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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
THE RANCH AT CLOVER BASIN REPLAT B

RECORDER'S NOTE: This document lacks a notary signature and/or seal 03-23-01

ROB 3/23



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EXHIBIT A 1

ALL LOTS, PARCELS AND OUTLOTS IN THE RANCH AT CLOVER BASIN REPLAT B.. (EXCLUDING COMMON AREAS)
 1

EXHIBIT B 1

EXHIBIT C 1



DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
THE RANCH AT CLOVER BASIN REPLAT B

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (the "Declaration") is made as of January 22, 2000, by Portico Development Companies, LLC, a Colorado limited liability company (the "Declarant").

A. Declarant owns the real property described on Exhibit A and Exhibit B.

B. Declarant desires to subject the real property described on Exhibit A and Exhibit B to the following covenants, conditions and restrictions, each of which are for the benefit of the real property and each Owner thereof.

NOW, THEREFORE, Declarant submits the property described on Exhibit A and Exhibit B (the "Property"), together with all easements, rights, and appurtenances thereto and improvements thereon to the provisions of the Colorado Common Interest Ownership Act, C.R.S. §§38-33.3-101 et seq., as it may be amended from time to time. If such Act is repealed, the Act as it exists on the date this Declaration is recorded shall remain applicable.

Declarant declares that the Property is, and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions and restrictions, hereinafter set forth, all of which shall run with the land.

ARTICLE I
DEFINITIONS

The following words when used in this Declaration (unless the context shall prohibit) shall have the following meanings:

1.1 "Act" means the Colorado Common Interest Ownership Act, §§38-33.3-101, et seq., C.R.S. as it may be amended from time to time.

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

1.3 "Allocated Interests" means the Common Expense Liability and the votes in the Association as allocated to each of the Lots as follows:



(a) The Common Expense Liability shall be assessed against each Lot on the basis of a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots then within the Planned Community.

(b) Each Lot in the Planned Community shall have one (1) vote.

1.4 "Approved Builder" means a builder that is a member of the The Ranch at Clover Basin Replat B Approved Builder Program.

1.5 "Articles" means the Articles of Incorporation of the Association.

1.6 "Assessment" means: (i) the Common Expense Assessment; (ii) the Special Assessment; (iii) an Individual Assessment; and (iv) Fines levied pursuant to this Declaration.

1.7 "Assessment Lien" means the statutory lien on a Lot for any Assessment levied against that Lot together with all Costs of Enforcement. Costs of Enforcement are enforceable as Assessments. If an Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment becomes due. The recording of this Declaration constitutes record notice and perfection of the lien. No further claim or recordation of lien for the Assessment is required.

1.8 "Association" means the The Portico Homeowners Association, Inc., its successors and assigns.

1.9 "Board" or "Board of Directors" means the Board of Directors of the Association. Either term is synonymous with the term Executive Board as used in the Act.

1.10 "Bylaws" means the Bylaws adopted by the Board for the regulation and management of the Association.

1.11 "Common Areas" means any real property described in Exhibit B (including all improvements) owned or leased by the Association, which is held for the common use and enjoyment of the Owners. The term "Common Areas" is synonymous with the term "Common Elements" as used in the Act.

1.12 "Common Expense Assessment" means the Assessments defined in Article V.

1.13 "Common Expense Liability" means the liability for Common Expenses allocated to each Lot in accordance with Section 1.3.

1.14 "Common Expenses" means expenditures made by, or liabilities incurred by or on behalf of, the Association, including allocations to reserves.

1.15 "Costs of Enforcement" means all fees, late charges, interest, expenses, including receiver's fees, reasonable attorneys' fees and costs incurred by the Association: (i) in connection with the collection of the



Assessments and Fines; or (ii) in connection with the terms, conditions and obligations of the Project Documents.

1.16 "Declarant" means Portico Development Companies LLC, a Colorado limited liability company, or its successor as defined in §38-33.3-103(12) of the Act.

1.17 "Declaration" means this Declaration of Covenants, Conditions and Restrictions of The Ranch at Clover Basin Replat B, as it may be amended from time to time, together with any and all Supplemental Declarations, including, without limitation, any and all plats and maps.

1.18 "Design Review Committee" or "Committee" or "DRC" means the Committee formed pursuant to Section 6.1 to review and approve or disapprove plans for Improvements.

1.19 "Design Review Standards" or "Standards" means the Design Review Standards for The Ranch at Clover Basin Replat B, as amended and supplemented, described in Article VI.

1.20 "Development Rights" means the rights defined in §38-33.3-103(14) of the Act.

1.21 "Dwelling Unit" means the residence constructed on each Lot within The Ranch at Clover Basin Replat B, including the patio, fence, deck, basement and garage, if applicable. Dwelling Unit shall also include the Lot upon which such Dwelling Unit is constructed.

1.22 "Eligible Mortgagee" means a holder, insurer or guarantor of a First Security Interest who has delivered a written request to the Association containing its name, address, the legal description and the address of the Lot encumbered by its First Security Interest.

1.23 "Fines" means those fines described in Section 5.5.

1.24 "First Mortgagee" means any Person who owns, holds, insures or is a guarantor of a First Security Interest encumbering a Lot within The Ranch at Clover Basin Replat B. A First Mortgagee shall also include the holder of executory land sale contracts wherein the Administrator of Veterans Affairs (Veterans Administration) is the Seller, whether such contract is recorded or not.

1.25 "First Security Interest" means a Security Interest that has priority of record over all other recorded liens except those liens made superior by statute (such as general ad valorem tax liens and special assessments).

1.26 "Guest" means: (i) any person who resides with an Owner; (ii) a guest or invitee of an Owner; (iii) an occupant or tenant of a Dwelling Unit and any members of his or her household, or an invitee or cohabitant of any such person; or (iv) a contract purchaser of a Lot.



1.27 "Improvements" means: (i) all exterior improvements and structures, including any appurtenances or components of every type or kind; (ii) the demolition or destruction, by voluntary action, of any building, structure or other improvements; (iii) the grading, excavation, filling or similar disturbance to the surface of the land; (iv) all landscaping features; and (v) any change, alteration, modification, expansion, or addition to any previously approved Improvement, including any change of exterior appearance, finish material, color or texture.

1.28 "Individual Assessment" means the Assessment defined in Section 5.6.

1.29 "Lot" means each platted lot shown upon the Plat (or any recorded replat of all or any part) of The Ranch at Clover Basin Replat B, except any Outlots, Parcels, Common Areas, public streets and all appurtenances and improvements now or hereafter located thereon. Lot shall include any Dwelling Unit constructed on a Lot. The term "Lot" is synonymous with the term "Unit" as used in the Act.

1.30 "Lots That May Be Created" means fifty-three (53) Lots and, subject to the notice requirement contained in Section 1.3(a), which shall be the maximum number of Lots that may be subject to this Declaration.

1.31 "Managing Agent" means any one or more persons employed by the Association who is engaged to perform any of the duties, powers or functions of the Association.

1.32 "Member" means an Owner.

1.33 "Owner" means the record owner, whether one or more persons or entities, of the fee simple title to any Lot, including the Declarant so long as any Lot remains unsold, including a contract seller but excluding a contract purchaser and excluding those having an interest merely as security for the performance of any obligation.

1.34 "Period of Declarant Control" means that period of time as defined in Section 3.8.

1.35 "Person" means a natural person, a corporation, a partnership, an association, a trustee, a limited liability company, a joint venture or any other entity recognized as being capable of owning real property under Colorado law.

1.36 "The Planned Community" means the real property and the Improvements located thereon described in Exhibit A and Exhibit B. The term "The Planned Community" is synonymous with the terms "The Ranch at Clover Basin Replat B" and "Portico" as used herein.

1.37 "Plat" means the final plat of The Ranch at Clover Basin Replat B recorded in the office of the Boulder County Clerk and Recorder, Boulder, Colorado.



1.38 "Project Documents" means this Declaration, the Plat, the Articles of Incorporation, the Bylaws, the Design Review Standards and the Rules and Regulations, if any, as any may be amended from time to time. Any exhibit, schedule or certification accompanying a Project Document is a part of that Document.

1.39 "Rules" mean the Rules and Regulations, if any, adopted by the Board for the regulation and management of Portico.

1.40 "Security Interest" means an interest in real estate or personal property created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in the Association and any other consensual lien or title retention contract intended as security for an obligation.

1.41 "Special Assessments" means those Assessments defined in Section 5.4.

1.42 "Special Declarant Rights" means rights reserved for the benefit of the Declarant as described in Article IX.

ARTICLE II
SCOPE OF DECLARATION

2.1 Property Subject to this Declaration. Declarant expressly intends to and, by recording this Declaration, does hereby subject The Ranch at Clover Basin Replat B to the provisions of this Declaration.

2.2 Conveyances Subject to this Declaration. All easements, restrictions, conditions, obligations, reservations, rights, benefits and privileges that are granted, created, reserved or declared by this Declaration shall be deemed to be covenants running with the land, and shall at all times inure to the benefit of and be binding on any person having at any time any interest or estate in The Ranch at Clover Basin Replat B, and their respective heirs, successors, representatives or assigns.

2.3 Number of Lots. The number of Lots within The Ranch at Clover Basin Replat B is fifty-three (53) and, subject to the notice requirement contained in Section 1.3(a).

2.4 Identification of Lots. The identification number of each Lot is shown on the Plat.

2.5 Lot Boundaries. The boundaries of each Lot are located as shown on the Plat.



ARTICLE III
THE ASSOCIATION; MEMBERSHIP AND VOTING RIGHTS

3.1 Name. The name of the Association is the The Portico Homeowners Association, Inc.

3.2 Purposes and Powers. The Association shall manage The Ranch at Clover Basin Replat B in accordance with this Declaration and shall manage, operate, care for, insure, maintain, repair and reconstruct all of the Common Areas and keep the same in a safe, attractive and desirable condition for the use and enjoyment of all of the Owners and the residents of The Ranch at Clover Basin Replat B. Any purchaser of a Lot shall be deemed to have assented to, ratified and approved such designations and management. The Association shall have all the power necessary or desirable to effectuate such purposes. The Board shall have all of the powers, authority and duties permitted pursuant to the Act as are necessary to manage the affairs of the Association.

3.3 Board of Directors. The affairs of the Association shall be managed by a Board of Directors that may by resolution delegate authority to a managing agent for the Association as more fully provided for in the Bylaws, provided no such delegation shall relieve the Board of final responsibility.

3.4 Articles and Bylaws. The purposes and powers of the Association and the rights and obligations with respect to Members as set forth in this Declaration may and shall be amplified by provisions of the Articles of Incorporation and the Bylaws. If the Articles or Bylaws conflict with the Declaration, the Declaration shall control. If the Articles conflict with the Bylaws, the Articles shall control.

3.5 Membership. Members shall be every Owner of a Lot subject to this Declaration. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of such Lot shall be the sole qualification for such membership. Where more than one (1) person holds interest in any Lot, all such persons shall be Members. Notwithstanding the above, an Approved Builder who is the record owner of a Lot shall be deemed to have assigned his or her membership to the Declarant for so long as the Approved Builder is in the process of holding a Lot in the ordinary course of business and/or building a Dwelling Unit on a Lot for the purpose of sale.

3.6 Voting Rights. The Association shall have one (1) class of voting membership. Owners shall be entitled to one vote for each Lot owned. The vote for such Lot, the ownership of which is held by more than one Owner, may be exercised by any one of them, unless an objection or protest by any other holder of an interest in the Lot is made prior to the completion of the vote, in which case the vote for such Lot shall be exercised, as the persons holding such interest shall determine among themselves. Should the joint owners of a Lot be unable, within a reasonable time, to agree upon how they will vote any issue, they shall be passed over and their right to vote on such issue shall be lost. The total number of votes that may be cast in connection with any matter shall be



equal to the total number of Lots existing within The Ranch at Clover Basin Replat B.

3.7 No Voting Rights for Tenants. Tenants shall have no vote in Association affairs on account of their status as tenants. Tenants shall have such right to appear at Association meetings and be heard as may be determined by the Association through its Bylaws or other Rules.

3.8 Declarant Control of the Association. Subject to Section 3.9, there shall be a "Period of Declarant Control" during which a Declarant may appoint and remove the Officers of the Association and Members of the Board. The Period of Declarant Control terminates no later than the earlier of:

(a) Sixty (60) days after conveyance of seventy-five percent (75%) of the Lots to Owners other than an Approved Builder and/or the Declarant; or

(b) two (2) years after the last conveyance of a Lot by the Declarant in the ordinary course of business to Owners other than an Approved Builder and/or the Declarant.

Declarant may voluntarily surrender the right to appoint and remove Officers and Members of the Board before termination of the Period of Declarant Control. In that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

3.9 Election by Owners. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Lots to Owners other than an Approved Builder and/or the Declarant, at least one (1) Member and not less than twenty-five percent (25%) of the Members of the Board shall be elected by Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots to Owners other than Declarant, not less than thirty-three and one third percent (33 1/3 %) of the Members of the Board must be elected by Owners other than the Declarant. Not later than the termination of the Period of Declarant Control, the Owners shall elect a Board of at least three (3) Members, at least a majority of whom shall be Owners other than Declarant. The Board shall elect the Officers of the Association. The Owners' Board shall take office upon termination of the Period of Declarant Control.

3.10 Delivery of Documents by Declarant. Within sixty (60) days after the Owners other than the Declarant elect a majority of the Members of the Board, the Declarant shall deliver to the Board all property of the Owners and of the Association held by or controlled by the Declarant, including, without limitation, the following items:

(a) The original or a certified copy of the recorded Declaration, as amended, the Articles of Incorporation, together with a Certificate of Good Standing, Bylaws, minute books, other books and records and any Rules that may have been promulgated;



(b) an accounting for Association funds and financial statements from the date the Association received funds and ending on the date the Period of Declarant Control ends in accordance with §39-33.3-303(9)(b), of the Act;

(c) the Association funds or control thereof;

(d) all of the tangible personal property that has been represented by the Declarant to be the property of the Association and has been used exclusively in the operation and enjoyment of the Common Areas;

(e) a copy of any plans and specifications used in the construction of improvements in the Common Areas, and inventories of these properties;

(f) all insurance policies then in force in which the Owners, the Association or its Directors and Officers are named as insured persons;

(g) any other governmental permits applicable to The Ranch at Clover Basin Replat B that are currently in force or which were issued within one (1) year prior to the date on which Owners other than the Declarant took control of the Association;

(h) written warranties of the contractor, subcontractors, suppliers and manufacturers that are still effective;

(i) a roster of Owners and their addresses and telephone numbers, if known, as shown on the Declarant's records;

(j) employment contracts in which the Association is a contracting party; and

(k) any service contract in which the Association is a contracting party or in which the Association of the Owners have any obligation to pay a fee to the persons performing the services.

3.11 Budget. The Board shall cause to be prepared at least sixty (60) days prior to the commencement of each calendar year, a budget (the "Budget") for such calendar year. Within thirty (30) days after the adoption of any Budget by the Board, the Board shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the Budget to each Owner and shall set a date for a meeting of the Owners to consider ratification of the Budget not less than fourteen (14) days nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting sixty-seven percent (67%) of the Owners present who are entitled to vote reject the Budget, the Budget shall be deemed ratified, whether a quorum is present or not. In the event that the Budget is rejected, the budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

3.12 Indemnification. Each Officer, Director and Committee Member of the Association shall be indemnified by the Association against all



expenses and liabilities including attorneys' fees, reasonably incurred by or imposed upon him or her in any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of his or her being or having been an Officer, Director or Committee Member of the Association, or any settlement thereof, whether or not he or she is an Officer, Director or Committee Member of the Association at the time such expenses are incurred, to the full extent permitted by Colorado law.

3.13 Association Agreements. Any agreement for professional management of The Ranch at Clover Basin Replat B or any contract providing for services of the Declarant may not exceed one (1) year. Any such agreement must provide for termination by either party without cause and without payment of a termination fee or penalty upon thirty (30) days written notice; provided; however, the Association shall not be bound either directly or indirectly to contracts or leases (including management contracts) entered into during the Period of Declarant Control unless the Association is provided with a right of termination of any such contract or lease without cause, which is exercisable without penalty at any time after such conversion upon not more than thirty (30) days notice to the other party thereto.

3.14 Certain Rights and Obligations of the Association.

(a) The Board shall have the right to enter into, grant, perform, enforce, cancel and vacate contracts, easements, licenses, leases, and agreements for the use by the Owners, their Guests and other persons, concerning the Common Areas and any improvements located thereon. Any of such contracts, easements, licenses, leases, and agreements shall be upon such terms and conditions as may be agreed to from time to time by the Board, without the consent or participation of the Owners or First Mortgagees.

(b) The Association may undertake any activity, function or service for the benefit of, or to further the interests of all, some or any Members on a self-supporting, Special Assessment or Common Expense Assessment basis.

(c) The Board may exercise any right or privilege given to it expressly by this Declaration or reasonably to be implied from its provisions or given or implied by law or that may be necessary or desirable to fulfill its duties, obligations, rights or privileges.

ARTICLE IV
THE COMMON AREAS

4.1 Common Area Dedication. The Declarant in recording the Plat with the County Clerk and Recorder of Boulder County, Colorado, has designated certain areas of The Ranch at Clover Basin Replat B as Common Areas, described in Exhibit B. The Plat is incorporated in and made a part of this Declaration. The Common Areas are not dedicated for use by the



general public, but are dedicated to the common use and enjoyment of only the Owners and Guests, as provided in this Declaration.

4.2 Title to the Common Areas. The Declarant will convey to the Association fee simple title to the Common Areas prior to the conveyance of the first Lot within The Ranch at Clover Basin Replat B to an Owner other than Declarant.

4.3 Duty to Accept the Common Areas. The Association shall accept title to said Common Areas and agrees to own and maintain any property, including all improvements located thereon, and personal property relating thereto, transferred to the Association by Declarant as Common Areas. Any property transferred to the Association by Declarant shall be transferred to the Association free and clear of all liens and encumbrances (other than the lien of real estate taxes not then due and payable) and Declarant shall furnish and pay for a title insurance policy reflecting the same.

4.4 Duty to Manage the Common Areas. The Association shall manage, operate, care for, insure, maintain, repair and reconstruct all of the Common Areas and the improvements located thereon and keep the same in a safe, attractive and desirable condition for the use and enjoyment of all of the Owners. Specifically, but without limitation, the Association shall be responsible for:

(a) The operation, maintenance, repair and replacement of any landscaping, structures, signs, sprinklers, drainage or storm sewer facilities and inlet and outlet structures therefor, and related facilities now or hereafter constructed, installed or planted upon Common Areas;

(b) the maintenance, weeding and cleaning of Common Areas;

(c) the maintenance, repair, cleaning and upkeep of all drainage ways located within Common Areas or within drainage easements over Lots or rights-of-way contiguous to Lots as shown on the Plat, but only to the extent that an Owner has failed with respect to the Owner's maintenance, repair, cleaning and upkeep obligation thereto, all of which shall be at all times kept and maintained free of obstructions, paper, trash, debris and pollutants so as not to alter the flow characteristics of the drainage or otherwise adversely affect the proper functioning of these facilities; and

(d) the maintenance, repair, and upkeep of all pathways and trails (both private and public) located within and contiguous to The Ranch at Clover Basin Replat B along Plateau Road as such pathways and trails are indicated on the Plat. To the extent that the Boulder County improves any portion of the public pathway and/or trail system, the maintenance responsibility for the improved pathway and/or trail system shall become that of the Boulder County.

4.5 Owners' Rights in the Common Areas. Every Owner and Guest shall have the right and easement of use and enjoyment in and to the Common Areas, which shall be appurtenant to and shall pass with the title of the



Lot to such Owner, subject to the Special Declarant Rights and the following rights of the Board:

(a) To borrow money to improve the Common Areas and to mortgage said Common Areas as security for any such loan; provided, however, that the Association may not subject any portion of the Common Areas to a security interest unless such is approved by Owners to which at least eighty percent (80%) of the votes allocated to Lots not owned by the Declarant in accordance with such §38-33.3-312 of the Act;

(b) to convey or dedicate all or any part of the Common Areas for such purposes and subject to such conditions as may be agreed to by the Owners to which at least eighty percent (80%) of the votes allocated to Lots not owned by the Declarant in accordance with such §38-33.3-312 of the Act but the granting of permits, licenses and easements shall not be deemed such a conveyance or encumbrance;

(c) to promulgate and adopt Rules with which each Owner and Guest shall strictly comply;

(d) to suspend the voting rights of an Owner for any period during which any Assessment remains unpaid and, for a period not to exceed sixty (60) days, for any infraction of the Declaration, Bylaws or Rules;

(e) to take such steps as are reasonably necessary to protect the Common Areas against foreclosure;

(f) to enter into, make, perform or enforce any contracts, easements, leases, licenses, and agreements for the use of Common Areas by Owners and Guests for any purpose the Board may deem to be useful, beneficial or otherwise appropriate;

(g) to close or limit the use of the Common Areas temporarily while maintaining, repairing and making replacements in the Common Areas, or permanently if approved by Owners to which at least eighty percent (80%) of the votes in the Association are allocated;

(h) to make such use of the Common Areas as may be necessary or appropriate for the performance of the duties and functions which it is obligated or permitted to perform under this Declaration;

(i) the rights granted to the Board of Directors in Section 3.14.



ARTICLE V
ASSESSMENTS

5.1 Obligation. Each Owner, by acceptance of a deed for a Lot, covenants and agrees and shall be personally obligated to pay to the Association; (i) Common Expense Assessments; (ii) Special Assessments; (iii) Fines and Individual Assessments; and (iv) Costs of Enforcement, which shall be a continuing lien upon the Lot against which each such Assessment is levied. The obligation for such payments by each Owner to the Association is an independent personal covenant with all amounts payable in full when due without notice or demand and without setoff or deduction. All Owners of each Lot shall be jointly and personally liable to the Association for the payment of all Assessments and Costs of Enforcement attributable to their Lot. The personal obligation for delinquent assessments shall not pass to such Owner's successors in title unless expressly assumed by them.

5.2 The Common Expense Assessment. The Common Expense Assessment shall be used exclusively for the purpose of promoting the health, safety and welfare of the residents of The Ranch at Clover Basin Replat B and the Members of the Association. Such purposes shall include, without limitation, the improvement, repair, maintenance and reconstruction of the Common Areas and any other purpose reasonable, necessary or incidental to such purposes. Such Assessment shall include the establishment and maintenance of a Reserve Fund for the improvement, maintenance, reconstruction and repair of the Common Areas on a periodic basis; provided, however, that such assessments levied against a Lot during the Period of Declarant Control may not be used by the Declarant for the purpose of constructing capital improvements.

5.3 Date of Commencement of the Common Expense Assessments. The Common Expense Assessment shall commence as to each Lot on the first day of the month following the effective date of the first Budget of the Association. Until the commencement of the collection of the Common Expense Assessment, the Declarant shall pay all of the expenses of the Association.

5.4 Special Assessments. In addition to the other Assessments authorized herein, the Board of Directors may levy a Special Assessment for the purpose of defraying any unexpected expense including, without limitation, the cost of any construction, reconstruction, improvement, repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property or for the funding of any operating deficit incurred by the Association; provided, that any such assessment shall have the approval of Owners to whom at least sixty-seven (67%) percent of the votes in the Association are allocated, who are voting in person or by proxy at a meeting duly called for this purpose. Any such Special Assessment shall be levied against each Lot in accordance with that Lot's Common Expense Liability.

Notwithstanding the foregoing, Special Assessments levied during the Period of Declarant Control may not be used by the Declarant for



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the purpose of constructing capital improvements. Written notice of any meeting called for the purpose of making a Special Assessment shall be sent to all Owners not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of Owners or of proxies to whom at least sixty percent (60%) of the votes in the Association are allocated shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

5.5 Fines. The Board shall have the right to levy a Fine against any Owner for each violation of this Declaration, the Bylaws, the Articles and the Rules. No fine shall be levied until the Owner to be charged has been given a notice and an opportunity for a hearing as provided in the Bylaws. Fines may be levied in a reasonable amount as determined from time to time by the Board in its discretion and uniformly applied. Fines shall be collected as part of the Costs of Enforcement.

5.6 Individual Assessments. The Board shall have the right to individually levy upon any Owner amounts as provided for by this Declaration, to include, without limitation, charges levied under Articles IV and VII and Section 6.9. No Individual Assessment shall be levied until the Owner to be charged has been given a notice and an opportunity for a hearing in accordance with the Bylaws. Individual Assessments shall be collected as part of the Costs of Enforcement.

5.7 Levy of Assessments. Common Expense Assessments shall be levied on all Lots based upon a Budget to accomplish the purposes described in Section 5.2. The Common Expense Assessment shall be prorated among the Lots in accordance with that Lot's Common Expense Liability. The omission or failure of the Board to levy the Common Expense Assessment for any period shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay. Special Assessments shall be levied in accordance with Section 5.4. Fines and Individual Assessments may be levied at any time as required and are exempt from any voting requirements by the membership required for other Assessments. No Owner may waive or otherwise escape liability for the Common Expense Assessment by the non-use of the Common Areas or the abandonment of his or her Lot.

5.8 Due Date. Fines and Individual Assessments shall be due and payable as established by the Board. The Common Expense Assessment shall be levied on an annual basis and shall be due and payable in installments, in advance, in such frequency as the Board determines in its discretion from time to time, provided that the first Common Expense Assessment shall be adjusted to reflect the time remaining in the first Association's fiscal year. Any Owner purchasing a Lot between annual due dates shall pay a prorated share. Special Assessments shall be due and payable as established by the Board but may be payable in installments as determined by the Board. Written notice of all Assessments shall be sent to each affected Owner specifying the type of assessment, the amount and the date such assessment is due.



5.9 Remedies for Nonpayment of Assessments. If any Assessment (including Costs of Enforcement) is not fully paid within fifteen (15) days after the same becomes due and payable, then:

(a) Interest shall accrue at the default rate set by the Rules of the Association on any amount of the Assessment in default accruing from the due date until date of payment;

(b) the Board may accelerate and declare immediately due and payable all unpaid installments of the Assessment otherwise due during the fiscal year during which such default occurred;

(c) the Board may bring an action at law in any court of competent jurisdiction against any Owner personally obligated to pay the same and obtain a judgment for the amounts due;

(d) the Board may proceed to foreclose its lien against the Lot pursuant to the power of sale granted to the Association by this Declaration in the manner and form provided by Colorado law for foreclosure of real estate mortgages.

An action at law or in equity by the Association against an Owner to recover a judgment for unpaid Assessments may be commenced and pursued by the Association without foreclosing or in any way waiving the Association's lien for the Assessments.

5.10 The Assessment Lien. The Association is hereby granted an Assessment Lien against each Lot for any Assessment levied by the Board of Directors and for Costs of Enforcement levied against any Owner who fails to pay as required by the Declaration. All Costs of Enforcement incurred pursuant to this Declaration are enforceable as Assessments. If an Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment thereof becomes due. The Association's lien on a Lot for Assessments shall be superior to all other liens and encumbrances except:

(a) Ad valorem real property taxes and special assessment liens duly imposed by a Colorado governmental or political subdivision or special taxing district, or any other liens made superior by statute; and

(b) the lien of any First Mortgagee except to the extent the Act grants priority for Assessments to the Association.

Recording of the Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for Assessments is required. However, the Board of Directors may prepare, and record in Boulder County, a written notice setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot and a description of the Lot. If a lien is filed, the cost thereof shall be considered a Cost of Enforcement.

Sale or transfer of any Lot shall not affect the lien for Assessments except that sale or transfer of any Lot pursuant to foreclosure



of any First Mortgagee, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture shall extinguish the Assessment Lien only to the extent provided by Colorado law. No such sale, deed in lieu of foreclosure, nor cancellation or forfeiture shall relieve any Owner from continuing liability for any Assessment thereafter becoming due or from the lien thereof. Any First Mortgagee who acquires title to a Lot by foreclosing a First Mortgage or by a deed in lieu of foreclosure will take the Lot free of any claims for unpaid Assessments and Costs of Enforcement against that Lot that have accrued prior to the time such First Mortgagee acquires title to the Lot, except to the extent the Act grants lien priority for Assessments of the Association.

In any action by an Association to collect Assessments and Costs of Enforcement or to foreclose a lien for unpaid Assessments, the Court may appoint a receiver for the Owner to collect all sums alleged to be due from the Owner prior to or during the pendency of the action. The Court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Common Expense Assessments and Costs of Enforcement. The rights of the Association shall be expressly subordinate to the rights of any First Mortgagee of a Lot under any assignment of rents given in connection with a first deed of trust. The Assessment Lien hereby given shall also be a lien upon all of the rents and profits of the encumbered Lot; provided, however, the lien shall be subject and subordinate to the rights of any First Mortgagee of a Lot under any assignment of rents given in connection with a first deed of trust. Without prejudice to any other right or remedy, the Association may exercise its lien rights to rents and profits by delivering a notice of exercise to the occupant or any payor of rents and profits, and thereafter shall be entitled to collect all such rents and profits to the extent of any delinquency.

The Association's lien on a Lot for Assessments and Costs of Enforcement shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Colorado or any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed to a Lot subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said Assessment Lien.

5.11 Surplus Funds. Any surplus funds of the Association remaining after payment of or making provisions for Common Expenses and any prepayment of or making provisions for reserves shall be retained by the Association as unallocated reserves and need not be credited to the Owners in proportion to their Common Expense Liability to reduce their future Common Expense Assessments.

5.12 Reserve Fund. At the closing of the initial sale of a Lot to an Owner other than the Declarant, a non-refundable contribution shall be made by the purchaser to the Reserve Fund of the Association in the amount equal to at least two (2) months installment of the Common Expense Assessment for each Lot. Said contribution shall be collected and transferred to the Association at the time of closing of the sale by Declarant of each Lot and shall, until used, be maintained in a segregated account with other such reserve 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 the Reserve Fund shall not relieve an Owner from making regular payments of Assessments as the same become due. Upon the transfer of his or her Lot, an Owner shall be entitled to seek a credit from his or her transferee (but not from the Association) for the aforesaid contribution to the Reserve Fund.

5.13 Certificate of Status of Assessments. The Association shall furnish, at a reasonable fee, to an Owner or such Owner's First Mortgagee upon written request delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the Association's Registered Agent, a statement setting forth the amount of unpaid Assessments currently levied against such Owner's Lot. The statement shall be furnished within fourteen (14) business days after receipt of the request and is binding upon the Association, the Board of Directors and every Owner. If no statement is furnished to the Owner or First Mortgagee, delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a priority lien upon the Lot for unpaid Assessments that were due as of the date of the request.

5.14 No Offsets. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted for any reason including, without limitation, any claim that the Association or the Board of Directors is not properly exercising its duties and powers under this Declaration. The Declarant is exempt from the requirements of this provision.

ARTICLE VI
ARCHITECTURAL AND LANDSCAPE APPROVAL; DESIGN REVIEW

6.1 Design Review Committee. There is hereby established the Design Review Committee (referred to as the "Committee"), which shall be responsible for the establishment and administration of Design Review Standards to carry out the purposes and intent of this Declaration. The Committee shall be initially comprised of three (3) representatives appointed by the Declarant. The Declarant shall continue to appoint the Committee as long as Declarant owns a Lot within The Ranch at Clover Basin Replat B. However, the Declarant may relinquish its powers to determine the number and Members of the Committee at any time. Such relinquishment may be accomplished by recording a Declaration of such relinquishment in the Office of the Boulder County, Colorado, Clerk and Recorder.

From and after such relinquishment or after the Declarant no longer owns a Lot, the Members of the Committee shall be appointed by a majority vote of the Board. There shall be one (1) vote per Director. Election shall be held at the first meeting of each elected Board. In the absence of a Committee, or if the term of any Member shall have expired without a replacement being appointed or elected, any Owner of a Lot subject hereto may call an election at a reasonably convenient time and place by written notice thereof mailed to all Owners at least twenty (20)



days in advance of the date of the proposed election. At such meeting, the Committee will be elected by a majority vote of those present with each Lot having one (1) vote.

6.2 Purpose of the Committee. The Committee shall review, study and either approve or reject plans and specifications for proposed Improvements and landscaping all in compliance with this Declaration and as further set forth in the Rules and Regulations of the Committee and the Design Review Standards as adopted and established from time to time by the Committee.

(a) The Committee shall have complete discretion to approve, conditionally approve or disapprove any Improvement. The Committee shall exercise such discretion with the following objectives in mind, among others: (i) To carry out the general purposes expressed in this Declaration; (ii) to prevent violation of any specific provision of this Declaration; (iii) to minimize obstruction or diminution of the view of others; (iv) to preserve visual continuity and to prevent any marked or unnecessary transition between improved and unimproved areas; (v) to assure that any change will be of good and attractive design and in harmony with development on other portions of The Ranch at Clover Basin Replat B; and (vi) to assure that materials and workmanship for all Improvements and landscaping are of high quality comparable to other Improvements and landscaping in The Ranch at Clover Basin Replat B.

(b) No Improvement shall be erected, placed or altered on any Lot nor shall any construction be commenced until plans for such Improvement shall have been approved by the Committee; provided, however, that Improvements and alterations that are completely within a Dwelling Unit may be undertaken without such approval.

(c) The Committee may, by its signed written instrument, waive, release or vary any provisions of the Declaration as they pertain to any part of all of the Lots encumbered, which waiver, release or variance shall be effective as to all parties otherwise entitled to enforce the Declaration. No Member of the Committee shall incur any liability whatsoever to any Owner or other party aggrieved or injured by the grant of such release, waiver or variance. In return for such waiver, release or variance, the Committee may impose on the Lot involved such additional or altered covenants as the Committee deems proper and appropriate in the circumstances. Each Owner agrees by accepting title or any interest in any Lot that Declarant, its employees or agents and each member of the Committee shall be immune from suit or liability in accordance with the foregoing. Any variance, waiver or release of these conditions and restrictions granted by the Committee any acquiescence or failure to enforce any violation of the conditions and restrictions herein, shall not be deemed to be a waiver of any of the conditions and restrictions in any other instance.

(d) The actions of the Committee in the exercise of its discretion, by its approval or disapproval of plans and other information submitted to it or with respect to any other matter before it, shall be conclusive and binding on all interested parties.



6.3 Organization and Operation of Committee.

(a) Term. The term of the office of each Member of the Committee shall commence when appointed, and shall continue until a successor shall be appointed. Should a Committee Member die, retire, become incapacitated, or in the event of a temporary absence of a Member, a successor may be appointed as provided in Section 6.1 above. The number of Committee Members may be enlarged from three (3) by the Declarant or a majority vote of the Board if the Declarant has relinquished its right to appoint the Committee.

(b) Chairperson. So long as the Declarant appoints the Committee, the Declarant shall appoint the Chairperson. At such time as the Committee is elected by the Owners, the Chairperson shall be elected annually from among the Members of the Committee by a majority vote of said Members.

(c) Operations. The Chairperson shall take charge of and conduct all meetings and shall provide for reasonable notice to each Member of the Committee prior to any meeting. Such notice shall set forth the time and place of said meeting, which notice may be waived by any Member. In the absence of a Chairperson, the parties appointing or electing the Chairperson may appoint or elect a successor, or if the absence is temporary, a temporary successor.

(d) Voting. The affirmative vote of a majority of the Members of the Committee shall govern its actions and be the act of the Committee. A quorum shall consist of a majority of the Members.

(e) Expert Consultation. The Committee may avail itself of technical and professional advice and consultants as it deems appropriate, and may charge an Applicant for said costs in addition to the standard application fees.

(f) Expenses. Except as otherwise provided, all expenses of the Committee shall be paid by the Owners. The Committee and the Declarant (for so long as the Declarant appoints the Committee) shall have the right to charge a fee for each application submitted to it for review, in an amount which may be established by the Committee from time to time. Such fees shall be used to help defray the expenses of the Committee's operation and enforce the restrictions set forth herein.

6.4 Design Review Standards and Rules. The Committee shall adopt, establish and publish Design Review Standards that are consistent with this Declaration to more specifically define and describe the design standards for The Ranch at Clover Basin Replat B. The Design Review Standards may also set forth rules and regulations including specific rules regarding construction methods. The Design Review Standards may be modified or amended from time to time by a majority of those Committee members voting either in person or by proxy at any meeting called for the purpose of said modification or amendment. All prospective Owners and builders are advised to contact the Committee to obtain the most current copy of the Design Review Standards.



6.5 Procedures. The Committee shall make such rules and regulations as it may deem appropriate to govern its proceedings. Except to the extent modified or amplified in the Design Review Standards or rules and regulations, the following general procedures shall apply:

(a) Pre-Design Conference. Project developers, Owners, architects and others desiring to construct any Improvements are encouraged to meet with the Committee in a pre-design meeting, while plans are tentative and preliminary, in order to assure full understanding of the requirements of this Declaration and the Design Review Standards.

(b) Concept Plan. A Concept Plan satisfying the Committee's requirements shall be submitted to the Committee in order to obtain approval of the initial design following the pre-design conference and shall be reviewed by the Committee within ten (10) days after submission. The Committee may approve, reject or approve with conditions the Concept Plan, and such approval and compliance with any conditions imposed shall be a precondition to the Final Plan.

(c) Final Plan. Final plans, specifications, and working drawings, in such form and containing such information as may be required by the Committee, shall be submitted in writing to the Committee for its approval after approval or conditional approval of the Concept Plan. The Committee shall respond with its approval, approval with conditions, or disapproval within ten (10) days after receipt of all information and fees required for the Final Plan. If no response is given within said ten (10) day period, the party making the submittal shall notify the Committee, in writing, that no response has been received and if the Committee then fails to respond within five (5) days of receipt of the non-response notice (provided all necessary information and fees have been submitted) the plans, specifications and drawings will be deemed to comply with the foregoing submittal requirements.

(d) Fast-Track Submittal. Any project developer, Owner, architect, or other person desiring to construct any Improvements and required to submit plans pursuant hereto may waive any of the steps set forth in paragraphs (a) and (b) of this Section 6.5 and proceed directly to Final Plan submittal in which case the time frames set forth in paragraph (c) shall apply. However, the submitter shall not be relieved of any requirements as to the content of the Final Plan submittal and shall proceed to Final Plan submittal at his or her own risk.

(e) Building Permit. Compliance with this design review process is not a substitute for compliance with applicable building, zoning and subdivision regulations, and each Owner is responsible for obtaining all approvals, licenses and permits as may be required prior to construction commencement. In like manner, mere compliance with the Boulder County building codes may not conform to the requirements of this Declaration.

6.6 Hold Harmless. Neither Declarant nor any architect or agent of Declarant nor any Member of the Committee shall be responsible in any way



for any defects in any plans or specifications submitted, revised or approved in accordance with this Declaration or for any structural or other defects in any work done according to such plans or specifications. In reviewing any matter, neither the Committee nor the Declarant or agent of Declarant shall not be responsible for passing on safety, whether structural or otherwise, or conformance with building codes or other governmental laws or regulations, nor shall its approval of an Improvement be deemed approval of such matters.

6.7 Construction and Alteration of Improvements. The right of an Owner, developer or other entity to construct, reconstruct, refinish, alter or maintain any Improvement upon, under or above any portion of The Ranch at Clover Basin Replat B (except as provided in Section 6.2) or to make or create any excavation or fill thereon or to make any change in the natural or existing surface contour or drainage thereof or install any utility line or conduit thereon or thereover, shall be subject to the Design Review Standards and to the general restrictions set forth herein. Except to the extent permitted in Section 6.2(b), any construction or reconstruction or the refinishing or alteration of any part of the exterior of any Dwelling Unit or other Improvement on the Property including fences and walls is absolutely prohibited until and unless the Owner or developer first obtains approval thereof from the Committee and otherwise complies with the provisions hereof. All Improvements shall be constructed only in accordance with approved plans.

6.8 Inspection of Work; Project Completion Review. Inspection of completed work and correction of defects therein shall proceed as follows:

(a) Upon the completion of any Improvement for which approved plans or specifications are required under this Declaration, the Owner shall give written notice of completion to the Committee. Until receipt of a notice of completion, the Committee shall not be deemed to have notice of completion of any Improvement.

(b) Within such reasonable time as the Committee may set in its rules but not to exceed fifteen (15) days thereafter, the Committee or its duly authorized representative shall inspect such Improvement and notify the Owner in writing whether the work is approved. If the Committee finds that such work was not done in strict compliance with all approved plans and specifications submitted or required to be submitted for its prior approval, it shall notify the Owner in writing of such noncompliance within such period, specifying in reasonable detail the particulars of noncompliance, and shall require the Owner to remedy the same.

(c) If upon the expiration of thirty (30) days from the date of notification of noncompliance the Owner shall have failed to remedy such noncompliance, the Committee shall, upon notice and an opportunity for a hearing in accordance with the Bylaws, determine whether there is a noncompliance and, if the conclusion of the Committee is that noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Committee ruling. If the Owner does not comply with the Committee ruling within such period, the Committee, at its option, may either remove the



noncomplying Improvement or remedy the noncompliance, and the Owner shall reimburse the Committee for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Committee, the Committee shall levy an Individual Assessment against such Owner and the Improvement in question and the Lot upon which the same is situated for reimbursement and the same shall constitute a lien upon such Lot and Improvement.

(d) If for any reason after receipt of said written notice of completion from the Owner, the Committee fails to notify the Owner of its approval or disapproval and the reasons therefore, within the period provided above, the Owner shall again notify the Committee in writing of the completion and if the Committee does not then give written notification of approval or disapproval within fifteen (15) days after receipt of the second notification, the Improvement shall be deemed to be in compliance with the approved plans and specifications.

6.9 Enforcement of Covenants; Violations Deemed a Nuisance. Every violation hereof or of any of the Design Review Standards adopted by the Committee is deemed to be a nuisance and is subject to all the remedies provided for the abatement thereof. In addition, all public and private remedies allowed at law or equity against anyone in violation of this Declaration shall be available.

(a) Compliance. Each Owner, Guest or other occupant of any part of The Ranch at Clover Basin Replat B shall comply with the provisions of these covenants and the Design Review Standards as the same may be amended from time to time.

(b) Failure to Comply. Failure to comply herewith shall be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Reasonable notice and an opportunity for a hearing, as provided in the Bylaws, shall be given to the affected Owner prior to commencing any legal proceedings.

(c) Who May Enforce. Any action to enforce the covenants in this Article and the Design Review Standards may be brought by the Declarant, the Committee or the Board on behalf of the Owners. If, after written request from an aggrieved Owner and a reasonable time to act upon said request, none of the foregoing persons or entities commence an action to enforce these covenants and the Design Review Standards then the aggrieved Owner may bring such an action.

(d) Correction of Noncompliance. If the Committee or the Board determines that a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than thirty (30) days from the date of receipt by the Owner of the ruling of the Committee or the Board. If the Owner does not comply with such ruling within such period, the Committee or the Board may, at its option, record a "Notice of Noncompliance" against the Lot on which the noncompliance exists, or may remove the noncomplying Improvement or may otherwise remedy the noncompliance. The Board may levy an Individual Assessment against the Owner of such Lot for such costs and expenses incurred. The right of the



Committee or the Board to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Committee or the Board may have at law, in equity or under this Declaration.

(e) No Liability. No member of the Board, the Declarant, the Committee nor any Owner shall be liable to any other Owner for the failure to enforce any covenants and the Design Review Standards at any time.

f) Recovery of Costs. If legal assistance is obtained to enforce any of the provisions hereof, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of or to restrain the violation of these Article VI covenants and the Design Review Standards, the prevailing party shall be entitled to recover all costs incurred by it in such action, including reasonable attorneys' fees as may be incurred, or if suit is brought, as may be determined by the Court.

6.10 No Waiver or Estoppel. The approval or consent of the Committee, to any application for architectural approval shall not be deemed a waiver of any right to withhold or deny approval or consent by the Committee as to any application or other matters whatsoever as to which approval or consent may be subsequently or additionally required. No action or failure to act by the Committee or by the Board shall constitute a waiver or estoppel with respect to future action by the Committee or the Board. Specifically, the approval by the Committee of any Improvement shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for any similar Improvement or similar proposals, plans, specifications or other materials submitted with respect to any other Improvement.

6.11 Completion of Work After Approval. After approval of any proposed Improvement, such Improvement shall be completed as promptly and diligently as possible and in complete conformity with the description of the proposed Improvement, any materials submitted to the Committee in connection with the proposed Improvement and any conditions imposed by the Committee. Unless extended by the Committee, failure to complete any proposed Improvement within twelve (12) months from the date construction commences shall constitute a violation of this Article.

6.12 Meetings and Records of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee shall report in writing to the Board all final actions of the Committee and the Board shall keep a permanent record of such actions.

6.13 Estoppel Certificates. The Board shall, upon the reasonable request of any interested party and after confirming any necessary facts with the Committee, furnish a certificate with respect to the approval or disapproval of any Improvement or with respect to whether any Improvement was made in compliance herewith. Any person, without actual notice to the contrary, shall be entitled to rely on said certificate with respect to all matters set forth therein.

ARTICLE VII



BUILDING AND USE RESTRICTIONS

7.1 Restrictions That Apply to Lots. The following building and use restrictions and aesthetic standards are imposed uniformly on the Lots and the use thereof as a common scheme for the benefit of each Lot and may be enforced by the Declarant, during the Period of Declarant Control, or by the Board.

7.2 Building Type; Use. Each Lot shall be used for private residential purposes only, except that home occupations as authorized by the laws and regulations of the Boulder County may be conducted therein; and except that Declarant may, for so long as Declarant owns a Lot, conduct real estate sales of Lots from The Ranch at Clover Basin Replat B. Only one (1) single family residence structure shall be constructed and maintained on each Lot. The design, architecture, materials and details of all buildings must comply with the requirements contained within the Design Review Standards for The Ranch at Clover Basin Replat B.

7.3 Building Size. Every Dwelling Unit constructed on a Lot shall have not less than 2,500 square feet (for a one-story Dwelling Unit) and not less than 3,000 square feet (for a multi-story Dwelling Unit) of finished floor area devoted to living purposes (exclusive of porches, terraces, decks, patios, finished or unfinished basements and garages).

7.4 Garage and Driveway Construction. Every Dwelling Unit constructed on a Lot shall have a garage of sufficient size to house not less than three (3) cars. All driveways shall be paved with materials specifically approved by the Design Review Committee. No vehicles shall be parked on any Lot except on the paved areas unless otherwise approved in writing by the Committee. Vehicles shall not be parked on any common driveway.

All garages shall be physically attached to the residence constructed upon the Lot, and all garage doors shall not face the front of the Lot that abuts the street; provided, however, the Committee, in its sole discretion shall have the right to modify the terms of this covenant if the proposed construction cannot reasonably comply with this covenant due to uniqueness of design or the character or size of the Lot. No cement curbs shall be constructed around any driveway situate upon any part of a Lot without the prior written approval of the Committee. All garages or that may be desired to be constructed upon any part of a Lot shall be subject to prior approval as provided under the Design Review Standards.

7.5 Building Location/Setbacks. No building shall be located on any Lot nearer to the Lot lines than shall be allowed by the applicable building and zoning laws of the Boulder County. Further, in all cases where building envelopes are designated by the Committee (the "Building Envelopes"), all structures unless specifically otherwise approved, shall be constructed within such Building Envelopes, although the roof may overhang such Building Envelopes. In all cases, the location of any building shall be subject to the approval of the Committee.



7.6 Roofs. All roof materials and colors shall be approved prior to installation by the Committee in accordance with the Design Review Standards.

7.7 Landscaping. No landscaping or any subsequent material change, alteration or modification of landscaping from that shown on any initially approved landscape plan, shall occur unless a landscape plan showing such landscaping or change, alteration or modification is submitted and approved in accordance with the procedures prescribed in Section 6.5. Approval or disapproval of such landscaping plans shall be in the same manner as set forth in said Section.

After a Dwelling Unit has been constructed on any Lot, the remaining unpaved portion of the Lot shall promptly be placed in grass or other vegetation or covered with decorative materials and maintained in that condition so as to prevent the blowing of dust and dirt from the exposed soil. No artificial plants, artificial grasses or artificial flowers shall be utilized as exterior landscape materials. Landscape plans involving and utilizing xeriscaping are encouraged. All landscaping as approved shall be maintained with adequate watering to assure good color and appearance.

All landscaping shown on an approved landscaping plan shall be completed and installed within six (6) months (weather permitting) after substantial completion of the Dwelling Unit on the Lot or, in the event of a subsequent change, alteration or modification of landscaping from that shown on an initially approved landscape plan within six (6) months after approval of such change, alteration or modification. Completed and installed landscaping shall have no material adverse impact on the historic water and drainage flows associated with The Ranch at Clover Basin Replat B. No Owner shall have the right to impede or divert water as such water runs through the ditch laterals contiguous to The Ranch at Clover Basin Replat B.

7.8 Signs. No sign of any kind other than a name plate of the occupant and a street number (the "Address Monumentation") shall be displayed to the public view without the approval of the Committee; provided, however, that one sign not more than six (6) square feet in a form and of materials prescribed by the Committee may be displayed on or from a residence advertising the Lot or Dwelling Unit for sale or lease. No flashing or moving signs shall be permitted on the Property.

7.9 Trees. No tree or trees, whether now growing or hereafter grown upon any part of the Property shall be cut down or removed without prior written approval of the Committee; provided, however, that this restriction shall not apply unless such tree is more than two (2) inches in diameter as measured one (1) foot above grade, and provided further that this restriction shall not be construed to limit in any way reasonable trimming of any trees within The Ranch at Clover Basin Replat B.

7.10 Temporary Structures. No temporary house trailer, tent, garage or outbuilding shall be placed or erected upon any part of The Ranch at Clover Basin Replat B and no residence placed or erected on any Lot shall



be occupied in any manner at any time prior to its being fully completed in accordance with approved plans nor shall any residence when completed be in any manner occupied until there is compliance with all requirements, conditions, covenants and restrictions herein set forth; provided, however, that during the actual construction or alteration of a Dwelling Unit on any Lot, reasonable and necessary temporary buildings for storage of materials may be erected and maintained by the person doing such work provided that their type and placement are approved by the Committee. Such temporary storage buildings shall be removed upon completion of the construction, alteration or remodeling. The work of constructing, altering and remodeling any Improvement shall be prosecuted diligently from its commencement and completed in accordance with the work schedules submitted to the Committee in no event later than one (1) year from commencement.

7.11 Trash and Debris. All trash, garbage or other refuse shall be kept in animal-proof containers (in a size determined by the individual Owner) in a fully enclosed area. Each Owner must provide for regular removal of garbage and shall utilize the services of the waste removal provider chosen by the Association. Each Lot shall, at all times, be kept in a clean, sightly and wholesome condition and weeds shall be kept mowed. No trash, litter, junk, boxes, containers, bottles, cans, implements, machinery, lumber or other building materials shall be permitted to remain exposed upon any Lot so it is visible from any neighboring Lot, road or street, except as reasonably necessary during the period of construction. No clotheslines, drying yards, service yards or storage areas shall be located as to be visible from any neighboring Lot, road or street. If any structure is destroyed either wholly or partially by fire or other casualty, said structure shall be promptly rebuilt or remodeled to conform to this Declaration and all debris and remaining portions of the structure including the foundations shall be promptly removed from The Ranch at Clover Basin Replat B. No noxious or offensive activity shall be carried on in The Ranch at Clover Basin Replat B, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

7.12 Motorhomes, Boats, Trailers, Campers and Similar Equipment. No motorhomes, boats, trailers, campers or similar vehicles or equipment shall be stored or parked on any street or on any Lot unless enclosed within a garage. No inoperative or wrecked cars, tractors or similar vehicles or equipment shall be kept or stored on any Lot. No vehicle, motorcycle, motorbike or similar equipment shall be parked on any Lot or street adjacent thereto while it is undergoing repairs, unless the vehicle (or other item undergoing repairs) is within an enclosed garage during the entire period of such repairs. Operating vehicles may not be kept or stored on any street or road within The Ranch at Clover Basin Replat B for longer than two (2) days.

7.13 Underground Utilities/Satellite Dishes. All electric, television, radio and telephone line installations and connections from the Owner's property line to the Dwelling Unit shall be placed underground in accordance with the landscape plan approved by the Committee. All satellite dishes and devices or facilities to transmit or receive electronic signals, radio or television waves are prohibited unless first approved by the Committee in conformance with applicable federal law.



7.14 Animals. No cows, pigs, chickens, poultry, 4-H animals, or other livestock shall be raised, grown, bred, maintained or cared for on any Lot other than as hereinafter provided or unless approved by the ACC.

Nothing herein shall prevent an Owner from maintaining, keeping and caring for domestic household pets not maintained for commercial purposes; provided, however, that dogs, cats and other household animals shall not be allowed to run at large off of the Owner's Lot. Such animals shall be maintained on a leash when off of the Owner's Lot.

All Lots must be maintained in a clean and odor-free condition. Each Owner of a pet shall be financially responsible and liable for any damage caused by the Owner's pet, and shall be responsible for the pickup and disposal of any excrement deposited by the Owner's pet.

7.15 Fireplaces. No coal or other type of fuel that gives off smoke except wood shall be used for heating, cooking or any other purposes and no trash or garbage shall be burned on the Lots.

7.16 Storm Drainage. Each Owner shall maintain and keep free of obstructions any storm drainage channel across his or her Lot. Any such storm drainage channel will be shown and designed on the final lot grading plans in accordance with the Design Review Standards.

7.17 Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon that may be or may become an annoyance or nuisance to The Ranch at Clover Basin Replat B. Specifically, but without limitation, no Owner shall permit weeds to grow and remain uncut so that the same appear unsightly to the surrounding area; nor shall there be permitted the storage of lumber, bricks or other building material for a period of time longer than reasonably required for the completion of a Dwelling Unit; nor shall any noise or sounds be allowed to emanate from any Lot to constitute an annoyance or nuisance to The Ranch at Clover Basin Replat B; nor shall exterior lights or reflective surfaces be installed to create glare or unusual lighting on adjoining Lots.

7.18 Hazardous Activities. No activity shall be conducted on any portion of The Ranch at Clover Basin Replat B that is or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any portion of The Ranch at Clover Basin Replat B and no open fires shall be lighted or permitted on any portion of The Ranch at Clover Basin Replat B except in a contained barbecue unit while attended and in use for cooking purposes or within a fireplace designed to prevent the dispersal of burning embers.

7.19 Fences. The construction, placement or planting of all fences, walls and hedges shall comply with the Design Review Guidelines and shall require the prior approval of the Committee.

7.20 Failure to Properly Maintain. Each Owner shall be responsible for the maintenance, repair and reconstruction of the exterior of such Owner's Dwelling Unit. If any Owner shall fail to maintain his or her Lot



in a manner satisfactory to the Board, the Board shall have the right, after notice and an opportunity for a hearing as provided in the Bylaws, to enter upon said Lot and repair, maintain and/or reconstruct the Lot. The cost of such maintenance, repair and/or reconstruction shall be chargeable to such owner by an Individual Assessment.

7.21 Compliance with Insurance Requirements. Except as may be approved in writing by the Board, nothing shall be done or kept in The Ranch at Clover Basin Replat B that may result in an increase in the rates of or in the cancellation of any insurance maintained by the Association.

7.22 Compliance with Laws. No unlawful use shall be permitted or made of any Lot or any portion thereof. All laws, ordinances and regulations of all governmental bodies having jurisdiction over the Lots, or any portion thereof, shall be observed.

7.23 Owner Caused Damages. If, due to the act or neglect of an Owner or such Owner's Guests, loss or damage shall be caused to any person or property within the Common Areas and any other real property that the Association has an obligation to repair, maintain and/or reconstruct, such Owner shall be liable and responsible for the payment of same. The amount of such loss or damage, together with costs of collection and reasonable attorneys' fees, if necessary, may be collected by the Board as an Individual Assessment against such Owner. Determination regarding any violation of this Section 7.23 shall be made by the Board and shall be final.

7.24 Lease of a Dwelling Unit. Any Owner shall have the right to lease his or her Dwelling Unit upon such terms and conditions as the Owner may deem advisable, subject to the following:

(a) No Owner may lease less than his or her entire Dwelling Unit or for a term of less than ninety (90) days (but in no event shall such lease be for transient or hotel purposes);

(b) any such lease shall be in writing and shall provide that the lease is subject to the terms of this Declaration, the Bylaws, the Articles of Incorporation and the Rules;

(c) such lease or rental agreement shall state that the failure of the lessee to comply with the terms of the Declaration, Bylaws, Articles of Incorporation or the Rules shall constitute a default and such default shall be enforceable by either the Board or the lessor;

(d) any Owner who leases his or her Dwelling Unit shall, within three (3) days after the execution of such lease, forward a copy to the Board.

Failure to comply with this Section shall not deprive the Association, the Board or any Owner of the right to enforce these Declarations in any manner.



7.25 Exemptions for the Declarant. The Declarant shall be exempt from the provisions of this Article VII to the extent that it impedes Declarant's development, construction, marketing, sales, or leasing activities.

ARTICLE VIII
EASEMENTS

8.1 Utility Easements. Easements for utilities over and across the Common Areas shall be those shown upon the Plat and such other easements as are of record and as may be established pursuant to this Declaration.

8.2 Easements for the Board of Directors. Each Lot shall be subject to an easement in favor of the Board (including its agents, employees and contractors) to perform its obligations pursuant to this Declaration.

8.3 Emergency Easements. A nonexclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance and other similar emergency agencies or persons, now or hereafter servicing The Ranch at Clover Basin Replat B, to enter upon any part of The Ranch at Clover Basin Replat B in the performance of their duties.

8.4 Recording Data Regarding Easements. The recording data for recorded easements and licenses appurtenant thereto, or included in The Ranch at Clover Basin Replat B or to which any portion of The Ranch at Clover Basin Replat B is or may become subject to are identified on Exhibit C.

8.5 Easements Deemed Appurtenant. The easements, uses and rights herein created for an Owner shall be deemed perpetual and appurtenant to the Lots owned by such Owner. All conveyances or any other instruments affecting title to a Lot shall be deemed to grant and reserve the easements, uses and rights as provided for herein as though set forth in said document in full, even though no specific reference to such easements, uses or rights appear in such conveyance.

ARTICLE IX
DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

9.1 Reservation. The Declarant reserves the following Development Rights and Special Declarant Rights, which may be exercised, where applicable, anywhere within The Ranch at Clover Basin Replat B:

- (a) To complete the improvements indicated on the Plat;
- (b) to exercise any Special Declarant Rights reserved herein;
- (c) to maintain business/sales offices, parking spaces, management offices, storage areas, nursery, construction yard, signs, advertising and model Dwelling Units;



(d) to maintain signs and advertising in the Common Areas to advertise The Ranch at Clover Basin Replat B;

(e) to use, and to permit others to use, easements through the Common Areas as may be reasonably necessary for construction within The Ranch at Clover Basin Replat B and for the purpose of discharging the Declarant's obligations under the Act and this Declaration;

(f) to appoint or remove any officer of the Association or a member of the Board during of Period of Declarant Control subject to the provisions of Section 3.9;

(g) to appoint or remove any Member of the Design Review Committee for so long as the Declarant owns a Lot (or Outlot E, if the notice requirement contained in Section 1.3(a) has not been triggered) within The Ranch at Clover Basin Replat B

(h) to amend the Declaration and/or the Plat in connection with the exercise of any Declarant Rights; and

(i) to exercise any other Declarant Right created by any other provisions of this Declaration or the Act.

9.2 Rights Transferable. The Special Declarant Rights created or reserved under this Article for the benefit of Declarant may be transferred to any Person by an instrument describing the rights transferred and recorded in Boulder County, Colorado. Such instrument shall be executed by the transferor Declarant and the transferee.

9.3 Limitations. The Special Declarant Rights shall terminate at the option of the Declarant by its written notice to the Secretary of the Association, but in any event such Rights shall terminate without further act or deed five (5) years from the date of the recording of this Declaration. Earlier termination of certain rights may occur by statute.

9.4 Interference with the Rights. Neither the Association, the Board nor any Owner may take any action or adopt any rule that will interfere with or diminish the Development Rights or the Special Declarant Rights without the prior written consent of the Declarant.

9.5 Use by Declarant. The exercise of the Special Declarant Rights by Declarant shall not unreasonably interfere with the access, enjoyment or use of any Lot by any Owner nor the access, enjoyment or use of the Common Areas; nor shall any activity be conducted that might be unsafe, unhealthy, or hazardous to any person.

9.6 Declarant's Personal Property. The Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction and maintenance of the Common Areas that has not been represented as property of the Association. The Declarant reserves the right to remove from The Ranch at Clover Basin Replat B (promptly after the sale of the last Lot or Dwelling Unit) any and all goods and



improvements (including temporary structures) used in development, marketing and construction, whether or not they have become fixtures.

ARTICLE X
INSURANCE AND CONDEMNATION

10.1 Coverage. To the extent reasonably available, the Board shall obtain and maintain insurance coverage as set forth in this Article and as required by the Act. If such insurance is not reasonably available, the Association shall cause notice of that fact to be mailed to each Owner and Mortgagee to whom a certificate of insurance has been issued at their last known address.

10.2 Property Insurance. The Board shall obtain and maintain property insurance, insuring the insurable improvements on the Common Areas for broad form covered causes of loss and on all personal property owned by the Association. The insurance will be for an amount (after application of any deductions of depreciation) equal to the full insurable replacement cost of the insured property less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, foundations, excavations and other items normally excluded from property policies.

10.3 Liability Insurance. Commercial General Liability insurance, as set forth in §38-33.3-313(b) of the Act, shall be maintained in an amount determined by the Board.

10.4 Required Provisions. Insurance policies carried pursuant to Sections 10.2 and 10.3 shall provide that:

(a) Each Owner is an insured person under the policy with respect to liability arising out of the Owner's Interest in the Common Areas and any other real property that the Association has an obligation to maintain, repair or reconstruct membership in the Association;

(b) the insurer waives the right to subrogation under the policy against an Owner or member of the household of an Owner;

(c) an act or omission by an Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will not void the policy or be a condition to recovery under the policy;

(d) if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance.

10.5 Fidelity Insurance. The Association shall obtain and maintain, to the extent reasonably available, fidelity insurance or bond coverage for any Owner or Association employee who either handles or is responsible for funds held or administered by the Association. Such insurance shall name the Association as obligee, and 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 no event shall the bond or coverage be for an amount less than the sum of two (2) months assessments plus reserve funds, as calculated from the current budget of the Association. The bond or coverage shall include a provision that calls for ten (10) days written notice to the Association, before the bond can be canceled or substantially modified for any reason. The Association must also require any independent contractor who manages the Association to obtain and maintain fidelity bond insurance coverage in the same amount, to the extent that it is reasonably available, unless they are covered under the Association's fidelity bond insurance coverage.

10.6 Workers Compensation Insurance. The Board shall obtain and maintain workers compensation insurance to the extent required by the laws of the State of Colorado.

10.7 Directors and Officers Liability Insurance. The Board shall obtain and maintain directors and officers liability insurance, if reasonably available, covering all of the directors and officers of the Association. This insurance will have limits determined by the Board.

10.8 Other Insurance. The Association may carry other insurance that the Board considers appropriate to protect the Association.

10.9 Premiums. Insurance premiums for insurance carried or to be carried by the Association shall be a Common Expense.

10.10 Procedures. The Board may adopt written nondiscriminatory policies and procedures for claims adjustment and responsibility for deductibles. To the extent the Board settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefitting from such repair or restoration for all deductibles paid by the Association. If more than one Lot or Dwelling Unit is damaged by a loss, the Board, in its reasonable discretion, may assess each Owner a pro rata share of any deductible paid by the Association.

10.11 General Provisions. All Association insurance shall be carried in blanket policy form naming the Association as insured and attorney-in-fact for the Association. The policies shall contain:

a) A standard non-contributory First Mortgagee's clause in favor of each First Mortgagee, and shall provide that it cannot be canceled or materially altered by either the insured or the insurance company until thirty (30) days prior written notice is given to the insured and each First Mortgagee;

(b) 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.

10.12 Insurance Proceeds. Any loss covered by the property insurance policy described in Section 10.2 shall be adjusted by the Board and the insurance proceeds for that loss shall be payable to the Association and



not to any First Mortgagee. The Board shall hold any insurance proceeds in trust for the Association, owners and lienholders as their interests may appear. The proceeds must be disbursed first for the repair or restoration of the damaged property, and the Owners, Association and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or reconstructed. If proceeds are distributed, the distribution shall be as the parties with interests and rights are determined or allocated by record and pursuant to the Act.

10.13 Damage to Property. Any portion of the Common Areas for which insurance is required under §38-33.3-313 of the Act or for which insurance carried by the Association is in effect, that is damaged or destroyed, shall be repaired or reconstructed by the Association in accordance with §38-33.3-313(9) of the Act.

10.14 Certificate of Insurance. An insurer that has issued an insurance policy for the insurance described in this Article shall issue certificates of insurance to the Association and, upon request, to any owner or First Mortgagee. The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each owner and First Mortgagee to whom a certificate or memorandum of insurance has been issued, at their last known address.

10.15 Condemnation. If an entire Lot is acquired by condemnation or if a part of a Lot is acquired by condemnation leaving the Owner with a remnant that may not practically or lawfully be used for any purpose permitted by the Declaration, the award must include compensation to the Owner for that Lot and its Dwelling Unit. If part of the Common Areas are acquired by condemnation, that portion of any award attributable to the Common Areas taken must be paid to the Association.

ARTICLE XI
FIRST MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers or guarantors of holders of first mortgages recorded against Lots within The Ranch at Clover Basin Replat B who qualify as an Eligible Mortgagee. To the extent applicable, necessary or proper, the provisions of this Article apply to both this Declaration and to the Articles and Bylaws.

11.1 Notices of Action. Each Eligible Mortgagee shall be entitled to timely written notice of:

(a) Any material condemnation loss or casualty loss that affects a material portion of The Ranch at Clover Basin Replat B or any Lot on which there is a first mortgage held, insured, or guaranteed by an Eligible Mortgagee;

(b) any delinquency in the payment of the Common Expense Assessment owed by an Owner whose Lot is subject to a mortgage held, insured or guaranteed by an Eligible Mortgagee or any default by such Owner



in any obligation under the Declaration, Articles of Incorporation or Bylaws of the Association if and when the Board has actual knowledge of such default and such delinquency or default remains uncured within 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 that would require the consent of a specified percentage of Eligible Mortgagees; and

(e) any material judgment rendered against the Association.

11.2 Amendment of Documents; Special Approvals.

(a) The consent of owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of at least fifty-one percent (51%) of the Eligible Mortgagees shall be required to add to or amend any material provisions of this Declaration or the Articles or Bylaws. These approval requirements do not apply to amendments effected by the exercise of any Development Rights and Special Declarant Rights. A change to any of the following would be considered material (unless they are for the purpose of correcting technical errors or for clarification only):

(i) Voting rights;

(ii) assessments, assessment liens or the priority of the assessment lien;

(iii) reserves for maintenance, repair and replacement of the Common Areas;

(iv) responsibility for maintenance and repair of any portion of the Common Areas and any other real property;

(v) right to use the Common Areas;

(vi) convertibility of Lots into Common Areas or Common Areas into Lots;

(vii) contraction of The Ranch at Clover Basin Replat B or the withdrawal of property from The Ranch at Clover Basin Replat B;

(viii) insurance or fidelity bonds;

(ix) leasing of Dwelling Units;

(x) imposition of any restrictions on an Owner's right to sell or transfer a Lot or Dwelling unit;



(xi) a decision by the Association to establish self-management of the Association, when professional management had previously been required by an Eligible Mortgagee;

(xii) any provisions that are for the express benefit of First Mortgagees.

(b) The Association may not take any of the following actions, other than rights reserved to the Declarant as Development Rights and Special Declarant Rights, without the consent of Owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of at least fifty-one percent (51%) of the Eligible Mortgagees:

(i) Reconstruction or repair of The Ranch at Clover Basin Replat B after damage due to an insurable hazard or a partial condemnation in a manner other than specified in the Project Documents;

(ii) merger of The Ranch at Clover Basin Replat B with any other planned community;

(iii) assignment of the future income of the Association, including its right to receive Common Expense Assessments;

(iv) failure to repair or reconstruct in the event of substantial destruction of any part of a Lot or the Common Areas;

(v) change the period for collection of regularly budgeted Common Expense Assessments.

11.3 Special FHLMC Provisions. The following requirements apply in addition to and not in lieu of the foregoing, unless at least sixty-seven percent (67%) of the Eligible Mortgagees (based on one vote for each first mortgage owned) or Owners (other than Declarant) have given their prior written approval, the Association is not entitled to take any of the following actions:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer any Common Areas owned directly or indirectly by the Association (excluding the granting of permits, licenses and easements for public utilities, roads or other purposes reasonably necessary or useful for the property maintenance or operation of the property or the Association);

(b) change the method of determining the obligations, assessments, dues or other charges that may be levied against an Owner;

(c) by act or omission change, waive or abandon any scheme of regulations or enforcement pertaining to the architectural design or the exterior appearance of Dwelling Units, the maintenance of the Common Areas and the upkeep of lawns and plantings in The Ranch at Clover Basin Replat B;



(d) fail to maintain fire and extended coverage on insurable Common Areas on a current replacement cost basis in an amount at not less than the full insurable value (based on current replacement cost); and

(e) use hazard insurance proceeds paid for property losses in the Common Areas for purposes other than repair, replacement or reconstruction of said property.

11.4 Implied Approval. Implied approval by an Eligible Mortgagee shall be assumed when an Eligible Mortgagee fails to submit a response to any written proposal for an amendment within thirty (30) days after said Eligible Mortgagee receives proper notice of the proposal, provided this notice was delivered by certified or registered mail with return receipt requested.

11.5 Payment of Charges. First Mortgagees may, jointly or singly, pay taxes or other charges that are in default and which may or have become a charge against the Common Areas and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of any Association policy. First Mortgagees making such payments shall be entitled to immediate reimbursement from the Association. Entitlement to such reimbursement is to be reflected in an agreement in favor of all First Mortgagees duly executed by the Association.

11.6 Books and Records. Owners and their mortgagees shall have the right to examine the books and records of the Association at the office of the Association in accordance with the procedure set forth in the Association's Bylaws.

ARTICLE XII
GENERAL PROVISIONS

12.1 Severability. In the event that any one or more of the provisions, conditions, restrictions, and covenants herein set forth shall be held by any court of competent jurisdiction to be null and void, all remaining provisions, conditions, restrictions and covenants herein set forth shall continue unimpaired and in full force and effect.

12.2 Effect. Each grantee of a Lot or property included within this Declaration, by acceptance of a deed conveying any of the Lots or properties, shall accept title subject to each and all of the restrictions, conditions, covenants and agreements herein contained, and by such acceptance, shall for himself, his heirs, personal representatives, successors and assigns, covenant, agree and consent to keep, observe, comply with and perform said restrictions, covenants, conditions and agreements. Said restrictions, covenants and agreements are intended and proposed for the direct and mutual and reciprocal benefit of each and all of said Lots and subsequent Owners thereof, and to create mutual and equitable servitudes upon each of said Lots in favor of each other Lot and reciprocal rights and obligations and privity of contract and estate among the grantees of said Lots, their respective heirs, successors and assigns.



12.3 Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as a member or owner on the records of the Association at the time of such mailing.

12.4 Enforcement. Enforcement of these covenants and restrictions shall be by a proceeding at law or in equity brought by Declarant, the Association, the Committee or an Owner against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the land to enforce any lien created by these covenants; and failure by the Declarant, the Association, the Committee or any Member to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

12.5 Titles and Headings. Titles of articles and section headings shall be disregarded in the interpretation of this document and shall have no binding effect.

12.6 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose.

12.7 Conflict. All official Association documents are intended to comply with the requirements of the Act, the Colorado Nonprofit Corporation Act and any other applicable law or regulation including but not limited to the County of Boulder. If there is any conflict between such documents and the provisions of statutes or applicable law, the provisions of the statutes or applicable law shall control. In the event of any conflict between this Declaration and any other document, this Declaration shall control.

12.8 Mergers. The Association may be merged or consolidated with another association of the same form of ownership by complying with §38-3.33-221 of the Act.

12.9 Attorneys' Fees and Costs. If any action is brought in a court of law or put into arbitration as to the enforcement, interpretation, or construction of any of the within covenants, conditions and restrictions of this Declaration, the prevailing party in such action shall be entitled to reasonable attorneys' fees as well as all costs incurred in the prosecution or defense of such action.

12.10 Numbers and Genders. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, plural the singular and the use of any gender shall include all genders.

12.11 Incorporation of Exhibits. All exhibits attached to this Declaration are incorporated into and hereby made a part of this Declaration.

12.12 Articles and Sections. Unless the contrary is clear from the context, all references to Articles and Sections are to this Declaration.



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ARTICLE XIII
DURATION AND AMENDMENT

13.1 Duration. The covenants, restrictions and obligations of this Declaration shall run with and bind the land in perpetuity until this Declaration is terminated in accordance with Section 13.7.

13.2 Amendments by Owners. Except as permitted in Section 13.4, this Declaration may be amended by the written agreement by Owners to which at least sixty-seven (67%) percent of the votes in the Association are allocated, provided, however, except as provided for in Article IX, an amendment may not: (i) change the Development Rights and Special Declarant Rights; (ii) increase the number of Lots; (iii) change the Allocated Interests of a Lot; or (iv) the uses to which a Lot is restricted, except by unanimous consent of the Owners.

Any amendment shall be effective upon the recording of the amendment together with a notarized certificate of the Secretary of the Association certifying that the requisite number of Owners and Eligible Mortgagees, if required, have given their written consent to the amendment. The Secretary shall further certify that originals of such written consents by Owners and Eligible Mortgagees, as applicable, along with the recorded amendment, are in the records of the Association and available for inspection. Each amendment to the Declaration must be recorded in accordance with §38-33.217(3) of the Act. Where a Lot is owned by more than one person, the execution of any amendment shall be valid if executed by any one Owner.

Signatures need not be notarized. The signature need not be identical to the name of the recorded Owner, but shall be sufficiently close as to be identified as a proper signature of such person. All signatures shall be irrevocable even upon death or conveyance of the Lot, except that if an amendment is not recorded within three (3) years of the date of signature, then the executing owner or their successor or assigns may revoke their signature by a written and notarized document delivered to the Secretary of the Association.

Amendments can be executed in counterparts, provided that such recorded document shall also contain a certification of the Secretary of the Association that all counterparts, as executed, are part of the whole. No action shall be commenced or maintained to challenge the validity of any aspect of any amendment of the Declaration, Articles of Incorporation or Bylaws unless it is commenced within one (1) year from the effective date of said amendment, unless fraud or willful negligence is asserted and proven.

13.3 Consent of Eligible Mortgagees. Amendments may be subject to the consent requirements of Eligible Mortgagees in Article XI.

13.4 Amendments by Declarant. Declarant reserves the right to amend, without the consent of Owners or Eligible Mortgagees, this



Declaration, the Articles of Incorporation or Bylaws, any time within the limitations set forth in Section 9.3, as follows:

(a) To make nonmaterial changes, such as the correction of a technical, clerical, grammatical or typographical error or clarification of a statement;

(b) to comply with any requirements of any of the Agencies or to induce any of the Agencies to make, purchase, sell, insure or guarantee First Mortgages;

(c) to comply with any requirements of the Act.

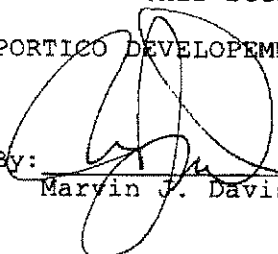
13.5 Consent of Declarant Required. Notwithstanding any other provision in this Declaration to the contrary, any proposed amendment of any provision of this Declaration shall not be effective unless Declarant has given its written consent to such amendment, which consent shall be evidenced by the execution by Declarant of any certificate of amendment. The foregoing requirement for consent of Declarant to any amendment shall terminate at the option of the Declarant by its written notice to the Secretary of the Association, but in any event, shall terminate without further act or deed in accordance with the limitations set forth in Section 9.3.

13.6 Expenses. All expenses associated with preparing and recording an amendment shall be allocated in accordance with §3833.3-217(6) of the Act.

13.7 Termination. Except in the case of a taking of all the Lots by condemnation, The Ranch at Clover Basin Replat B may be terminated only by agreement of owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated, as more fully set forth in §38-33.3-218 of the Act and the approval of at least sixty-seven percent (67%) of the Eligible Mortgagees.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this Declaration this 08th day of MARCH, 1999.

PORTICO DEVELOPEMNT COMPANIES LLC

By: 
Marvin J. Davis, Manager

STATE OF COLORADO)
) ss.
COUNTY OF _____)



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Boulder County Clerk, CO PROT CNTS R 235.00 D 0.00

The foregoing was acknowledged before me this _____ day of _____, 1999, by Marvin J. Davis as Manager of Portico Developemnt Companies LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires: _____

NOTARY
SEAL

Notary Public



EXHIBIT A

TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF THE RANCH AT CLOVER BASIN REPLAT B

All Lots, Parcels and Outlots in The Ranch at Clover Basin Replat B
(excluding Common Areas)

Lots 1 through 53, inclusive,
The Ranch at Clover Basin Replat B,
according to the recorded plat thereof,
Boulder County,
County of Boulder,
State of Colorado

Parcels A, B and C
The Ranch at Clover Basin Replat B,
according to the recorded plat thereof,
County of Boulder,
State of Colorado

Outlots
The Ranch at Clover Basin Replat B,
according to the recorded plat thereof,
County of Boulder,
State of Colorado



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EXHIBIT B

TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF THE RANCH AT CLOVER BASIN REPLAT B

All Common Areas in The Ranch at Clover Basin Replat B

Outlots A, B, and C
The Ranch at Clover Basin Replat B,
according to the recorded plat thereof,
Boulder County,
County of Boulder,
State of Colorado



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Boulder County Clerk, CO PROT CVNTS R 235.00 D 0.00

EXHIBIT C

TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF THE RANCH AT CLOVER BASIN REPLAT B

Easements and Reservations of Record That
The Ranch at Clover Basin Replat B is or may Become Subject To
