelines. The Architectural Committee shall promulgate and adopt Design Guidelines applicable to all Improvements in the Community Area, which shall regulate among other things, the following matters:

- (a) Site Location:
 - (1) location on a Lot;
 - (2) orientation of a Dwelling Unit to Lot Lines;
 - (3) site coverage;
 - (4) setbacks;
 - (5) disturbance of on-site vegetation.
- (b) Architectural Design:
 - (1) building heights;
 - (2) exterior materials and colors;
 - (3) elevations and general massing;
 - (4) roof lines;
 - (5) exterior lighting.

- (c) Site Accessories:
 - (1) entrances to Lots and driveway layout;
 - (2) parking areas within Lots;
 - (3) fences and dog runs;
 - (4) placement and screening of satellite dishes;
 - (5) patios, accessory buildings or other Improvements;
 - (6) swimming pools and tennis courts;
 - (7) basketball backboards and other play equipment;
 - (8) driveway lighting; and
 - (9) street number placement, design and location.

- (d) Landscape Design:
 - (1) plant materials;
 - (2) amount of landscaping required;
 - (3) preservation of vegetation;
 - (4) irrigated areas; and
 - (5) maintenance guidelines.

- (e) Approval Processes:
 - (1) documentation required for review and approval; and
 - (2) time periods for review and approval.

All Improvements, including those on the Association Properties, shall be constructed or installed in compliance with the requirements of the Declaration and with the Design Guidelines as they exist at the time of approval of plans pursuant to this Article 6. The Architectural Committee shall have the right to modify or supplement the Design Guidelines from time to time in its sole discretion; provided, however, that no modification to the Design Guidelines may result in a provision that contradicts or conflicts with any express provision of this Declaration or that is contrary to the general intent or purposes of this Declaration.

Section 6.3 Approval Required. No Improvement shall be placed, erected, installed or permitted to occur or exist on any Lot, nor shall the exterior of any existing Improvements be altered, nor shall any construction be commenced on any Improvements, unless and until the plans and specifications for such Improvements have been submitted to and approved in writing by the Architectural Committee. Matters which require the approval of the Architectural Committee include but are not limited to:

- (a) the construction, installation, erection or expansion of any Dwelling Unit or any building, structure, or other Improvements;
- (b) the installation of landscaping and the removal of existing vegetation (other than as required in accordance with the terms of Section 3.12 of this Agreement and as permitted for forestry management as described in Section 3.9 of this Agreement;
- (c) the demolition or destruction, by voluntary action, of any building, structure or other Improvements;
- (d) the grading, excavation, filling or similar disturbance to the surface of the land; and
- (e) any change or alteration of any previously approved Improvements, including any change of exterior appearance, finish material, color or texture.

Section 6.4 Plans Submissions. All plans, samples and other materials to be submitted to the Architectural Committee shall be of the applicable scale set forth in the Design Guidelines. The plot plan in the required scale shall show the location of all buildings, drives, walks, fences and any other Improvements. Structure plans shall show all exterior elevations, and shall indicate and locate on each elevation the materials to be used and designate each exterior color to be used by means of actual color samples. Landscaping plans shall show the location of all landscaping elements, including grass, ground cover, shrubs, trees and other landscape materials for all the area of the Lot not covered by Improvements. The size and type of all new plant materials shall be indicated. The Declarant shall have no obligation to retain any submitted plans following action by the Architectural Committee.

In discharging its rights and obligations hereunder, the Architectural Committee makes no representations or warranties to the Owner or any other person or entity concerning the construction of the Improvements on the Lot, and the Architectural Committee shall have no liability or responsibility for defective construction or other similar matters. Each Owner of a Lot acknowledges and agrees that the Declarant, in discharging its rights and obligations hereunder, is not making any warranty or representation, expressed or implied, that any Improvement to be constructed by an Owner upon a Lot is suitable for that Lot and each Owner further acknowledges that each Owner, and such Owner's representatives or contractors, are ultimately and fully responsible for any construction techniques, measures and means utilized in the construction of a Improvement upon a Lot.

Section 6.5 Approval Process. All action required or permitted to be taken by the Architectural Committee shall be in writing, and any such written statement shall establish the action of the Architectural Committee and shall protect any person relying on the statement. The procedure for submitting requests and obtaining approvals shall be as set forth in the Design Guidelines. The Architectural Committee may charge reasonable fees to cover expenses incurred in review of plans, samples and materials submitted pursuant to this declaration, not including reimbursement or compensation to the members of the Architectural Committee for their services. The Architectural Committee shall be entitled to retain one copy of all approved plans as part of its files and records. Approvals of all plans and specifications for an Improvement will automatically expire within one year after approval if construction is not commenced within one year after approval, and if approval so expires, the applicant must resubmit a request for approval of the Improvement. Documents may be maintained electronically in a scale not necessarily the same as submitted.

Section 6.6 Approval Standards. All Improvements to be constructed or installed within the Community Area must comply with the Design Guidelines and this Declaration. In granting or withholding approval of matters submitted to it, the Architectural Committee shall consider the specific standards and specifications set forth in the Design Guidelines. The Architectural Committee shall have the right to disapprove any plans, specifications or details submitted to it if it determines, in its sole discretion, that the proposed improvement is not consistent with the Design Guidelines or any provision of this Declaration; if the plans and specifications submitted are incomplete; or if the Architectural Committee deems the plans, specifications or details, or any part thereof, to be contrary to the interest, welfare or rights or all or any part of the Community Area, the Association or the Owners. If the Architectural Committee believes there may be questions of structural integrity, it may, as part of the approval requirements, require certification of the final plans and specifications by a professional architect or engineer licensed in Colorado. The decisions of the Architectural Committee shall be final and binding unless they are clearly arbitrary and there is no evidence to support the Architectural Committee's decision.

Section 6.7 No Liability. Neither Declarant, the Board nor the Architectural Committee or any member thereof shall be liable in damages or otherwise to anyone submitting plans to them for approval or requesting a variance, or to any Owner by reason of mistake in judgment, negligence, nonfeasance or any act or omission in connection with the approval, disapproval or failure to approve the plans, specifications or variance. Approval by the Architectural Committee shall not mean that plans and specifications are in compliance with the requirements of any local building codes, zoning ordinances or other governmental regulations, and it shall be the responsibility of the Owner or other person submitting plans to the Architectural Committee to comply with all codes, ordinances and regulations.

Section 6.8 Variances. The Architectural Committee shall have the authority to grant for a Lot a variance from the terms of this Declaration or the Design Guidelines, if any, subject to terms and conditions which may be fixed by the Architectural Committee and will not be contrary to the interests of the Owners and residents of the Community Property where, owing to exceptional and extraordinary circumstances, literal enforcement of those sections could result in unnecessary hardship. **All determinations of the Architectural Committee shall be final and**

binding and neither the Architectural Committee nor the Association, nor their respective members or agents, shall have any liability for granting or denying any variance request. The Architectural Committee may charge reasonable fees to cover expenses incurred in review of all variances submitted pursuant to this Declaration, including reimbursement or compensation to the members of the Architectural Committee for their services, as and if determined from time to time by the Board of Directors of the Association.

Following an application for a variance:

- (a) The Architectural Committee shall, within thirty (30) days after the request for the variance was delivered, determine whether to grant or deny the variance. If the Architectural Committee fails to act on the request for the variance within this thirty (30) days, the variance shall be deemed not to be granted as of the expiration of such thirty (30) days.
- (b) A variance granted hereunder shall run with the Lot for which it is granted.
- (c) A variance shall not be granted unless the Architectural Committee shall first find that all of the following conditions exist:
 - (i) the variance will not authorize the operation of a use other than a use authorized by this Declaration;
 - (ii) owing to the unusual circumstances, literal enforcement of this Declaration could result in unnecessary hardship;
 - (iii) the variances will not materially and permanently injure the use of other property in the Community Area;
 - (iv) the variance will not materially alter the essential character of the Community Area;
 - (v) the variance will not materially weaken the general purposes of this Declaration;
 - (vi) the variance will generally be in harmony with the spirit and purpose of this Declaration; and
 - (vii) the circumstances leading the applicant to seek a variance are unique to the Lot or its Owner and are not applicable generally to Lots in the Community Area or their Owners.
- (d) If a variance is denied, another application for substantially the same variance for the Lot involved may not be made for a period of at least one year from the date of submittal of the original request.

- (e) If a variance is granted, it shall not serve as a precedent to the granting of any future requested variance.

ARTICLE 7

ASSOCIATION OPERATION

Section 7.1 Association Structure. The Association has been formed as a Colorado corporation under the Colorado Nonprofit Corporation Act. The Association shall have the duties, powers and rights set forth in the Association Documents. As more specifically set forth hereinafter, the Association shall have a Board of Directors; to manage its affairs. The Board of Directors shall be elected by its Members, provided, however, that the Declarant shall have the sole right to appoint a majority of the members of the Board of Directors for the period of time provided in Section 7.5.

Section 7.2 Board of Directors. The affairs of the Association shall be managed by a Board of Directors. The Board shall consist of a minimum of three members during the Period of Declarant Control stated in Section 7.5 and thereafter shall consist of at least three but not more than five members, as determined by the Board. All members of the Board shall be representatives of Declarant or Members of the Association. The terms and qualification of the members of the Board of Directors shall be fixed in the Articles of Incorporation and Bylaws of the Association. The Board of Directors may, by resolution, delegate portions of its authority to an executive committee or to other committees, to officers of the Association or to agents and employees of the Association, but such delegation of authority shall not relieve the Board of Directors of the ultimate responsibility for the management of the affairs of the Association. Action by or on behalf of the Association may be taken by the Board of Directors or any duly authorized committee, officer, agent or employee without a vote of Members, except as otherwise specifically provided in this Declaration or by Colorado law. All lawful decisions, agreements and undertakings by the Board, or its authorized representatives, shall be binding upon all Members, Owners, Related Users and other Persons.

Section 7.3 Membership in Community Association. Each Owner of a Lot shall be a Member of the Association. An Owner shall automatically be the holder of the membership appurtenant to such Owner's Lot, and the membership shall automatically pass with fee simple title to the Lot. Declarant shall hold one membership in the Association for each Lot owned by Declarant. Membership in the Association shall not be assignable separate and apart from fee simple title to a Lot, except that an Owner may assign, some or all of the Owner's rights as an Owner and as Member of the Association to a contract purchaser, tenant or First Mortgagee, and may arrange for such Person to perform some or all of such Owner's obligations as provided in this Declaration, but no such delegation or assignment shall relieve an Owner from the responsibility for fulfillment of the obligations of the Owner under the Association Documents. The rights acquired by any such contract purchaser, tenant or First Mortgagee shall be extinguished automatically upon termination of the First Mortgage, sales contract or tenancy. The assignment of rights by an Owner pursuant of this Section shall not be subject to any present or future statutory time limit for the duration of duly notarized proxy rights, but shall be in writing, and delivered to the Association before such Person shall be entitled to exercise any

membership rights or privileges. All rights, title and privileges of membership shall be subject to the Association Documents.

Section 7.4 Voting Rights of Members. Members shall have the right to cast votes for the election of Board of Directors and on such other matters to be voted on by the Members as provided in the Association Documents. One vote is allocated to each Lot and Members shall have one vote for each Lot owned. The one vote for each Lot may not be split if there is more than one Owner of the Lot, and if the owners are unable to determine how to cast the one vote allocated to their Lot pursuant to the provisions of Section 38-33.3-310, Colorado Revised Statutes, and then the Owners shall be deemed to have abstained. Voting rights and procedures may be further defined in the Articles and Bylaws of the Association. Notwithstanding the foregoing, Declarant shall have the reserved rights set forth in Section 7.5.

Section 7.5 Declarant's Reserved Right to Appoint. Notwithstanding any contrary provision, but subject to the requirements of Section 7.2 of this Declaration and Section 38-33.3-303(6), Colorado Revised Statutes, the Declarant hereby reserves the right to appoint the Board of Directors, to control the Association and to appoint and remove the officers and members of the Board at all times subsequent to the date of recordation of this declaration and continuing for a period of twenty years following the date on which this Declaration is recorded (the "Period of Declarant Control"), subject to the following limitations: The Period of Declarant Control shall terminate no later than the earlier of: (i) sixty (60) days after conveyance of all of the Lots that may be created to Owners other than the Declarant; or (ii) three years after Declarant has last conveyed a Lot in the ordinary course of business. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board before termination of the Period of Declarant Control, but in that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective. It is hereby expressly acknowledged that any action by Declarant to surrender its authority over the Association or its Board will in no way limit Declarant's rights and authority with respect to architectural control matters as provided in this Covenant, unless such rights are expressly terminated or waived by Declarant. Except as otherwise provided above, not later than the termination of any Period of Declarant Control, the Owners shall elect a Board of at least three members, at least a majority of whom must be Owners other than the Declarant or designated representatives of Owners other than the Declarant. The Board shall elect the officers. These Board members and officers shall take office upon termination of the Period of Declarant Control. Notwithstanding any provision of the Declaration or Bylaws to the contrary, the Owners, by a sixty-seven percent (67%) vote (based upon one vote per Lot) of all persons present and entitled to vote at any meeting of the Owners at which a quorum is present following the termination of the Period of Declarant Control may remove any member of the Board with or without cause, other than a member appointed by the Declarant. Within sixty (60) days after the Owners, other than Declarant, elect a majority of the members of the Board, the Declarant shall deliver to the Association all property and items described by C.R.S. Section 38-33.3-303(9).

ARTICLE 8

DUTIES AND POWERS OF ASSOCIATION

Section 8.1 General Duties and Powers of Association. The Association has been formed to further the common interests of the Members. The Association, acting through the Board or representatives to whom the Board has delegated such powers, shall have the duties and powers given non-profit corporations, including without limitation those hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interests of the Members, to maintain, improve and enhance Association Properties, and to improve and enhance the attractiveness, desirability and safety of the Community Area. The Association shall have and may exercise all powers enumerated in Section 38-33.3-302, Colorado Revised Statutes. Except as expressly otherwise provided in the Association Documents or by Colorado law, the Association shall act through the Board of Directors, without the vote or meeting of the Members, and the Board may exercise all rights, powers and interests of the Association, as described in this Article or elsewhere in the Association Documents.

Section 8.2 Duty to Accept Property and Facilities Transferred by Declarant. The Association shall accept title to any property, including without limitation all Community Amenities and any other Improvements thereon, any easement or other right, and personal property transferred to the Association by Declarant or by any third party with Declarant's permission, and equipment related thereto, together with the responsibility to perform any and all Association functions associated therewith, provided that such property and functions are not inconsistent with the terms of this Declaration. Property interests transferred to the Association by Declarant may include fee simple title, easements, leasehold interests and contractual rights or licenses to use property. Any property or interest in property transferred to the Association by Declarant shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Association free and clear of all liens (other than the lien of property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration. No representation, express or implied, is made that the Declarant will or will not transfer property to the Association, except as specifically provided in Section 9.2.

Section 8.3 Duty to Manage and Care for Property. To the extent owned by the Association, the Association shall manage, operate, care for, maintain and repair all Association Properties and keep the same in an attractive and desirable condition for the use and enjoyment of the a members, provided, however, maintenance responsibilities for any Association Properties shall not commence until Assessments commence. In addition, the Association may manage, operate, care for, maintain and repair property other than Association Properties, if some or all of the Members will benefit thereby or if such Association action is required pursuant to any Master Plan, PUD Plan, Plat or Supplemental Plat. It is the intent that under this Declaration that the properties, Improvements and facilities the Association will be required to maintain will include, without limitation (i) the Entry Feature, (ii) community

mailbox structures, (iii) private roadway curb, gutter, and other private infrastructure, (iv) all other improvements, amenities and facilities located on Association Property, (v) any perimeter fences to the extent initially constructed by Declarant or thereafter approved by the Association in accordance with Section 4.8 of this Declaration, (vi) all street lighting, mailbox facilities and street signage (vii) all other Improvements and areas required by a Master Plan, PUD Plan, any Plat, or any Supplemental Plat to be maintained by the Association, as provided in Section 5.9 of this Declaration, (viii) the Entry Features and monuments, any Private Road, fencing, mail box facilities, Communication Equipment Structures, Bus Stop Shelters and such other amenities and Improvement to service the Owners and the Association Property and related facilities controlling access to the Community Area, and (ix); any decorative walls, sign and Landscaping to be constructed within or on Association Property. The specific enumeration of items in this Section 8.3 shall not be a limitation on the power and authority of the Association to maintain other items not specifically listed where such repair and maintenance of other items would be in the common interest of the Association and the Owners.

Section 8.4 Duty to Pay Taxes. The Association shall pay all taxes and assessments levied upon the Association Properties owned by the Association and all other taxes and assessments payable by the Association. The Association shall have the right to contest any such taxes or assessments provided that the Association shall contest the same by appropriate legal proceedings which shall have the effect of preventing the collection of the tax or assessment and the sale or foreclosure of any lien for such tax or assessment, and provide that the Association shall keep and hold sufficient funds to pay and discharge the taxes and assessments, together with any interest and penalties which may accrue with respect thereto, if the contest of such taxes is unsuccessful. The Association may maintain reserves for any taxes, interest and penalties which could be incurred as a result of an adverse ruling on any position taken by the Association.

Section 8.5 Duty to Maintain Insurance. The Association shall obtain and keep in full force and effect at all times insurance coverage in accordance with this Declaration and as required by Colorado law.

Section 8.6 Duty to Levy and Collect Assessments. The Association shall levy and collect Assessments as elsewhere provided in this Declaration.

Section 8.7 Power to Provide Security. The Association shall have the power to provide for the security of the Owners by hiring a security patrol and performing any other functions relating to safety and security authorized by the Board or the Members.

Section 8.8 Power to Acquire and Maintain Property and Construct Improvements. The Association may acquire property or interests in property for the common benefit of Owners, including Improvements and personal property. The Association may construct or reconstruct Improvements on property and may demolish existing Improvements. The Association shall have the power to maintain public or private rights of way and to perform maintenance on any portion of the Community Area whether or not owned by the Association.

Section 8.9 Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal and enforce such Rules and Regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration and matters related thereto, the operation of the Association, the use and enjoyment of Association Properties, the use of any other property within the Community Area. Any such Rules and Regulations shall be reasonable and uniformly applied as determined by the Board in its sole discretion. Rules and Regulations shall be effective upon adoption by resolution of the Board of Directors. Written notice of the adoption, amendment or repeal or any Rule or Regulation shall be provided to all Members by the Association, and copies of the currently effective Rules and Regulations shall be made available to each Member upon request and payment of the copying cost. Each Owner, Related User, Member and other Person shall comply with such Rules and Regulations, and each Owner shall be responsible for ensuring that the Related Users of such Owner comply with the Rules and Regulations. Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of conflict between the Rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall prevail.

Section 8.10 Power to Enforce Declaration and Rules and Regulations. Until the time for selection of the Architectural Committee by the Board, as provided in Section 6.1 hereof, Declarant may, and after the selection of the Architectural Committee by the Board, the Architectural Committee or Declarant, including an assignee or delegate, may give notice to the Owner of the Lot where a violation of this Declaration occurs or which is occupied by the persons causing or responsible for the violation, which notice shall state the nature of the violation, and the intent of the Architectural Committee or Declarant to invoke this Section unless within a period stated in the notice (which notice shall not be less than ten (10) calendar days unless a shorter period of time is otherwise provided for in this Declaration), the violation is cured and terminated or appropriate measures to cure and terminate are begun and are thereafter continuously prosecuted with diligence. If the violation is not cured and terminated as required by the notice, the Architectural Committee or Declarant (whichever party gives the notice) may, but shall not be obligated to, cause the violation to be cured and terminated at the expense of the Owner or Owners so notified, and entry upon such Owner's Lot as necessary for such purpose shall not be deemed a trespass. Each Owner of a Lot hereby grants a license to the Declarant and the Architectural Committee for the purpose of entering onto a Lot to remedy violations or breaches of this Declaration. Declarant and the Architectural Committee may delegate their entry and removal rights hereunder to agents Land independent contractors. The cost so incurred by the Architectural Committee or Declarant shall be paid by the Lot Owner and the person responsible for the breach and if not paid within thirty (30) days after such Owner has been sent notice of the amount due, such amount, plus interest at the rate of twenty-one percent (21%) per annum and costs enforcement and of collection (including reasonable attorneys' fees), shall be a lien on the ownership interest in the Lot (including improvements thereon) and shall in all respects be the personal obligation of the Owner. Such lien shall be junior to all other liens or encumbrances of record with respect to the Lot on the date this lien is recorded but shall be superior to any homestead or other exemption as is now or may hereafter be provided by Colorado or Federal law. The acceptance of a deed to a Lot subject to this Declaration shall constitute a waiver of the homestead exemption as against the lien established in this Section 8.10 and Section 11.15. The Architectural Committee or Declarant may bring an action at law

for recovery of the costs so incurred by it, plus interest and costs of enforcement and collection against the Owner and may bring an action to foreclose the lien against the Lot and Improvements subject to the lien and there shall be added to the amount of such obligation the costs of enforcement and collection, and the judgment in any such action shall include interest as above provided and the costs of collection, including reasonable attorney's fees. The waiver of homestead exemption set forth above shall apply to any foreclosure action for the lien imposed by this Section 8.10 and Section 11.15. The foregoing specified rights and remedies shall not limit the right of any Lot Owner to enforce this Declaration pursuant to Section 11.15 or as otherwise may be provided herein or by law or equity; provided, however, that only the Declarant and the Architectural Committee shall have the right to proceed under this Section 8.10. In the event that the Declarant or Architectural Committee, whether acting for themselves or through their agents and representatives, elect to exercise the right to enter upon a Lot to remedy a violation of this Declaration, they shall not be liable to the Owner of the Lot for any loss or damage occasioned by the entry on the Lot unless (i) damage is caused to the Lot or Improvements thereon that is unrelated to the remediation of the breach of the Covenants and (ii) is caused by the willful and wanton acts of the Declarant or the Architectural Committee. In no event shall there be any liability for damage to a Structure that is in violation of this Declaration.

Section 8.11 Power and Duty to Enforce Association Documents. The Association shall have the power and duty to enforce the covenants, terms and provisions of the Association Documents.

Section 8.12 Power to Provide Special Services. The Association shall have the power to provide special services beyond this Declaration to a Member or group of Members and any services to any other Person. Any such service or services shall be provided pursuant to an Agreement in writing, or through one or more amendments to this Declaration, which shall provide for payment to the Association by such Member or group of Members or other Persons of the costs and expenses which the Association estimates it will incur in providing such services, including a fair share of the over head expenses of the Association, and shall contain provisions assuring that the obligation to pay for such services shall be binding upon any heirs, personal representatives, successors and assigns or the Member or group of Members or other Persons, and may be collected in the same manner as a Site Assessment, or, if the written agreement so provides, in installments as part of the Common Assessments or may be collected in any manner permitted by law or statute or the Association Documents.

Section 8.13 Power to Operate and Charge for Facilities. The Association shall have the power to acquire, create, own and operate any and all such facilities and services as it deems appropriate, including, without limitation, Landscape maintenance and refuse collection, an intranet communication service for the Owners or any other similar or dissimilar function, and to establish charges for the use of facilities and services. The charges may include admission, rental or other fees and charges for any use of property, facilities or services of the Association. Such charges or fees shall be as determined from time to time by the Board of Directors.

Section 8.14 Power to Grant Easements. The Association shall have the power to grant access, utility, drainage, water facility and any other easements in, on, over or under Association Property for any lawful purpose, including, without limitation, the provision of emergency services, utilities, telephone, television, or other uses or services to some or all of the Members or to facilitate the development of the Community Area.

Section 8.15 Power to Employ Managers. The Association shall have the power to retain and pay for the services of a manager or managers to undertake any of the management of any functions for which the Association has responsibility under this Declaration to the extent deemed advisable by the Association, and may delegate any of its duties, powers or functions to the manager or managers. Any contract or agreement with a manager shall be terminable by the Association for cause on no more than thirty days prior written notice, and shall be terminable by the Association without cause and without payment of a termination fee on no more than ninety days prior written notice. No such contract or agreement shall be for a term of more than one year. Notwithstanding any delegation of a manager or any duties, powers or functions of the Association, the Association and its Board of Directors shall remain ultimately responsible for the performance and exercise of such duties, power and functions. In addition to a manager, the Association may employ and pay a consultant, which may be Declarant, an affiliate of Declarant, or a third party, to assist in operating and managing the Association after the Declarant's reserved rights under Section 7.5 terminate.

Section 8.16 Power to Engage Employees, Agents and Consultants. The Association shall have the power to hire and discharge employees and agents (except as otherwise provided in management contracts) and to retain and pay for such legal and accounting services as may be necessary or desirable in connection with the performance of any duties or the exercise of any powers of the Association under the Association Documents.

Section 8.17 General Corporate Powers. The Association shall have all of the ordinary powers and rights of a Colorado corporation formed under the Colorado Nonprofit Corporation Act and all powers contained in Section 38-33.3-302, Colorado Revised Statutes, subject to any limitations, restriction, or requirements expressly set forth in the Association Documents.

Section 8.18 Other Powers. The Association shall have the power to regulate the days and hours during which trash and solid waste may be collected or put out for collection in any portion of the Community Area, and the Association may require all Owners to use a common trash collection company or entity selected by the Board. The Association shall also have the power to provide services for the collection of trash and solid waste within all or any portion of the Community Area. The Association shall have the power, but not any duty, to sponsor or conduct various community activities or special events of a social or recreational nature, to hire and provide a security or courtesy patrol, which shall be unarmed and shall not be a substitute for the municipal police, and to provide general informational services which may include, without limitation, community newsletter, radio broadcast, cable television services and similar services.

Section 8.19 Forestry Management and Insurance. In addition to each Owner's obligations as set forth in Section 3.9 of this Declaration, the Association shall have the power, but not the obligation, to establish a program to provide forestry management for the entire Community Area in order to monitor and manage the health of the vegetation within the Community Area ("Forestry Management Program"). The cost of any Forestry Management Program which the Association may elect to provide to the Owners will be included within the Common Assessment. Generally, the Forestry Management Program will involve surveying and testing the health of Community Area vegetation, including testing for beetles, mistletoe and other infectious conditions, and removing any infected vegetation, even if such vegetation is located on or within an Owner's Lot. Each Owner hereby grants the Association and its agents an easement to enter each Owner's Lot for purposes of conducting forestry surveying and testing and, if thereafter deemed reasonably advisable, to remove any and all vegetation which it reasonably determines to be infectious. In addition to the Association's right to under take a Forestry Management Program, each Owner, if requested by the Association, will undertake, through an appropriate professional, such surveying and testing of his Lot to determine if any of the above described conditions exist within his Lot.

Section 8.20 Community Programs. The Association shall have the power, but not the obligation, to establish regulations, services and programs for the Owners the cost of which may be included in the Common Assessment or charged on a user basis. The Association shall have the authority to implement such rules, regulations, services and program, to include the cost thereof in the Common Assessment and to establish the services to be provided and the procedures and limitations concerning the utilization of such services and programs. No Owner or Member shall have the right to withhold or reduce payment of the Common Assessment or any portion of the Common Assessment by not using Community Amenities made available to the Owners and Members pursuant to services and programs as adopted or amended by the Association. The Association shall have the right to amend or terminate any such program at any time.

Section 8.21 Assessment Offsets. If any Person makes any Improvements to Association Property which has been approved by the Declarant or the Architectural Committee, the actual cost of such Improvement shall be available as an offset against the Common or Special Assessments which shall be owing from time to time by the applicable Person (the "Offsets"). Offsets will be transferable to Owners by the holder of the Offset providing a written notice to the Declarant and the Board stating the party, to whom the Offsets are being transferred, the amount of the Offsets being transferred and the date on which the transfer will be effective. No cash refunds will be made for any unused Offsets. Any unused Offset may be rolled over from year to year, as necessary.

ARTICLE 9

ASSOCIATION PROPERTIES

Section 9.1 Right of Association to Regulate Use. To the extent that the Association hereafter owns, holds or has property, the provisions of this Article 9 shall apply. The Association, acting through the Board, shall have the power to regulate use of Association Properties by Members to enhance further the overall rights of use and enjoyment of all Members, including without limitation, imposing limits on the times of use and numbers of guests permitted to use the Association Properties.

Section 9.2 No Partition of Association Properties. No Owner shall have the right to partition or seek partition of the Association Properties or any part thereof.

Section 9.3 Liability of Owners for Damage. Each Owner shall be liable to the Association for any damage to Association Properties or for any expense or liability incurred by the Association, to the extent not covered by insurance, with may be sustained by reason of the negligence or willful misconduct of such Owner or a Related User of such Owner of the Association Documents. The Association shall have the power, as elsewhere provided in this Declaration, to levy and collect a Site Assessment against a Member, Owner, Lot, Related User, or other Person to cover the costs and expenses incurred by the Association on account of any such damage or any such violation of the Association Documents, including without limitation, the deductible on any insurance of the Association, interest, costs, expenses and attorney's fees, or for any increase in insurance premiums directly attributable to any such damage or violation.

Section 9.4 Damage to Association Properties. In the event of damage or destruction of all or a portion of the Association Properties due to fire or other adversity or disaster, the insurance proceeds, if sufficient to reconstruct or repair the damage, shall be applied by the Association to such reconstruction and repair. If the insurance proceeds with respect to such damage or destruction are insufficient to repair and reconstruct the damage or destruction, then the Association shall levy a Special Assessment in the aggregate amount of such insufficiency pursuant to this Declaration and shall proceed to make such repairs or reconstruction, unless the Owners and First Mortgagees by a majority vote agree not to repair and reconstruct such damage in accordance with the terms and provisions of this Declaration. No distributions of insurance proceeds shall be made to the Owners, unless made jointly payable to Owners and the First Mortgagees, if any. If insurance proceeds available to the Association on account of damage or destruction exceed the cost of repair, reconstruction or replacement, the Association may use the excess for future maintenance, repair, and operation of and improvements to Association Properties.

Section 9.5 Association Powers in the Event of Condemnation.

- (a) If proceedings are initiated by any government or agency thereof seeking to take the Association Properties or any interests therein or part thereof, including any Improvements, the Association shall give prompt notice thereof, including a description of the part of or interest in the Association Properties or Improvements thereon sought to be so condemned, to all Owners. The Association shall have full power and authority to defend in said proceedings, and to represent the Owners in any negotiations, settlements and agreements with a condemning authority for acquisition of the Association Properties, any part thereof, or any interest therein, and each Owner hereby appoints the Association as the Owner's attorney-in-fact for such purposes. Any award or proceeds of settlement shall be payable to the Association for the use and benefit of the Owners and their mortgagees as their interests may appear. No Owner shall be entitled to participate as a party or otherwise in any condemnation proceedings.
- (b) If all of the Association Properties are taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance of condemnation, any award or settlement shall be apportioned by the Association on such a fair and equitable basis as the Association determines to be appropriate in the circumstances, or as determined by judicial decree. If the allocation of the condemnation award is already established in the negotiations, judicial decree, or otherwise, then in allocating the condemnation award the Association shall employ such allocation that it is relevant and applicable.
- (c) If less than all of the Association Properties are taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance of condemnation, the condemnation award shall first be applied by the Association to the rebuilding and replacement of those improvements on the Association Properties which are damaged or taken by the condemning public authority, if such rebuilding or replacement is reasonably practical, unless Members with at least sixty-seven percent (67%) of the First Mortgagees (based upon one vote for each First Mortgage held) agree otherwise. Any surplus of the award or other portion thereof not used for rebuilding and replacement shall be distributed by the Association on the same basis as indicated in subparagraph (b) of this section. No provision of this Declaration or any other document relating to the Association Properties shall be deemed to give an Owner or any other party priority over the rights of a First Mortgagee, pursuant to a First Mortgage, awarding distribution of insurance proceeds or condemnation awards for losses to or taking of Association Properties.

ARTICLE 10

DECLARANT'S DEVELOPMENT RIGHTS, SPECIAL RIGHTS AND RESERVATIONS

Section 10.1 Period of Declarant's Rights and Reservations. Declarant shall have, retain and reserve certain rights as hereinafter set forth with respect to the Association and the Association Properties for a period of twenty years after the date this Declaration is recorded in the real property records of Teller County, Colorado, or until such earlier date when Declarant ceases to own any real property within the Community Area. The rights and reservations hereinafter set forth shall be deemed excepted and reserved in each conveyance of property by Declarant, whether or not specifically stated therein, and in each deed or other instrument by which any property within the Community Area is conveyed by Declarant. The rights, reservations and easements hereinafter set forth shall be prior and superior to any other provisions of the Association Documents and may not, without Declarant's prior written consent, be modified, amended, rescinded, or affected by any amendment of the Association Documents. Declarant's consent to any one such amendment shall not be construed as a consent to any other amendment.

Section 10.2 Declarant's Development Rights. For the period stated in Section 10.1, Declarant shall have the following development rights:

Subject to the limitation contained in Section 10.8, Declarant may create additional Association Properties within the Community Area or convert any of the Declarant owned Lots within the Community Area to Association Properties:

The Declarant shall not have the right to add property to the Community Area. All of the foregoing development rights shall be exercised by Declarant, if at all, in accordance with Section 38-33.3-210, Colorado Revised Statutes. All of the foregoing development rights shall be exercised by Declarant with respect to all or any portion of the Community Area. No assurances are made by the Declarant concerning which portions of the Community Area may be affected by Declarant's exercise of its development rights or the order in which portions of the Community Area may be affected. Declarant is not obligated to exercise any of its development rights and may elect not to exercise any or all of them. If Declarant does exercise a development right in any portion of the Community Area, Declarant is not obligated to exercise that development right in all or any other portion of the remainder of real estate affected by the exercise of the development right or in all or any other portion of the remainder of the Community Area.

Section 10.3 Special Declarant Rights. For the period stated in Section 10.1, and as more particularly set forth in this Article 10 or elsewhere in this Declaration, Declarant shall have the following special Declarant rights:

- (a) to complete any Improvements shown on the Master Plan, PUD Plan(s), Plats or any Supplemental Plat;
- (b) to exercise any development rights set forth in Section 10.2;
- (c) to maintain anywhere within the Community Area, sales offices, management offices, signs advertising the Community Area and model homes;
- (d) to use easements through the Association Properties for the purpose of making improvements within the Community Area, and;
- (e) to appoint or remove any officer of the Association or any member of the Board of Directors appointed by the Declarant.

Section 10.4 Special Declarant Rights. Declarant shall have the special Declarant rights to amend this Declaration to reflect Declarant's exercise of its reserved rights, as provided in this Article 10. Declarant shall have and hereby reserves the right, but shall not be obligated, to construct additional Improvements on Association Properties, at Declarant's cost, at any time and from time to time in accordance with this Declaration for the improvement and enhancement of the Association Properties and for the benefit of the Association and the Owners.

Section 10.5 Declarant's Rights to Use Association Properties and Declarant-Owned Lots in Promotion and Marketing. Declarant and its assigns, including any homebuilder to whom Declarant transfers a Lot, shall have and hereby reserves the right to use the Association Properties and any Lots owned by Declarant and its assigns and to use services offered by the Association in connection with the promotion and marketing of property within the boundaries of the Community Area or nearby areas. Without limiting the generality of the foregoing, Declarant may erect and maintain on any part of the Association Properties, or any Lot owned by Declarant and its assigns, such signs, temporary buildings and other structures as Declarant or its assigns may reasonably deem necessary or proper in connection with the promotion, development and marketing of real property within the Community Area; may use vehicles and equipment on Association Properties for promotional purposes; and may permit prospective purchasers of property within the boundaries of the Community Area to use Association Properties.

Section 10.6 Declarant's Rights to Complete Development of Community Area. No provisions of this Declaration shall be construed to prevent or limit Declarant's rights to complete the development of property within the boundaries of the Community Area or nearby areas and to subdivide, resubdivide, or rezone any portion of such property; to grant licenses, easements, reservations and rights-of-way; to construct or alter

Improvements on any property owned by Declarant within the Community Area; to maintain model homes, offices for construction, sales or leasing purposes or similar facilities on any property owned by Declarant or owned by the Association within the Community Area. Nothing contained in this Declaration shall limit the right of the Declarant or require Declarant to obtain approvals to excavate, cut, fill or grade any property owned by Declarant; to make changes or modifications to Article 6 of this Declaration by means of an amendment to this Declaration; to change any landscaping, grading, drainage, vegetation, or view; or to construct, alter, demolish or replace any Improvements on any property owned by the Declarant, or to use any structure on any property owned by Declarant as a construction, model home or real estate sales or leasing office in connection with the sale of any property within the boundaries of the Community Area. Nothing in this section shall limit or impair the reserved rights of Declarant as may be elsewhere provided in the Association Documents, which rights are incorporated in this section by this reference.

Section 10.7 Maximum Number of Lots. Notwithstanding any other provision of this Declaration the maximum number of lots within the Community shall be in accordance with the Master Plan, PUD plan and any amendments to those plans.

Section 10.8 Declarant's Approval. Until Declarant no longer has the right to appoint all of the Board of Directors, the Association shall not, without first obtaining the prior written consent of Declarant, which consent shall not be unreasonably withheld, convey, change or alter the use of Association Properties; mortgage the Association Properties; use Association Properties other than for the benefit of Members; levy any Special Assessment; change or repeal any rules of the Architectural Committee; make any substantial reduction or change in Association services; or make any amendment of Association Documents.

ARTICLE 11

ASSESSMENTS

Section 11.1 Obligation for Assessments. Each Owner, by acceptance of a deed therefore or interest therein, whether or not it shall be so expressed in such deed, shall be deemed to covenant and agree to pay to the Association, in the manner, amounts and times prescribed herein, all Assessments which are described in the Association Documents and which shall be both a personal obligation of the Owner and a lien against his Lot as provided therein. Each Owner shall be jointly and severally liable to the Association for the payment of all Assessments attributable to them and/or their Lot. The personal obligation for delinquent Assessments shall not pass on to an Owner's successors in title or interest unless expressly assumed by them. No Owner may waive or otherwise escape personal liability for the payment of the Assessments provided for herein by non-use of the Association Properties or the facilities contained therein, by non-use of any service provided by the Association for all Owners, by abandonment or leasing of his Lot, or by asserting any claims against the Association, the Declarant or any other person or entity. In addition to the foregoing Assessments, charges, fees and other sums, each Owner shall have the obligation to pay real property ad valorem taxes and special assessments imposed by Colorado governmental subdivisions against his Lot. All property dedicated to and accepted by a public or governmental authority and the Association Properties shall be exempt from Assessments hereunder.

Section 11.2 Purpose of Assessments. The Assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of the Owners and for the improvement and maintenance of the Association Properties as more specifically provided herein.

Section 11.3 Common Assessments. The Common Assessments may include, but shall not be limited to, the following common expenses:

- (a) expenses of management of the Association and its activities;
- (b) taxes and special assessments upon the Association Properties, both real and personal property;
- (c) premiums for all insurance which the Association is required or permitted to maintain;
- (d) common services to Owners as approved by the Board;
- (e) landscaping and care of the Association Properties and any recreational or other Association facilities or improvements located thereon;

- (f) repairs and maintenance that are the responsibility of the Association, including, without limitation, the obligations described in Section 8.3 of this Declaration;
- (g) wages for Association employees and payments to Association contractors;
- (h) legal and accounting fees for the Association;
- (i) any deficit remaining from a previous Assessment year;
- (j) the creation of reasonable contingency reserves, surpluses, and sinking funds, and adequate reserve funds for maintenance, repairs and replacement of those elements of Association Property or maintenance that must be done or replaced on a periodic basis and are payable in regular installments, rather than by Special Assessments;
- (k) the creation or reasonable contingency reserves for any applicable insurance deductibles and emergencies;
- (l) any other costs, expenses, and fees which may be incurred or may reasonable be expected to be incurred by the Board, in its sole discretion, for the benefit of the Owners under or by reason of this Declaration;
- (m) the cost and expense of maintaining any Private Road in the Community Area, lights, signage, community mailboxes and other related facilities;
- (n) the cost and expense of maintaining any private drainage facilities within the Community Area;
- (o) the cost and expense of the Forestry Management;
- (p) the cost and expense of any services or programs provided within or any other Community Amenity by the Association;

Common Assessments shall be paid quarterly as provided in Section 11.5.

Section 11.4 Declarant's Obligation. Until Assessments are first levied by the Association pursuant to this Article 11, Declarant shall pay all common expenses of the Association described in Section 11.3; provided, however, Declarant shall not be liable for any assessments on Lots owned by the Declarant in the Community Area.

Section 11.5 Common Assessment Procedure.

- (a) Promptly after this Declaration is recorded, the Board of Directors shall set the total annual Common Assessment for 2007 based upon an estimated budget for the Association for 2007. No later than ninety days before the beginning of each year after 2007, the Board of Directors shall set the total annual Common Assessment based upon an advanced budget of the Association's requirements for the following Assessment year. Within thirty days after the adoption of the Association's budget for each year, by the Board, the Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing or other delivery of the budget summary. The notice mailed to the Owners shall include a ballot allowing an Owner to vote for or against approval of the budget by returning the ballot marked and signed by the Owner, to the Board, by mail or otherwise, prior to or on the date on which the meeting is scheduled. Unless a majority of all Owners present and voting in person or by proxy at the meeting called to discuss the budget or voting by the mailed ballot returned to the Board prior to that meeting reject the budget, the budget is ratified, whether or not a quorum is present at the meeting. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board.
- (b) After approval of the budget by the Owners, the Board shall cause to be prepared, delivered or mailed to each Owner at least thirty days in advance of the date payment is due, a payment statement setting forth the annual Common Assessment. That annual Common Assessment shall be payable in advance in ***MONTHLY installments*** due on the first day of each successive quarter unless the Board otherwise directs or changes to monthly assessments. All payments of the Common Assessment shall be due and payable, without any notice or demand, on the due dates declared by the Board. Common Assessments shall be applicable to all Lots, including those owned by the Declarant. Declarant and other owners of Lots at the time a Common Assessment is first levied shall become responsible for Common Assessments at that time. Each Owner who subsequently acquires a Lot shall become responsible for Common Assessments on the Lot as of the date the Lot is transferred to such Owner. The first annual Common Assessment shall be adjusted according to the number of months remaining in the fiscal year as established pursuant to the Bylaws of the Association. The Board may adopt Rules and Regulations requiring the Owner, at the time when Common Assessments first commence upon that Owner's Lot as provided in this section, to prepay the Common Assessments for the balance of the ***MONTHLY period*** and an additional period which shall not exceed an

additional twelve months; such prepayment shall not relieve the Owner from any additional requirement to pay working capital pursuant to Section 11.18.

Section 11.6 Rate of Assessments. Common Assessments and Special Assessments shall be sufficient to meet the expected needs of the Association. Special Assessments shall be allocated equally and uniformly among all Lots, so that each Owner is obligated to pay an equal Special Assessment for each Lot owned. The rate for Special Assessments shall be determined by dividing the total Special Assessment payable for any Assessment period, as determined by the ratified budget, by the number of Lots then subject to this Declaration. The resulting quotient shall be the amount of the Special Assessment payable with respect to each Lot. Common Assessments shall differ depending on whether or not a Lot contains a completed Dwelling Unit. The Common Assessment payable with respect to a Lot upon which a Dwelling Unit has been substantially completed shall be between 10 to 30 times the Common Assessment for a Lot on which a Dwelling Unit has not been substantially completed until the applicable Transition Date described below. The Association shall set the ratio between 10 to 30 by resolution adopted by the Board, which ratio may be changed, but will remain within such range of 10 to 30 until the applicable Transition Date described below. If a Dwelling Unit is completed on a Lot after the Common Assessment for a quarter has been billed, the Common Assessment for that Lot will not be changed until the following quarter.

Common Assessments shall not cease to differ depending on whether or not a Lot contains a completed Dwelling Unit as of the following dates (the “Transition Date”):

- (a) January 2008 for Lots within Stone Ridge Village.

Section 11.7 Failure to Fix Assessment. The failure by the Board of Directors to levy an Assessment for any period shall not be deemed a waiver or medication with respect to any of the provisions of this Declaration or a release of the liability of any Owner to pay Assessments for that or any subsequent period.

Section 11.8 Special Assessments. In addition to Common Assessments, the Board of Directors may, subject to the provisions of this section, levy Special Assessments for the purpose of raising funds to construct or reconstruct, repair or replace capital Improvements upon Association Properties, including personal property relating thereto; to add to the Association Properties; to provide for the necessary facilities and equipment; to offer the services authorized in this Declaration; to correct any deficit or cost overrun; or to repay any loan made to the Association to enable it to perform the duties and functions authorized in this Declaration. Special Assessments shall be equally, uniformly imposed upon Lots as provided in Section 11.6. Except during the period of Declarant Control, no Special Assessment shall be assessed until it has been ratified by the Owners in accordance with a procedure substantially identical to the procedure set forth in Section 11.5(a). At any time that insurance proceeds are insufficient to repair or reconstruct any damaged or destroyed Improvements on the Association Properties, or on any other property which the Association maintains, the Association may levy Special Assessments for the purpose of repair or reconstruction of such damaged or destroyed Improvements; all such Special Assessments shall be equal to the amount by which the costs of

repair or reconstruction of Improvements exceeds the sum of insurance proceeds awarded for the damage or destruction, and shall be set in the same manner as other Special Assessments. The Association shall notify Owners in writing of the amount of any Special Assessment and of the manner in which, and the dates on which, any such Special Assessment is payable, and the Owners shall pay any such Special Assessment in the manner so specified.

Section 11.9 Site Assessments. The Board of Directors may, subject to the provisions hereof, levy a Site Assessment against any Member, Owner, or Lot if the willful or negligent acts or omissions of the Member, Owner, or a Related User cause any violation of the Association Documents or cause any loss or damage to the Association or Association Properties or cause any expenditure of funds in connection with the enforcement of powers of the Association. Except for a default consisting solely of a failure to timely pay any Assessment, including, without limitation, Special Assessments or Common Assessments, which shall not require any notice and hearing, a Site Assessment shall be levied only after such notice and hearing as may be required by the Bylaws. The amount of the Site Assessment shall be due and payable to the Association upon notice by the Board that the Site Assessment is owing. Imposition or non-imposition of Site Assessments shall not preclude the Association from pursuing simultaneously or subsequently all other legal or equitable rights and remedies.

Section 11.10 Costs of Enforcement, Late Charges and Interest. If any Assessment is not paid within ten days after it is due, the Member, Owner or other Person obligated to pay the Assessment may be additionally required to pay all costs of enforcement, including without limitation, reasonable attorney's fees, court costs, witness expenses, and all related expenses ("collection expenses"), and to pay a reasonable late charge to be determined by the Board. Any assessment which is not paid within ten days after the date of any notice of default given under Section 11.12 shall bear interest from the due date at a rate determined by the Board, not to exceed the lower of twenty-one percent (21%) per annum, or the maximum percentage permitted by law, from the due date until paid.

Section 11.11 Attribution of Payments. If any Assessment payment is less than the amount assessed, the sums received by the Association from that Owner shall be credited in such order of priority as the Board of Directors, in its discretion, determines.

Section 11.12 Notice of Default and Acceleration of Assessments. If any Assessment is not paid within thirty days after its due date, the Board of Directors may mail a notice of default to the Owner and to each First Mortgagee of the Lot who has requested a copy of such notice. The notice shall substantially set forth (a) the fact that the installment is delinquent; (b) the action required to cure the default; (c) a date not less than twenty days from the date of mailing of the notice by which such default must be cured, and (d) that failure to cure the default on or before the date specified in the notice may result in the foreclosure of the lien for the Assessment against the Lot of the Owner. A default shall not be considered cured unless the past due sums collection expenses and all sums coming due through the date of payment are paid to the Association. If the delinquent Assessment and any collection expenses, late charges or interest thereon, plus any other sums due as of the date of the payment, are not paid in full on or before the date specified in the notice, the Board, at its option, may enforce the collection of

the Assessment and all collection expenses, charges and interest thereon in any manner authorized by law or in the Association Documents.

Section 11.13 Remedies to Enforce Assessments. Each Assessment levied hereunder shall be a separate, distinct and personal debt and obligation of the Owner against whom it is assessed. In the event of a default in payment of any Assessment, the Board may, in addition to any other remedies provided under the Association Documents or by law, enforce such obligation on behalf of the Association by suit or by filing and foreclosure of a lien as hereinafter provided. Each Owner, by acceptance of a deed to a Lot, whether or not it is expressed in such deed, is deemed to covenant and agree to pay to the Association all Assessments, together with interest, late charges, and expenses of collection, and this covenant shall be a charge on the land and a continuing lien upon the Lot against which the Assessment is made. The lien created hereby shall exist from the date of each Assessment until all sums are paid, whether or not a Notice of Lien is filed in accordance with Section 11.15.

Section 11.14 Lawsuit to Enforce Assessments. The Board may bring a suit at law to enforce any Assessment obligation. Any judgment rendered in such action shall include any late charge, interest, and other costs of enforcement against the defaulting Owner, including, without limitation, reasonable attorney's fees.

Section 11.15 Lien to Enforce Assessments. The Association shall have a lien for Assessments (the "Lien") as provided in Section 38-33.3-316, Colorado Revised Statutes. In addition to or in lieu of bringing suit to collect Assessments, the Association may foreclose its Lien as provided by law and in this section. The Board may elect (but is not required to) to file a claim of lien against the Lot of the defaulting Owner by recording a notice ("Notice of Lien") substantially setting forth: (a) the amount of the claimed delinquency, (b) the interest and expenses of collection which has accrued thereon, (c) the legal description and street address of the Lot against which the Lien is claimed, and (d) the name of the record Owner thereof. Such Notice of Lien shall be signed and acknowledged by an officer of the Association or other duly authorized agent of the Association. The Lien shall have the priority provided by the Colorado Common Interest Ownership Act and shall be prior to any declaration of homestead rights recorded after the time that the Lot becomes part of the Community Area. The acceptance of a deed to a Lot subject to this Declaration shall constitute a waiver by the Owner of the homestead exemption as against said Lien. The Lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. When all amounts claimed under the Lien, including, without limitation, all collection expenses, court costs, recording costs and filing fees, have been fully paid or satisfied, the Association shall execute and record a notice releasing the Notice of Lien, if recorded, upon payment by the Owner of a reasonable fee as fixed by the Board of Directors to cover the cost of preparing and recording the release of the Notice of Lien. Unless paid or otherwise satisfied, the lien may be foreclosed through a Colorado court of competent jurisdiction in accordance with the laws of the State of Colorado applicable to foreclosure of real estate mortgages (not including public trustee foreclosures of deeds of trust), or in any other manner permitted by law. The Association shall have the right and power to bid on the Lot at the sale and to acquire and hold, lease, mortgage, and convey the same. The lien under this section shall be subject to the provisions and restrictions of Section 15.6 hereof.

Section 11.16 Estoppel Certificates. Upon the payment of such reasonable fee, as may be determined from time to time by the Board of Directors, and upon the written request of any Member or Owner and any Person which has, or intends to acquire, any right, title or interest in the Lot of such Member or Owner, the Association shall furnish a written statement setting forth the amount of any Assessments or other amounts, if any, due and accrued and then unpaid with respect to a Lot and the Owner thereof, and setting forth the amount of any Assessment levied against such Lot which is not yet due and payable. Such statement shall, with respect to the Person whom it is issued, if relied thereupon in good faith and without actual knowledge to the contrary, be conclusive against the Association.

Section 11.17 No Offsets. All Assessments shall be payable in the amounts specified in the levy thereof, and no offset, abatement or reduction thereof shall be permitted for any reason whatsoever, including, without limitation, any claim that the Association or the Board of Directors is not properly exercising its duties and powers under this Declaration, or for inconvenience or discomfort arising from any activity of the Association Properties, or the non-use by an Owner of Association Properties or services provided by the Association or because an Owner claims that a particular function funded by the Assessment does not benefit that Owner directly, or for any other reason.

Section 11.18 Working Capital Fund. The Association may require the first Lot Owner of any Lot (other than a Declarant or a homebuilder) who purchases that Lot from Declarant or a homebuilder to make a nonrefundable contribution to the Association in the amount equal to three times the total annual assessment at the time of sale (regardless of whether or not assessments have commenced as provided herein). Said contribution shall be collected and transferred to the Association at the time of closing of the sale by Declarant or a builder of each Lot as aforesaid, and shall, until used, be maintained in a non-segregated account with other such working capital funds for the use and benefit of the Association as the Executive Board deems desirable, including, without limitation, to meet unforeseen expenditures or to purchase additional equipment, property or services. Such contribution to the working capital fund shall not relieve a Lot Owner from making regular payments of assessments as the same become due. Upon the transfer of their Lot, a Lot Owner shall be entitled to a credit from their transferee (but not from the Association) for the aforesaid contribution to working capital fund. The Association may, from time-to-time, increase the amount required for each Lot Owner's share of the working capital fund to an amount equal to two times the then current total annual assessment for each Lot Owner.

ARTICLE 12

INSURANCE

Section 12.1 Insurance on Association Properties. The Association shall maintain the following types of insurance, to the extent that such insurance is reasonably available, considering the availability, cost and risk coverage provided by such insurance, and the cost of said coverage shall be paid by the Association as a common expense. Notwithstanding any of the specific insurance requirements specified in the Article 12, the Association may also consider, in determining the type and amount of insurance it needs to obtain, the then-existing requirements of the Agencies.

- (a) A policy of property insurance covering all insurable Association Properties for broad form covered causes of loss, in an amount not less than the full insurable replacement cost of the insured property less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies. Such insurance as maintained by the Association pursuant to this subsection shall afford protection against at least the following:
 - (1) loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; and
 - (2) such other risks as at the time are customarily covered with respect to associations having property similar in construction, location and use, including all periods normally covered by the standard “all risk” endorsement, where such is available.
 - (3) In the event that the Association has delegated some or all of its responsibility for handling of funds to a manager, the Association may require the manager to purchase, at the manager’s expense, a policy of fidelity insurance or bonds, which fully comply with the provision of this subparagraph 3.
- (b) A comprehensive policy of commercial general liability insurance covering all of the Association Properties, insuring the Association in an amount but not less than \$1,000,000.00 covering bodily injury, including death, personal injury and property damage liability arising out of a single occurrence. Such coverage shall include, with limitation, legal liability of the insureds for property damage, bodily injuries and deaths in connection with the operation, maintenance or use of the Association Properties, legal liability arising out of lawsuits related to employment contracts of the Association, and protection against liability for non-owned and hired automobiles. Such coverage may also include, if applicable,

comprehensive automobile insurance, liability for property of others, host liquor liability, water damage liability, contractual liability, workmen's compensation insurance for employee's of the Association, and insurance coverage of such other risks as are customarily required by private institutional mortgage investors with respect to associations having property similar in construction, location and use. This policy shall insure the Association, the Board of Directors, the Association's managing agent (if any), and their respective employees, agents and all persons acting as agents. Declarant shall be included as an additional insured in its capacity as an Owner of Lots. The Owners shall be included as additional insureds but only for claims and liabilities arising from the ownership, existence, use of management of the Association Properties. The insurance shall cover claims of one or more insured parties against other insured parties.

- (c) A policy providing comprehensive fidelity coverage or fidelity bonds to protect against dishonest acts on the part of officers, directors, trustees, and employees of the Association and all others who handle or are responsible for handling funds of the Association, in an amount at least equal to the estimated maximum of funds, including reserves, held by the Association at any given time; provided, however, that such fidelity coverage or fidelity bonds shall not be in an amount less than two months' aggregate Common Assessments on all Lots, plus the Association's reserve funds. Such fidelity coverage or bonds shall meet the following requirements:
- (1) all such fidelity coverage or bonds shall name the Association as an obligee;
 - (2) such fidelity coverage or bonds shall contain waivers of any defense based upon the exclusion of Persons who serve without compensation from any definition of "employee" or similar expression.
 - (3) In addition, the Association may obtain insurance against such other risks of similar or dissimilar nature as it shall deem appropriate, to the extent that such coverage is reasonably available, including but not limited to personal liability insurance to protect directors and officers of the Association and the members of the Architectural Committee and other representatives.
 - (4) Notwithstanding any other provision of the Association Documents, all insurance required by the Association shall satisfy the requirements of Section 38-33.3-313, Colorado Revised Statutes.

Section 12.2 General Provisions of Insurance Policies. All policies of insurance carried by the Association shall be carried in blanket policy form naming the Association, or its designee, as trustee and attorney-in-fact for all Owners, as the insured, and each Owner shall be an insured person under such policies with respect to liability arising out of any Owner's membership in the Association. The policy or policies shall contain a standard non-contributory First Mortgagee's clause in favor of each First Mortgagee, and a provision that it cannot be canceled or materially altered by either the insured or the insurance company until thirty days' prior written notice thereof is given to the insured and to each First Mortgagee, insurer, or guarantor of a First Mortgage. The Association shall furnish a certified copy or duplicate original of such policy or renewal thereof, with proof of premium payment and a certificate identifying the interest of the Owner in Question, to any party in interest including First Mortgagees, upon request and payment of a reasonable fee. Any such Owner's policy shall also contain waivers of subrogation. Additionally, all policies shall contain waivers of any defense based on invalidity arising from any act or neglect of an Owner, where such Owner is not under the control of the Association. Insurance obtained by the Association, to the extent reasonably feasible, and provided that Declarant reimburses the Association for any additional premium payable as a result, shall name Declarant as an additional insured and shall contain a waiver of subrogation rights against Declarant. Casualty, fire and extended coverage insurance may be provided under blanket policies covering the Association and property of Declarant.

Section 12.3 Deductibles. No policy of which the Association or its designee is the beneficiary shall include a deductible clause in an amount greater than the lesser of \$10,000.00 or one percent of the face amount of the policy. Any deductible shall be payable by the Person responsible for the repair and maintenance of the damaged or destroyed property which is the subject of an insurance claim. In the event of a joint duty of repair and maintenance of the damaged or destroyed property, then the deductible may be apportioned among the parties sharing in such joint duty, or may be partly or wholly borne by the Association, at the election of the Board of Directors.

Section 12.4 Insurance Trustee. The Association may authorize a representative to act for it, including any trustee or successor thereto, who shall have exclusive authority to negotiate losses under any policy providing property or liability insurance. Such insurance trustee shall act as attorney-in-fact for the purpose of purchasing and maintaining insurance, including: the collection and appropriate disposition of the proceeds thereof: the negotiation of losses and execution of releases of liability: the execution of all documents and the performance of all other acts necessary to accomplish such purpose. Said party may also receive, hold or otherwise properly dispose of any proceeds of insurance in trust for Owners and their First Mortgagees as their interest may appear.

Section 12.5 Acceptable Insurance Companies. Each hazard insurance policy purchased by the Association must be written by a hazard insurance carrier which has a current credit or financial rating, which meets any applicable requirements of the Agencies, and is authorized by law to do business in the State of Colorado. The Association shall not obtain any policy if (a) the terms of the insurance company's charter, bylaws, or policy provide that contributions or assessments may be made against the mortgagor or mortgagee's designee, or (b) the terms of the carrier's charter, bylaws, or policy provide that loss payments are contingent

upon action by the carrier's board of directors, policyholders or members, or(c) the policy includes any limiting clauses (other than insurance conditions) which would prevent a First Mortgagee of any Owner from collecting insurance proceeds.

Section 12.6 Other insurance to be Maintained by Owners. Insurance coverage on the furnishings and other items of personal property belonging to an Owner, public liability insurance coverage upon each Lot, and hazard insurance coverage on the Improvements owned by each Owner shall be the responsibility of the Owner of such Lot.

Section 12.7 Annual Review of Insurance Policies. All insurance policies carried by the Association shall be reviewed at least annually by the Board of Directors to ascertain that coverage provided by such policies adequately covers those risks insured by the Association.

Section 12.8 Owners' Negligence. Notwithstanding anything to the contrary contained in this Declaration, in the event that the need for maintenance, repair, or reconstruction of any or all of the Association Property is caused by the willful or negligent act or omission of any Owner, or a Related User of such Owner, the cost of such repair, maintenance, or reconstruction shall be the personal obligation of such Owner, and any costs, expenses and fees incurred by the Association for such maintenance, repair or reconstruction may be collected as a Site Assessment as provided in this Declaration or by the Association exercising any rights or remedies under the Association Documents or otherwise as permitted by law. A determination of the negligence or willful act or omission of any Owner's liability therefore, shall be determined by the Board of Directors at a hearing after any notice required by the Bylaws to be given to the Owner, but any determination by the Board of Directors shall be subject to judicial review as appropriate.

SECTION 13

EASEMENTS

Section 13.1 Easement for Encroachments. If any portion of an Improvement encroaches upon the Association Property, including any future encroachments arising or resulting from erosion or subsidence, or from the repair or reconstruction of an improvement subsequent to its damage, destruction or condemnation, the Board may grant a valid easement on the surface and for subsurface support below such surface and for the maintenance of same, for so long as such encroachment exists, but subject to any conditions or restrictions imposed by the Board.

Section 13.2 Association Easement. An easement to perform its maintenance or other rights or obligations pursuant to this Declaration is hereby granted to the Association, its officers, agents, employees and assigns, upon, across, over, in and under the Community Area, together with the right to make such use of the Community Area as may be necessary or appropriate in carrying out such maintenance or other rights or obligations.

Section 13.3 Easement for Access. Notwithstanding Declarant's conveyance of any Private streets shown on the Plats to the Association pursuant to Section 9.2, Declarant hereby reserves, for itself, its successors and assigns, a perpetual and non-exclusive easement for ingress and egress, on, over, and across any or all private streets and roads in the Community Area that provide access to any Lots. Such easement shall be appurtenant to and shall run with all real property within the Community Area now or hereafter owned by Declarant, its successor or assigns, and such easement shall automatically be conveyed to any successor of Declarant as the developer of the Community Area, whether or not the easement is expressly conveyed in any deed or conveyance transferring real property within the Community Area to such successor. The easement created by this Section 13.3 shall survive Declarant's conveyance of private streets within the Community Area to the Association, whether or not an express reservation is contained in the deed conveying such streets.

Section 13.4 Utilities. Declarant hereby creates and reserves to itself until Declarant has sold the last Lot in the Community Area to an Owner other than Declarant, and, thereafter, to the Association:

- (a) Perpetual, alienable, divisible and releasable easements and the right from time to time to grant such easements to others over, under, in and across each of the utility easements of each Lot as shown on the Plat for use of all or part of such areas for lines for transmission of electric current or impulses or electronic signals, for heat and fuel lines, for water lines, for utility lines, for drainage and for other similar or dissimilar facilities and purposes, and for any one or more of such purposes;
- (b) A blanket easement across, over and under the Association Properties for access, utilities, drainage and the installation, replacement, repair and maintenance of utilities: and

If any utility or quasi-utility company furnishing a service covered by the easements created herein requests a specific easement by separate recordable document, Declarant reserves and is hereby given the right and authority to grant such easement. The Association shall succeed to such right and authority upon conveyance by Declarant of the last Lot in the Community Area to the first Owner thereof, other than Declarant. The easement provided for in this section shall in no way affect, avoid, extinguish or modify any other recorded easement on the Community Area.

Section 13.5 Easement for Emergency and Public Service Vehicles. There is hereby granted an easement for school buses, mail and other delivery vehicles and emergency vehicles, including fire, police and ambulance to use the streets in the Community Area, public or private, for emergency and other official purposes.

Section 13.6 Easements Deemed Created. All conveyance of Lots hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Declaration including but not limited to the easements created in

Section 4.8, 4.9, 4.10, 4.13, 4.14, 4.15, 4.16, 5.22, 5.23, 8.3 (d), whether or not specific reference to such easements or to this Article appears in the instrument of conveyance.

Section 13.7 Easements of Record. In addition to the easements created in this Article 13 and on the Plats, the Community Area is subject to those easements and other matters currently of record in Teller County, Colorado.

Section 13.8 Landscape Easement. The Declarant reserves for itself and the Association the right to enter into the landscape easements as depicted on any Plat or Supplemental Plat concerning the Community Area or Association Property for the purpose of installing, maintaining, repairing and replacing the landscaping, sprinkler system, fencing, signage, lighting and any other improvements deemed appropriate by the Declarant or the Association to enhance the Community Area or Association Property.

SECTION 14

MISCELLANEOUS

Section 14.1 Term of Declaration. Unless amended as herein provided, all provisions, covenants, conditions, restrictions and equitable servitudes contained in this Declaration shall be effective for twenty years after the date when this declaration was originally recorded, and, thereafter, shall be automatically extended for successive periods of ten years unless terminated by agreement of the Owners with at least sixty-seven percent of the voting power of the Association, in the manner provided in Section 38-33.3-218, Colorado Revised Statutes.

Section 14.2 Amendment of Declaration by Declaration of the Association.

- (a) Until the first Lot subject to this Declaration has been conveyed by Declarant by recorded deed, any of the provisions, covenants, conditions, restrictions and equitable servitudes in this Declaration may be amended or terminated by Declarant by the recordation of a written instrument, executed by Declarant, setting forth such amendment or termination.
- (b) Declarant may amend the Declaration in accordance with Section 10.2 as necessary to exercise any of the development rights set forth in Section 10.2
- (c) The Association may amend the Declaration as permitted by the Colorado Common Interest Ownership Act.

Section 14.3 Amendment of the Declaration by Members. Except as otherwise provided in this Declaration, and subject to provision elsewhere contained in this Declaration requiring the consent of Declarant or others, any provision, covenant, conditions, restriction or equitable servitude contained in this Declaration may be amended or repealed at any time and from time to time upon approval or the amendment or repeal by Members with at least sixty-seven percent (67%) of the voting power of the Association, in the manner provided in Section 38-33.3-218, Colorado Revised Statutes.

Section 14.4 Required Consent of Declarant to Amendment. Notwithstanding any other provision in this Declaration to the contrary, any proposed amendment or repeal of any provision of this Declaration shall not be effective unless Declarant has given its written consent to such amendment or repeal, which consent may be evidenced by the execution by Declarant or nay certificate of amendment or repeal. The foregoing requirements for consent of Declarant to any amendment or repeal shall terminate at such time as the last Lot in the Community Area has been conveyed by Declarant to the first Owner other than Declarant.

Section 14.5 Special Rights or First Mortgages. Any First Mortgagee, upon filing a written request therefore with the Association, shall be entitled to (a) receive written notice from the Association of any default by the Owner indebted to such First Mortgagee in the performance of the Owner's obligations under the Association Documents, which default is not cured within sixty days after the Association learns of such default: (b) examine the books of and records of the Association during normal business hours: (c) upon request, receive a copy of financial statement, within ninety days following the end of any fiscal year of the Association: (d) receive written notice of all meeting of Members: (e) designate a representative to attend any meeting of Members: (f) receive written notice of abandonment or termination of the Association or of this Declaration: (g) receive notice of any amendment to this Declaration, the Articles of Incorporation or the Bylaws: (h) receive written notice of termination of any agreement for professional management of the Association of the Association Properties following a decision of the Association to assume self-management of the Association Properties: and (i) receive written notice of any damage to the Association Properties if the cost of reconstruction exceeds \$10,000, and of any condemnation of eminent domain proceedings or other proposed acquisition with respect to any portion of the Association Properties.

Section 14.6 Priority of First Mortgage Over Assessments. Each First Mortgage who recorded its First Mortgage before Assessments have become delinquent and who obtains title to the Lot encumbered by the First Mortgage, whether pursuant to the remedies provided in the mortgage, by judicial foreclosure, or by deed or assignment in lieu of foreclosure, shall take title to the Lot free and clear of any claims for unpaid Assessments or charges against such Lot which accrued prior to the time such First Mortgagee acquired title, other than allocation of any deficiency prorated among all Members of the Association. A First Mortgagee shall be deemed to have acquired title to a Lot on the date of receipt of a deed in lieu of foreclosure, on the date of receipt of a Certificate of Purchase from the Public Trustee, or on the date of sale pursuant to a judicial foreclosure and receipt of the Sheriff's Certificate of Purchase, as the case may be.

Section 14.7 First Mortgagee Right to Pay Taxes and Insurance

Premiums. Any one or more First Mortgagees, jointly or singly, shall be entitled to pay any taxes or other charges which are in default and which may become or have become a charge against any of the Association Properties, and may pay any overdue premiums on hazard insurance policies for any Association Properties, or may secure new coverage of the insurance policy on Association Properties lapses, and the First Mortgagees making such payments shall be owed immediate reimbursement therefore from the Association.

Section 14.8 Evidence of Required Approvals. Whenever the validity of any amendment to or revocation of this Declaration is conditioned upon voting by a stated percentage of Members and approval by First Mortgagees or Agencies, or both, the recorded document implementing the amendment or revocation shall contain a certification by an officer of the Association that the approvals of the required percentages of Members, First Mortgagees and Agencies were obtained. The Association shall keep on file in its offices such proxies, letters, minutes of meetings or other documentation as may be required to evidence compliance with applicable approval requirements, but the officer's certificate on the recorded instrument shall be sufficient public notice of compliance.

Section 14.9 Notices. Any notice permitted or required to be given under this Declaration shall be in writing and may be given either personally, by mail, fax or electronic mail. If served by mail, each notice shall be sent postage prepaid, addressed to any Person at the address given by such Person to the Association for the purpose of service of such notice, or to the Lot of such Person if no address has been given to the Association, and shall be deemed given, if not actually received earlier, at 5:00 p.m. on the second business day after it is deposited in a regular depository of the United States Postal Service. Such address may be changed from time to time by notice in writing to the Association.

Section 14.10 Persons Entitled to Enforce Declarations. The Association (acting by authority of the Board) or any member (acting on his own behalf), shall have the right to enforce any or all of the provisions, covenants, conditions, restrictions and equitable servitudes contained in this Declaration or the other Association Documents. The right of enforcement shall include the right to bring an action for damages, as well as an action to enjoin any violation of any provision of the Association Documents, and all other rights and remedies provided in the Association Documents and at law or in equity.

Section 14.11 Violations Constitute a Nuisance. Any violation of any the provision, covenant, condition, restriction or equitable servitude contained in this Declaration, whether by act or omission, is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by any Person entitled to enforce the provision of this Declaration.

Section 14.12 Violations of Law. Any violation of any federal, state, municipal, or local law, ordinance, rule or regulation pertaining to the ownership, occupation or use of any property within the Community Area, is hereby declared to be a violation of this Declaration and shall be subject to any and all of the enforcement procedures set forth in this Declaration.

Section 14.13 Remedies Cumulative. Each remedy provided under the Association Documents is cumulative and not exclusive.

Section 14.14 Costs and Attorney Fees. In any action or proceeding under the Association Documents, the party which seeks to enforce the Association Documents and prevails, shall be entitled to recover its costs and expenses in connection therewith, including reasonable attorneys' fees and expert witness fees.

Section 14.15 Limitation on Liability. The Association, the Board of Directors, the Architectural Committee, Declarant and any member, agent or employee of any of the same shall not be liable to any Person for any action or for any failure to act if the action or failure to act was in good faith and without malice, and shall be indemnified by the Association to the fullest extent permissible by the laws of Colorado, including without limitation, circumstances in which indemnification is otherwise discretionary under Colorado law, in accordance with and subject to the terms and limitations contained in the Bylaws.

Section 14.16 No Representations or Warranties. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or its agents or employees in connection with any portion of the Community Area, or any Improvements thereon, as to its or their physical condition, zoning, compliance with applicable laws, or fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in a writing signed by Declarant.

Section 14.17 Liberal Interpretation. The provision of the Association Documents shall be liberally construed as a whole to effectuate the purpose of the Association Documents. The use herein of the word "including" when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or word of similar import) is used with reference thereto, but rather shall be deemed to refer to all other times or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter.

Section 14.18 Governing Law. The Association Documents shall be construed and governed under the laws of the State of Colorado.

Section 14.19 Severability. Each of the provisions of the Association Documents shall be deemed independent and severable, and the invalidity or unenforceability of partial invalidity or partial unenforceability of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

Section 14.20 Number and Gender. Unless the context requires a contrary construction, as used in the Association Documents, the singular shall include the plural, and the plural, the singular and the use of any gender shall include all genders.

Section 14.21 Captions for Convenience. The titles, headings, and captions used in the Association Documents are intended solely for convenience of reference and are not intended to affect the meaning of any provision of this Declaration.

Section 14.22 Mergers and Consolidation. The Association may merge with another incorporated association to the extent permitted by law. Upon a merger or consolidation of the Association with another association, its properties, rights and obligation may, by operation of law be transferred to another surviving or consolidated association or alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The Surviving or consolidated association may administer and enforce the covenants, conditions, and restrictions established by this Declaration governing the Community Area together with the covenants and restrictions established upon any other property, as one plan. Notwithstanding the foregoing, the Association shall have the rights to merge into one association upon a vote of the respective boards of directors of such associations.

Section 14.23 Conflicts in Documents. In case any conflict between this Declaration and the Articles of Incorporation or the Bylaws of the Association, this Declaration shall control. If there is a conflict between the Articles of Incorporation and the Bylaws of the Association, the Articles of Incorporation shall control.

Section 14.24 Approving Authority Resolves Questions of Construction. If any doubt or questions shall arise concerning the true intent or meaning of any of these Covenants, the Declarant, during the Period of Declarant Control, and thereafter, the Association (the “Interpretive Authority”), shall determine the proper construction of the provisions in question and shall set forth in a written instrument duly acknowledged by the Interpretive Authority and filed for record with the Clerk and Recorder of Teller County, the meaning, effect, and application of the provision. This determination will thereafter be binding on all parties so long as it is neither arbitrary nor capricious.

IN WITNESS WHEREOF, Declarant has executed this Declaration to be effective on the day and year first above written.

DECLARANT:

**STONE RIDGE VILLAGE, LLC,
a Colorado Limited Liability Company**

By: _____
Dana Duncan, Manager

