



28

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF
QUAIL CROSSING TOWNHOMES, A PLANNED COMMUNITY IN
THE COUNTY OF BOULDER, STATE OF COLORADO

This Declaration is made on the date hereinafter set forth, by James Construction Company, Inc., a Colorado Corporation, hereinafter referred to as "Declarant".

RECITALS:

- A. Declarant is the owner of certain Real Estate located in the County of Boulder, State of Colorado, which is more particularly described as set forth in Exhibit A, attached hereto and incorporated herein by reference; and
- B. Declarant desires to create a Common Interest Community on the Real Estate described in Exhibit A, the name of which is Quail Crossing Townhomes, in which portions of the Real Estate described in Exhibit A will be designated for separate ownership and the remainder of which will be designated as Common Elements and Limited Common Elements to be used by the Owners, but owned by the Association; and
- C. Declarant has caused to be incorporated under the laws of the State of Colorado, Quail Crossing Townhomes Association, Inc., a non-profit corporation for the purpose of exercising the functions as hereinafter set forth.

ARTICLE I
SUBMISSION: DEFINED TERMS

SECTION 1.01 Submission of Real Estate. Declarant hereby declares that all the real estate set forth and described in Exhibit A hereto shall be held or sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real estate and be binding on all parties having any right, title, or interest in the real estate or any part thereof, their heirs, legal representatives, successors, and assigns, and shall inure to the benefit of each Owner. Additionally, Declarant hereby submits the real estate to the provisions of the Colorado Common Interest Ownership Act, Sections 38-33.3-101, et seq., Colorado Revised Statutes, as it may be amended from time to time (the "Act") in the event the Act is repealed, the Act, on the effective date of this Declaration, shall remain applicable.

SECTION 1.02 Defined Terms. Each term, whether capitalized or not, which is not otherwise defined in this Declaration or in the Plat shall have the meaning specified or used in the Act.

ARTICLE II
NAMES: DESCRIPTION OF REAL ESTATE

SECTION 2.01 Names (a) Planned Community. The name of the Planned Community is Quail Crossing Townhomes

(b) Association. The name of the Association is Quail Crossing Townhomes Association, Inc., a Colorado non-profit corporation.

SECTION 2.02 Real Estate. The Planned Community is located in the County of Boulder, State of Colorado. The real estate of the Planned Community is described in Exhibit A.

SECTION 2.03 Description of Development.

A. The Planned Community shall consist of 126 Units, together with 126 Limited Common Elements (garages), located within Lots 1 through 126 inclusive, Block 5 and properties delineated as Outlot H, Block 5 as shown on the recorded plat for Quail Crossing, First Filing, P.U.D., County of Boulder, State of Colorado. Each individual Lot, together with the Limited Common Element appurtenant thereto is set forth on Exhibit C, attached hereto and incorporated herein by reference. The Planned Community shall consist of twenty-one buildings with each building consisting of six Units. The four end Units in each building will contain a



total of 1,105 square feet of finished area on the first and second floors, with a 550 square foot basement. The two middle Units in each building will contain 1,171 square feet of finished area on the first and second floors, with an unfinished basement of 634 square feet. The end Units will have one and one-half bathrooms and the middle Units will have two and one-half bathrooms. There are no other amenities to be included within the Planned Community. Each Owner of a Unit shall be entitled to the exclusive use and occupancy of a garage, which is a Limited Common Element, which garage will be appurtenant to the assigned Unit as set forth on Exhibit C hereof, and may not be separately sold or conveyed without the conveyance of the Unit to which the Limited Common Element is appurtenant. There will be 126 unassigned parking spaces available for use by Unit Owners and their guests, which parking spaces shall be located within Outlot H, Block 5, of the Planned Community. The unassigned parking spaces shall be subject to the Association's right to establish rules and regulations regarding the parking as set forth in Section 7.10 hereof.

ARTICLE III
UNITS

SECTION 3.01 Number of Units. The Declarant reserves the right to create a maximum of 126 Units in the Planned Community.

SECTION 3.02 (a) Division of Property into Lots (or Units) and Tracts. The real estate described in Exhibit A, attached hereto and incorporated herein by this reference, including the improvements thereon, is hereby divided into 126 fee simple absolute estates, herein referred to as Units, and 126 Limited Common Elements located on Outlot H, Block 5.

(b) Each Unit is described on the Plat, which is by this reference made a part hereof. Each Unit shall be identified on the Plat by the Unit number as shown thereon, and as further described in Section 4.01, below.

SECTION 3.03 Title to a Unit. Title to a Unit may be held or owned by any person or entity in any manner in which title to real estate may be held or owned in the State of Colorado.

SECTION 3.04 Transferability. Except as hereinafter expressly provided to the contrary, title to any Unit shall be freely transferable in accordance with applicable law; and sale thereof shall not be subject to any right of first refusal, first option to purchase, or other similar restriction in favor of any Owner, the Association or Declarant.

SECTION 3.05 Nonpartitionability. The Common Elements, Outlot H, shall be owned by the Association and shall remain undivided. No Owner shall be entitled to bring any action for partition or division of the Common Elements.

SECTION 3.06 Use of Common Elements and Limited Common Elements. Each Owner shall be entitled to exclusive ownership and possession of the Owner's Unit. Each Owner shall have the exclusive right to use the Limited Common Element appurtenant to the Owner's Unit. Each Owner has the non-exclusive right to use the Common Elements in accordance with the purposes for which any such elements are intended without hindering or encroaching upon the lawful rights of the other Owners.

SECTION 3.07 Easements for Encroachments. In the event any portion of the Common Elements or the Limited Common Elements encroaches upon any Unit or any Unit encroaches upon the Common Elements, Limited Common Elements or another Unit as a result of the construction, reconstruction, repair, shifting, settlement, or movement of any portion of the improvements, or any encroachments resulting from repair, or reconstruction after damages, partial or full destruction of the improvements, a valid easement for the encroachment and for the repair and maintenance of the same shall exist in favor of the Unit Owner whose improvements are encroaching or the Association so long as the encroachment exists. Such encroachments and easements shall not be considered or determined to impair or otherwise adversely affect the marketability of title to either the Common Elements, the Limited Common Elements or the Units.



SECTION 3.08 Easements for Utilities. Easements for the installation, transmission, repair and replacement of gas and electric utility lines to each individual Unit within the Planned Community are hereby reserved through, over and under the Common Elements and any Unit or any portion thereof that may be necessary to provide gas and electric utility service from any meter to any Unit within the Planned Community. Said easement may be under ground, above ground or through the improvements constructed on the Common Elements or any Unit as shall be determined by Declarant.

SECTION 3.09 Easements for Water, Sewer and Drainage. Easements for installation, transmission, repair and replacement for sewer, perimeter drain and, water lines to each individual Unit within the Planned Community are hereby created and reserved over, under, across and through the Units, all Common Elements and all Limited Common Elements of the Planned Community in order to provide sewer and water utility service to each Unit within the Planned Community.

SECTION 3.10 Owner's Right to Ingress and Egress and Support. Each Owner shall have the right to ingress and egress over, upon, and across the Common Elements and the Limited Common Elements necessary to access to his Unit, and shall have the right to lateral support of his Unit.

SECTION 3.11 Reservation of Development Easement. The Declarant, for itself, its successors and assigns, reserves unto itself an easement over, across and beneath the property described in Exhibit A, for access, ingress, and egress for the development, construction, repair, maintenance, and general use in connection with construction of the original 126 Units, and the original 126 Limited Common Elements.

SECTION 3.12 Association's Right to Use of Common Elements and Landscaping of Units. The Association shall have a non-exclusive right and easement to make such use of the Common Elements and Limited 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. The Association shall also have a non-exclusive right and easement for the installation, maintenance, repair and replacement of landscaping on each Unit in the area outside the entry patio and any fenced area as originally installed by Declarant.

SECTION 3.13 Maintenance Responsibility for Unit and appurtenant Limited Common Elements.

(a) An owner shall be responsible to maintain and keep in a neat and clean condition the outside areas, i.e., the Courtyard, of the Unit. The Courtyard of each Unit shall be maintained in such a manner as to assume an attractive appearance to the Planned Community.

(b) The Owner shall maintain the Limited Common Element appurtenant to the Owner's Unit in a clean, attractive, safe and sightly condition, and shall use such Limited Common Element solely for the enclosed storage of the Owner's property and the parking of the Owner's automobile or other vehicles.

SECTION 3.14 Owner's Duty of Compliance. Each Owner shall comply strictly with the provisions of this Declaration, the provisions of the Articles of Incorporation and By-laws of the Association, and the decisions and resolutions of the Association adopted pursuant thereto as the same may be lawfully amended from time to time. Failure to comply shall be grounds for an action to recover sums due and for damages or injunctive relief or both, maintainable by the managing agent, the Executive Board or the Association on behalf of the Owners or, in a proper case, by an aggrieved Owner. In the event that the Association must expend any sums for clean up, repair, attorneys' fees and costs for such Owner's failure to comply, the Owner shall be responsible to reimburse the Association for its expenses, which may be individual assessments under Section 8.07 below. Such items may become a lien as described in Sections 8.01 and 8.07 below.

SECTION 3.15 Easements Deemed Created. All conveyances of Units hereafter made, whether by Declarant or otherwise, shall be construed to grant and reserve such reciprocal easements as shall give full effect to Sections 3.06, 3.07, 3.08, 3.09, 3.10, 3.11 and 3.12 hereinabove, even



though no specific reference to such easements or to those Sections appear in any such documents of conveyance.

ARTICLE IV
DESCRIPTION OF A UNIT

SECTION 4.01 After the Declaration and Plat shall have been filed for record in Boulder County, Colorado, every contract for the sale of a Unit may describe that Unit by the designation shown on the Plat with the appropriate reference to the Plat and to this Declaration, as each shall appear on the records of the County Clerk and Recorder's Office of Boulder County, Colorado, in the following fashion:

Lot ____, Block 5, as shown on the Plat for Quail Crossing, First Filing, P.U.D., County of Boulder, State of Colorado, Recorded on ____, 199__, at Reception No. ____, and as defined by the Declaration of Covenants, Conditions and Restrictions, recorded on ____, 199__, at Reception No. ____. Together with the exclusive right to use Limited Common Element _____.

Such description will be construed to describe the Unit, and to incorporate all the rights incident to ownership of a Unit and all the limitations on such ownership as described in this Declaration. In the event of amendment of the Declaration and/or Plat, such amendments shall be reflected by the additional recording information including date of recording, reception numbers and, in the case of the Plat, plan file numbers.

ARTICLE V
PARTY WALLS

SECTION 5.01 General Rules of Law to Apply. Each wall which is built as a part of the original construction of a Unit within the Planned Community and placed on the dividing line between the Units shall constitute a party wall, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

SECTION 5.02 Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners of the Units who make use of the wall in proportion to such use.

SECTION 5.03 Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owner to call for a larger contribution from the others under any rule of law regarding liability for negligence or willful acts or omissions.

SECTION 5.04 Weatherproofing. Notwithstanding any other provision of this Article, an Owner who, by such Owner's negligent or willful act, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

SECTION 5.05 Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

SECTION 5.06 Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each Owner shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator. The decision shall be by majority of all the arbitrators and shall be binding on the Owners.

ARTICLE VI
TERMINATION OF MECHANIC'S LIEN RIGHTS AND INDEMNIFICATION

SECTION 6.01 Mechanic's Liens. Subsequent to the completion of the construction to be performed by Declarant, no labor performed or materials furnished and incorporated in a Unit



with the consent or at the request of the Owner thereof or the Owner's agent, contractor or subcontractor shall be the basis for filing of a lien against the Unit of any other Owner not expressly consenting to or requesting the same, or against the Common Elements. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against all liability arising from the claim of any lien against the Unit of any other Owner or against the Common Elements for construction performed or for labor, materials, services, or other products incorporated in or otherwise attributable to the Owner's Units at such Owner's request.

ARTICLE VII
THE ASSOCIATION

SECTION 7.01 Authority. The business affairs relating to the Common Elements and the Limited Common Elements of the Planned Community shall be managed by the Association, a Colorado non-profit corporation. The Association shall be governed by its By-Laws as amended from time to time.

SECTION 7.02 Membership. Every Owner of a Unit shall be entitled and required to be a member of Quail Crossing Townhomes Association, Inc. An Owner shall be entitled to one membership for each Unit owned. Where ownership of a Unit is held by more than one person, the membership corresponding to that Unit shall be held by such persons in accordance with their respective ownership interests in the Unit. No person or entity other than an Owner may be a member of the Association, and memberships may not be transferred except in connection with the transfer of a Unit; provided, however, that the rights of membership may be assigned to the mortgagee of a Unit as security for a loan secured by a deed of trust on the Unit.

SECTION 7.03 Voting Rights. The Association shall have one class of membership. Each membership shall be entitled to one vote. If two individuals own a Unit, as joint tenants, tenants in common, or other legal manner of holding title, and cannot agree between themselves on one or more matters coming before the Association, then each shall be entitled to one-half vote. If three or more individuals or entities own a Unit as joint tenants, or tenants in common, or other legal manner of holding title, and cannot agree among themselves on one or more matters coming before the Association, then the Owners shall agree among themselves prior to recordation of the vote how the vote shall be cast; however, in no event shall less than one-half vote be cast. In no event shall more than one total vote be cast for each Unit.

SECTION 7.04 Powers of Association; Management and Control of Common Elements and Limited Common Elements. (a) The Association shall, subject to the rights and duties of the Owners set forth in Article III hereof, have all the powers, authority and duties permitted pursuant to the Act necessary and proper to manage the business and affairs of the Planned Community and shall be responsible for the exclusive management and control of the Common Elements and the Limited Common Elements. Unless contained within the annual budget or provided for by Reserve Funds as set forth in Section 8.08 hereof, the Association must have the approval of a majority of the Unit Owners for any single maintenance and repair expense of over \$2,500.00. The cost of such management, operation, maintenance, and repair shall be borne as provided in Article VIII hereunder.

(b) In addition to the Easements for Utilities reserved under Section 3.08 hereof and Easements for Water Sewer and Drainage reserved under Section 3.09 hereof, the Association shall have the right to grant additional easements as necessary for utility purposes over, under, upon or through any portion of the Common Elements or the Limited Common Elements, and through, under or across all Units within the Planned Community to provide necessary utilities and for the repair and replacement thereof to the Units themselves, the Common Elements or the Limited Common Elements, and is hereby irrevocably appointed as attorney-in-fact for each Owner for such purposes.

(c) The Association shall not have the right to stop, hinder, delay, block or in any manner impair the right of ingress and egress of the Declarant, its successors and assigns, over and across the roadways and sidewalks, the Common Elements or the Limited Common Elements.



SECTION 7.05 Exterior Maintenance and Landscaping. In addition to maintenance and landscaping upon Outlot H and the installation, maintenance repair and replacement of landscaping on the Units outside the entry patio and fenced area as originally installed by Declarant, the Association shall provide exterior maintenance for each Unit and the Limited Common Element appurtenant to each Unit, which are subject to assessment hereunder, as follows: paint, repair, replacement and the care of roofs, gutters, downspouts, exterior building surfaces, sidewalks and other constructed exterior improvements. Such exterior maintenance shall not include glass surfaces or maintenance of any landscaping within the courtyard of any Unit. In the event that the need for maintenance or repair of the improvements constructed upon a Unit or the Limited Common Element appurtenant to the Unit is caused through the willful or negligent acts of its Owner, or through the willful or negligent acts of the family, guests or invitees of the Unit or the Limited Common Element appurtenant thereto needing such maintenance or repair, the cost of such exterior maintenance shall be paid by the Owner to the Association, and if not, it may become an individual assessment under Section 8.07 hereof and may further become a lien pursuant to Sections 8.01 and 8.07 hereof.

SECTION 7.06 Adoption of Budget. Within 30 days after adoption of any proposed budget for the Planned Community, the Executive Board shall mail, by ordinary first class mail, or otherwise deliver a summary of the budget to all the Unit Owners and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than 10, nor more than 50, days after mailing or other delivery of the summary. Unless at that meeting 67% of all Unit Owners reject the budget, the budget shall be ratified whether or not a quorum is present at such meeting. In the event that the proposed budget is rejected, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify subsequent budget proposed by the Executive Board.

SECTION 7.07 Management of Association. (a) The Association may obtain and pay for the services of any person or entity to manage its affairs, or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall determine to be necessary or desirable for the proper operation for the Planned Community whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Association may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Planned Community or the enforcement of this Declaration.

(b) Any agreement for management of the Common Elements or for any other services to be performed by the Declarant shall provide for termination by either party without cause or payment of any termination fee on thirty (30) days or less written notice. No such agreements shall be entered into for a term exceeding one (1) year.

SECTION 7.08 Personal Property for Common Use. The Association may acquire and hold for the use and benefit of all of the Owners' tangible and intangible personal property and may dispose of the same by sale or otherwise.

SECTION 7.09 Rules and Regulations. The Association may make reasonable Rules and Regulations governing the use of the Units, the Common Elements and of the Limited Common Elements, which Rules and Regulations shall be consistent with the rights and duties established in this Declaration. The Association may suspend any Owner's voting rights in the Association during any period or periods during which such Owner fails to comply with such Rules and Regulations, or with any other obligations of such Owner under this Declaration. The Association may also take judicial action against any Owner to enforce compliance with such Rules and Regulations or other obligations or to obtain damages for non-compliance with any term, covenant or condition contained in this Declaration, all to the extent permitted by law.

SECTION 7.10 Parking Regulations. The Association shall have the right to establish Rules and Regulations regarding all parking within the Common Elements and Limited Common Elements of the Planned Community. The Association shall further have the right to tow or cause to be towed illegally or improperly parked vehicles within the Planned Community.

SECTION 7.11 Trash Collection. The Association shall designate a single trash collection company, which company shall have the exclusive right to collect trash within the Planned Community. No Unit Owner may contract for trash pickup and removal from any other



company without the prior written approval of the Executive Board of the Association. The cost for trash collection by the entity chosen by the Association shall be a part of the Common Expense Assessment.

SECTION 7.12 Inspection of Books and Records. All Unit Owners shall have reasonable access to inspect the books, records, and financial statements of the Association. Any mortgagee or insurer of any mortgage affecting a Unit shall be entitled, upon request, to: (a) inspect the books and records of the Association during normal working hours; (b) require the preparation of and, if preparation is required, receive an annual audited financial statement of the Association, except that such a statement need not be furnished earlier than 90 days following the end of the Association's fiscal year; and, (c) written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

SECTION 7.13 Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or by the Act, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. Notwithstanding the above, unless at least seventy-five percent (75%) of the first mortgagees of Units (based on one vote for each first mortgage owned or held) have given their prior written approval, the Association shall not be empowered or entitled to:

- (a) by act or omission, seek to abandon or terminate the Planned Community;
- (b) partition or subdivide any Unit;
- (c) by act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements or the Limited Common Elements;
- (d) use hazard insurance proceeds for loss to the improvements for other than the repair, replacement, or reconstruction of such improvements.

SECTION 7.14 The Association may assign its future income, including its rights to receive Common Expense Assessments, only by the affirmative vote of the Owners of Units to which at least 75% of the votes of the Association are allocated, at a meeting called for that purpose.

SECTION 7.15 Declarant Control. (a) The Declarant shall have the right to appoint and remove the officers and members of the Executive Board of the Association during the period of Declarant Control. The period of Declarant Control shall terminate no later than either 60 days after the conveyance of 75% of the Units to Unit Owners other than the Declarant; two years after the last conveyance of a Unit by Declarant in the ordinary course of business, or two years after any right to add new Units was last exercised.

(b) In addition, not later than 60 days after the conveyance by Declarant of 25% of the Units that may be created within the Planned Community to Unit Owners other than the Declarant, at least one member and not less than 25% of the members of the Executive Board of the Association must be elected by Unit Owners other than the Declarant. Not later than 60 days after conveyance of 50% of the Units that may be created within the Planned Community to Unit Owners other than the Declarant, not less than 33 1/3rd percent of the members of the Executive Board must be elected by Unit Owners other than the Declarant.

ARTICLE VIII
COVENANT FOR COMMON EXPENSE ASSESSMENTS

SECTION 8.01 Creation of Association Lien and Personal Obligation to Pay Common Expense Assessments. (a) Declarant, only for each Unit upon which construction of improvements have been completed, shall be deemed to covenant and agree, and each Owner, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association the annual Common Expense Assessments, which assessments, including fees, charges, late charges, attorney's fees, fines and interest charged by the Association shall be the personal obligation of the Unit Owner at the time when the assessment or other charges became or fell due. The personal obligation to pay any past due sums due to the Association shall not pass to a successor in title unless expressly assumed by them.



(b) The Common Expense Assessment of the Association shall be a continuing lien upon the Unit against which each such assessment is made. A lien under this Section is prior to all other liens and encumbrances on a Unit except:

- (1) liens and encumbrances recorded before the recordation of the Declaration;
- (2) a first lien Security Interest on the Unit recorded before the date on which the Common Expense Assessment sought to be enforced became delinquent; and
- (3) liens for real estate taxes and other governmental assessments or charges against the Unit.

This Section does not prohibit an action to recover sums for which this Section creates a lien or prohibit the Association from taking a deed in lieu of foreclosure. Sale or transfer of any Unit shall not affect the Association's lien except that a sale or transfer of any Unit pursuant to foreclosure of any first lien Security Interest, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture shall only extinguish the Association's lien as provided in the Act. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture shall relieve any Unit Owner from continuing liability for any Common Expense Assessments thereafter becoming due, nor from the lien thereof.

SECTION 8.02 Purpose of Assessments. The Assessments levied by the Association through its Executive Board shall be used for the purposes of promoting the health, safety, and welfare of the residents in the Planned Community and for the maintenance and repair of the Tracts, including, but not being limited to, repair and maintenance of all streets and sidewalks, snow removal, landscaping maintenance and Common Element and Limited Common Element lighting, for the landscaping maintenance on the Units as set forth in Section 3.11 and 7.05, and the repair and maintenance of the exterior surfaces of the Units and the Limited Common Elements appurtenant thereto as set forth in Section 7.05, for trash collection as set forth in Sections 7.11 and for water and sewer services.

SECTION 8.03 Annual Assessment/Commencement of Common Expense Assessments. The Common Expense Assessment shall be made on an annual basis against all Units upon which construction of improvements have been completed and shall be based upon the Association's advance budget of the cost requirements needed by it to provide for the administration and performance of its duties during such assessment year. Common Expense Assessments may be collected in the manner as determined by the Executive Board. Common Expense Assessments shall begin on the first day of the month in which the conveyance of the first Unit to a Unit Owner other than Declarant occurs.

SECTION 8.04 Notice of Annual Assessments and Time for Payment Thereof. (a) The Association shall give written notice to each Owner as to the amount of the annual assessment with respect to his Unit on or before December 1 each year for the fiscal year commencing on the following January 1st. Upon request, a first mortgagee of any Unit shall also be given such written notice. Such assessments shall be due and payable in equal monthly installments, due and payable by the first day of each month. Failure of the Association to give timely notice of any assessment as provided herein shall not affect the liability of the Owner of any Unit for such assessment, but the date when payment shall become due in such a case shall be deferred to a date thirty (30) days after such notice shall have been given. The monthly installment shall be deemed to be in default if payment is not received by the Association by the 10th day of the month in which the installment became due. The unpaid installment shall bear interest at such rate as may be determined by the Executive Board, however, in no event shall interest exceed 18% per annum from the first day of the month in which it became due until paid in full. Any default upon an installment obligation may, at the election of the Association, be deemed to be a default on the entire remaining balance of the annual assessment of the respective Unit, and in such case, the Association may declare the remaining balance immediately due and payable and obtain satisfaction therefor as hereinafter provided or by any other legal means. Such assessment shall first commence on the date that the first Owner received the deed for the Owner's Unit. Such assessment shall be based on an annual budget prepared for the Declarant prior to such first closing. Such budget shall be submitted by Declarant to any mortgagee, insurer or guarantor requesting such budget prior to the first annual assessment. Such budget shall remain in effect until the first annual assessment shall be made by the Association. Both annual and special assessments shall be fixed at a uniform rate for all Units.



(b) In the event that Additional Improvements are constructed within the Planned Community, the assessments shall commence as to those new Units to be annexed on the later of the date on which the annexation or amendment documents are recorded with the Clerk and Recorder of Boulder County or the date that the first Owner receives a deed to a Unit. The amount to be assessed shall be based upon the Association's latest annual assessment, divided by twelve and shall be payable by the Owner in equal monthly installments for the remainder of the year.

SECTION 8.05 Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment per Unit subject to assessment shall be \$97.00 per Unit per month (\$1,164.00 per year).

(a) From and after January 1 of the year immediately following the conveyance of the first Unit constructed by Declarant to an Owner, the maximum annual assessment may be increased each year by not more than five percent (5%) above the maximum assessment for the previous year without a vote of the Members.

(b) From and after January 1 of the year immediately following the conveyance of the first Unit constructed by Declarant to an Owner, the maximum annual assessment may be increased above five percent (5%) by a vote of sixty-seven percent (67%) of the Members at a meeting duly called for that purpose.

(c) The limitation contained in this paragraph shall not apply to any change in the maximum and basis of assessments undertaken as an incident to construction of Additional Improvements, annexation, merger or consolidation in which the Association is authorized to participate under this Declaration or its Articles of Incorporation.

(d) The Executive Board may fix the annual assessment at an amount less than the maximum amount provided for herein.

SECTION 8.06 Special Assessments for Capital Improvements. In addition to the annual assessments authorized by this Article, the Association, upon approval of sixty-seven percent (67%) of the Owners, may levy in any assessment year a special assessment, payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction, unexpected repair of any Common Element, repair of any Units or the Limited Common Elements appurtenant thereto, or any part thereof, or for any other expenses incurred or to be incurred as provided in this Declaration. Special assessments for capital improvements, so long as the Developer controls the Planned Community, in addition to the sixty-seven percent (67%) majority stated above, will also require the written consent of the Federal Housing Authority. This section shall not be construed as an independent source of authority for the Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections hereof which shall make specific reference to this Article. Any amounts assessed pursuant hereto shall be assessed to Owners in proportion to the number of Units owned by each. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners, and no payment shall be due less than thirty (30) days after such notice shall have been given.

SECTION 8.07 Individual Assessments/Fines. (a) The Executive Board or the Association shall have the right to assess against any Owner individually the amount as provided for in this Declaration, to include, but not being limited to, charges assessed under Sections 3.12, 3.13, 6.01 and 13.03 hereof.

(b) If adopted by the Association at a regular or special meeting of the Owners, the Executive Board shall have the right to assess a fine upon due notice and an opportunity to be heard before the Executive Board at a regular or special meeting of the Executive Board, against an Owner in an amount not exceeding one hundred dollars (\$100.00) for each violation of this Declaration, the By-Laws, the Rules and Regulations, and the Articles of Incorporation of the Association. Such fines may be assessed additionally for each day the violation continues after written notice thereof is given the Owner.

(c) Any individual assessment or fine shall become a lien pursuant to the procedures provided in Section 8.01 above.



SECTION 8.08 Reserve Funds. The Association shall, upon its inception, establish an adequate reserve fund for the periodic maintenance, repair, and replacement of the Common Elements over which it has care, custody, and control, and for repair and replacement of all exterior maintenance required to be performed by the Association which fund shall continuously be maintained out of the annual assessment for Common Expenses.

SECTION 8.09 Working Fund. The Association or Declarant shall require the first Owner of each Unit (other than Declarant) and each subsequent Owner to make a non-refundable payment to the Association in an amount equal to one-sixth of the annual Common Expense Assessment against that Unit in effect at the closing thereof, which sum shall be held, without interest, by the Association, as a Working Fund. Said Working Fund shall be collected and transferred to the Association at the time of closing of the sale by Declarant of each Unit as aforesaid and shall be maintained for the use and benefit of the Association. Such payment shall not relieve an Owner from making regular payments of assessments as the same become due. Upon the transfer of a Unit, an Owner shall be entitled to a credit from his transferee for any unused portion of the aforesaid Working Fund.

SECTION 8.10 Effect of Non-Payment of Assessments. Any assessment, charge or fee provided for in this Declaration, or any monthly or other installment thereof, which is not fully paid within 10 days after the due date thereof shall bear interest at the rate as determined by the Executive Board and the Association may assess a late charge thereon. Further, the Association may bring an action at law or in equity, or both, against any Owner personally obligated to pay such overdue assessment, charges, or fees, or monthly or other installments thereof, and may also proceed to foreclose its lien against such Owner's Unit. An action at law or in equity by the Association against an Owner to recover a money judgement for unpaid assessments, charges, or fees, or monthly or other installments thereof, may be commenced and pursued by the Association without foreclosing, or in any way waiving the Association's lien therefor. In the event the Association brings any action to collect an unpaid assessment or commences a foreclosure proceeding to foreclose its lien against an Owner's Unit for non-payment of any assessment, then all unpaid assessments, charges, and fees, including any and all late charges and accrued interest as set forth above, the Association's costs, expenses and reasonable attorneys fees incurred in connection with any such action or foreclosure shall be included as 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 assessment or from the proceeds of the foreclosure sale of such Owner's Unit, as the case may be.

ARTICLE IX
ARCHITECTURAL CONTROL

SECTION 9.01 No building, fence, wall, gate or other structure shall be commenced, erected or maintained upon any Unit or any Limited Common Element appurtenant thereto within the Planned Community, nor shall any exterior addition to or change or alteration therein be made, nor shall any landscaping be installed on any Unit outside the entry patio and fenced area as originally installed by Declarant until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures, landscaping and topography by the Executive Board of the Association, or by an Architectural Control Committee composed of three (3) or more representatives appointed by the Executive Board. In the event said Executive Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

SECTION 9.02 Gates. In the event the Owner of a Unit desires to install a gate on said Owner's Unit, such gate shall only be allowed if it complies with the type, style and design for a gate as set forth on Exhibit "D" attached hereto and incorporated herein by reference. Neither the Executive Board of the Association nor the Architectural Control Committee shall have the right to approve any other type, style or design of gate within the Planned Community.

SECTION 9.03 Non-Liability. Neither the Declarant, its successors or assigns, the Executive Board, nor the Architectural Control Committee shall be liable in damages to anyone submitting plans for approval, or to any Owner affected by this Declaration, by reason of mistaken



judgment, negligence or non-feasance arising out of or in connection with the approval, disapproval, or failure to approve, any such plans and specifications. Every person who submits plans for approval agrees, by submission of said plans and specifications, and every Owner of any Unit within the Planned Community, by acquiring title thereto or an interest therein, that the Owner will not bring any action or suit against the Declarant, its successors or assigns, the Executive Board or the Architectural Control Committee to recover any such damages.

ARTICLE X
ALLOCATED INTEREST

SECTION 10.01 Allocated Interests. The Common Expense liability and votes in the Association allocated to each Unit shall be calculated as follows:

- (a) The percentage of liability for Common Expenses shall be determined by a fraction the numerator of which shall be one (1) and the denominator of which shall be 126, representing the Units in the Planned Community as shall be originally constructed by Declarant.
- (b) The number of votes in the Association shall be determined on the basis of one vote per Unit.

ARTICLE XI
SPECIAL DECLARANT RIGHTS AND ADDITIONAL RESERVED RIGHTS

SECTION 11.01 Special Declarant Rights. Declarant hereby reserves the right, from time to time until the expiration of the Declarant Control Period, to perform the acts and exercise the rights hereinafter specified (the "Special Declarant Rights"). Declarant's Special Declarant Rights include the following:

- (a) Completion of Improvements. The right to complete improvements indicated on the Plat filed with the Declaration.
- (b) Sales Management and Marketing. The right to maintain sales offices, management offices and signs advertising the Units and models anywhere within or upon any Unit or on any Common Element.
- (c) Construction Easements. The right to use easements through the Common Elements and/or any Unit for the purpose of making improvements within or upon any Unit.
- (d) Master Association. The right to make the Planned Community subject to a Master Association.
- (e) Merger. The right to merge or consolidate this Planned Community with another Planned Community of the same form of ownership.
- (f) Control of Association and Executive Board. The right to appoint or remove any Officer of the Association or any Executive Board member.
- (g) Amendment of Declaration. The right to amend the Declaration in connection with the exercise of any Special Declarant Rights and Additional Reserved Rights.
- (h) Amendment of Plat. The right to amend the Plat in connection with the exercise of any Special Declarant Rights or Additional Reserved Rights.

SECTION 11.02 Additional Reserved Rights. In addition to the Special Declarant Rights set forth in Section 11.01 above, Declarant also reserves the following additional rights (the "Additional Reserved Rights"):

- (a) Dedications. The right to establish, from time to time, by dedication or otherwise, or to have vacated, utility and other easements for purposes including but not limited to streets, paths, walkways, drainage, recreation areas, parking areas, conduit installation areas, and to create other reservations, exceptions and exclusions for the benefit of and to serve the Unit Owners within the Planned Community.
- (b) Use Agreements. The right to enter into, establish, execute, amend, and otherwise deal with contracts and agreements for the use, lease, repair, maintenance or regulation of parking and/or recreation facilities, which may or may not be a part of the Planned Community for the benefit of Unit Owners and/or the Association.
- (c) Other Rights. The right to exercise any Additional Reserved Right created by any other provision of this Declaration.



SECTION 11.03 Rights Transferable. Any Special Declarant Right or Additional Reserved Right created or reserved under this Article for the benefit of Declarant may be transferred to any person or entity by an instrument describing the rights transferred and recorded in the County of Boulder, State of Colorado. Such instrument shall be executed by the Declarant and the transferee.

ARTICLE XII
RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

SECTION 12.01 Use and Occupancy Restriction. Subject to the Special Declarant Rights reserved by the Declarant, the following use restrictions shall apply to all Units, Common Elements and Limited Common Elements:

(a) Each Unit shall be used for single family residential purposes only, and no trade or business of any kind may be carried on therein except that a professional or home occupation, if permitted by applicable zoning restrictions and if not outwardly visible, shall be allowed. Lease or rental of a Unit for residential purposes shall not be considered to be a violation of this covenant.

(b) Owners shall be prohibited from leasing their Units for a term of less than one (1) month or leasing less than all of a Unit; provided, however, that these prohibitions shall not apply to leases of Units by a mortgagee in possession of a Unit following a default in a first mortgage, a foreclosure proceeding, or any deed to a mortgagee in lieu of foreclosure. All leases shall be in writing and all leases shall incorporate by reference and be subject to the provisions of this Declaration, the By-Laws and the Rules and Regulations of the Association.

SECTION 12.02 Use of Common Elements. There shall be no obstruction of the Common Elements, nor shall anything be stored on any part of the Common Elements without the prior written consent of the Executive Board of the Association, except as specifically provided herein. Nothing shall be altered on, constructed in, or removed from the Common Elements except on the prior written consent of the Executive Board of the Association. No damage to or waste of the Common Elements or any part thereof which would be in violation of any statute, rule, ordinance, regulation, permit, or other validly imposed requirement of any governmental body shall be committed by any Owner, or any invitee of any Owner, and each Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from any such damage or waste caused by him and his invitees; provided, however, that any invitee of the Declarant shall not, under any circumstances, be deemed to be an invitee of any other Owner. No noxious, destructive, or offensive activities shall be carried on in any Unit or in the Common Elements or any part thereof, nor shall anything be done therein which may be or may become an annoyance or nuisance to any Owner or any person at any time lawfully residing in any Unit.

SECTION 12.03 Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept within the Planned Community except that one dog weighing fifty (50) pounds or less, or one cat, or one other household pet may be kept on a Unit but not upon the Common Elements, subject to the Rules and Regulations as may be adopted and amended from time to time by the Association. The Association may, under its power to promulgate rules and regulations, require any Owner of a dog or cat or other allowable pet to pay an extra amount per month as part of that Owner's assessment pursuant to Section 8.07 hereof to defray any possible costs of damage to the Common Elements caused by any such animal.

(a) In the event any dog, cat or other household pet shall constitute a nuisance or inconvenience to an Owner or resident of any Unit, then the Executive Board shall have the right to direct that the animal or animals be permanently removed from the Planned Community after the Owner has been provided notice and a hearing on said issue before the Executive Board.

(b) Dogs, cats and other household animals shall not litter the Tracts or any portion of the Common Elements. It shall be the duty of the Association to keep the Tracts and Common Elements free from litter caused by pets. The Owner of pets known to be at large shall be properly assessed by the Executive Board for clean up expenses incurred, together with the cost of collection and enforcement thereof, including reasonable attorney's fees, and the same



shall be assessed as an individual assessment against the Owner of any such pet causing such litter in accordance with Section 8.07 hereof.

(c) Dogs, cats or other household pets shall not be allowed to run at large within the Planned Community or any part thereof, but shall at all times be restrained on a leash while such animal is outside an Owner's Unit. It shall be the duty of the Association, or its representatives, to notify the City Dog Warden of pets found at large within the Planned Community in violation of any applicable City Ordinances.

SECTION 12.04 Rules and Regulations. No Owner shall violate the Rules and Regulations for the use of the Units, the Common Elements and of the Limited Common Elements as may be adopted from time to time by the Association.

SECTION 12.05 No Unsightliness. Each Unit and the Limited Common Element appurtenant thereto shall at all times be kept in a clean, sightly and healthy condition. No trash, litter, junk, boxes, containers, bottles, cans, implements, machinery, lumber or other building materials shall be permitted to remain exposed upon any Unit or the Limited Common Element appurtenant thereto so as to be visible from any neighboring Unit, any Limited Common Element, any Common Element or from any street, except as may be reasonably necessary during the period of construction. The Executive Board shall have the right and duty, through its agents and employees, upon 30 days written notice to the Owner thereof, and after hearing before the Executive Board, to enter upon any Unit or the Limited Common Element appurtenant thereto and remove such unsightly objects and materials. The cost of removal shall be chargeable to such Owner by an individual assessment in accordance with Section 8.07 hereof.

SECTION 12.06 Nuisances. No noxious or offensive activity shall be carried on upon any Unit, the Limited Common Element appurtenant thereto, or any other part of the Planned Community, nor shall anything be done or maintained thereon which shall become an annoyance or nuisance to any other Unit Owner or residence or detract from the value of the Planned Community as an attractive residential community. Habitually barking, howling or yelping dogs and cats and unremoved excrement therefrom shall be deemed to be a nuisance. No activity shall be conducted on any part of the Planned Community which is or might be unsafe, unsightly, unhealthy or hazardous to any person.

SECTION 12.07 Restriction on Parking and Storage. No outside part of a Unit nor any part of any Limited Common Element appurtenant to any unit, any Tract or the Common Elements shall be used as a parking, storage, display or accommodation area for any type of house trailer, camping trailer, boat trailer, hauling trailer, boat or other recreational vehicle or accessories thereto. All of such vehicles shall be stored, parked or maintained wholly within the Limited Common Element appurtenant to a Unit or outside of the Planned Community. All parking shall be subject to regulation and restriction by the Association, and the Association is hereby granted the full power and authority to tow or cause to be towed any vehicle from the Planned Community which is in violation of any of the Rules and Regulations adopted by the Association.

SECTION 12.08 Signs. No sign or advertising of any character except for those of the Declarant and its sales agents shall be erected, placed, permitted or maintained on any Unit, the Limited Common Elements or the Common Elements, except that "For Sale" or "For Rent" signs not exceeding the size permitted in a residential area by the City of Longmont, Colorado, shall be allowed.

SECTION 12.09 Fences. No fences of any kind or enclosures, except as originally constructed by Declarant shall be allowed to be constructed upon any Unit within the Planned Community. An Owner may install a gate to the courtyard of the Owner's Unit provided that the gate is in conformity with the materials used to enclose the courtyard and is approved as provided in Section 9.01 hereof.

SECTION 12.10 Landscaping. No landscaping shall be allowed on any Unit outside the entry patio and fenced area as originally installed by Declarant except as may be installed by the Association or by an Owner after having received prior written approval for any such landscaping by the Architectural Control Committee.



ARTICLE XIII
EASEMENTS AND LICENSE

SECTION 13.01 Recording Data. All easements and licenses to which the Planned Community is presently subject are recited in Exhibit B. In addition, the Planned Community may be subject to other easements and licenses granted pursuant to Article III, Sections 3.07 and 3.08, Article VII, Section 7.04(b).

ARTICLE XIV
INSURANCE

SECTION 14.01 Casualty Insurance and Liability Insurance on Insurable Common Elements and Limited Common Elements. The Association shall keep all insurable improvements and fixtures of the Common Elements and Limited Common Elements insured against loss or damage by fire for the full insurance replacement cost thereof. The Association shall also keep in full force and effect a comprehensive policy of public liability insurance covering the Common Elements, Limited Common Elements and all parcels of real property which the Association has the obligation to maintain, repair and/or reconstruct, insuring the Association and the Owners 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. The Association may also obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Elements shall be written in the name of, and the proceeds thereof shall be payable to the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are Common Expenses included in the Common Assessments made by the Association.

In addition to casualty insurance on the Common Elements and Limited Common Elements, the Association, through the Executive Board, may elect to obtain and continue in effect, on behalf of all Owners, adequate blanket casualty and fire insurance in such form as the Executive Board deems appropriate in an amount equal to the full replacement value, without deduction for depreciation or coinsurance, of all of the Units and Limited Common Elements appurtenant thereto, including the structural portions and fixtures thereof, owned by such Owners. Insurance premiums from any such blanket insurance coverage, and any other insurance premiums paid by the Association shall be a Common Expense of the Association to be included in the regular Common Assessments of the Owners, as levied by the Association. The insurance coverage with respect to the Units and the Limited Common Elements appurtenant thereto shall be written in the name of, and the proceeds thereof shall be payable to the Association as Trustee for the Owners.

SECTION 14.02 Replacement or Repair of Property. In the event of damage to or destruction of any part of the Units, the Limited Common Elements appurtenant thereto, the Common Elements or other Improvements, the Association shall repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a Reconstruction Assessment against all Unit Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other Common Assessments made against such Unit Owner.

In the event that the Association is maintaining blanket casualty and fire insurance on the Units, the Association shall repair or replace the same from the insurance proceeds available.

SECTION 14.03 Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Executive Board in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the property which may have been damaged or destroyed.



ARTICLE XV
DESTRUCTION, DAMAGE, OBSOLESCENCE, CONDEMNATION,
APPOINTMENT OF ASSOCIATION AS ATTORNEY-IN-FACT

SECTION 15.01 Condemnation of Common Elements. In the event of a proceeding in condemnation or partial condemnation of the Common Elements by any governmental authority authorized to do so, the proceeds from such condemnation attributable to the Common Elements shall be distributed to the Association for repair of the Common Elements, if applicable, and any proceeds remaining shall be distributed to all members in the same proportion as the annual assessments for common expenses are assessed in accordance with Article X, Section 10.01 hereof, subject to the provisions of Section 15.02 below.

SECTION 15.02 Lienholder. When a condemnation occurs to the Common Elements within the Planned Community and an Owner's Unit is subject to an encumbrance, the proceeds due the Unit Owner by reason of such condemnation shall be paid to the Unit Owner and their first mortgagee as their interest may appear, and no Unit Owner or other party shall be entitled to priority over a first mortgagee with respect to any such distribution.

ARTICLE XVI
DURATION, AMENDMENT TO OR REVOCATION OF DECLARATION

SECTION 16.01 Duration. The covenants, restrictions and obligations of this Declaration shall run with and bind the real property subject hereto for a term of 20 years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of 10 years each.

SECTION 16.02 Federal Housing Administration Approval. Until such time as the Declarant's Control Period described in Section 8.13 above has terminated, the prior written approval of the Federal Housing Administration of the United States Department of Housing and Urban Development shall be required for the following:

- (a) Amendment of this Declaration;
- (b) Amendment of the Articles of Incorporation or By-Laws of the Association.
- (c) Annexation of Additional Improvements to this Declaration.
- (d) Dedication or mortgaging of all or any part of the Common Elements by the Declarant; or,
- (e) Merger, consolidation or dissolution of the Association.

SECTION 16.03 Amendment. This Declaration may be amended only upon the written consent of Owners representing an aggregate ownership interest of 75% or more of the Units and 75% or more of the First Mortgagees of Units within the Planned Community. The certificate of the Association that such consent has been given shall be duly recorded together with the Amendment. Provided, however, the unanimous consent of all Owners and all First Mortgagees of record shall be required for any amendment hereof effecting a change in:

- (a) The boundaries of any Unit;
- (b) The liability for common expenses appertaining to any Unit;
- (c) The number of membership interests or votes in the Association appertaining to any Unit; or
- (d) The fundamental purposes to which any Unit, the Limited Common Elements or the Common Elements are restricted.

SECTION 16.04 Revocation. This Declaration may be revoked and the Planned Community hereby established terminated only upon the written consent of Owners representing an aggregate ownership interest of 75% or more of the Units and all of the First Mortgagees of record. The certificate of the Association that such consent has been given shall be duly recorded.

ARTICLE XVII
NOTIFICATION OF INSURERS OF FIRST MORTGAGES

SECTION 17.01 Upon prior written request, any insurer of any first mortgage affecting any Unit shall be entitled to timely written notice from the Association of any proposed amendment to or revocation of or other termination of the Planned Community; any condemnation or eminent domain proceeding affecting the Planned Community of any thereof; any significant damage or destruction to the Common Elements; and any default under this Declaration or the By-Laws of the Association which gives rise to a cause of action against the Owner of a Unit to a mortgage insured by said insurer if not cured within sixty days.

ARTICLE XVIII
MISCELLANEOUS

SECTION 18.01 Compliance with Provisions of Declaration and By-Laws of the Association. Each Owner shall comply with the provisions of this Declaration, the Certificate of Incorporation and the By-Laws of the Association, and the decisions and resolutions of the Association adopted pursuant thereto as the same may be lawfully enacted or amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due and for damages or injunctive relief or both, maintainable by the Association on behalf of the Owners, or, in a proper case, by an aggrieved Owner.

SECTION 18.02 Registration of Mailing Address. Each Owner shall register the Owner's mailing address with the Association, and all notice or demands intended to be served upon any Owner shall be sent by either registered or certified mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. All notice or demands intended to be served upon the Association shall be given by registered or certified mail, postage prepaid, to the address of the Association as designated in the By-Laws of the Association. All notices or demands to be served on mortgagees pursuant hereto shall be sent by either registered or certified mail, postage prepaid, addressed in the name of the mortgagee at such address as the mortgagee, insurer, or guarantor may have furnished to the Association in writing. Unless the mortgagee furnishes the Association such address, the mortgagee shall not be entitled to receive any of the notices provided for in this Declaration. Any notice referred to in this Section shall be deemed given when deposited in the United States mail in the form provided for in this Section.

SECTION 18.03 Owner's Obligations Continue. All obligations of the Owner under and by virtue of the provisions contained in this Declaration shall continue, notwithstanding that the Owner may have leased or rented said interest as provided herein, but the Owner of a Unit shall have no obligation for expenses or other obligations accruing after the Owner conveys such Unit.

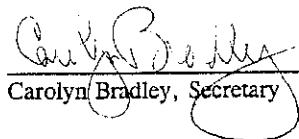
SECTION 18.04 Number and Gender. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include both genders.

SECTION 18.05 Severability. If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase, or word or the application thereof in any circumstance shall be invalidated, such invalidity shall not affect the validity of the remainder of the Declaration, and the application of any such provision, paragraph, sentence, clause, phrase, or word in any other circumstance shall not be affected thereby.

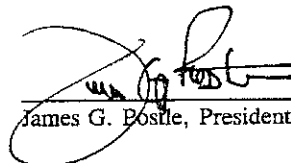
This Declaration is executed this 9 day of MAR., 1998.

Attest:

Declarant:
James Construction Company, Inc.



Carolyn Bradley, Secretary



James G. Postle, President





1782468
Page: 17 of 28
63/19/1998 11:55A

Boulder County Clerk, CO PROT CVNTS R 141.88 D 6.88

State of Colorado)ss.
County of Boulder)

Subscribed, sworn to and acknowledged before me this 9 day of March
1998, by James G. Postle as President and Carolyn Bradley as Secretary of James
Construction Company, Inc., a Colorado Corporation.

Witness my hand and official seal.

My Commission Expires: 9/22/01

Marilyn R Bishop
Notary Public

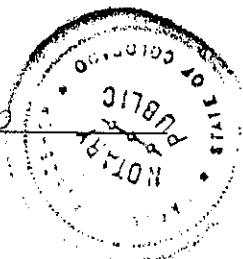


EXHIBIT A

Legal Description

Lots 1 through 126 inclusive, and Outlot H, Block 5, Quail Crossing, First Filing, P.U.D., County of Boulder, State of Colorado.



1782468

Page: 18 of 28

03/19/1998 11:55A

Boulder County Clerk, CO PROT COUNTS R 141.00 D 0.00

EXHIBIT B

Easements

1. Those easements created in this Declaration as set forth in Article III, Sections 3.07, 3.08, 3.09, 3.10, 3.11, 3.12 and 3.15; in Article VII, Section 7.04(b) and Article XI, Section 11.01(d).

2. Those easements as set forth on the final plat for Lots 1 through 126, and Outlot H, Block 5, Quail Crossing, First Filing, P.U.D., County of Boulder, State of Colorado.



1782468

Page: 19 of 28

03/19/1998 11:55A

Boulder County Clerk, CO PROT CNTS R 141.00 D 0.00



EXHIBIT C

Lot Numbers with Appurtenant Limited Common Element (Garage)

<u>Unit</u>	<u>Fraction of Association Common Expenses Allocable</u>
Lot 1, together with the exclusive right to use and occupy Limited Common Element 1	An Undivided 1/126th Interest.
Lot 2, together with the exclusive right to use and occupy Limited Common Element 2	An Undivided 1/126th Interest.
Lot 3, together with the exclusive right to use and occupy Limited Common Element 3	An Undivided 1/126th Interest.
Lot 4, together with the exclusive right to use and occupy Limited Common Element 4	An Undivided 1/126th Interest.
Lot 5, together with the exclusive right to use and occupy Limited Common Element 5	An Undivided 1/126th Interest.
Lot 6, together with the exclusive right to use and occupy Limited Common Element 6	An Undivided 1/126th Interest.
Lot 7, together with the exclusive right to use and occupy Limited Common Element 7	An Undivided 1/126th Interest.
Lot 8, together with the exclusive right to use and occupy Limited Common Element 8	An Undivided 1/126th Interest.
Lot 9, together with the exclusive right to use and occupy Limited Common Element 9	An Undivided 1/126th Interest.
Lot 10, together with the exclusive right to use and occupy Limited Common Element 10	An Undivided 1/126th Interest.
Lot 11, together with the exclusive right to use and occupy Limited Common Element 11	An Undivided 1/126th Interest.
Lot 12, together with the exclusive right to use and occupy Limited Common Element 12	An Undivided 1/126th Interest.
Lot 13, together with the exclusive right to use and occupy Limited Common Element 13	An Undivided 1/126th Interest.
Lot 14, together with the exclusive right to use and occupy Limited Common Element 14	An Undivided 1/126th Interest.



- Lot 15, together with the exclusive right to use and occupy Limited Common Element 15
An Undivided 1/126th Interest.
- Lot 16, together with the exclusive right to use and occupy Limited Common Element 16
An Undivided 1/126th Interest.
- Lot 17, together with the exclusive right to use and occupy Limited Common Element 17
An Undivided 1/126th Interest.
- Lot 18, together with the exclusive right to use and occupy Limited Common Element 18
An Undivided 1/126th Interest.
- Lot 19, together with the exclusive right to use and occupy Limited Common Element 19
An Undivided 1/126th Interest.
- Lot 20, together with the exclusive right to use and occupy Limited Common Element 20
An Undivided 1/126th Interest.
- Lot 21, together with the exclusive right to use and occupy Limited Common Element 21
An Undivided 1/126th Interest.
- Lot 22, together with the exclusive right to use and occupy Limited Common Element 22
An Undivided 1/126th Interest.
- Lot 23, together with the exclusive right to use and occupy Limited Common Element 23
An Undivided 1/126th Interest.
- Lot 24, together with the exclusive right to use and occupy Limited Common Element 24
An Undivided 1/126th Interest.
- Lot 25, together with the exclusive right to use and occupy Limited Common Element 25
An Undivided 1/126th Interest.
- Lot 26, together with the exclusive right to use and occupy Limited Common Element 26
An Undivided 1/126th Interest.
- Lot 27, together with the exclusive right to use and occupy Limited Common Element 27
An Undivided 1/126th Interest.
- Lot 28, together with the exclusive right to use and occupy Limited Common Element 28
An Undivided 1/126th Interest.
- Lot 29, together with the exclusive right to use and occupy Limited Common Element 29
An Undivided 1/126th Interest.
- Lot 30, together with the exclusive right to use and occupy Limited Common Element 30
An Undivided 1/126th Interest.



- Lot 31, together with the exclusive right to use and occupy Limited Common Element 31
An Undivided 1/126th Interest.
- Lot 32, together with the exclusive right to use and occupy Limited Common Element 32
An Undivided 1/126th Interest.
- Lot 33, together with the exclusive right to use and occupy Limited Common Element 33
An Undivided 1/126th Interest.
- Lot 34, together with the exclusive right to use and occupy Limited Common Element 34
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- Lot 35, together with the exclusive right to use and occupy Limited Common Element 35
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- Lot 36, together with the exclusive right to use and occupy Limited Common Element 36
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- Lot 37, together with the exclusive right to use and occupy Limited Common Element 37
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- Lot 39, together with the exclusive right to use and occupy Limited Common Element 39
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- Lot 40, together with the exclusive right to use and occupy Limited Common Element 40
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- Lot 41, together with the exclusive right to use and occupy Limited Common Element 41
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- Lot 42, together with the exclusive right to use and occupy Limited Common Element 42
An Undivided 1/126th Interest.
- Lot 43, together with the exclusive right to use and occupy Limited Common Element 43
An Undivided 1/126th Interest.
- Lot 44, together with the exclusive right to use and occupy Limited Common Element 44
An Undivided 1/126th Interest.
- Lot 45, together with the exclusive right to use and occupy Limited Common Element 45
An Undivided 1/126th Interest.
- Lot 46, together with the exclusive right to use and occupy Limited Common Element 46
An Undivided 1/126th Interest.



Lot 47, together with the exclusive right to use and occupy Limited Common Element 47

An Undivided 1/126th Interest.

Lot 48, together with the exclusive right to use and occupy Limited Common Element 48

An Undivided 1/126th Interest.

Lot 49, together with the exclusive right to use and occupy Limited Common Element 49

An Undivided 1/126th Interest.

Lot 50, together with the exclusive right to use and occupy Limited Common Element 50

An Undivided 1/126th Interest.

Lot 51, together with the exclusive right to use and occupy Limited Common Element 51

An Undivided 1/126th Interest.

Lot 52, together with the exclusive right to use and occupy Limited Common Element 52

An Undivided 1/126th Interest.

Lot 53, together with the exclusive right to use and occupy Limited Common Element 53

An Undivided 1/126th Interest.

Lot 54, together with the exclusive right to use and occupy Limited Common Element 54

An Undivided 1/126th Interest.

Lot 55, together with the exclusive right to use and occupy Limited Common Element 55

An Undivided 1/126th Interest.

Lot 56, together with the exclusive right to use and occupy Limited Common Element 56

An Undivided 1/126th Interest.

Lot 57, together with the exclusive right to use and occupy Limited Common Element 57

An Undivided 1/126th Interest.

Lot 58, together with the exclusive right to use and occupy Limited Common Element 58

An Undivided 1/126th Interest.

Lot 59, together with the exclusive right to use and occupy Limited Common Element 59

An Undivided 1/126th Interest.

Lot 60, together with the exclusive right to use and occupy Limited Common Element 60

An Undivided 1/126th Interest.

Lot 61, together with the exclusive right to use and occupy Limited Common Element 61

An Undivided 1/126th Interest.

Lot 62, together with the exclusive right to use and occupy Limited Common Element 62

An Undivided 1/126th Interest.



- Lot 63, together with the exclusive right to use and occupy Limited Common Element 63
An Undivided 1/126th Interest.
- Lot 64, together with the exclusive right to use and occupy Limited Common Element 64
An Undivided 1/126th Interest.
- Lot 65, together with the exclusive right to use and occupy Limited Common Element 65
An Undivided 1/126th Interest.
- Lot 66, together with the exclusive right to use and occupy Limited Common Element 66
An Undivided 1/126th Interest.
- Lot 67, together with the exclusive right to use and occupy Limited Common Element 67
An Undivided 1/126th Interest.
- Lot 68, together with the exclusive right to use and occupy Limited Common Element 68
An Undivided 1/126th Interest.
- Lot 69, together with the exclusive right to use and occupy Limited Common Element 69
An Undivided 1/126th Interest.
- Lot 70, together with the exclusive right to use and occupy Limited Common Element 70
An Undivided 1/126th Interest.
- Lot 71, together with the exclusive right to use and occupy Limited Common Element 71
An Undivided 1/126th Interest.
- Lot 72, together with the exclusive right to use and occupy Limited Common Element 72
An Undivided 1/126th Interest.
- Lot 73, together with the exclusive right to use and occupy Limited Common Element 73
An Undivided 1/126th Interest.
- Lot 74, together with the exclusive right to use and occupy Limited Common Element 74
An Undivided 1/126th Interest.
- Lot 75, together with the exclusive right to use and occupy Limited Common Element 75
An Undivided 1/126th Interest.
- Lot 76, together with the exclusive right to use and occupy Limited Common Element 76
An Undivided 1/126th Interest.
- Lot 77, together with the exclusive right to use and occupy Limited Common Element 77
An Undivided 1/126th Interest.
- Lot 78, together with the exclusive right to use and occupy Limited Common Element 78
An Undivided 1/126th Interest.



Boulder County Clerk, CO PROT COUNTS R 141.00 D 9.00
An Undivided 1/126th Interest.

Lot 79, together with the exclusive right to use and occupy Limited Common Element 79

An Undivided 1/126th Interest.

Lot 80, together with the exclusive right to use and occupy Limited Common Element 80

An Undivided 1/126th Interest.

Lot 81, together with the exclusive right to use and occupy Limited Common Element 81

An Undivided 1/126th Interest.

Lot 82, together with the exclusive right to use and occupy Limited Common Element 82

An Undivided 1/126th Interest.

Lot 83, together with the exclusive right to use and occupy Limited Common Element 83

An Undivided 1/126th Interest.

Lot 84, together with the exclusive right to use and occupy Limited Common Element 84

An Undivided 1/126th Interest.

Lot 85, together with the exclusive right to use and occupy Limited Common Element 85

An Undivided 1/126th Interest.

Lot 86, together with the exclusive right to use and occupy Limited Common Element 86

An Undivided 1/126th Interest.

Lot 87, together with the exclusive right to use and occupy Limited Common Element 87

An Undivided 1/126th Interest.

Lot 88, together with the exclusive right to use and occupy Limited Common Element 88

An Undivided 1/126th Interest.

Lot 89, together with the exclusive right to use and occupy Limited Common Element 89

An Undivided 1/126th Interest.

Lot 90, together with the exclusive right to use and occupy Limited Common Element 90

An Undivided 1/126th Interest.

Lot 91, together with the exclusive right to use and occupy Limited Common Element 91

An Undivided 1/126th Interest.

Lot 92, together with the exclusive right to use and occupy Limited Common Element 92

An Undivided 1/126th Interest.

Lot 93, together with the exclusive right to use and occupy Limited Common Element 93

An Undivided 1/126th Interest.

Lot 94, together with the exclusive right to use and occupy Limited Common Element 94



- Lot 95, together with the exclusive right to use and occupy Limited Common Element 95 An Undivided 1/126th Interest.
- Lot 96, together with the exclusive right to use and occupy Limited Common Element 96 An Undivided 1/126th Interest.
- Lot 97, together with the exclusive right to use and occupy Limited Common Element 97 An Undivided 1/126th Interest.
- Lot 98, together with the exclusive right to use and occupy Limited Common Element 98 An Undivided 1/126th Interest.
- Lot 99, together with the exclusive right to use and occupy Limited Common Element 99 An Undivided 1/126th Interest.
- Lot 100, together with the exclusive right to use and occupy Limited Common Element 100 An Undivided 1/126th Interest.
- Lot 101, together with the exclusive right to use and occupy Limited Common Element 101 An Undivided 1/126th Interest.
- Lot 102, together with the exclusive right to use and occupy Limited Common Element 102 An Undivided 1/126th Interest.
- Lot 103, together with the exclusive right to use and occupy Limited Common Element 103 An Undivided 1/126th Interest.
- Lot 104, together with the exclusive right to use and occupy Limited Common Element 104 An Undivided 1/126th Interest.
- Lot 105, together with the exclusive right to use and occupy Limited Common Element 105 An Undivided 1/126th Interest.
- Lot 106, together with the exclusive right to use and occupy Limited Common Element 106 An Undivided 1/126th Interest.
- Lot 107, together with the exclusive right to use and occupy Limited Common Element 107 An Undivided 1/126th Interest.
- Lot 108, together with the exclusive right to use and occupy Limited Common Element 108 An Undivided 1/126th Interest.
- Lot 109, together with the exclusive right to use and occupy Limited Common Element 109 An Undivided 1/126th Interest.
- Lot 110, together with the exclusive right to use and occupy Limited Common Element 110 An Undivided 1/126th Interest.

1782468
Page: 27 of 28
03/19/1998 11:55a
Boulder County Clerk, CO PROJ CWNIS R 141.00 D 8.69

- Lot 111, together with the exclusive right to use and occupy Limited Common Element 111 An Undivided 1/126th Interest.
- Lot 112, together with the exclusive right to use and occupy Limited Common Element 112 An Undivided 1/126th Interest.
- Lot 113, together with the exclusive right to use and occupy Limited Common Element 113 An Undivided 1/126th Interest.
- Lot 114, together with the exclusive right to use and occupy Limited Common Element 114 An Undivided 1/126th Interest.
- Lot 115, together with the exclusive right to use and occupy Limited Common Element 115 An Undivided 1/126th Interest.
- Lot 116, together with the exclusive right to use and occupy Limited Common Element 116 An Undivided 1/126th Interest.
- Lot 117, together with the exclusive right to use and occupy Limited Common Element 117 An Undivided 1/126th Interest.
- Lot 118, together with the exclusive right to use and occupy Limited Common Element 118 An Undivided 1/126th Interest.
- Lot 119, together with the exclusive right to use and occupy Limited Common Element 119 An Undivided 1/126th Interest.
- Lot 120, together with the exclusive right to use and occupy Limited Common Element 120 An Undivided 1/126th Interest.
- Lot 121, together with the exclusive right to use and occupy Limited Common Element 121 An Undivided 1/126th Interest.
- Lot 122, together with the exclusive right to use and occupy Limited Common Element 122 An Undivided 1/126th Interest.
- Lot 123, together with the exclusive right to use and occupy Limited Common Element 123 An Undivided 1/126th Interest.
- Lot 124, together with the exclusive right to use and occupy Limited Common Element 124 An Undivided 1/126th Interest.
- Lot 125, together with the exclusive right to use and occupy Limited Common Element 125 An Undivided 1/126th Interest.
- Lot 126, together with the exclusive right to use and occupy Limited Common Element 126 An Undivided 1/126th Interest.

EXHIBIT D

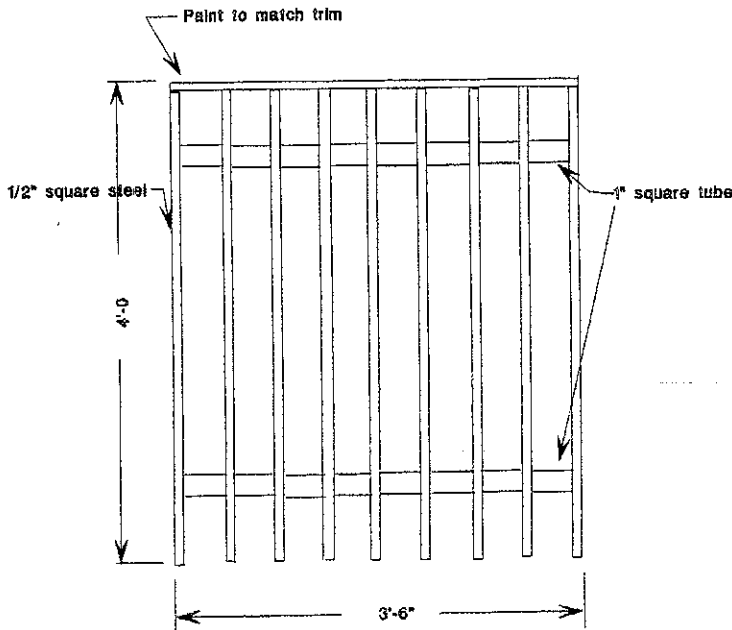
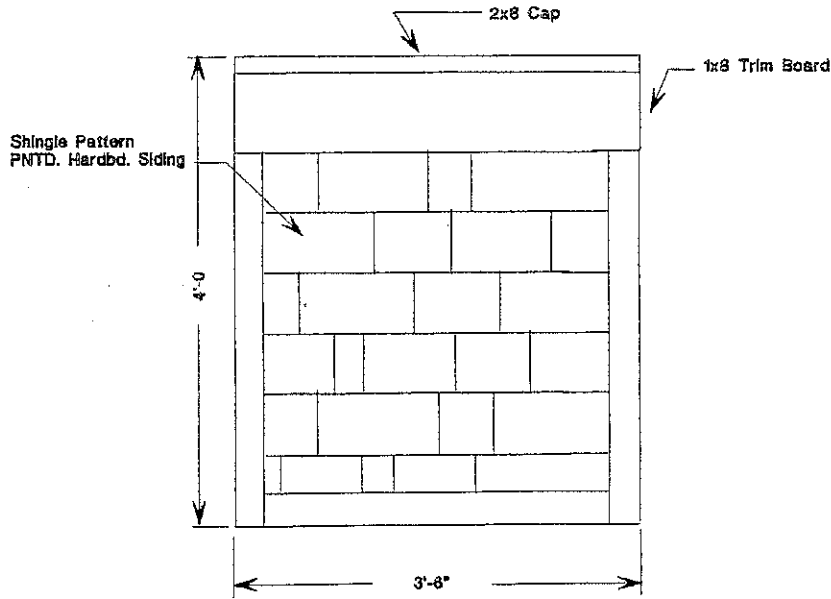
GATE DESIGN



1782468
Page: 28 of 28
03/19/1998 11:55A

Boulder County Clerk, CO PROT COUNTS R 141.00 D 0.00

Quail Crossing Townhomes
Courtyard Gate Options





**FIRST AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF QUAIL CROSSING TOWNHOMES
A PLANNED COMMUNITY IN THE COUNTY OF BOULDER,
STATE OF COLORADO**

James Construction Company, Inc., a Colorado corporation ("Declarant"), as defined in the Declaration of Covenants, Conditions, and Restrictions of Quail Crossing Townhomes, a Planned Community in the County of Boulder, State of Colorado ("Declaration") has heretofore fully executed and caused the Declaration to be recorded in the office of the Clerk and Recorder of the County of Boulder, State of Colorado, on the 19th day of March, 1998, as Reception No. 1782468, the terms, words and phrases as defined in the Declaration shall have the same meaning herein; and

WHEREAS, the Declaration permits Declarant, as an owner representing an aggregate ownership interest of 75% or more of the Units within the Planned Community to amend the Declaration, pursuant to Article XVI, Section 16.03, with the approval of the Federal Housing Administration of the United States Department of Housing and Urban Development; and

WHEREAS, the Declarant, pursuant to its rights under the Declaration, hereby amends the Declaration to add new language regarding Settlement of Disputes, as Article XVIII, and to change the numbering of the current Article XVIII, Miscellaneous, to Article XIX, Miscellaneous, without amending the Article's language.

NOW THEREFORE, the Declaration is hereby amended as follows:

1. Article XVIII, Miscellaneous, of the original Declaration, prior to this First Amendment, will now be numbered Article XIX, Miscellaneous, without amending the language.
2. Article XVIII of the Declaration as amended hereby, shall read as follows:

ARTICLE XVIII
Settlement of Disputes

SECTION 18.01. All claims, disputes and other matters in question (hereinafter referred to as "Matters") between the Declarant and any Owners of any Unit, the Homeowners Association or any of its members or Unit owners, their heirs, successors assigns (hereinafter collectively referred to as "Owners"), arising out of, or relating to any aspect of this Declaration, the construction of any Unit or of the Common Elements, whether Limited Common Elements or otherwise, or the breach of any contract or obligation of the Declarant to the Owners, solely as provided for in this Article XVIII. This Article shall not apply to collection of Association dues by the Homeowners Association from any Unit owner or third party.

SECTION 18.02. Initiation of the process under this Article XVIII by an aggrieved party shall begin by the submission to the other party of a statement of grievances and a demand for remedy thereof (hereinafter referred to as the "Complaint"). The non-aggrieved party shall have 20 days to respond ("Answer") and raise any matter appropriate to the issues presented in the complaint. Upon submission of Complaint and Answer, the Owners and Declarant shall make a good faith effort to first mediate all Matters raised in the Complaint. The Owners and Declarant shall, within 30 days

*James Construction
2919 Valmont Rd. # 204
Boulder, CO 80303*



from the date of submission of the Answer to the Complaint, agree on a mediator. If the parties agree on a mediator, they shall follow the guidelines of the mediator for submission of materials about the Complaint and Matters, and shall make their best efforts to set up a time for mediation, which in any event shall be scheduled within 60 days of the submission of the Answer to the Complaint. Each side shall pay a pro rata share of such mediator's fee. If the Owners and Declarant are not able to agree on a mediator within such 30 days, or if the mediation cannot be started within such 60 day period, the matter shall then proceed to binding arbitration in accordance with the terms and conditions set forth herein.

SECTION 18.03. In the event that mediation is unsuccessful; if the parties cannot agree on a mediator within the 30 days allotted; or if the mediation cannot be started within the 60 days allotted, then the Matters referenced in the Complaint and Answer shall be decided by binding arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then in effect, unless the parties mutually agree otherwise. No arbitration arising out of or relating to the Matters referenced in the Complaint and Answer shall include, by consolidation, joinder or in any other manner, any other party except by written consent by the Owners, the Declarant and the party sought to be joined. The foregoing agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law of the State of Colorado. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with the applicable law in any court having jurisdiction hereof. Each party to the arbitration shall pay its own costs and expenses of arbitration and each party shall pay its own attorney's fees incurred in any such arbitration.

IN WITNESS WHEREOF, the Declarant has hereunto set its corporate signature by its President and Secretary this 2 day of Feb, 1999.

ATTEST:

DECLARANT:

James Construction Company, Inc.,
a Colorado corporation

Carolyn B. Bradley
Carolyn B. Bradley, Secretary

By: James G. Postle
James G. Postle, President

STATE OF COLORADO)
COUNTY OF BOULDER)

Subscribed, sworn to and acknowledged before me this 2nd day of Feb, 1999,
by James G. Postle as President and Carolyn B. Bradley as Secretary of James Construction Company, Inc., a Colorado Corporation.

Witness my hand and official seal.
My Commission Expires: 9/22/01

Marilyn R. Bishop
Notary Public

