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 FOR
 CONDOMINIUM DECLARATION
 FOR
 COBBLESTONE CONDOMINIUMS

COLLEEN RICHMOND

Oct 11 3 26 PM '84

SUMMIT COUNTY
 CLERK AND RECORDER

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CONDOMINIUM DECLARATION

FOR

COBBLESTONE CONDOMINIUMS

KNOW ALL MEN BY THESE PRESENTS:

THAT WHEREAS, Cobblestone Enterprises, Ltd., a Colorado limited partnership (hereinafter called "Declarant") is the owner of that certain real property situate in the County of Summit, State of Colorado, being more particularly described on Exhibit A attached hereto and incorporated herein by this reference; and

WHEREAS, Declarant plans to construct multi-unit buildings on the above-described property, including improvements and appurtenances thereto and thereon, and it desires hereby to provide for the condominium ownership of the same pursuant to the provisions of the Condominium Ownership Act of the State of Colorado; and

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

NOW, THEREFORE, the Declarant hereby submits the above-described property, together with all improvements, appurtenances and facilities thereto and now or hereafter thereon, to condominium ownership under the Condominium Ownership Act of the State of Colorado, as the same may be amended from time to time, and hereby imposes upon all of said property the following terms, provisions, covenants, conditions, restrictions, easements, reservations, uses, limitations and obligations, which shall be deemed to run with the above-described property and all property hereafter annexed to this Declaration and shall be a burden and a benefit to Declarant, its successors, assigns, and any person acquiring or owning an interest in the above-described property and/or annexed property, their grantees, successors, heirs, executors, administrators, devisees or assigns.

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ARTICLE ONE

DEFINITIONS

1.1 Agencies. "Agencies" shall mean and collectively refer to, the Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Department of Housing and Urban Development (HUD), the Veterans Administration (VA) or any other governmental or quasi-governmental agency or any other public, quasi-public or private entity which performs (or may perform in the future) functions similar to those currently performed by any of such entities.

1.2 Association. "Association" shall mean and refer to Cobblestone Condominium Association, Inc., a Colorado nonprofit corporation, its successors and assigns. The Association shall act by and through its Board of Directors and officers.

1.3 Common Elements. "Common Elements" shall mean and refer to the totality of:

- (a) The Property; and
- (b) The Other Buildings; and
- (c) The Condominium Buildings (including, but not by way of limitation, the foundations, columns, girders, beams, supports, perimeter and supporting walls, chimneys, fireplace flues, balconies, roofs, stairs, stairways, entrances and exits, and the mechanical installations of the Condominium Buildings consisting of the equipment and materials making up any central services such as power, light, gas, hot and cold water, heating, refrigeration, and incinerating which exist for common uses, including the pipes, vents, ducts, flues, chutes, conduits, wires, and other similar utility installations used in connection therewith), except for the Individual Air Space Units; and
- (d) Any storage sheds, sidewalks, walkways, paths, bicycle paths, grass, shrubbery, trees, driveways, private streets, parking areas, landscaping, gardens, and recreational areas and facilities, if any, located on the Property; and
- (e) The tanks, pumps, motors, fans, compressors, ducts and, in general, all apparatus, installations and equipment of the Condominium Buildings existing for common use of the Owners; and
- (f) In general, all other parts of the Project existing for the common uses of the Owners, and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use.

1.4 Condominium Building. "Condominium Building" shall mean and refer to any building (including all fixtures and improvements therein contained) located on the Property and within which one or more Individual Air Space Units are located.

1.5 Condominium Map. "Condominium Map" shall mean and refer to the Condominium Map for Cobblestone Condominiums, recorded or to be recorded in the records of the office of the Clerk and Recorder of the County of Summit, Colorado. More than one Condominium Map or supplement thereto may be recorded; and, without limiting the generality of the foregoing, separate Condominium Maps may be recorded for each Condominium Building. If more than one condominium map or supplements thereto are recorded, then the term "Condominium Map" shall collectively mean and refer to all of such condominium maps and supplements thereto.

1.6 Condominium Unit. "Condominium Unit" shall mean and refer to the fee simple interest in and to an Individual Air Space Unit, together with all fixtures and improvements therein contained, and together with the undivided interest in the Common Elements appurtenant to the Individual Air Space Unit as shown on Exhibit B attached hereto and incorporated herein by this reference, which undivided interest is subject to being modified by annexations to this Declaration pursuant to the provisions of Article Seventeen hereof.

1.7 Declarant. "Declarant" shall mean and refer to Cobblestone Enterprises, Ltd., a Colorado limited partnership, its successors and assigns, if such successors and assigns acquire one or more portions of the Property from the Declarant for the purpose of constructing Condominium Buildings thereon; provided, however, that for the purposes of Sections 3.3, 5.2, 11.4, 15.2 and 15.3 of this Declaration, no person or entity shall be considered a Declarant under any of the aforesaid provisions, unless such person or entity shall first be designated by Cobblestone Enterprises, Ltd. as a Declarant for one or more of said purposes by a written instrument duly recorded in the County of Summit, Colorado.

1.8 Declaration. "Declaration" shall mean and refer to this Condominium Declaration, as it may be amended from time to time.

1.9 First Mortgage. "First Mortgage" shall mean and refer to any unpaid and outstanding mortgage, deed of trust or other security instrument encumbering a Condominium Unit, and recorded in the records of the office of the Clerk and Recorder of the County of Summit, Colorado, 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).

1.10 First Mortgage. "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.

1.11 General Common Elements. "General Common Elements" shall mean and refer to all of the Common Elements except the Limited Common Elements. Subject to any other applicable terms and provisions of this Declaration, upon the written consent of all Owners any General Common Element may be conveyed to any person or entity other than the Owners.

1.12 Individual Air Space Unit. "Individual Air Space Unit" shall mean and refer to the air space contained within the enclosed rooms, including garages, occupying part of a floor or floors in a Condominium Building and bounded by the unfinished interior surfaces of the perimeter walls (or the adjoining walls, if two or more Individual Air Space Units adjoin each other), unfinished interior surfaces of floors (or the lowermost floors, if it is an Individual Air Space Unit containing more than one level), unfinished interior surfaces of ceilings (or the uppermost ceilings, if it is an Individual Air Space Unit containing more than one level), and the unfinished interior surfaces of windows and window frames, doors and door frames of a Condominium Building, and which is separately identified on the Condominium Map. For purposes of this definition an enclosed room shall be deemed to include the air-space within any fireplace hearth beneath the flue (in its closed position). Said Individual Air Space Unit is to be used for residential purposes and shall have access to a public street.

1.13 Limited Common Elements. "Limited Common Elements" shall mean and refer to those parts of the Common Elements which are either limited to and reserved for the exclusive use of the Owner or Owners of a particular Condominium Unit or are limited to and reserved for the common use of the Owners of more than one, but fewer than all, of the Condominium Units. Without limiting the foregoing, the Limited Common Elements shall include the balcony and fireplace flue adjacent to an Individual Air Space Unit, any storage shed which may be designated on any Condominium Map for use as a Limited Common Element by a specific Condominium Unit, and the utility, heating, air conditioning and domestic hot water equipment contained within such Individual Air Space Unit or providing exclusive service to or for the exclusive use thereof, which Limited Common Elements shall be used in connection with the applicable Individual Air Space Unit to the exclusion of the use thereof by the other Owners, except by invitation. No reference to any Limited Common Elements identified in this Section 1.13 need be made in any instrument of conveyance, encumbrance or other instrument.

1.14 Member. "Member" shall mean and refer to each Owner of a Condominium Unit that is subject to the assessment provisions hereof; membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Condominium Unit.

1.15 Other Building. "Other Building" shall mean and refer to any building or other similar structure (including all fixtures and improvements therein contained) located on the Property, but excluding any Condominium Building.

1.16 Owner. "Owner" shall mean and refer to any record owner (including Declarant), whether one or more persons or entities, of a fee simple title interest to any Condominium Unit; but excluding, however, any such record owner having such an interest merely as security for the performance of an obligation (unless such person has acquired fee simple title interest therein pursuant to foreclosure or any proceedings in lieu thereof).

1.17 Project. "Project" shall mean and refer to the totality of all the Property, Condominium Buildings, Other Buildings, Condominium Units and Common Elements.

1.18 Property. "Property" shall mean and refer to that certain property described on Exhibit A attached hereto and incorporated herein by this reference.

ARTICLE TWO

DIVISION OF PROJECT INTO CONDOMINIUM OWNERSHIP

2.1 Division Into Condominium Units. The Project is hereby divided into twelve (12) separate Condominium Units, each of which shall have an undivided interest in the Common Elements appurtenant thereto, as identified on Exhibit B attached hereto.

2.2 Inseparability. Each Condominium Unit, as well as all other appurtenances, rights and burdens connected therewith, shall be inseparable and may be transferred, conveyed, leased, devised, encumbered or otherwise disposed of only as a Condominium Unit. Every conveyance, transfer, devise, lease, encumbrance or other disposition of a Condominium Unit shall be deemed to be a conveyance, transfer, devise, lease, encumbrance or other disposition, as the case may be, of the entire Condominium Unit, together with all appurtenant rights, interests, duties and obligations, created by law or by this Declaration.

2.3 Non-Partitionability. The Common Elements shall be owned in common by all of the Owners and shall remain undivided. By the acceptance of his deed or other instrument of conveyance

or assignment, each Owner specifically waives his right to institute and/or maintain a partition action or any other action designed to cause a division of the Common Elements. Furthermore, each Owner agrees that this Section 2.3 may be pleaded as a bar to the maintenance of such an action. Any violation of this Section shall entitle the Association to collect, jointly and severally, from the parties violating the same, the actual attorney's fees, costs, expenses and all damages which the Association incurs in connection therewith.

ARTICLE THREE

CONDOMINIUM MAP

3.1 Recording. The initial Condominium Map, covering all or any portion of the Property, and any subsequent Condominium Map, if any, shall be recorded in the office of the Clerk and Recorder of the County of Summit, Colorado, prior to conveyance of the first Condominium Unit shown on such Condominium Map.

3.2 Content. Each Condominium Map shall depict and show at least the following: the legal description of the land and a survey thereof; the location of the Condominium Building(s) in reference to the exterior boundaries of the land; the floor and elevation plans; the location of the Individual Air Space Units within the Condominium Building(s), both horizontally and vertically; the Condominium Unit designations; and the Condominium Building designations. Each such Condominium Map shall contain the certificate of a registered professional engineer, licensed architect or registered land surveyor certifying that the Condominium Map substantially depicts the aforesaid information, and an affirmation that such Condominium Map was prepared subsequent to substantial completion of the improvements shown thereon. In interpreting the Condominium Map, the existing physical boundaries of each separate Condominium Unit, as constructed, shall be conclusively presumed to be its boundaries.

3.3 Amendments. Declarant hereby reserves unto itself and the Association, the right, from time to time, without obtaining the consent or approval of any Owner or First Mortgagee, to amend any Condominium Map in order to conform such Condominium Map to the actual location of any improvement(s) constructed, installed or erected on the Property, or to establish and designate any General Common Elements as Limited Common Elements. The rights accorded to Declarant in this Section 3.3 shall expire on the date of conveyance of the last Condominium Unit by Declarant to the first purchaser thereof (other than Declarant).

ARTICLE FOUR

OWNER'S PROPERTY RIGHTS IN COMMON ELEMENTS

4.1 Rights of Owner's Easements of Enjoyment and Rights of Ingress and Egress. Every Owner, his family members, guests and licensees shall have a right and easement of enjoyment in and to the General Common Elements and those Limited Common Elements appurtenant to his Condominium Unit, plus a right and easement of ingress and egress over, across and upon the General Common Elements and those Limited Common Elements appurtenant to his Condominium Unit for the purpose of getting to and from his Condominium Unit, parking areas, any recreational facilities and public ways, for both pedestrian and vehicular travel, which rights and easements shall be appurtenant to and pass with the transfer of title to the Owner's Condominium Unit; provided, however, that such rights and easements shall be subject to the following:

(a) The terms, provisions, covenants, conditions, restrictions, easements, reservations, uses, limitations and obligations contained in this Declaration and the Condominium Map; and

(b) The right of the Association to suspend the voting rights of any Member for any period during which any Association assessment against such Member or against such Member's Condominium Unit remains unpaid and, for any period not to exceed sixty (60) days, as a result of such Member's infraction, or the infraction by any member of such Member's family or such Member's guests or invitees, of any rule or regulation of the Association; and

(c) The right of the Association to adopt, from time to time, rules and regulations concerning the Condominium Units, Common Elements, and/or any property owned by the Association, and any facilities located thereon, as the Association may determine is necessary or prudent; and

(d) The right but not the obligation of the Association, from time to time, to assign specific parking spaces or areas for the exclusive use of the Owners of particular Condominium Units or particular Condominium Buildings, and to vacate or change the assignment thereof; provided, however, that each Condominium Unit shall have the right to use at least the one (1) garage parking space within each Individual Air Space Unit for the purpose of vehicular parking and each Owner of that Condominium Unit shall have the right to use such garage parking space; and

(e) Subject to Section 5.7 hereof, the right of the Association to grant permits, licenses and easements over the Common Elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project.

4.2 Limited Common Elements. Subject to the terms and provisions of this Declaration, every Owner shall have the exclusive right to use and enjoy the Limited Common Elements appurtenant to his Condominium Unit.

4.3 Major Recreational Facilities. In accordance with the Colorado Condominium Ownership Act, Declarant hereby declares that no major recreational facilities are planned to be included within the Project.

ARTICLE FIVE

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

5.1 Membership. Every Owner of a Condominium Unit which is subject to the assessment provisions hereof shall be a Member of the Association and shall remain a Member for the period of his ownership of a Condominium Unit; provided, however, that in no event shall the total number of Association votes which are cast with respect to such Condominium Unit exceed the total number of votes allocable thereto, as provided in Section 5.2 hereof. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Condominium Unit.

5.2 Classes of Voting Membership. The Association shall have two classes of voting membership.

(a) Class A. The Class A Members shall be all Owners, with the exception of Declarant, and shall be entitled to one vote for each Condominium Unit owned. When more than one Owner holds an interest in the same Condominium Unit, all such Owners shall be members and the vote for such Condominium Unit shall be cast as the Owners thereof agree, but in no event shall more than one vote per question be cast with respect to such Condominium Unit. If the Owners of such Condominium Unit do not agree as to the manner in which their vote should be cast when called upon to vote, then they shall be treated as having abstained.

(b) Class B. The Class B Member(s) shall be Declarant, and shall be entitled to three votes for each Condominium Unit owned which is neither leased, rented, nor otherwise occupied as a residence. Leasing, renting, or allowing entry for

residential occupancy shall terminate the Declarant's weighted voting advantage in relation to any Condominium Unit so leased, rented or occupied as a residence, and will limit Declarant in relation to any such Condominium Units to the same voting rights as a Class A member.

(c) Conversion of Class B to Class A Membership. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

(1) one hundred twenty (120) days after that date on which the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(2) On that date which is three (3) years after the date of recording of this Declaration in the office of the Clerk and Recorder of the County of Summit, Colorado; or

(3) A date certain set forth in written notice from the Declarant to the Secretary of the Association stating the Declarant's intent to terminate the Class B Membership as of such date; provided, however, that in the event there is then more than one Declarant owning property within the Project, such notice must be signed by all such Declarants.

ARTICLE SIX

THE ASSOCIATION

6.1 Management and Maintenance Duties. Subject to the rights of Owners as set forth in this Declaration, the Association shall:

(a) be responsible for the management, control, maintenance, repair, replacement and improvement of the Common Elements (including facilities, furnishings and equipment related thereto but excluding the backyard areas which are Limited Common Elements appurtenant to individual Condominium Units), and shall keep the same in good, clean, attractive and sanitary condition, order and repair; provided, however, that each Owner shall be responsible for the exclusive maintenance, repair and replacement of all fixtures, equipment and utilities installed or located within such Owner's Individual Air Space Unit, and all other equipment providing exclusive service thereto or therefor and any service lines therefrom to the Condominium Unit, including without limitation all garage door openers and all utility, heating, plumbing, air conditioning and domestic hot water

equipment and appurtenances, condensers, compressors, and hot water heaters, if any, regardless of whether such fixtures, equipment and utilities are owned by said Owner or are Common Elements, and for keeping the Limited Common Elements, or portions thereof, designated for use solely in connection with his Condominium Unit, in a good, clean, sanitary and attractive condition;

(b) maintain and repair the exterior surfaces of the Condominium Buildings (including, without limitation, the painting of the same as often as necessary, the replacement of trim and caulking, and the maintenance and repair of roofs, but excluding windows, window screens, window washing, or any maintenance, repair or replacement as provided in Section 6.2 of this Declaration);

(c) maintain all grass, trees, shrubbery, flowers and other landscaping constituting part of the Common Elements, except backyard areas which were Limited Common Elements.

The expenses, costs and fees of such management, operation, maintenance, repair, replacement and improvement by the Association, as provided in this Section 6.1, shall be part of the annual common expense assessment levied by the Association. The prior approval of the Owners shall not be required in order for the Association to pay any such expenses, costs and fees, regardless of the amounts thereof.

6.2 Owner's Negligence; Prohibition of Certain Activities.

(a) Notwithstanding anything to the contrary contained in this Declaration, in the event that the need for maintenance, repair or replacement of the Common Elements, or any portion thereof, is caused through or by the negligent or willful act or omission of an Owner, or by any member of an Owner's family or by an Owner's guests or invitees (such determination of negligence or willful act or omission, and the amount of the Owner's liability therefor, having been determined by the Association by a hearing after notice to the Owner), then the expenses, costs and fees incurred by the Association for such maintenance, repair or replacement shall be the personal obligation of such Owner; and, if not repaid to the Association within ten (10) days after the Association shall have given notice to the Owner of the total amount of such expenses, costs and fees, or any portions thereof, from time to time, then the failure to so repay shall automatically become a default assessment determined and levied against such Condominium Unit and Owner, and the Association may proceed in accordance with Section 7.8 hereof.

(b) Further, nothing shall be done or kept in any Condominium Unit or in or on the Common Elements, or any part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit or other imposed requirement of any governmental body having jurisdiction over the same. No damage to, or waste of, the Common Elements, or any part thereof, shall be committed by any Owner, or by any member of an Owner's family, or by a guest, invitee, or contract purchaser of any Owner. Each Owner shall indemnify and hold the Association and the other Owners harmless from and against all loss and damage resulting from any action or activity committed by him, the members of his family, his guests, invitees or contract purchasers, which is in violation of this Section 6.2(b). At its own initiative or upon the written request of any Owner (and, if the Association determines that further action by it is proper), then after notice and a hearing by the Association, the amounts to be indemnified shall be and constitute a default assessment in accordance with Section 7.8 hereof, and the Association shall enforce the foregoing indemnity in the same manner as provided in Section 10.2 hereof with respect to an Owner's indemnity against mechanic's liens.

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

6.4 Acquiring and Disposing of Real and Personal Property. The Association may acquire, own and hold for the use and benefit of all Owners, tangible and intangible personal property and real property, including without limitation a Condominium Unit(s) or other structure(s) for use by the Association's managing agent or for such other uses and purposes as the Board of Directors of the Association may in its discretion deem appropriate from time to time, and may dispose of the same by sale or otherwise. The beneficial interest in any such property shall be deemed to be owned by the Owners in the same undivided proportion as their respective undivided interests in the Common Elements. Such beneficial interest of an Owner shall not be transferable except with the transfer of that Owner's Condominium Unit. Transfer of a Condominium Unit, including transfer pursuant to foreclosure, shall transfer to the transferee ownership of the transferor's beneficial interest in such personal and/or real property without any reference thereto. Each Owner may use such personal and/or real property in accordance with the purposes for which such property is intended and in accordance with such conditions, limitations, restrictions, and rules and regulations as may be placed on any such property by

the Board of Directors in its sole discretion from time to time, provided that such use by any Owners shall not hinder or encroach upon the lawful rights of other Owners.

6.5 Promulgation of Rules and Regulations. The Board of Directors of the Association may promulgate and enforce, including without limitation enforcement by levying and collecting charges for the violation thereof, reasonable rules and regulations governing the use of the Condominium Units, Common Elements, and/or any property owned by the Association, which rules and regulations shall be consistent with the rights and duties established in this Declaration.

6.6 New Additions to Common Elements. The Association shall have the right to construct new additions to the Common Elements. Ownership of any such additions to the Common Elements shall be apportioned among all Condominium Units in proportion to the respective undivided interest in the Common Elements appurtenant thereto, as shown on Exhibit B attached hereto. The common expenses for any such additions to the Common Elements shall be apportioned among all Condominium Units as provided in Section 7.2 hereof. The construction of new additions to the Common Elements shall not affect an Owner by way of modification of his voting power in the Association. The Association shall have the right to annex additional real property to the Property with the consent of the Owners of at least two-thirds (2/3) of the Condominium Units in the Project.

6.7 Contracts, Licenses and Other Agreements. The Association, through its Board of Directors, shall have the right to enter into, make, perform or enforce: contracts, agreements, licenses, leases, easements and/or rights-of-way, for the use by Owners, other persons, their family members, guests and invitees, of real property, and any facilities or improvements thereto and thereon, for pedestrian and vehicular access, ingress and egress to and from the Project, or any portion thereof, for supplying firewood, vehicular parking, or for recreational use and enjoyment; and/or contracts, licenses, leases or other agreements for cable or satellite television service to the Project, or any portion thereof. Any of such contracts, licenses, leases, agreements, easements and/or rights-of-way, as provided for in this Section 6.7, shall be upon such terms and conditions as may be agreed to from time to time by the Board of Directors of the Association, which may include provisions by which the Association covenants and agrees that it shall pay part or all of the costs and expenses of maintaining and repairing such real property, and the facilities and improvements thereto and thereon, providing such cable or satellite television service, or other amounts which the Board determines are reasonably necessary to secure any such contracts, licenses, leases, agreements, easements and/or rights-of-way, and any such costs shall be treated

by the Association as common expenses pursuant to Article Seven hereof.

ARTICLE SEVEN

ASSESSMENTS

7.1 Personal Obligation for Assessment. All Owners, including Declarant, covenant and agree, and shall be personally obligated, to pay to the Association: (a) annual common expense assessments imposed by the Association to meet the common expense and reserve requirements of the Association; (b) special assessments, pursuant to Section 7.6 of this Declaration; and (c) other charges, costs, fees and assessments, including without limitation default assessments, as provided in this Declaration. All Owners of each Condominium Unit shall be jointly and severally liable to the Association for the payment of all assessments, fees and charges attributable to their Condominium Unit. The personal obligation for delinquent assessments shall not pass 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, charges and fees provided for herein by non-use of the Common Elements or the facilities contained therein or by abandonment or leasing of his Condominium Unit. In addition to the foregoing assessments, charges and fees, each Owner shall have the obligation to pay real property ad valorem taxes and special assessments imposed by Colorado governmental subdivisions against his Condominium Unit, as well as all charges for separately metered utilities servicing his Condominium Unit. The charges for utilities which are not separately metered to an individual Condominium Unit shall be included in the annual common expense assessments levied by the Association.

7.2 Amount of Annual Common Expense Assessments.

(a) Subject to the authority of the Board of Directors of the Association to set reduced assessments for the on-time, early or lump-sum payment of assessments, or portions thereof, the initial monthly installment of the annual common expense assessment for each Condominium Unit shall be the amount of Fifty-Five and No/100 Dollars (\$55.00) per month. Notwithstanding the foregoing, however, the rate of assessment on Condominium Units owned by Declarant shall be as more fully provided in Section 7.5 hereof. The initial annual common expense assessment for each Condominium Unit shall be the amount of the monthly common expense assessment multiplied by the number of months in such first annual common expense assessment year.

(b) Commencing with the second assessment year and thereafter, the annual common expense assessment shall be based

upon the Association's advance budget of all cash requirements which may be needed by the Association to provide for the payment of all estimated expenses related to or connected with the administration, maintenance, ownership, repair, operation, addition, alteration and improvement of the Project, the Common Elements, and real or personal property owned by the Association, except as otherwise provided in this Declaration. The annual common expense assessment per Condominium Unit, except those Condominium Units owned by Declarant which shall be subject to a rate of assessment as more fully provided in Section 7.5 hereof, shall be calculated by taking the total amount of the aforesaid advance budget of the requirements estimated to be needed by the Association for the annual assessment year, multiplied by a fraction, the numerator of which shall equal the undivided interest in the Common Elements appurtenant to each Condominium Unit and the denominator of which shall equal the sum of the undivided interests in the Common Elements appurtenant to all Condominium Units then existing in the Project. For purposes of such calculations, Condominium Units owned by Declarant which are subject to a reduced assessment rate pursuant to Section 7.5 hereof shall be deemed to have undivided interests in the Common Elements equal to 25% of the undivided interest set forth on Exhibit B attached hereto, as more fully provided therein. The aforesaid fraction of Association common expenses allocable to each Condominium Unit shall be as set forth on Exhibit B attached hereto. The amount of said advance budget may include, but shall not be limited to: expenses of management; premiums for insurance; landscaping and care of common grounds; common lighting and heating; maintenance, repair and renovation of Common Elements (except as otherwise provided herein); wages; common water and sewer charges; taxes, legal and accounting fees; management fees; costs, expenses and liabilities incurred by the Association's Board of Directors on behalf of the Owners under or by reason of this Declaration, the Articles of Incorporation or Bylaws of the Association; the creation of reasonable reserves, working capital and/or sinking funds; and any and all other costs and expenses relating to the Common Elements, the Project, and/or real or personal property owned by the Association.

(c) Subject to the authority of the Board of Directors of the Association to set reduced assessments for the on-time, early or lump-sum payment of assessments, or portions thereof, the Board of Directors of the Association may, at any time and from time to time, upon written notification thereof to each Owner, levy an actual common expense assessment in an amount less than the maximum for that annual assessment period; provided, however, that Declarant shall have no obligation for any shortfall in assessments, during any such annual common expense assessment period in which less than the maximum common expense assessment is levied by the Association, unless the Association fully complies with the procedures set forth in Section 7.5 hereof.

7.3 Reserves. The Association shall establish an adequate reserve fund for the maintenance, repair and replacement of those Common Elements that must be periodically maintained, repaired or replaced. Such reserves shall be funded through the monthly installments of the annual common expense assessments.

7.4 Date of Commencement of Annual Common Expense Assessments. The levying of the annual common expense assessment shall commence on the date of conveyance by Declarant of the first Condominium Unit within the Property, and shall remain at such level until the expiration of the applicable assessment period, and the second and each subsequent annual common expense assessment period shall correspond with the fiscal year of the Association. The annual common expense assessments shall be made due and payable in twelve (12) monthly installments per annum on such dates as determined by the Board, provided that the first annual common expense assessment shall be adjusted according to the number of months in the first annual common expense assessment year. Any Owner purchasing a Condominium Unit between installment due dates shall pay a pro rata share of the last installment due.

7.5 Rate of Assessment. Both annual common expense and special assessments shall be fixed at such rates for all Condominium Units sufficient to meet the advance budget of the Association, and apportioned as provided in Sections 7.2 and 7.6 hereof; provided, however, that notwithstanding anything to the contrary contained in this Declaration, the annual common expense and special assessment rate set for each Condominium Unit owned by Declarant and which is neither leased, rented, nor otherwise occupied as a residence shall be fixed at twenty-five percent (25%) of the assessment rate for other Condominium Units. Condominium Units which are owned by Declarant and which are leased, rented, or otherwise occupied as a residence shall, commencing on the date of residential occupancy thereof, be assessed at the same rate as other Condominium Units. In the event that, prior to the termination of the Class B membership, assessments for an adequate reserve fund and for working capital, fail to equal or exceed the actual expenses incurred by the Association during any common expense assessment period because of such partial Declarant assessments, then Declarant shall pay a sufficient amount, up to the amount of full parity on such assessments, to the Association to meet any such shortfall so long as (a) written notice must be given by the Association to the Declarant within sixty (60) days following the termination of the then-current fiscal year of the Association at the time of the termination of the Class B membership, but in no event more than one (1) year following the termination of such Class B membership, and (b) Declarant shall have no obligation for any such shortfall caused by expenditures for capital improvements or by any decrease in

assessments, including without limitation the levying of any common expense assessments in an amount less than the maximum for any annual common expense assessment period, unless the same has been previously approved in writing by Declarant; provided, however, that in the event there is more than one Declarant, then each such Declarant shall pay its proportional share of such shortfall, as hereinabove provided, such proportional share to be based on the total amount of assessments due at such reduced rate from each Declarant compared to the total amount of assessments due at such reduced rate from all Declarants during such annual assessment period.

7.6 Special Assessments. In addition to the assessments authorized above, the Board of Directors of the Association may at any time, from time to time, determine, levy and assess a special assessment applicable to that particular assessment year for the purpose of defraying, in whole or in part, payments for any operating deficit and/or unbudgeted costs, fees and expenses of any construction, reconstruction, repair, demolition, replacement or maintenance of the Common Elements, specifically including without limitation any fixtures and personal property related thereto. The amounts determined, levied and assessed pursuant hereto shall be set against each Condominium Unit in accordance with the formula as provided in Section 7.2(b) hereof. Further, that the Board of Directors of the Association may set reduced special assessments for on-time, early or lump-sum payment of any special assessment or portion thereof. Such special assessment(s) shall be due and payable as determined by the Association's Board of Directors. Notice in writing setting forth the amount of such special assessment per Condominium Unit and the due date for payment thereof shall be given to the Owners not less than thirty (30) days prior to such due date.

7.7 Lien for Assessments. The assessments, charges and fees, including without limitation any default assessments, as well as any monthly or other installments thereof, provided for in this Declaration (together with any and all interest, costs, late charges, expenses and reasonable attorney's fees which may arise under the provisions of this Declaration), shall be burdens running with, and a perpetual lien in favor of the Association upon, the specific Condominium Unit to which such assessments apply. Upon any failure of an Owner to timely pay any annual assessment, or monthly or other installment thereof, the total unpaid amount of such annual assessment may, at the option of the Board of Directors of the Association, be accelerated and become fully due and payable upon notice of such acceleration from the Association to such Owner. In any event, however, the Association's lien for any annual assessment, as provided in this Declaration, shall be and constitute a lien for the total, unpaid amount of such annual assessment, including all unpaid monthly or other installments thereof, plus all other amounts as provided

herein. To evidence such lien upon a Condominium Unit, the Association may prepare a written lien notice setting forth a description of the Condominium Unit, the amount of assessments thereon which are unpaid as of the date of such lien notice, the name of the Owner or Owners thereof and any and all other information that the Association may deem proper. The lien notice shall be signed by a member of the Board of Directors of the Association or by an officer or the managing agent of the Association, and shall be recorded in the office of the Clerk and Recorder of the County of Summit, State of Colorado. The recording of any written lien notice shall not constitute a condition precedent nor delay the attachment of the lien, but such lien is a perpetual lien upon each Condominium Unit and attaches without notice at the beginning of the first day of any period for which any assessment is levied or assessed.

7.8 Effect of Non-Payment of Assessments. Any assessments, charges, costs or fees provided for in this Declaration, including, without limitation, any default assessment arising under any of Sections 6.2, 8.5 or 10.2 hereof, or any monthly or other installment thereof, which is not fully paid within ten (10) days after the due date thereof, shall bear interest from the due date at the rate of eighteen percent (18%) per annum, or at such lesser rate as may be set by the Association from time to time, and the Association may assess a monthly late charge thereon; provided, however, that in the event of acceleration of any annual assessment by the Board of Directors of the Association, as provided in Section 7.7 hereof, the total, unpaid amount of such annual assessment shall bear interest at the aforesaid rate from the date of such acceleration. Further, the Association may bring an action at law or in equity, or both, against any Owner personally obligated to pay such overdue assessments, charges, costs or fees, or monthly or other installments thereof, and may also proceed to foreclose its lien against such Owner's Condominium Unit. An action at law or in equity by the Association against an Owner to recover a money judgment for unpaid assessments, charges, costs or fees, or any monthly or other installment thereof, may be commenced and pursued by the Association without foreclosing or in any way waiving the Association's lien therefor. In the event that any such assessment, charge, cost or fee, or monthly or other installment thereof, is not fully paid when due and the Association shall commence such an action (or shall counterclaim or crossclaim for such relief in any action) against any Owner personally obligated to pay the same, or shall proceed to foreclose its lien against the particular Condominium Unit, then all unpaid assessments, charges and fees, and all unpaid monthly or other installments thereof, any and all late charges and accrued interest under this Section 7.8, the Association's costs, expenses and reasonable attorney's fees incurred for preparing and recording any lien notice, and the Association's costs of suit, expenses and reasonable attorney's

fees incurred for any such action and/or foreclosure proceedings, shall be taxed by the court as a part of the costs of any such action or foreclosure proceeding and shall be recoverable by the Association from any Owner personally obligated to pay the same and from the proceeds of the foreclosure sale of such Owner's Condominium Unit. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessments, charges, costs or fees, or monthly or other installments thereof, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Condominium Unit at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, vote the Association votes appurtenant to ownership thereof, convey or otherwise deal with the same.

7.9 Successor's Liability for Assessments. Notwithstanding any terms and provisions of this Declaration to the contrary, the sale or transfer of any Condominium Unit shall not affect the lien for assessments, charges, costs or fees levied hereunder, except that sale or transfer of a Condominium Unit pursuant to foreclosure of a First Mortgage or any proceeding in lieu thereof, shall extinguish the lien of Association assessments which became due prior to any such sale or transfer or foreclosure, or any proceeding in lieu thereof; provided, however, that any such assessments, charges, costs or fees which are extinguished as provided herein may be reallocated and assessed to all Condominium Units as a common expense. Further, no First Mortgagee shall be liable for any unpaid assessments, charges, costs or fees, or portion thereof, accruing against a Condominium Unit prior to the time such First Mortgagee takes title to such Condominium Unit pursuant to any remedy provided in its First Mortgage or by law. No such sale, transfer, foreclosure or any proceeding in lieu thereof, shall relieve any Owner from liability for any assessments, charges, costs or fees, or any portion thereof, thereafter becoming due, nor such Owner's Condominium Unit from the lien thereof.

7.10 Subordination of Association's Lien for Assessments. The Association's perpetual lien on a Condominium Unit for assessments, charges, costs and fees, provided for herein, shall be superior to any homestead exemption as is now or may hereafter be provided by state or federal law. The acceptance of a deed to a Condominium Unit subject to this Declaration shall constitute a waiver of the homestead exemption against all such assessments, charges, costs or fees. Said assessment lien shall also be superior to all other liens and encumbrances except: (a) real property ad valorem tax and special assessment liens duly imposed by a Colorado governmental subdivision, and (b) the lien of any First Mortgage recorded in the office of the Clerk and Recorder of the County of Summit, Colorado, prior to

the date such assessment became due, including without limitation any and all advances made by a First Mortgagee, and notwithstanding that any of such advances may have been made subsequent to the date of the attachment of the Association's lien.

7.11 Certificate of Status of Assessments. Upon receipt of a written request from any Owner, or any First Mortgagee, Purchaser, prospective purchaser or prospective mortgagee, of a Condominium Unit, and upon payment of a reasonable fee, but in no event less than Fifteen Dollars (\$15.00), the Association, through its Board of Directors or by its managing agent, shall issue a written statement setting forth the amount of any unpaid Association assessments, charges, fees, or portions thereof, if any, with respect to the subject Condominium Unit, the amount of the current monthly common expense assessment and the date that such assessment becomes due, the due date of any special assessment then existing against the Condominium Unit, the amount of any credit for any advanced payments of assessments and for prepaid items (such as insurance premiums), and any other information deemed appropriate by the Association. Said written statement shall be conclusive upon the Association in favor of all persons who rely thereon in good faith.

7.12 Working Capital Fund. The Association or Declarant shall require the first Owner of each Condominium Unit (other than Declarant), to make a contribution to the Association in an amount equal to the greater of One Hundred Fifty Dollars (\$150.00) or two (2) times the monthly installment of the annual common expense assessment (one-sixth of the annual common expense assessment) against that Condominium Unit in effect at the closing thereof. Said contribution shall be collected and transferred to the Association at the time of closing of the sale by Declarant of each Condominium Unit and shall be maintained in a segregated account with other such working capital funds for the use and benefit of the Association, including without limitation to meet unforeseen expenditures or to purchase additional equipment, property or services. Such contribution to working capital funds shall not relieve an Owner from making regular payments of assessments as the same become due. Upon the transfer of his Condominium Unit, an Owner shall be entitled to a credit from his transferee (but not from the Association) for the unused portion of the aforesaid contribution to the working capital fund.

7.13 First Mortgagees May Pay Assessments and Cure Defaults. In the event any assessment, or monthly or other installment thereof, on any Condominium Unit shall not be paid by the Owner thereof within thirty (30) days after the same is due, or if a default by any Owner of any provision of this Declaration, the Articles of Incorporation or Bylaws of the Association, shall not be cured within thirty (30) days after written notice thereof is given to such Owner, then any First Mortgagee may (but

shall not be required to) pay such assessment or monthly or other installment thereof, together with any other amounts secured by the Association's lien created by this Article Seven, and may (but shall not be required to) cure any such default.

7.14 Liens. In accordance with the requirements of the Colorado Condominium Ownership Act, as amended, Declarant hereby states that it is possible that liens other than mechanics' liens and assessment liens may be obtained against the Common Elements, including without limitation judgment liens and purchase money mortgage liens.

ARTICLE EIGHT

INSURANCE

8.1 Insurance on Common Elements. 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 contained in this Article Eight, the Association may also consider, in determining the types and amounts of insurance it needs to obtain, the then-existing requirements of the Agencies with respect to their insurance, guaranty, or purchase of First Mortgages.

(a) A policy of property insurance covering all insurable improvements located within the Project (except for land, foundation, excavation and other matters normally excluded from coverage), in an amount not less than necessary to comply with any co-insurance percentage stipulated in the insurance policy. Further, said policy shall contain a "Replacement Cost Endorsement" providing that any claim will be settled on a full replacement cost basis without deduction for depreciation, and include an "Inflation Guard Endorsement" and an "Agreed Amount Endorsement." The Association may also purchase a "Demolition Endorsement," an "Increased Cost of Construction Endorsement," a "Contingent Liability from Operation of Building Laws Endorsement," a "Vacancy Permit Endorsement" or the equivalent, and/or coverage on personal property owned by the Association including fixtures and building service equipment, furnishings and supplies. Such insurance shall afford protection against at least the following:

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

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

(b) A comprehensive policy of public liability insurance covering the Project, insuring the Association in an amount not less than \$1,000,000.00 covering bodily injury, including death to persons, personal injury and property damage liability arising out of a single occurrence. Such coverage shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Project, legal liability arising out of lawsuits related to employment contracts of the Association, and protection against liability for non-owned and hired automobiles; such coverage may also include, if applicable, comprehensive automobile liability insurance, garagekeeper's liability, liability for property of others, host liquor liability, water damage liability, contractual liability, workmen's compensation insurance for employees of the Association, and such other risks as shall customarily be required by private institutional mortgage investors with respect to condominium projects similar in construction, location and use.

(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 maintenance reserves in the custody of the Association at any given time; provided, however, that such fidelity coverage or fidelity bonds shall not be in an amount less than the greater of three (3) months aggregate assessments on all Condominium Units, plus such reserve funds, or one hundred and fifty percent (150%) of the Association's estimated annual operating expenses and reserves. Such fidelity coverage or bonds shall meet the following requirements:

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

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

In the event the Association has delegated some or all of its responsibility for the handling of funds to a managing agent, the Association may require the managing agent to purchase at its own

expense, a policy of fidelity insurance or bond; which fully complies with the provisions of this subparagraph (c).

(d) If the Project, or any portion thereof, is located within an area identified by the Federal Emergency Management Agency as having special flood hazards, and flood insurance coverage has been made available under the National Flood Insurance Program ("NFIP"), a "master" or "blanket" policy of flood insurance on the Condominium Buildings, Other Buildings and any other property covered by the required form of policy (herein "insurable property") in an amount deemed appropriate, but not less than the lesser of:

(1) the maximum coverage available under the NFIP for all Condominium Buildings, Other Buildings and other insurable property within any portion of the Project located within a designated flood hazard area; or

(2) one hundred percent (100%) of current replacement cost of all Condominium Buildings, Other Buildings and other insurable property within any portion of the Project located within a designated flood hazard area.

(e) In addition, the Association may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate, to the extent that such coverage is reasonably available, including but not limited to personal liability insurance to protect directors and officers of the Association from personal liability in relation to their duties and responsibilities in acting as directors and officers on behalf of the Association and, if appropriate, coverage for loss or damage resulting from steam boiler equipment or air conditioning equipment accidents in an amount not less than \$100,000.00 per accident per location or such greater amount as may be deemed prudent by the Association based on the nature of the property.

8.2 General Provisions of Insurance Policies. All policies of insurance carried by the Association shall be carried in blanket policy form naming the Association as insured, or its designee as trustee and attorney-in-fact for all Owners, 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 Mortgage's clause in favor of each First Mortgage and a provision that it cannot be cancelled or materially altered by either the insured or the insurance company until thirty (30) days' prior written notice thereof is given to the insured and each First Mortgage, 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. Any such Owner's policy shall also contain waivers of subrogation. All policies shall contain waivers of any defense based on invalidity arising from any acts or neglect of an Owner where such Owner is not under the control of the Association.

8.3 Deductibles. No policy of insurance of which the Association or its designee is the beneficiary shall include a deductible clause in an amount which is greater than the greater of \$500.00 or 1% of the face amount of the policy. Any loss falling within the deductible portion of such policy shall be borne by the person or entity who is responsible for the repair and maintenance of the property which is damaged or destroyed. In the event of a joint duty of repair and maintenance of the damaged or destroyed property, then the deductible may be apportioned among the parties sharing in such joint duty or may be partly or wholly borne by the Association, at the election of the Board of Directors of the Association. Notwithstanding the foregoing, after notice and hearing, the Association may determine that a loss, either in the form of a deductible to be paid by the Association or an uninsured loss, resulted from the act or negligence of an Owner. Any loss or deductible, or portion thereof, provided for in this Section 8.3, may be assessed to the Owner in question as part of the annual assessment against such Owner's Lot, with such amounts subject to all provisions of this Declaration applicable to such assessments.

8.4 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.

8.5 Association Insurance as Primary Coverage. If at the time of any loss under any policy which is in the name of the Association, there is other insurance in the name of any Owner and such Owner's policy covers the same property or loss, or any portion thereof, which is covered by such Association policy, such Association policy shall be primary insurance not contribut-

ing with any of such other insurance. An Owner shall be liable to the Association for the amount of any diminution of insurance proceeds to the Association as a result of policies of insurance of an Owner; provided that if such amount(s) are not repaid to the Association within ten (10) days after the Association shall have given notice to the Owner of the total of such amount(s), from time to time, then the failure to so repay shall automatically become a default assessment determined and levied against such Condominium Unit and Owner, and the Association may proceed in accordance with Section 7.8 hereof. Any such Owner's policy shall also contain waivers of subrogation.

8.6 Acceptable Insurance Companies. Any hazard insurance policy purchased by the Association must be written by a hazard insurance carrier which has a current rating by Best's Insurance Reports of B/VI or better, or a financial rating of Class V provided it has a general policy holder's rating of at least A, and is authorized by law to do business in the State of Colorado. The Association shall not obtain any policy where (a) under the terms of the insurance company's charter, bylaws, or policy, contributions or assessments may be made against the mortgagor or mortgagee's designee or (b) under the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's Board of Directors, policy holders or members, or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent mortgagees or any Owner from collecting insurance proceeds.

8.7 Insurance to be Maintained by Owners. Unless such coverage is provided by the Association at its option, insurance coverage on furnishings, including carpet, draperies, oven, range, refrigerator, wallpaper and other items of personal property belonging to an Owner, and public liability coverage within each Condominium Unit, shall be the sole and direct responsibility of the Owner(s) thereof.

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

ARTICLE NINE

CONVEYANCES AND TAXATION OF CONDOMINIUM UNITS

9.1 Contracts Entered into Prior to Recording of Condominium Map and Declaration. A contract or other agreement for the sale of a Condominium Unit entered into prior to the filing for record of the Condominium Map and/or this Declaration in the office of the Clerk and Recorder of the County of Summit, Colorado, may legally describe such Condominium Unit in the manner set forth in Section 9.2 hereof and may indicate that the Condominium Map and/or this Declaration are to be recorded. Upon recordation of the Condominium Map and this Declaration in the County of Summit, Colorado, such description shall be conclusively presumed to describe the corresponding Condominium Unit shown on the Condominium Map and such Condominium Unit shall be subject in all respects to this Declaration.

9.2 Contracts Entered Into Subsequent to Recording of Condominium Map and Declaration. Subsequent to the recording of the Condominium Map and this Declaration, every contract, deed, lease, mortgage, deed of trust, will and every other instrument affecting title to a Condominium Unit may legally describe that Condominium Unit as follows:

Condominium Unit _____, COBBLESTONE CONDOMINIUMS, according to the Condominium Map thereof, recorded on _____, 19____, as Reception No. _____, in the records of the office of the Clerk and Recorder of the County of Summit, Colorado, and as defined and described in the CONDOMINIUM DECLARATION FOR COBBLESTONE CONDOMINIUMS, recorded on _____, 19____, as Reception No. _____, in said records.

9.3 Legal Effect of Description. Every contract, deed, lease, mortgage, deed of trust, will and every other instrument affecting title to a Condominium Unit which legally describes said Condominium Unit in the manner set forth in Section 9.2 hereof shall be good and sufficient for all purposes to sell, convey, transfer, encumber or otherwise affect not only the Condominium Unit, but also the undivided interest in the Common Elements appurtenant thereto and all other appurtenant properties and property rights, and incorporate all of the rights, limitations and burdens incident to ownership of a Condominium Unit as described in this Declaration and the Condominium Map. Each such description shall be construed to include a nonexclusive easement for ingress and egress to and from each Condominium Unit and the use of all the General Common Elements as well as all of the Limited Common Elements appurtenant to said Condominium Unit, all as more fully provided in this Declaration.

9.4 Taxation. Each Condominium Unit shall be assessed separately for all taxes, assessments and other charges of the State of Colorado, any political subdivision thereof, any special improvement district, and any other taxing or assessing authority, in accordance with the Condominium Ownership Act of the State of Colorado, as amended. For the purpose of such assessments, the valuation of the Common Elements shall be apportioned among the Condominium Units in proportion to the undivided interest in Common Elements appurtenant thereto. The Association shall furnish to the Tax Assessor of the County of Summit, Colorado, and to all other appropriate persons and authorities, all necessary information with respect to such apportionment. No forfeiture or sale of any Condominium Unit for delinquent taxes, assessments or other governmental charges shall divest or in any way affect the title to any other Condominium Unit.

ARTICLE TEN

MECHANIC'S LIENS

10.1 Mechanic's Liens. No labor performed and/or materials furnished for use and incorporated in any Condominium Unit with the consent or at the request of the Owner thereof, his agent, contractor or subcontractor, shall be the basis for the filing of a lien against a Condominium Unit of any other Owner not expressly consenting to or requesting the same, or against any interest in the Common Elements except as to the undivided interest therein appurtenant to the Individual Air Space Unit of the Owner for whom such labor shall have been performed or such materials furnished. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against any liability or loss arising from the claim of any mechanic's lien against the Condominium Unit of any other Owner, the Common Elements, or any part thereof, for labor performed and/or for materials furnished in work on the first Owner's Condominium Unit.

10.2 Enforcement by the Association. At its own initiative or upon the written request of any Owner, if the Association determines that further action by it is proper and the mechanic's lien(s) are not disputed claims with a reasonable basis for such dispute, the Association, after notice and hearing, shall enforce the indemnity provided by Section 10.1 hereof by collecting from the Owner of the Condominium Unit on which the labor was performed and/or materials furnished, the amount necessary to discharge any such mechanic's lien, including all costs and reasonable attorney's fees incidental thereto, and obtain a discharge of such lien. In the event that the Owner of the Condominium Unit on which the labor was performed and/or materials furnished refuses or fails to so indemnify within seven (7) days after the Association shall have given notice to such

Owner of the total amount, or any portions thereof, from time to time, to be indemnified, then the failure to so indemnify shall be a default by such Owner under the provisions of this Section 10.2 and such amount to be indemnified shall automatically become a default assessment determined and levied against such Condominium Unit, and the Association may proceed in accordance with Section 7.8 hereof.

10.3 Effect of Part Payment. In the event a lien attributable to labor performed and/or materials furnished on the Project, or any portion thereof, is effected against two or more Condominium Units, the Owner(s) of any of the affected Condominium Units may pay to the lienholder the amount of the lien attributable to such Owner's Condominium Unit and the lienholder shall release such Condominium Unit from the lien. The amount required to be paid by any such Owners in order to obtain release of their Condominium Unit from any such lien shall be equal to the quotient of (i) the amount of the lien, divided by (ii) the total number of Condominium Units affected by the lien. Partial payment and release of any such lien with respect to any Condominium Unit(s) shall not prevent the lienholder from enforcing his rights against any Condominium Unit for which payment has not been received.

ARTICLE ELEVEN

EASEMENTS

11.1 Recorded Easements. In addition to all easements and rights-of-way of record at or before the recording of this Declaration, the Property, and all portions thereof, shall be subject to the easements as shown on any recorded plat of the Property, or any portion thereof, and as shown on the recorded Condominium Map. Further, the Property, or portions thereof, is now or may hereafter be subject to the easements, licenses, and other recorded documents, or any of them, set forth on Exhibit C attached hereto and incorporated herein by this reference.

11.2 Encroachments. In the event that any portion of the Common Elements encroaches upon any Condominium Unit(s) or in the event that any portion of a Condominium Unit encroaches upon any other Condominium Unit(s) or upon any portion of the Common Elements, or in the event any encroachment shall occur in the future as a result of: (i) settling of a Condominium Building, or (ii) alteration or repair to the Common Elements, or (iii) repair or restoration of one or more Condominium Buildings and/or Condominium Unit(s) after damage by fire or other casualty, or condemnation or eminent domain proceedings, then, in any of said events, a valid easement shall exist for the encroachment and for the maintenance of the same so long as the encroachment exists. In the event that any one or more of the Condominium Units,

Condominium Buildings or other improvements comprising part of the Common Elements, are partially or totally destroyed and are subsequently rebuilt or reconstructed in substantially the same location, and as a result of such rebuilding or reconstruction any portion thereof shall encroach as provided in the preceding sentence, a valid easement for such encroachment shall then exist. Such encroachments and easements shall not be considered or determined to be encumbrances either on the Common Elements or on the Condominium Units for purposes of marketability of title or other purposes. In interpreting any and all provisions of this Declaration, subsequent deeds, mortgages, deeds of trust or other security instruments relating to Condominium Units, the actual location of a Condominium Unit shall be deemed conclusively to be the property intended to be conveyed, reserved or encumbered, notwithstanding any minor deviations, either horizontally, vertically or laterally, from the location of such Condominium Unit as indicated on the Condominium Map.

11.3 Emergency Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance and all other similar emergency agencies or persons to enter upon all streets and upon the Common Elements in the proper performance of their duties.

11.4 Utilities. There is hereby created a blanket easement upon, across, over and under the Common Elements for utilities and the installation, replacement, repair and maintenance of utilities, including but not limited to water, sewer, gas, telephone, electricity and master television antenna or cable or satellite television systems, if any. By virtue of this blanket easement, it shall be expressly permissible, upon the recordation of the applicable documentation, to erect and maintain the necessary facilities, equipment and appurtenances on the Common Elements and to affix, repair, and maintain water and sewer pipes, gas, electric, telephone and television wires, cables, circuits, conduits and meters. In the event any utility or quasi-utility company furnishing a service covered by the blanket easement created herein requests a specific easement by separate recordable document, Declarant reserves and hereby gives the right and authority to grant such easement upon, across, over or under any part or all of the Common Elements without conflicting with the terms hereof; provided, however, that such right and authority shall cease and determine upon conveyance by Declarant of the last Condominium Unit to the first Owner thereof (other than Declarant), at which time said reserved right shall vest in the Association. The easement provided for in this Section 11.4 shall in no way affect, avoid, extinguish or modify any other recorded easement(s) on the Common Elements.

11.5 Maintenance Easement. An easement is hereby granted to the Association, its officers, agents, employees and

assigns upon, across, over, in and under the Common Elements and a right to make such use of the Common Elements as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration, including the right to construct and maintain on the Common Elements maintenance and storage facilities for use by the Association.

11.6 Drainage Easement. An easement is hereby granted to the Association, its officers, agents, employees, successors and assigns to enter upon, across, over, in and under any portion of the Property for the purpose of changing, correcting or otherwise modifying the grade or drainage channels of the Property so as to improve the drainage of water on the Property.

11.7 Easements of Access for Repair, Maintenance and Emergencies. Some of the Common Elements are or may be located within Individual Air Space Units or may be conveniently accessible only through Individual Air Space Units. The Owners of other Individual Air Space Units shall have the irrevocable right, to be exercised by the Association as their agent, to have access to each Individual Air Space Unit and to all Common Elements from time to time during such reasonable hours as may be necessary for the maintenance, repair, removal or replacement of any of the Common Elements located therein or accessible therefrom, or for making emergency repairs therein, necessary to prevent damage to the Common Elements or to any Individual Air Space Unit. The Association shall also have such right, independent of any agency relationship. Subject to the provisions of Section 5.2 hereof, damage to the interior of any part of an Individual Air Space Unit resulting from the maintenance, repair, emergency repair, removal or replacement of any of the Common Elements or as a result of emergency repairs within any Individual Air Space Unit at the instance of the Association or any Owner, shall be an expense of all the Owners. Non-emergency repairs shall be made only during regular business hours on business days after twenty-four (24) hours notice to the occupants of the Individual Air Space Unit wherein such repairs are to be made, except where the occupants have no objections to earlier entry for repairs. In emergency situations the occupants of the affected Individual Air Space Unit shall be warned of impending entry as early as is reasonably possible.

11.8 Declarant's Rights Incident to Construction. Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under and across the Common Elements and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incidental to the complete construction of the Project; provided, however, that no such rights shall be exercised by Declarant in such a way as to unreasonably interfere

with the occupancy, use, enjoyment or access by any Owner, his family members, guests or invitees to or of his Condominium Unit or the General Common Elements.

11.9 Easements Deemed Created. All conveyances of Condominium Units hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Article Eleven, even though no specific reference to such easements or to this Article Eleven appears in the instrument for such conveyance.

ARTICLE TWELVE

RESTRICTIVE COVENANTS

12.1 Residential Use. Subject to Section 12.2 hereof and the right of the Board of Directors of the Association to permit the Association's managing agent to occupy or otherwise use a Condominium Unit(s) or other structure(s) for residence, office, business or other purposes connected with managing of the Association, Condominium Units shall be used for residential purposes only, including uses related to the convenience and enjoyment of such residential use, and no structures of a temporary character, trailer, shack, barn or other outbuilding shall be used or permitted to be kept or stored on any portion of the Project at any time, either temporarily or permanently.

12.2 Declarant's Use. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible and proper for Declarant, its employees, agents, and contractors to perform such reasonable activities, and to maintain upon portions of the Project, such facilities as Declarant deems reasonably necessary or incidental to the construction and sale of Condominium Units and development of the Project, specifically including without limiting the generality of the foregoing, maintaining business offices, storage areas, construction yards and equipment, signs, model units, sales offices, parking areas and lighting facilities; provided, however, that the rights retained by Declarant in this Section 12.2 shall terminate upon conveyance by Declarant of the last Condominium Unit to the first purchaser thereof (other than Declarant). Notwithstanding the foregoing, Declarant shall not perform any activity or maintain any facility on any portion of the Project in such a way as to unreasonably interfere with or disturb any Owner, or to unreasonably interfere with the use, enjoyment or access of such Owner, his family members, guests or invitees of and to his Condominium Unit, parking areas, any recreational facility existing upon the Common Elements, and to a public right of way.

12.3 Household Pets. No animals, livestock, poultry or insects, of any kind, shall be raised, bred, kept or boarded in

or on the Project; provided, however, that a reasonable number of dogs, cats or other household pets may be kept in any Condominium Unit so long as they are not kept for any commercial purpose and are not kept in such number or in such manner as to create a nuisance to other Owners. The Association shall have, and is hereby given, the right and authority to determine in its sole discretion that dogs, cats or other household pets are being kept in such number or in such manner as to be unreasonable or to create a nuisance to other Owners, or that an Owner is otherwise in violation of this Section 12.3 or any Association rules and regulations, and to take such action or actions as it deems reasonably necessary to correct the same. Any written permission which an Owner may have to keep household pets shall be coupled with the responsibility to pay for any damage caused by such Owner's pet(s).

12.4 Use of Common Elements. Subject to the rights of Declarant as provided in this Declaration, there shall be no obstruction of the Common Elements, nor shall anything be kept or stored on any part of the Common Elements without the prior written approval of the Board of Directors of the Association. Except for those improvements erected or installed by Declarant in its construction and completion of the Project, nothing shall be altered on, constructed in or removed from the Common Elements without the prior written approval of the Board of Directors of the Association.

12.5 Exterior Changes. Except for those improvements erected or installed by Declarant in its construction and completion of the Project, no exterior additions to, alterations or decoration of any Condominium Building, including but not limited to any structural alterations to any Condominium Unit or Common Element, nor any changes in fences, hedges, walls or other structures, nor installation of window-mounted air conditioning units or any exterior television, radio or other communication antennas of any type, shall be commenced, erected, placed or maintained, without the prior written approval of the Board of Directors of the Association.

12.6 Signs and Advertising. Except as hereinafter provided, no signs (except one (1) sign of not more than five (5) square feet per Condominium Unit advertising that the Condominium Unit is for sale or for rent and placed in a window of such Condominium Unit), advertising, billboards, unsightly objects or nuisances of any kind shall be placed, erected or permitted to remain in or on any Condominium Unit, nor shall any sign(s) be permitted in or on the Common Elements, without the prior written approval of the Association. Notwithstanding the foregoing, reasonable signs, advertising, or billboards used by the Declarant in connection with its sale or rental of Condominium Units, or otherwise in connection with its development of the

Project, shall be permissible, provided that such use by the Declarant shall not interfere with the Owners' use and enjoyment of the Common Elements, their Condominium Units, or their ingress and egress from a public way to the Common Elements or their Condominium Units.

12.7 Commercial Vehicles. Subject to Sections 11.8 and 12.2 hereof, no commercial vehicles, recreational vehicles, boats, trailers, campers or trucks shall be parked within the Project except while temporarily engaged in transport to or from a Condominium Unit, and except such construction vehicles and equipment which may be necessary or incidental to the construction of improvements within the Property by Declarant. For the purposes of this Section 12.7, a 3/4-ton or smaller vehicle, commonly known as a pickup truck, shall not be deemed to be a commercial vehicle, recreational vehicle or truck, so long as such vehicle or truck does not have a camper shell or similar shell or structure mounted thereon.

12.8 Abandoned or Inoperable Vehicles. No abandoned or inoperable automobiles or vehicles of any kind, except as hereinafter provided, shall be stored or parked on any portion of the Project. An "abandoned or inoperable vehicle" shall be defined as any automobile, truck, motorcycle, boat, trailer, camper, housetrailer, self-contained motorized recreational vehicle, or other similar vehicle, which has not been driven under its own propulsion for a period of two (2) weeks or longer, or any vehicle which does not have an operable propulsion system installed therein; provided, however, that the foregoing restrictions shall not include otherwise permitted vehicles parked by Owners while on vacation or during a period of illness. In the event the Association shall determine that a vehicle is an abandoned or inoperable vehicle, then a written notice describing said vehicle shall be personally delivered to the owner thereof (if such owner can be reasonably ascertained) or shall be conspicuously placed upon the vehicle (if the owner thereof cannot be reasonably ascertained), and if the abandoned or inoperable vehicle is not removed within 72 hours thereafter, the Association shall have the right to remove the vehicle at the sole expense of the owner thereof.

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

(a) All leases shall be in writing and a copy of the lease shall be delivered to the Board of Directors of the Association or the Association's managing agent.

(b) All leases shall provide that the terms of the lease and lessee's occupancy of the Condominium Unit shall be subject in all respects to the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association, and that any failure by the lessee to comply with any of the aforesaid documents, in any respect, shall be a default under the lease.

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

12.10 Nuisances. No nuisance shall be allowed on the Project, nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful enjoyment or possession and proper use of the Project by its residents. As used herein, the term "nuisance" shall not include any activities of Declarant in regard to the development and construction of the Project. All parts of the Project shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate, nor any fire hazard to exist. Further, no immoral, improper, offensive or unlawful use shall be permitted or made of the Project or any part thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Project, or any portion thereof, shall be observed.

ARTICLE THIRTEEN

DAMAGE, DESTRUCTION, OBSOLESCENCE OR CONDEMNATION

13.1 Association as Attorney-in-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Project in the event of its destruction, damage, obsolescence or condemnation, including the repair, replacement and improvement of any Condominium Units, Condominium Buildings, Other Buildings, Common Elements or other portions of the Project which have been destroyed, damaged, condemned or become obsolete. Title to any Condominium Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed or other instrument of conveyance from the Declarant or from any Owner or grantor shall constitute appointment of the attorney-in-fact herein provided. All of the Owners irrevocably constitute and appoint the Association as their true and lawful attorney in their name, place and stead, for the purpose of dealing with the Project upon its damage, destruction, obsolescence or condemnation, as is hereinafter provided. As attorney-in-fact, the Association by its President and Secretary or Assistant Secretary, or its other duly authorized officers and agents, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other instruments with respect to the interest of an Owner which are necessary and

appropriate to exercise the powers herein granted. In the event that the Association is dissolved or becomes defunct, a meeting of the Owners shall be held within thirty (30) days after either such event. At such meeting a new attorney-in-fact, to deal with the Project upon its destruction, damage, obsolescence or condemnation, shall be appointed. Such appointment must be approved by the Owners representing an aggregate ownership interest of sixty-seven percent (67%) or more of the Common Elements and at least sixty-seven percent (67%) of the First Mortgagees (based upon one vote for each such mortgage held).

13.2 Damage or Destruction. "Repair and reconstruction" of the improvements, as used in the succeeding subparagraphs, means restoring the improvement(s) to substantially the same condition in which they existed prior to their damage or destruction, with each Condominium Unit and the General and Limited Common Elements having substantially the same vertical and horizontal boundaries as before, and all improvements being reconstructed or repaired in substantial conformance with the Project's original architectural plan and scheme, to the extent then reasonably and economically feasible. The proceeds of any insurance collected shall be available to the Association for the purpose of repair, reconstruction, restoration or replacement, in accordance with the provisions hereinafter set forth:

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

(b) If the insurance proceeds are insufficient to repair and reconstruct the improvement(s), such damage or destruction shall be promptly repaired and reconstructed by the Association as attorney-in-fact, using the proceeds of insurance and the proceeds of a special assessment. Such special assessment shall be assessed against all Condominium Units in accordance with Section 7.8 hereof, and shall be due and payable not sooner than thirty (30) days after written notice thereof. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair, replacement or restoration of the improvement(s), using all of the insurance proceeds for such purpose, notwithstanding the failure of an Owner to pay the aforesaid special assessment. The special assessment provided for herein shall be a debt of each Owner and a lien on his Condominium Unit, and may be enforced and collected as provided

in Section 7.8 hereof, including the provisions therein pertaining to the payment of interest, late charges, costs and expenses. Assessments for common expenses shall not be abated during the period of insurance adjustment and repair and reconstruction.

(c) Notwithstanding the foregoing provision of this Section 13.2 and subject to the provisions of Article Eighteen hereof, the Owners may agree not to repair or reconstruct the improvements; in such event, the Association shall forthwith record a notice in the office of the Clerk and Recorder of the County of Summit, Colorado, setting forth such facts and upon the recordation of such notice executed by the Association President and Secretary or Assistant Secretary, the entire Project shall be sold by the Association pursuant to the provisions of this Section, as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration, the Condominium Map, and the Articles of Incorporation and Bylaws of the Association. Assessments for common expenses shall not be abated during the period prior to sale. The insurance settlement proceeds shall be collected by the Association, combined with all sale proceeds, and all such proceeds shall be divided into portions by the Association, each portion representing one Condominium Unit, with the amount of each portion to be reasonably, and in good faith, allocated by the Board of Directors of the Association to each Condominium Unit based on the comparative value of the Condominium Units as they existed immediately prior to the damage and destruction, using such evidence of the appraised values as is then available, including but not limited to recent MAI appraisals of the Property, portions thereof, or comparable property. Such divided proceeds shall be paid into separate accounts, with each such account in the name of the Association and further identified by the Condominium Unit designation and the name of the Owner(s) and First Mortgagee thereof. From each separate account, the Association, as attorney-in-fact, shall forthwith use and disburse the total amount of each such account, without contribution from one account to another, toward payment of the liens encumbering the Condominium Unit represented by such separate account, in the following order:

- (1) For payment of taxes and special assessment liens in favor of any assessing entity;
- (2) For payment of the lien of any First Mortgage;
- (3) For payment of unpaid Association common expense assessments, other assessments, charges and fees, and all costs, expenses and fees incurred by the Association, including customary expenses of sale;

(4) For payment of junior liens and encumbrances in the order of and to the extent of their priority; and

(5) The balance remaining, if any, shall be paid to the Owner(s) of the Condominium Unit.

13.3 Obsolescence.

(a) Sixty-seven percent (67%) of the Owners may agree that the Common Elements are obsolete and adopt a plan for the renewal and reconstruction thereof. If a plan for renewal or reconstruction is adopted, notice of such plan shall be recorded in the County of Summit, Colorado, and the expenses of renewal and reconstruction shall be payable by all of the Owners as a common expense, whether or not they have previously consented to the plan of renewal and reconstruction. The aforesaid common expense assessment for the renewal and reconstruction of the Common Elements shall be a debt of each Owner and a lien on his Condominium Unit, and may be enforced and collected as provided in Section 7.8 hereof.

(b) Subject to the provisions of Article Sixteen hereof, the Owners may agree that the Condominium Units are obsolete and that the same should be sold. In such instance, the Association shall forthwith record in the office of the Clerk and Recorder of the County of Summit, Colorado, a notice setting forth such facts, and upon the recordation of such notice executed by the Association's President and Secretary or Assistant Secretary, the entire Project shall be sold by the Association, as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration, the Condominium Map, and the Articles of Incorporation and Bylaws of the Association. The sale proceeds shall be divided by the Board of Directors of the Association as more fully provided in Section 13.2(c) hereof and paid into separate accounts, each such account representing one Condominium Unit. Each such account shall be in the name of the Association and shall be further identified by the Condominium Unit designation and the name of the Owner(s) thereof. From each separate account the Association, as attorney-in-fact, shall use and disburse the total amount of each such account, without contribution from one account to another, for the same purposes and in the same order as provided in Section 13.2(c) hereof.

13.4 Condemnation. If at any time or times during the continuance of condominium ownership pursuant to this Declaration, all or any part of the Project shall be taken, condemned by any public authority, or sold or otherwise disposed of or in avoidance thereof, the following provisions of this Section 13.4 shall apply:

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

(b) In the event that the entire Project is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant thereto shall terminate. The Condemnation Award shall be apportioned among the Owners by the Board of Directors of the Association as more fully provided in Section 13.2(c) hereof; provided, however, that if a standard different from the value of the Project as a whole is employed as the measure of the Condemnation Award in the negotiation, judicial decree or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. The Association shall, as soon as practicable, determine the share of the Condemnation Award to which each Owner is entitled. Such shares shall be paid into separate accounts and disbursed, as soon as practicable, in the same manner as provided in Section 13.2(c) hereof.

(c) Subject to the provisions of Article Eighteen hereof, in the event that less than the entire Project is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each Owner shall be entitled to a share of the Condemnation Award, to be determined in the following manner: As soon as practicable, the Association shall reasonably, and in good faith, allocate the Condemnation Award between compensation, damages or other proceeds and shall apportion the amounts so allocated among the Owners, as follows: (i) the total amount allocated to taking of or injury to the General Common Elements shall be apportioned among the Owners in accordance with the formula set forth in Section 7.2(b) hereof; (ii) the total amount allocated to severance damages shall be apportioned to those Condominium Units which were not taken or condemned; (iii) the respective amounts allocated to the taking of or damage to a particular Condominium Unit, including but not limited to the Limited Common Elements appurtenant thereto, and to the improvements an Owner has made within his Condominium Unit, shall be apportioned to the particular Condominium Unit involved; and (iv) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances, or as determined by judicial decree. Notwithstanding anything to the contrary contained in this Declaration, the allocation of the Condemnation Award to each affected Condominium Unit shall be based on the comparative values of the affected Condominium Units as they existed immediately prior to the condemnation, using such evidence of the appraised values as is then available, including but not limited to recent MAI appraisals of the affected property or comparable property. If the allocation of the Condemnation

Award is already established in negotiatic judicial decree or otherwise, then in allocating the Condemna. Award, the Association shall employ such allocation to the it is relevent and applicable. Apportioned proceeds shall b ursed, as soon as practicable, in the same manner as provided Section 13.2(c) hereof.

(d) In the event a partial taking results in the taking of a complete Condominium Unit, the Owner(s) thereof shall automatically cease to be a Member, shall cease to hold any right, title or interest in the remaining Common Elements, and shall execute any and all documents necessary to accomplish the same. Thereafter, the Association shall reallocate the ownership, voting rights and assessment ratio in accordance with this Declaration according to the principles employed in this Declaration at its inception, and shall submit such reallocation to the Owners and to the First Mortgagees of all remaining Condominium Units for amendment of this Declaration as provided in Article Sixteen hereof. The Condemnation Award as to each such completely taken Condominium Unit shall be paid into a separate account and disbursed, as soon as practicable, in the same manner as provided in Section 13.2(c) hereof.

(e) Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Section 13.2 hereof.

ARTICLE FOURTEEN

BURDENS AND BENEFITS OF DECLARATION

14.1 Covenants Running with Property. The benefits, burdens, and all other provisions contained in this Declaration shall be covenants running with and binding upon the Property.

14.2 Binding Upon and Inure to the Successors. The benefits, burdens and all other provisions contained in this Declaration shall be binding upon, and inure to the benefit of the Declarant, the Association and all Owners, and upon and to their respective heirs, executors, administrators, personal representatives, successors and assigns. Any right or any interest reserved or contained in this Declaration to or for the benefit of the Declarant may be transferred or assigned by the Declarant, either separately or with one or more of such rights or interests, to any person, corporation, partnership, association or other entity.

ARTICLE FIFTEEN

AMENDMENT OF DECLARATION

15.1 Amendment. Except for those matters governed by Sections 15.2, 15.3 and 16.1(b) hereof, the provisions of this Declaration may be amended, in whole or in part, at any time and from time to time, by an instrument (which instrument may be executed in identical counterparts, subject to the provisions of Section 19.11 hereof) approved in writing by not less than fifty-one percent (51%) of each class of Members; provided, however, that the foregoing approval required by this Section 15.1 shall not be required for, and with respect to, any annexations to this Declaration by the Declarant pursuant to the provisions of Article Seventeen hereof; and further provided, however, that any amendment of Sections 3.3, 5.2, 7.5, 11.4, 11.8, 12.2, 12.6 or Article Fifteen, or any of them, shall require the prior written approval of the Declarant.

15.2 Technical Amendment. Declarant hereby reserves and is granted the right and power to record technical amendments to this Declaration, the Articles of Incorporation and/or Bylaws of the Association, at any time prior to the conveyance of the last Condominium Unit by Declarant to the first Owner thereof (other than Declarant) or three (3) years from the date this Declaration is recorded in the County of Summit, Colorado, whichever occurs first, for the purposes of correcting spelling, grammar, dates, typographical errors, or as may otherwise be necessary to clarify the meaning of any provisions of any of such documents.

15.3 Special Amendment. Declarant hereby reserves and is granted the right and power to record special amendments to this Declaration, the Articles of Incorporation and/or Bylaws of the Association, at any time prior to the conveyance of the last Condominium Unit by Declarant to the first Owner thereof (other than Declarant) or three (3) years from the date this Declaration is recorded in the County of Summit, Colorado, whichever occurs first, in order to comply with any requirements of the Agencies or to induce any of the Agencies to make, purchase, sell, insure, or guarantee First Mortgages.

15.4 Recording of Amendments. To be effective, all amendments to or revocation or termination of this Declaration must be recorded in the office of the Clerk and Recorder of the County of Summit, Colorado, and must contain evidence of the required approval thereof.

15.5 Secretary's Certificate. One method of satisfying the requirements of Section 15.4 hereof shall be the recording of a certificate of the Secretary of the Association, certifying that Owners representing the requisite percentage of the Condo-

Units, and that the requisite percentage of First Mortgagees, have given notarized written consent to the amendment. The Secretary must further certify that originals of such written consents by Owners and First Mortgagees, along with the recorded amendment, are in the corporate records of the Association and available for inspection.

ARTICLE SIXTEEN

FIRST MORTGAGEES

16.1 Member and First Mortgagee Approval. Subject to Sections 15.2 and 15.3 hereof, but notwithstanding any other provisions of this Declaration to the contrary, the Association shall not:

(a) unless it has obtained the prior written consent of at least sixty-seven percent (67%) of each class of Members and sixty-seven percent (67%) of the First Mortgagees (based on one vote for each First Mortgage held):

(1) seek to abandon or terminate the Project, whether by act or omission, except:

(A) for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty, or

(B) in the case of a taking by condemnation or eminent domain, in which event the provisions of Section 13.4 of this Declaration shall control; or

(C) for amendments to this Declaration, the Articles of Incorporation or Bylaws of the Association made as a result of destruction, damage or condemnation of the Property or improvements thereon;

(2) change the pro rata interest or obligations of any individual Condominium Unit for the purpose of:

(A) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or

(B) determining the pro rata share of ownership of each Condominium Unit in the Common Elements;

(3) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements (excluding the granting of permits, licenses and easements for public utilities, roads or other purposes reasonably necessary or useful for the proper maintenance or operation of the Project);

(4) partition or subdivide any Condominium Unit; or

(5) use hazard insurance proceeds for losses to any condominium property (whether to Condominium Units or Common Elements) for other than the repair, replacement or reconstruction of such condominium property in accordance with the procedures set forth in Section 13.2 hereof, except as may be provided by statute in the case of substantial loss to such Condominium Units and/or Common Elements.

(b) unless it has obtained the prior written consent of at least sixty-seven percent (67%) of the total allocated votes in the Association, and fifty-one percent (51%) of the First Mortgagees (based upon one vote for each First Mortgage owned), add or amend any material provisions of this Declaration, the Articles of Incorporation or Bylaws of the Association which establish, provide for, govern or regulate any of the following, provided that such additions or amendments shall not be considered material if they are for the purpose of correcting technical errors or for clarification only:

(1) voting rights;

(2) assessments, assessment liens or subordination of such liens;

(3) reserves for maintenance, repair and replacement of those elements of the Common Elements which must be maintained, repaired or replaced on a periodic basis;

(4) responsibility for maintenance and repair of any portion of the Project;

(5) rights to use of the Common Elements;

(6) boundaries of any Condominium Unit;

(7) convertibility of Condominium Units into Common Elements or of Common Elements into Condominium Units;

(8) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project;

(9) insurance, including but not limited to fidelity bonds;

(10) leasing of Condominium Units;

(11) imposition of any restriction on the right of any Owner to sell or transfer his Condominium Unit;

(12) any decision by the Association to assume self-management of the Association, when professional management has previously been required by any First Mortgagee or any insurer or guarantor of a First Mortgage;

(13) any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, other than substantially in accordance with this Declaration, the Articles of Incorporation and Bylaws of the Association;

(14) any action to terminate the legal status of the Project after substantial destruction or condemnation; or

(15) any provisions which are for the express benefit of First Mortgagees, or insurers or guarantors of First Mortgages.

16.2 Notice of Action. Upon written request therefor, a First Mortgagee, insurer or guarantor of a First Mortgage, shall be entitled to timely written notice of:

(a) any condemnation loss or casualty loss which affects a material portion of the Project or any Condominium Unit subject to a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or guarantor of a First Mortgage;

(b) any delinquency in the payment of assessments or charges owed to the Association by the Owner of the Condominium Unit subject to a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or guarantor, or any default by such Owner in any obligation under the Declaration, Articles of Incorporation or Bylaws of the Association and the Board of Directors of the Association has actual knowledge of such default, when such delinquency and/or default remains uncured for a period of sixty (60) days;

(c) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) any proposed action which would require the consent of a specified percentage of First Mortgagees as provided in this Article Sixteen.

16.3 Audit. The Association shall provide an audited financial statement for the immediately preceding fiscal year to any First Mortgagee within a reasonable time after written request therefor made by fifty-one percent (51%) or more of the First Mortgagees, which audited financial statement prepared at the expense of such First Mortgagees if one is not otherwise available.

ARTICLE SEVENTEEN

MISCELLANEOUS

17.1 Period of Condominium Ownership. The condominium ownership created by this Declaration and the Condominium Map shall continue until this Declaration is terminated in any manner provided in this Declaration or by law.

17.2 Supplement to Condominium Ownership Act. The provisions of this Declaration shall be in addition and supplemental to the Condominium Ownership Act of the State of Colorado, as it may be amended from time to time, and to all other applicable provisions of law.

17.3 Conveyance of Condominium Units. All Condominium Units, whether or not the instrument of conveyance or assignment shall refer to this Declaration, shall be subject to the covenants, conditions, restrictions, easements, reservations, rights-of-way and all other terms and provisions contained in this Declaration, as it may be amended from time to time.

17.4 Enforcement. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges and other provisions contained in this Declaration, the Articles of Incorporation, Bylaws or rules and regulations of the Association, as amended, shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any such provision. The Association and any aggrieved Owner shall have the right to institute, maintain and/or prosecute any such proceedings, and the Association shall further have the right to levy and collect charges for the violation of any provision of any of the aforesaid documents, which charges shall be a perpetual lien in favor of the Association against each Condominium Unit, as more fully provided in

Article Seven hereof; in any such action instituted or maintained under this Section, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto, as well as any and all other sums awarded by the court.

17.5 Registration of Mailing Address. Each Owner and each First Mortgagee, insurer or guarantor of a First Mortgage, shall register his mailing address with the Association, and notices or demands intended to be served upon any such Owner, First Mortgagee, insurer or guarantor shall be delivered by messenger or sent by mail, postage prepaid, addressed in the name of such person or entity, at such registered address.

17.6 Non-Waiver. Failure by the Declarant, the Association, any Owner, First Mortgagee, or any other person or entity to enforce any covenant, condition, restriction, easement, reservation, right-of-way or other provision contained in this Declaration shall in no way or event be deemed to be a waiver of the right to do so thereafter.

17.7 Severability. The provisions of this Declaration shall be deemed to be independent and severable, and the invalidity of any one or more of the provisions hereof, or any portion thereof, by judgment or court order or decree shall in no way affect the validity or enforceability of any of the other provisions, which other provisions shall remain in full force and effect.

17.8 Number and Gender. Unless the context provides or requires to the contrary, the use of the singular herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include all genders.

17.9 Captions. The captions to the Articles and Sections and the Table of Contents at the beginning of this Declaration are inserted herein only as a matter of convenience and for reference, and are in no way to be construed to define, limit or otherwise describe the scope of this Declaration or the intent of any provision hereof.

17.10 Conflicts in Documents. In case of any conflict between this Declaration and the Articles of Incorporation or Bylaws of the Association, this Declaration shall control. In case of any conflict between the Articles of Incorporation and Bylaws of the Association, the Articles of Incorporation shall control.

17.11 Counterparts. This Declaration, any amendments, or any documents of consent, may be executed in several counterparts and all counterparts so executed shall constitute one

document binding on all signatories thereof, notwithstanding that
if signatories have not executed the original or the same
counterpart. In the event that any such document is executed in
counterparts, those pages from the counterparts on which signa-
tures and/or certificates of notaries public appear may be
attached to the original instrument for the recordation thereof,
provided that such recorded document shall also contain a certif-
ication of the Secretary of the Association that all counter-
parts, as executed, are identical.

IN WITNESS WHEREOF, the undersigned, being the Declarant
herein, has hereunto set its hand and seal this 11 day of
October, 1984.

COBBLESTONE ENTERPRISES, LTD.,
a Colorado Limited Partnership

By: [Signature]
Gregory Gundling
General Partner

STATE OF Colorado)
) ss.
COUNTY OF SUMMIT)

The above and foregoing CONDOMINIUM DECLARATION FOR
COBBLESTONE CONDOMINIUMS was acknowledged before me in the County
of SUMMIT, State of Colorado, this 11th day of
October, A.D., 1984, by GREGORY GUNDLING, General Partner of
COBBLESTONE ENTERPRISES, LTD., a Colorado limited partnership.

Witness my hand and official seal.

My commission expires: 12-30-87



Anna L. Patton
Notary Public
Address: 2715 S. Milwaukee
Denver CO 80210

EXHIBIT A
TO
CONDOMINIUM DECLARATION
FOR
COBBLESTONE CONDOMINIUMS

Legal description of the Property:

Cobblestone Condominiums, a resubdivision of Lots A-F,
Rendezvous West, being a resubdivision of Lots 3
through 12, Block 17, Town of Frisco, Summit County,
Colorado.

EXHIBIT B
TO
CONDOMINIUM DECLARATION
FOR
COBBLESTONE CONDOMINIUMS

<u>Condominium Unit No.</u>	<u>Condominium Building</u>	<u>Undivided Interest In Common Elements Appurtenant to the Condominium Unit</u>	<u>Fraction of Association Common Expenses Allocable to the Condominium Unit*</u>
101-1	1	1/12	1/12
102-1	1	1/12	1/12
103-1	1	1/12	1/12
104-1	1	1/12	1/12
201-1	1	1/12	1/12
202-1	1	1/12	1/12
203-1	1	1/12	1/12
204-1	1	1/12	1/12
101-2	2	1/12	1/12
102-2	2	1/12	1/12
201-2	2	1/12	1/12
202-2	2	1/12	1/12

* The Fraction of Assessment Responsibility is subject to further modification pursuant to Sections 7.2 and 7.5 hereof.

EXHIBIT C
TO
CONDOMINIUM DECLARATION
FOR
COBBLESTONE CONDOMINIUMS

Each of the following documents is recorded in the County of Summit, State of Colorado:

- 1) United States Patent recorded on April 25, 1975, in Book 264 at Page 727, Reception No. 148106, and Certificate of Publication of said Patent recorded in Book 264 at Page 730A.
- 2) Protective Covenants for Rendezvous West, recorded on May 13, 1980, at Reception No. 206598.
- 3) Easements and other matters as shown on the Plat for Rendezvous West, recorded on May 13, 1980, at Reception No. 206547.
- 4) Easements and other matters shown on a certain Plat for a resubdivision of Lots A through F, Rendezvous West, being a resubdivision of Lots 3 through 12, Block 17, Town of Frisco, Colorado, recorded on April 30, 1984, at Reception No. 276930.

MAINTENANCE COVENANTS

THESE MAINTENANCE COVENANTS are made this 11th day of October, 1984 by COBBLESTONE CONDOMINIUM ASSOCIATION, INC., a Colorado non-profit corporation whose address is 120 Galena, Frisco, Colorado 80443 ("Association").

WITNESSETH:

WHEREAS, Cobblestone Enterprises, Ltd. ("Builder") has constructed or caused to be constructed a Condominium Building(s) ("Building(s)") on that property more particularly described as:

Cobblestone Condominiums, a resubdivision of Lots A-F, Rendezvous West, being a resubdivision of Lots 3 through 12, Block 17, Town of Frisco, Summit County, Colorado.

(the "Property"), which Property was subjected to mandatory maintenance by the Association pursuant to the recordation of the Condominium Declaration for Cobblestone Condominiums (the "Declaration") on this date:

WHEREAS, prior to recording the Declaration, Builder advised the Association that:

1. The soils within the State of Colorado consist of both expansive soils and low-density soils which may result in shifting or other movement of the foundation or otherwise result in damage to the structural or other parts of the Building(s) if the Building(s) and the Property are not properly maintained;
2. 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
3. The addition of moisture to low-density soils causes a realignment of soil grains thereby resulting in consolidation and/or collapse of the soils;

WHEREAS, as partial consideration for Builder recording the Declaration and constructing the Building(s) upon the Property, the Association covenanted and agreed, for itself and its successors and assigns, to perform certain preventive maintenance on the Property as hereinafter described:

NOW, THEREFORE, the Association on its behalf and on behalf of its successors and assigns, hereby covenants and agrees for the benefit of Builder and the successors and assigns of Builder that:

1. The Association shall use its best efforts to assure that the moisture content of those soils supporting the foundation and the concrete slabs forming a part of the Building(s) remain stable and shall not introduce excessive water into the soils surrounding the Building(s).

2. The Association shall maintain the grading and drainage patterns of the Property established by Builder, which patterns provide for the drainage of water practically away from the Building(s). Notwithstanding the foregoing, in the event that on the date hereof Builder has not completed the final grading of the Property, Builder shall complete said grading as soon as practicable. Association hereby acknowledges that the grading and drainage patterns to the extent completed have been actual, used

in a manner which assures that any water falling on the Property, whether from natural precipitation or from lawn irrigation, will flow positively away from the foundation and slabs of the Building(s).

3. The Association shall not impede or hinder in any way the water falling on the Property from reaching the drainage courses established by Builder for the Property and the project in which the Property is located.

4. To accomplish the foregoing, the Association further covenants and agrees, among other things:

a. Not to install landscaping which will change the grading of the Property.

b. To fill with additional soil any backfilled areas adjacent to the foundation and in or about the utility trenches in which settlement occurs.

c. Not to water excessively.

d. Not to plant flower beds (especially annuals) and vegetable gardens adjacent to the foundation and slabs.

e. If evergreen shrubbery is used within five (5) feet of the foundation walls, to water the shrubbery and grass by "controlled" hand watering, and to avoid excessive watering.

f. To minimize or eliminate the installation of piping for sprinkler systems within five (5) feet of foundation walls and slabs. The Association hereby acknowledges that a leaky pipe in these areas can go undetected for a long period of time and can cause extensive damage before discovery.

g. To install any gravel beds in a manner which will assure that water will not pond in the gravel areas, whether due to non-perforated edging or due to installation of the gravel bed at a level lower than the adjacent lawn.

h. To install a moisture barrier (such as polyethylene) under any gravel beds.

i. To maintain the gutters and downspouts which discharge water into extensions or splash blocks, as provided by Builder, by assuring that (i) the gutters and downspouts remain free and clear of all obstructions and debris; (ii) the water that flows from the extension or the splash block is allowed to flow rapidly away from the foundation and/or slabs; and (iii) the splash blocks are maintained under sill cocks.

j. Not to nose down garage slabs since this allows excess water to seep into the edges of the slab.

5. The Association hereby acknowledges that additions and/or modifications to the Building(s), particularly to the floor slab and patio areas, or the installation of a swimming pool or hot tub, can affect the stability of the structural soundness of the Building(s). The Association shall consult and follow the recommendations of a professional engineer licensed in the State of Colorado and experienced with construction techniques in problem soil areas prior to commencing any addition and/or modification to the Building(s), or the installation of a swimming pool or hot tub upon the Property.

6. The Property is and shall be sold, transferred, sold, conveyed, leased, and occupied subject to each and all of the covenants established hereby, all of which shall run with the

land and be binding on all parties having any right, title, or interest in the Property, or any part thereof, their heirs, personal representatives, successors, and assigns, and shall inure to the benefit of Builder, its successors and assigns.

7. These Maintenance Covenants may be modified, amended, changed, or terminated, in whole or in part, only by agreement in writing duly authorized, executed, and acknowledged by both the Association and Builder and recorded in the county in which the Property is located.

8. Unless sooner terminated in accordance with Paragraph 7 hereof, these Maintenance Covenants shall be and remain in full force and effect for a period of ten (10) years from and after the date these Covenants are recorded or until the Property is no longer used for dwelling or residential purposes, whichever first occurs.

IN WITNESS WHEREOF, the Association has hereunto set its hand and seal the day and year above first written.

COBBLESTONE CONDOMINIUM ASSOCIATION, INC.

ATTEST:

Robert S. [Signature]

By: [Signature]

STATE OF COLORADO

COUNTY OF WARRANT

ss.

The foregoing instrument was acknowledged before me in the County of WARRANT, State of Colorado this 14th day of April, 1994 by [Signature] and [Signature] as OWNER of COBBLESTONE CONDOMINIUM ASSOCIATION, INC.

Witness my hand and official seal.

My commission expires: 12/31/97



[Signature]
Notary Public
Address: [Address]