

DECLARATION OF PROTECTIVE COVENANTS
OF PARADISE VALLEY ESTATES
LARIMER COUNTY, COLORADO

R E C I T A L S:

1. Declarant is the Owner in fee of all the lands according to and identified in the recorded Plat of Paradise Valley Estates, located in the North Half of Section 8, Township 4 North, Range 69 West of the Sixth P.M., Larimer County, Colorado. Such development and lands being sometimes referred to hereafter as the "Property".

2. It is the intention and desire of the Declarant to set forth this Declaration of Protective Covenants in order to promote the harmonious and attractive development of the Property for the health, comfort, safety, convenience, and general welfare of the present and subsequent Owners of the Property and each portion thereof.

NOW THEREFORE, Declarant hereby declares that the Property is subject to the following protective covenants which shall run with the land for the benefit of and be binding upon each present and subsequent Owner of any right, title or interest in any portion of the Property and their respective heirs, grantees, successors, representatives, and assigns.

DEFINITION OF TERMS

As used in this Declaration, the following terms shall have the meanings indicated:

Architectural Control Committee. The Committee described in Article II of this Declaration.

Articles of Incorporation. The Articles of Incorporation of the Association as the same may be amended from time to time.

Association. A Colorado nonprofit corporation formed or to be formed by Declarant, the members of which shall be all of the several Owners of the Lots within the Property.

Board. The duly elected Board of Directors of the Association.

Bylaws. The duly adopted Bylaws of the Association as the same may be amended from time to time.

Colorado Common Interest Ownership Act. The Colorado statutes known as the "Colorado Common Interest Ownership Act", which is now codified as Article 33.3 of Title 38, Colorado Revised Statutes, as may from time to time hereafter be amended.

✓ PLANT

Common Elements. The areas identified in the recorded Plat as: Paradise Valley Drive; Jones Place, Luly Lane; Doyle Drive; Shoreside Drive; Luvesta Court; Morningdove Lane; Outlot A; Outlot B; Outlot C; Outlot E; Tract A; Tract B; Tract C; and, Tract F; and any addition to the Common Elements that may hereafter be made. Outlots B and C are subject to an easement for the Handy Ditch; and while such Outlots are subject to such an easement, they shall not be a Common Element for which the Association shall have responsibility for maintenance for those portions used for such ditch purposes, and any access and use of such Outlot by the Association and Lot Owners is subject to the terms of such easement. Tract D is subject to an easement to the Consolidated Home Supply and Reservoir Company; and while such Tract is subject to such an easement, it shall not be a Common Element for which the Association shall have responsibility for maintenance, and any access and use of such Tract by the Association and Lot Owners is subject to the terms of such easement; upon termination of such easement, Tract D shall thereupon become a Common Element. Reference to the streets in the subdivision above, includes reference to appurtenant improvements of a public nature, including the roadway, and any curbs, gutters, drainage structures, sidewalks and similar associated facilities. Such Common Elements do not include any main or distribution or service utility lines which may lie within such streets. Reference to any Outlot or Tract as a Common Element also includes as such Common Element any storm water drainage facilities and structures.

Dealer. Means a person in the business of constructing homes or selling Lots for such person's own account.

Declarant. The Owner of the Property whose signature is affixed to this Declaration, and any successor or assign to Declarant's Rights hereunder with respect to Declarant Control.

Declarant Control. Rights reserved to the Declarant to control the Association, and the Architectural Control Committee.

Declarant's and Dealers' Facilities. Facilities as in the sole opinion of the Declarant may be reasonably required, convenient, or incidental to the construction, management and sale of the Lots and residences thereon by Declarant or Dealers, including but not limited to, business offices, storage areas, construction yards, model homes, signs, and sales offices.

Declarant's Rights. Rights reserved to the Declarant by this Declaration.

Declaration. This Declaration as amended, changed, or modified from time-to-time.

Dwelling. Means and refers to a single-family residential dwelling constructed on a Lot.

Improvement. Means and refers to any dwelling, outbuilding, shed, garage, fence, wall, pad, driveway, walkway, parking area, curb, clotheslines, berm, deck, patio or other structure or improvement of any kind.

Large Animal Lot. Means and refers to Lots 18, 19 and 20.

Lot or Lots. Means the Lots as shown on the Plat, and any other Lots hereafter created within or added to the Property. It does not include any area identified on the Plat as a Tract or Outlot.

Owner. The record fee Owner, or Owners if more than one of a Lot, including Declarant so long as Declarant owns any Lot. Owner shall include the seller of a Lot under any executory contract for sale or installment sale contract. Owner shall not include any person holding a mineral interest or holding an interest solely as security for satisfaction of an obligation.

Plat. The Plat of Paradise Valley Estates, County of Larimer, State of Colorado as recorded in the records of the Larimer County Clerk and Recorder. If additional lands are hereafter added to the Property, the term shall also include the plat(s) of such additional lands.

Property. All of the real Property shown on the Plat, and any other real property hereafter added.

Purchaser. Purchaser means a person, other than a Declarant or a Dealer who by means of a transfer acquires a legal or equitable interest as an Owner in a Lot, other than: (a) a leasehold interest in a Lot of less than forty (40) years, including renewal options, with the period of the leasehold interest, including renewal options, being measured from the date the initial term commences; or (b) a security interest.

Single-Family. Means and refers to an individual, or a group of persons related by blood or marriage, or a group of not more than three persons who are not all related to each other by blood or marriage living together.

Successor. When used in connection with the Declarant, means one or more persons (other than a Purchaser) who have been assigned or otherwise succeeded to all or a portion of Declarant's Rights. Whether or not specifically so stated, any right exercisable by Declarant shall also be exercisable by a Successor to whom Declarant has assigned such rights.

ARTICLE I
LAND USE CONTROL

1.00 Application of Article I Provisions--Limited Application to Lot 1-- Notice of Agricultural Operations. The provisions of this Article I apply to all Lots, with the exception of Lot 1, to which application is limited. Except as specifically stated otherwise in this paragraph and paragraphs 1.02.1, 1.03, 1.09.1, 1.09.3, 1.09.3.1, and 1.09.4, Lot 1 is excluded from the application of the provisions of this Article I and therefore the provisions do not restrict Lot 1, except as so specifically provided. However, the provisions of Article I are for the benefit of Lot 1, as well as the other Lots, and therefore the Owner of Lot 1 has the same rights and remedies for enforcement of the provisions of Article I as that of any other Lot Owner. The Owner of Lot 1 also has the same rights as any other Lot Owner to vote upon any matter arising from or in connection with the provisions of the Declaration, including without limitation, Article I. It is anticipated that in addition to a single family dwelling, agricultural activities will take place upon Lot 1, and on other lands surrounding the Property. Each person acquiring an interest in a Lot is hereby placed on notice that such agricultural activities can potentially create dust and noise and odors, and the use of chemicals in connection with farming operations is necessary, common and often undertaken. Slow moving vehicles, and farming operations taking place throughout the week and on weekends, in late evening and early morning and occasionally throughout the night can be expected. By acceptance of an interest in a Lot each Owner is accepting such potential effects of agricultural activities. Those who may find such agricultural activities and the effects thereof offensive should acquire property in more urban settings.

1.01 Land Use and Building Type. Except as may expressly be provided otherwise in this Declaration, no Lot shall be used for purposes other than for single-family residential purposes, and for any home occupation which is in compliance with this Article I and is permitted by applicable zoning regulations. Except for Declarant's Facilities or Dealers' Facilities approved by Declarant, no building, other than approved outbuildings, shall be erected, altered, placed or permitted to remain on any Lot other than one detached single-family dwelling not to exceed thirty-five (35) feet in height (when viewed from the side of the dwelling determined by the Architectural Control Committee to contain the front entrance to the dwelling) and a private attached garage. For purposes of determining the height of the dwelling, the Architectural Control Committee will determine the grade level to use as the reference point for determining height, and a walkout basement shall not be included in the calculation of height unless the walkout basement is on the same side of the dwelling as the front entrance. In addition, the Architectural Control Committee may approve placement on a Lot of outbuildings in accordance with paragraph 1.04 below, if the Committee finds that such structure is compatible with the harmonious and attractive appearance of the Lot and is of satisfactory design and quality. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for the Declarant and its builders, agents, employees, successors and assigns to maintain Declarant's Facilities,

and for Declarant to authorize Dealers to maintain Dealers' Facilities, on the Property during the period of construction and sale of the Lots.

1.02 Architectural Control Committee Approval Required - Application to Lot 1. Except for Declarant's Facilities or Dealers' Facilities approved by Declarant, no Improvement shall be erected, placed, maintained, or altered on any Lot unless they are in compliance with this Declaration and all required plans and specifications related thereto have been first submitted to and approved by the Architectural Control Committee in accordance with the provisions of Article II.

All dwellings and other buildings, shall have finished exteriors and roofs of a type and of a material approved by the Architectural Control Committee. Domes, mansard roofs, flat roofs or other unusual roof style, or roofs having a pitch of less than five/twelve shall require the specific approval of the Architectural Control Committee.

It is the intent of this Declaration to allow the Architectural Control Committee to exercise full discretion in the approval and denial of any Improvement so as to create a development that compliments the character of the Property, and to foster compatible designs which are harmonious with the development of the Property. Therefore, in addition to, and notwithstanding, the other provisions of this Article I, and those set forth in Article II, the Architectural Control Committee shall have the absolute and unfettered authority and discretion to approve or deny any Improvement so as to provide, in the view of the Architectural Control Committee, the best use and the most appropriate development and Improvement of each Lot so as to protect the Owners of building sites against inappropriate use of surrounding Lots as will depreciate the value of the Lots; to guard against the erection of poorly designed structures, and structures built of improper or unsuitable materials; to obtain harmonious color schemes; to provide the highest and best development of said Property; to encourage and secure the erection of attractive homes and other permitted structures thereon, with appropriate locations thereof on Lots; to prevent haphazard and inharmonious improvement of Lots; to secure and maintain proper setbacks and in general to provide adequately for an appropriate type and quality of Improvements on said Lots and thereby enhance the value of Improvements on the Lots. In furtherance of these powers, the Architectural Control Committee may, but is not required to, adopt from time to time, guidelines for development, including, but not limited to, construction materials, exterior finishes and colors, landscapes and fence design and materials, exterior lighting and ornaments, and architectural style; and may amend, revoke, and modify in whole or in part all or any part thereof from time to time.

1.02.1 Application to Lot 1. The provisions of this paragraph 1.02 shall apply to any dwelling, barn or outbuilding (but not any fencing or landscaping which is outside the building envelope for the dwelling) erected, placed, maintained, or altered upon Lot 1; provided, however, that the Architectural Control Committee shall take into account the unique nature of the usage of Lot 1 for agricultural related purposes, as well as dwelling

purposes. Accordingly, approval of barns or outbuildings upon Lot 1 shall not be denied based solely upon the usage of such structure for agricultural related purposes. However, the Architectural Control Committee may deny approval of such structures based upon the application of the provisions above related to design, location, materials and workmanship, taking into account the unique nature of Lot 1. For purposes of this paragraph 1.02.1, the phrase "agricultural related purposes" means the cultivating of soil and production of crops, the raising, breeding and grazing of livestock of all types, the preparation of and disposal of agricultural products, general farm and ranch and equestrian and related activities, and the storage of materials and equipment in connection with such agricultural purposes; the phrase does not mean or include feedlots, commercial poultry farms, kennels or other high intensity animal operations.

1.03 Dwelling Quality and Size- Application to Lot 1. Dwellings must be built on-site and no prefabricated, or off-site manufactured, or previously built, or modular home shall be permitted upon any Lot. A dwelling may include as a part thereof a private garage integrated into the structure capable of housing no less than three (3) passenger cars. The Architectural Control Committee may approve a detached garage as an outbuilding on a Lot. The Architectural Control Committee is vested with the authority to adopt from time to time minimum and maximum permissible area of dwellings and the apportionment of area between the first floor and other floors or basement areas; provided that, in no event shall any single-story dwelling have less than 2400 square feet of living space, and no multi-level dwelling have less than 2700 square feet of living space. The determination of what constitutes living space within a dwelling for such area calculations shall be within the sole discretion of the Architectural Control Committee. The Architectural Control Committee shall be vested with the sole determination as to what constitutes the first floor of a dwelling and what constitutes a story and basement for purposes of this Article I, and such determination with regard to any proposed dwelling shall be final and binding upon the Owner. For purposes of this Section, unless a different standard is adopted by the Architectural Control Committee, the square footage of finished living area shall be calculated by the exterior measurement of living area only, excluding basement and garden level areas (whether or not there is a basement or garden level walkout) and attic areas, garage, porches, balconies, decks, lofts, patios, and open spaces. In no event shall any roof line or architectural feature of any dwelling exceed thirty-five (35) feet in height above finish grade immediately adjacent to the front entrance (as determined by the Architectural Control Committee) of the dwelling. The provisions of this paragraph 1.03 shall apply to the dwelling upon Lot 1.

1.04 Outbuildings. All outbuildings are subject to the prior approval of the Architectural Control Committee in accordance with the provisions of this Declaration. In addition to a single-family dwelling, the Architectural Control Committee may, but is not required to, approve the following outbuildings for a Lot:

1.04.1 Detached Buildings. Each Lot may have: (i) one (1) detached utility outbuilding which, unless otherwise approved by the Architectural Control Committee, shall not exceed 150 square feet and a height not to exceed twelve (12) feet at the roof peak which may be used for storage or other use permitted by this Declaration; and (ii) one structure such as a gazebo, pool house, or hot tub enclosure; and (iii) a detached garage. In addition, Large Animal Lots may have a barn or loafing shed.

1.05 Building Location. No building, fence or other structure shall be placed in any area shown on the Plat as a "buffer area" where building is not allowed. Except for Declarant's facilities and fences approved by the Architectural Control Committee, all structures located on any Lot which has a building envelope set forth upon the plat shall be within the building envelope. Lots without an identified building envelope shall be subject to the following minimum setbacks:

1.05.1 Street-Front Setback: Notwithstanding any other provision of this Section 1.05, except for fencing approved by the Architectural Control Committee, all buildings and structures shall be constructed no closer than fifty (50) feet to any property line of the Lot abutting a street. The setback requirements for fencing, if any, shall be as established from time to time by the Architectural Control Committee.

1.05.2 Rear Setback: All buildings and structures, except any fencing approved by the Architectural Control Committee, shall be constructed no closer than thirty (30) feet from the rear property line of the Lot.

1.05.3 Side Setbacks: All buildings and structures, except as otherwise required by paragraph 1.05.1 above and except any fencing approved by the Architectural Control Committee, shall be constructed no closer than thirty (30) feet from the side property lines of the Lot.

1.05.4 Corner Lots: The Architectural Control Committee shall determine for corner Lots the front, side and rear lot lines, which determination shall be conclusive and binding on the Owner.

1.05.5 Measurement: In the discretion of the Architectural Control Committee, eaves, steps, and open porches, of reasonable size, shall not be considered an encroachment onto the foregoing set-backs.

1.06 Easements. Easements for installation and maintenance of utilities are reserved as shown on the Plat. Within these easements no structure, planting, or other material, other than any fencing or landscaping approved by the Architectural Control Committee, shall be placed or permitted to remain which may damage, or interfere with the installation and maintenance of, utilities. The easements area of each Lot and all landscaping and Improvements on it shall be maintained continuously by the Owner of the

Lot. An Easement for Handy Ditch is also set forth upon the Plat and no structures or plantings shall be placed or maintained within such easement without permission of Handy Ditch. Owners of Lots are further bound to certain provisions of an easement and an agreement between Declarant and Handy Ditch, and an easement and an agreement between Declarant and the Consolidated Home Supply Ditch and Reservoir Company, as described therein, upon the terms, conditions and to the extent set forth in such documents which are or shall be placed of record in the records of the Clerk and Recorder of Larimer County, Colorado. There are also easements on the Property for the Little Thompson Water District and the Town of Berthoud, and Lots affected by such easements are subject to the same.

1.07 Time for Construction and Repair. The construction of a Dwelling, structure, landscaping, or any other Improvement approved by the Architectural Control Committee, shall be commenced within six (6) months of approval of the plans by the Architectural Control Committee and Owner shall diligently proceed with construction. The improvement shall be fully completed within twelve (12) months after the date of commencement of the construction. The Architectural Control Committee may grant extension of the foregoing time periods upon a showing by Owner of good cause, as determined in the sole discretion of the Architectural Control Committee. In the event any structure is destroyed either wholly or partially by fire or other casualty, all debris and remaining portions of the structure shall be promptly removed from the Lot, and the structure shall be promptly rebuilt or remodeled to conform to this Declaration. All repairs or reconstruction of dwellings, fences or other structures or other Improvements, whether due to wear and tear or other causes shall be subject to and in accordance with the covenants herein, and repair and reconstruction thereof shall be completed no later than one (1) year from the date of damage. If required by the Architectural Control Committee, the Owner of a Lot upon which construction, or repair or reconstruction, of any Dwelling, structure, or other Improvement, is to be performed shall deliver to the Association a deposit ("the Deposit") in an amount to be determined by the Architectural Control Committee from time to time. The Deposit shall be returned to the Owner within thirty (30) days after the Improvement has been timely completed in conformity with the approved plans and specifications, and all debris has been removed from the Lot. If the Improvement has not been timely completed, or has not been completed in conformity with the approved plans and specifications, or if debris has not been removed from the Lot, then the Association shall have the right, but not the obligation, to enter upon the Lot if it deems appropriate and complete the Improvements in conformity with the approved plans and specifications and remove debris and deduct the cost thereof from the Deposit, and to apply the balance of the Deposit to any attorney fees and other costs which may be incurred due to the breach by the Lot Owner of compliance with the provisions of this Declaration. At such time as the Lot has been placed in conformity with the provisions of this Declaration, the balance of the Deposit, if any, shall be returned to the Owner within thirty (30) days following attainment of compliance. If the Deposit is not sufficient to cover the costs of completing the Improvements or removing the debris or the costs and expenses of enforcement of this Declaration due to Owner's breach, the amounts not so satisfied by the Deposit shall be recoverable as a special assessment against the Owner and the Lot.

1.08 Nuisance. Each Lot shall at all times be maintained in a clean and tidy condition and shall not be used for any purpose or storage of anything that will cause such Lot to appear in an unclean or unsightly condition. No Lot shall be used in such a manner as to interfere with the enjoyment of other Lots by unreasonable traffic, noises, lights, odors, or other unreasonable activities or conditions, nor shall any nuisance or illegal activity be committed or permitted to occur on any Lot. No exterior horn, whistle, bell, or other sound devices except security devices used exclusively to protect the security of the Lot and the Owners or occupants thereof shall be placed or used on any part of the Lot. All power and motorized equipment, including mowers, snowblowers, tractors and any other motorized equipment used on any Lot must be properly equipped with mufflers so as to reduce to the degree practicable the noise of operation. Any power equipment used on a Lot shall be housed within the garage or a building, if any, approved for such use by the Architectural Control Committee, and doors and windows shall be closed to minimize to the greatest extent possible the noise of operation.

1.09 Animals. Except for the specific provisions below regarding the keeping of household pets and small and large animals, no animals will be kept on any Lot.

1.09.1 Household Pets. Household pets such as dogs, cats, and such other household pets which may be specifically approved from time to time by the Architectural Control Committee hereafter, may be kept on a Lot, provided that, unless otherwise authorized by the Architectural Control Committee, no more than a total of six (6) such household pets (of which no more than three (3) shall be adult dogs and no more than three (3) shall be adult cats, and their unweaned offspring, may be kept on any Lot. No such household pets may be kept, bred, or maintained for any commercial purposes and the manner of keeping such animals shall not be allowed to result in any unsanitary conditions or a nuisance or annoyance to the occupants of other Lots. The Architectural Control Committee may adopt from time to time such rules and regulations as it deems appropriate regarding the type of animals recognized as household pets and requirements for keeping such household pets on any Lot. Household pets shall be properly housed and penned or fenced in enclosures approved by the Architectural Control Committee to confine them to the Lot and shall not be allowed to roam. The Architectural Control Committee shall not approve the keeping of any swine on a Lot. The provisions of this paragraph 1.09.1 apply to Lot 1.

1.09.2 Large and Small Animals. Large and small animals (as defined in this paragraph 1.09.2) may be kept only on a lot defined in this Declaration as a Large Animal Lot. Subject to the prior approval of the Architectural Control Committee, a total of four animal units (and their un-weaned or non-adult off-spring) may be kept on a Large Animal Lot. An animal unit is a small animal unit, or a large animal unit, as defined in this paragraph 1.09.2. A large animal unit is one of the following adult animals: one cow, one horse, one llama, one vicuna, one emu, one ostrich, one rhea, or one of any other animal hereafter designated and approved from time to time hereafter by the Architectural Control Committee as a permissible large animal. One small animal unit shall be: a) two adult goats

or sheep; or b) four adult chickens, ducks, geese or other small poultry or birds (excluding emus and ostriches). No such large or small animals may be kept, bred, or maintained for any commercial purposes and the manner of keeping such animals shall not be allowed to result in any unsanitary conditions or a nuisance or annoyance to the occupants of other Lots. The Architectural Control Committee may adopt from time to time such rules and regulations as it deems appropriate regarding the type, quantity and requirements for keeping such large and small animals on any Lot, and in doing so may take into consideration the vegetation and type of irrigation available, the carrying capacity of the Lot, the type and necessity of shelter for the animals, the manner in which the owner has maintained the vegetation cover and control of weeds on the Lot, and such other considerations as the Architectural Control Committee may from time to time deem germane. Any decision by the Architectural Control Committee regarding the type and number of animals which may be kept upon any Lot, shall not be effective unless and until it has been reduced to writing. Any such decision may be later rescinded or modified by the Architectural Control Committee, and any Owner affected by such rescission or modification shall have a reasonable time, not to exceed forty-five (45) days, to comply with such rescission or modification. All animals shall be properly housed and penned or fenced in enclosures approved by the Architectural Control Committee to confine them to the Lot and shall not be allowed to roam. Unless otherwise approved by the Architectural Control Committee, dog pens and runs shall be within thirty (30) feet of the dwelling on the Lot. The Architectural Control Committee shall not approve the keeping of any swine on a Lot.

1.09.3 Nuisance Animals. In the event that any dog, cat or other large or small animal which is allowed to be kept on any Lot becomes a nuisance due to excessive noise or other behavior or conditions, an Owner may file a complaint with the Association, which complaint shall be forwarded to the Owner of the Lot upon which the nuisance animal is located. The Board may establish from time to time procedures for handling such complaints, and if the complaining party is not satisfied with the outcome at completion of the Board established procedure, the complaining party may request the Association to direct the Owner of the Lot to take specific remedial action; in which event, by a majority vote of the Board of the Association, the Board may direct an Owner to take specific remedial action to be completed within a reasonable time as the Association deems proper, and at the expiration of such time provided for remedial action, the Association shall have the right to require the Owner to remove the nuisance animal if by a vote of the Board, it is determined that the situation has not been properly corrected. The provisions of this paragraph 1.09.3 apply to Lot 1.

1.09.3.1 Barking Dogs. It is recognized that barking or howling dogs may be a primary source of nuisance, and notwithstanding the foregoing, the provisions of this paragraph 1.09.3.1 shall apply to complaints regarding noisy dogs. Any dog which has barked and/or howled continuously for a period in excess of 10 minutes shall be deemed to be a nuisance animal if such noise is audible at the boundary of the Lot upon which the animal is kept. If a Lot Owner has been given two written notices of violation of this paragraph 1.09.3.1 within any 12 month period, upon the third such violation within any 12

month period the Owner shall be required to either remove the dog from the Lot or keep the dog in a completely enclosed structure on the Lot from which such noise shall not be audible at the boundary of the Lot. The provisions of this paragraph 1.09.3.1 apply to Lot 1.

1.09.4 Animal Units Applicable to Lot 1. No more than twenty animal units (as defined in paragraph 1.09.2) shall be kept on Lot 1, unless the Architectural Control Committee has approved a greater number. The Architectural Control Committee may condition such approval upon reasonable requirements for proper shelter, fencing, and land management being met at all times for the continued keeping of such animals.

1.10 Commercial Uses. Other than the activities of Declarant and Dealers, no Lot shall be used for any business, trade, or commercial use, except such home occupations as are otherwise in compliance with this Declaration and permissible under the zoning regulations which from time to time are in effect. Any such home occupation must meet any policy or decision adopted by the Architectural Control Committee regarding home occupation, must be fully carried out within the dwelling unit on the Lot, and may not be conducted in such fashion as to constitute a nuisance or violate any provision of this Declaration. Any such decision or policy adopted by the Architectural Control Committee may be later rescinded or modified by the Committee, and any Lot Owner affected by such rescission or modification shall have a reasonable time, not to exceed forty-five (45) days, within which to comply with such rescission or modification.

1.11 Maintenance of Lots and Improvements. Owners of Lots shall keep or cause to be kept all buildings, fences, structures, landscaping and other Improvements in good repair. Rubbish, refuse, trash, litter, lumber, junk, boxes, bottles, cans, garbage, and other solid, semi-solid, and liquid waste shall be kept within sealed sanitary containers, shall not be allowed to accumulate, and shall be disposed of in a sanitary manner. All such containers shall be maintained in a good, clean condition and no such containers shall be stored outside, unless the Architectural Control Committee first approves appropriate screening, and each Lot Owner shall arrange for the removal, no less than weekly, of all such waste. No lumber or other building materials shall be stored or permitted to remain on any Lot unless screened from view in a manner approved by the Architectural Control Committee, except for those materials reasonably necessary to be stored on the Lot during construction of Improvements.

1.12 Signs. No sign of any kind shall be displayed to the public view on any Lot except signs erected by Declarant to identify the Property, and except: (i) one sign of not more than five (5) square feet advertising the Lot for sale or rent; (ii) signs used by Declarant or those of Dealers or a builder approved by Declarant to advertise the Property or Lot(s) during the construction and sales period; and (iii) such other signs as the Architectural Control Committee may, from time to time, approve.

1.13 Fences. Except those installed by Declarant, no fence, wall, hedge or other plantings which will act as a screen or divider shall be installed or maintained without first being approved by the Architectural Control Committee. The acceptable height, style,

material, design and color of fencing shall be as the Architectural Control Committee may from time-to-time determine. All fences, walls, hedges and plantings adjacent to public roads shall be in compliance with any applicable site line requirements established by the governmental authority having jurisdiction. All fences, walls, hedges, and shrub plantings shall be maintained in a clean, neat, and orderly condition at all times. In the exercise of its discretion, the Architectural Control Committee may require fencing on any Lot.

1.14 Vehicles. No bus, large commercial or construction type vehicles (including by way of example and not in limitation, dump truck, cement mixer truck, oil or gas truck, delivery truck, backhoe, bulldozer, or semi-tractor or trailer) shall be parked, stored or kept on any streets of the Property or outdoors on any Lot by an occupant of or visitor to a Lot; except those of Declarant, or while reasonably necessary during construction of Improvements, or as allowed by paragraph 1.25. Recreational vehicles, utility or recreational trailers or horsetrailer, boats and boat trailers, and recreational or other equipment ("Accessory Vehicle"), shall not be stored outdoors on any Lot unless on slabs with screening approved by the Architectural Control Committee, or in accordance with any policies hereafter adopted by the Architectural Control Committee from time to time regarding such storage, and unless otherwise approved by the Architectural Control Committee, no more than three (3) Accessory Vehicles shall be kept outdoors on any Lot. The Architectural Control Committee can at any time modify or rescind its policies regarding such outdoor storage and every Lot Owner shall comply with such rescissions or modifications within forty-five (45) days of notice from the Architectural Control Committee of the change in policy. Except for: (i) Accessory Vehicles allowed; and (ii) vehicles of short-term visitors; and (iii) as allowed in paragraph 1.25; no more than four (4) vehicles shall be parked outdoors on any Lot. No junk or inoperative vehicles shall be stored or permitted to remain on any Lot unless within fully enclosed garages. For purposes of this provision, any unlicensed vehicle, or any disassembled or partially disassembled car, truck, or other vehicle, or any vehicle which has not been moved under its own power for more than one (1) week, shall be considered an inoperative vehicle. No work of automobile repair or maintenance shall be performed except such work as is performed by the occupant of such Lot upon the occupant's vehicles and all such work shall be performed within the confines of an Owner's garage.

1.15 Fires and Firearms. There shall be no exterior fires permitted on any Lot except barbecue fires contained within receptacles specifically designed for such purposes. No Owner shall permit any conditions on his Lot which create a fire hazard or are in violation of fire prevention regulations. No firearms shall be discharged within or on any Lot.

1.16 Towers, Masts, Antennas, Solar Panels, Mechanical Units and Satellite Dishes. No devices for transmission or reception of microwave, optical, radio, television, or other communication signals, including by way of example and not in limitation, antennas, masts, towers, satellite dishes; and no heating, ventilating or air conditioning units, solar panels, or other similar objects shall be placed on the roof or exterior of any building, or elsewhere on

a Lot, unless first approved by the Architectural Control Committee. Unless otherwise permitted by the Architectural Control Committee, all such approved facilities shall be appropriately screened, or architecturally integrated into and fully contained within the roof or exterior of dwellings and shall not significantly project from the surrounding surfaces. The allowance of and the placement of all such units is, to the fullest extent possible by law, restricted to the sole discretion of the Architectural Control Committee.

1.17 Storage of Dangerous Materials. No underground or above-ground storage tanks of any character shall be allowed on any Lot. No gasoline, paint or any other toxic, hazardous or flammable materials shall be stored on any Lot in quantities in excess of 15 gallons, unless written approval thereof is obtained from the Architectural Control Committee, and such storage is in compliance with all applicable safety standards and regulations.

1.18 Maintenance of Easements and Landscaping. The Owner of each Lot shall be responsible for at all times properly maintaining the landscaping and to control and eradicate weeds on such Lot, including without limitation, all utility and other easements. If the Owner of any Lot fails to so maintain such areas on their respective Lots, the Association shall be empowered, but is not required, to enter onto such Lots and undertake such steps as necessary to maintain or restore the same, and the cost thereof shall be charged against the Owner of the respective Lot and shall be recoverable as a special assessment against the Owner and the Lot. Each Lot shall be required to have established ground cover of a type approved by the Architectural Control Committee within such times as may from time to time be set forth in the applicable governmental ordinances, guidelines adopted by the Architectural Control Committee, whichever requires the earliest installation; provided, that, if no such ordinances or guidelines are adopted or in effect, each Lot shall have the front yard established in approved ground cover and plant materials within nine (9) months of issuance of a certificate of occupancy for the dwelling. For good cause, the Architectural Control Committee may approve an extension of such time period. Use of plants on the Larimer County plant list is recommended for areas on Lots that contain or are near wildlife habitat areas.

1.19 No Subdivision of Lots. No Lot shall hereafter be subdivided except by Declarant.

1.20 Drainage and Soil Conditions.

1.20.1. Soil Conditions. Many soils within the State of Colorado consist of both expansive soils and low-density soils which may adversely affect structures if the structure is not properly designed and maintained and appropriate drainage provided and maintained. The soils can consist of soils that swell, as well as soils that shrink. Engineered foundations for all construction on the Property are recommended. Soils may also contain substances producing radon gas.

1.20.2. Action by Owner. The Owner of each Lot agrees to obtain plans and specifications from a qualified engineer for the foundation of any structures, and for grading and other methods of control of water flow on and across the Lot in compliance with any grading and drainage plan for the Property approved by the County of Larimer. Each Owner of any Lot is required to comply with the recommendations of such engineer and to at all times take appropriate action to not impede or hinder waters falling upon or flowing across the Lot in the manner intended by the applicable grading and drainage plans and recommendations for the Lot and the grading and any drainage plan approved by the County of Larimer for the entire Property. Each Owner of a Lot shall use his or her best efforts to assure that the moisture content of those soils supporting the foundation and the concrete slabs forming a part of the dwelling constructed thereon remain stable and shall not introduce excessive water into the soils.

1.20.3. Declarant Not Liable. The Declarant shall not be liable for any loss or damage arising from or in any way connected with soil conditions on any Lot, including by way of example and not in limitation, radon gas, expansive or shrinking soils, subsurface water conditions or the flow of waters on, across, through or under any Lot.

1.21 Driveways and Parking Areas. No occupant of or visitor to a Lot shall park any vehicle overnight on any streets in the Property. Appropriately surfaced private driveways and parking areas are required. Materials approved by the Architectural Control Committee shall be used for such surfacing. Except for those installed by Declarant, no driveway, parking pad, patio, or other paved, graveled, or hard surfaced area shall be placed on any Lot, or altered, unless first approved by the Architectural Control Committee.

1.22 Exterior Lighting and Utilities. No street lights shall be placed within the Property. Exterior lighting shall be designed so as not to unreasonably interfere with the use and enjoyment of other Lots. All exterior lighting shall be subject to approval by the Architectural Control Committee and shall be designed and located so as to be compatible with and integrated into the structures on any Lot and the character of the development of the Property. The Architectural Control Committee shall have full discretion to approve and deny exterior lighting to minimize impact on adjacent Lots in the Property and minimize the impact of exterior lighting on viewing the night sky and avoiding the appearance of a brightly lit complex. Unless previously approved in writing by the Architectural Control Committee, no Owner shall install mercury vapor or sodium or high-wattage incandescent or similar type of bright, broad-area or flood or spot lighting on a Lot, and no owner shall allow exterior lighting to be on continuously or during significant portions of the evening hours other than low wattage porch, patio, walkway or other similar lighting which has been specifically approved for the Lot for that purpose by the Architectural Control Committee. All electric, telephone, and other utility lines are to be placed underground. Each Lot Owner is responsible for design, approval by health officials, construction and maintenance of adequate individual septic systems. No domestic waste water shall be allowed to run upon or remain upon any Lot except through the properly operating septic system approved by the health officials having jurisdiction. Each Lot Owner shall at all times keep and maintain the

septic system and appurtenant leach fields or other facilities related thereto in proper and sanitary operating condition.

1.23 Mining. No exploration for or extraction of any sand, gravel, oil, gas, mineral or other subsurface material shall be performed on any part of any Lot and no part of any Lot shall be used for the storage, processing or refining of any such substance.

1.24 Clotheslines. No clothesline shall be installed or maintained on any Lot unless approved by the Architectural Control Committee, and no clothesline shall be approved unless it is retractable.

1.25 Prohibited Habitation. No basement, partially completed Dwelling, trailer, recreational vehicle, shack, garage, tent, or outbuilding or other structure or Improvement on a Lot shall at any time be used for human habitation, temporarily or permanently. The only place where habitation may occur is within a completed Dwelling complying with the plans and specifications approved by the Architectural Control Committee and having all necessary governmental approvals and occupancy permits. No habitation shall occur in any Dwelling which has been damaged, or whose waste water, or other utility system has failed or is inadequate, so as to render such habitation inappropriate. Notwithstanding the above provisions, and those of paragraph 1.14, it is permissible for guests visiting the occupants of a Lot to park, and occupy, a self-contained motor home or travel trailer on a Lot, subject to the following: (i) parking of such a vehicle (whether the same or different vehicles) shall not occur for more than 30 consecutive days, or for more than sixty days total, in any twelve month period; (ii) no more than one such vehicle shall be on a Lot at any time; (iii) a period of at least 120 hours without such a vehicle present on a Lot must pass to terminate a period of occupancy for purposes of determining if the 30 consecutive day limit applies; (iv) no waste or holding tank contents shall be discharged on the Lot or anywhere on the Property.

1.26 Compliance With Laws. Nothing shall be done or kept in or on any Lot which would be in violation of any statute, rule, ordinance, regulation, permit or validly imposed requirement of any governmental authority having jurisdiction.

ARTICLE II ARCHITECTURAL CONTROL COMMITTEE

2.01 Appointment of Committee. The Declarant has established an Architectural Control Committee, the initial member of which is James Nordhogen. Until all Lots within the Property have been sold to Purchasers and homes have been built and occupied upon all Lots, the Declarant shall appoint the Architectural Control Committee, which may consist of one (1) or more persons as determined by the Declarant. At such time as all Lots have been sold to Purchasers and homes have been built and occupied thereon, the number of members of the Architectural Control Committee and their appointment shall be as provided for in the paragraph below entitled "Termination of Declarant Control". No member of the Architectural Control Committee shall be entitled to any compensation for

services as a member of the Committee. The initial address of the Architectural Control Committee shall be 2432 North Main Street, Longmont, Colorado 80501, and hereafter may be changed from time to time by the members of the Architectural Control Committee. The members of the Architectural Control Committee can engage services of architects, engineers, attorneys and such other persons as they deem from time to time appropriate, and may pay the cost thereof from the filing fees required to be paid by those seeking Architectural Control Committee review.

2.02 Architectural Control. The Architectural Control Committee has authority and jurisdiction only over those activities upon Lot 1 that are specifically set forth as applicable to Lot 1 in Article I; and Lot 1 shall be subject to the provisions of this Article II for those matters. Except as limited with respect to Lot 1, and other than Declarant's Facilities and Dealers' Facilities approved by the Declarant, no Improvement shall be erected, placed, maintained or altered on any Lot until the construction plans and specifications and a plan showing the location of the Improvements have been approved by the Architectural Control Committee as to quality of workmanship, quality and color and type of materials, the esthetics and harmony of exterior design with the character of the community and the existing structures, and as to location of Improvements and finished grade elevation, and compliance with this Declaration. Unless the Architectural Control Committee approves a longer time for submission of a landscape plan, at, or within sixty (60) days of, the time of submission of plans for the Dwelling on any Lot, the Owner shall also submit a final landscape plan. If a final landscape plan is not submitted with the plans for the dwelling, a preliminary landscape sketch shall be included with the submission of the dwelling plans. Each plan submitted to the Architectural Control Committee shall bear the stamp or certification of an architect or engineer licensed in the State of Colorado; provided, that, the Architectural Control Committee may waive this requirement if in the exercise of its discretion it determines such certification is not reasonably appropriate for the plan to be reviewed, and such determination is evidenced by a written waiver of the requirement signed by the members of the Architectural Control Committee. Notwithstanding the waiver of requirement of certification by an architect or engineer, the Architectural Control Committee may at any time, before or after submission of the plan, determine that the plan submitted without certification should be so certified, and may require the party submitting such plan to obtain such certification before any further action by the Architectural Control Committee.

2.03 Rules of Procedure and Guidelines. The Architectural Control Committee may, but is not required to, adopt development standards and guidelines and rules and regulations from time to time establishing procedures and design standards, criteria and guidelines in furtherance of this Declaration. The Architectural Control Committee shall meet at the convenience of the members thereof as often as necessary to transact its business. Request for approval of design shall be made to the Committee in writing, accompanied by two (2) complete sets of plans and specifications for any and all proposed Improvements to be constructed on any Lot. Such plans shall include plot plans showing drainage and grading plans, the location on the Lot of the Dwelling, building, wall, fence, or other Improvement proposed to be constructed, altered, placed, or maintained thereon, together with the

proposed construction materials, color scheme for roofs and exteriors thereof, architectural renderings, and proposed landscape plantings. The Architectural Control Committee may require submission of additional plans, specifications, and of samples of materials and colors prior to approving or disapproving the proposed Improvement. Until receipt by the Architectural Control Committee of all the required materials in connection with the proposed Improvement to the Lot, the Committee may postpone review of any material submitted for approval.

Notwithstanding any other provision of this Declaration, the guidelines, criteria or rules adopted by the Architectural Control Committee may specify circumstances under which a variance to the strict application of the provisions of this Declaration to a proposed Improvement may be granted where strict application would be in the opinion of the Architectural Control Committee unreasonable or unduly harsh under the circumstances.

The guidelines or rules adopted by the Architectural Control Committee may elaborate or expand upon the provisions of this Declaration relating to procedures and criteria for approval and may also specify rules and restrictions pertaining to the construction of Improvements, including, for example, the storage of construction materials and hours of construction operations. Such guidelines and rules adopted by the Architectural Control Committee shall have the same force and effect as if they were set forth in and were a part of this Declaration.

Nothing in this paragraph 2.03 alone shall authorize the Architectural Control Committee to make any variance with respect to provisions of this Declaration which restrict the character of uses to which Lots may be placed, such as, without limitation, provisions restricting animals, commercial activities and other restrictions of this Declaration regarding use; and the ability to grant variances granted by this paragraph 2.03 is solely restricted to the location and construction of Improvements. The foregoing does not limit any other provision of this Declaration, if any, which by its specific terms grants discretionary or variance powers to the Architectural Control Committee.

2.04 Approval of Plans. The Architectural Control Committee shall approve or disapprove plans, specifications, and details within thirty (30) days from the receipt of all materials requested by the Committee and shall notify the Owner submitting them of such approval or disapproval in writing. If all samples, plans, specifications, and details requested by the Committee have been submitted and are not approved or disapproved within such thirty (30) day period they shall be deemed approved as submitted. One set of plans and specifications and details with the approval or disapproval of the Architectural Control Committee endorsed thereon shall be returned to the Owner submitting them and the other copy thereof shall be retained by the Architectural Control Committee for its permanent file. Applicants for Architectural Control Committee action may, but need not, be given the opportunity to be heard in support of their application. Refusal of approval of plans, location, or specifications may be based by the Architectural Control Committee upon any reasonable grounds, including purely aesthetic considerations, which in the sole and

unfettered discretion of the Architectural Control Committee shall seem sufficient, reasonable, and not capricious. The Committee may condition its approval of any proposed Improvement to property upon the making of such changes therein as the Committee may deem appropriate. All applications to the County of Larimer for issuance of building permits must be accompanied by a letter from the Architectural Control Committee evidencing review and approval of the plans by the Architectural Control Committee.

2.05 Filing Fees. As a means of defraying its expenses, the Architectural Control Committee may require a reasonable filing fee to accompany the submission of plans to it in an amount to be fixed by the Architectural Control Committee from time to time. No additional fees shall be required for one (1) resubmission of plans revised in accordance with Architectural Control Committee recommendations if such resubmission is made within twenty (20) days of the Architectural Control Committee response to the initial plans submitted. Additional resubmissions shall require payment of additional fees, unless waived by the Architectural Control Committee for such reasons as the Architectural Control Committee in the exercise of its sole discretion deems appropriate.

2.06 Completion of Improvements. Any Improvement approved by the Architectural Control Committee shall be timely commenced and completed within the times provided in paragraph 1.07. If not commenced within such time, the approval of the Committee shall automatically expire unless extended by the Committee, and the applicant must thereafter resubmit all plans to the Committee for reconsideration. The fact that a proposed Improvement has previously been approved by the Committee shall not require the Committee to again approve such proposed Improvement if the approval has expired pursuant to the terms of this paragraph.

2.07 Governmental Approvals. Each Owner shall obtain, prior to commencement of construction of any Improvement, all permits, licenses, certificates, consents and other approvals necessary or required pursuant to any law, ordinance, resolution, order, rule or regulation of any governmental authority having jurisdiction in order for the Owner to construct, operate and maintain the Improvement; and before commencing work on any such Improvement, the Owner shall provide to the Architectural Control Committee a copy of such governmental approval. The Owner shall also furnish the Architectural Control Committee on a timely basis with copies of permits or certifications showing that the work being performed has, where required, been inspected and approved by the governmental authority having jurisdiction and a copy of the certificate of occupancy or final inspection or certification shall be timely provided to the Architectural Control Committee.

2.08 Inspection of Work and Notice of Completion. The members of the Architectural Control Committee, and any agent or representative thereof, shall have the right to inspect any Improvement to any Lot prior to and after completion, provided that the right of inspection shall terminate three (3) days after the Committee has received from the applicant a notice of completion.

2.09 Estoppel Certificates. Upon the reasonable request of any interested party, and after confirming any necessary facts, the Architectural Control Committee, shall furnish a certificate with respect to the approval or disapproval of any Improvement to any Lot or with respect to whether any Improvement to a Lot is 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.

2.10 Non-Liability. No member of the Architectural Control Committee, or any other agents of the Architectural Control Committee, shall be liable for any loss, damage or injury arising out of or in any way connected with the performance or nonperformance of the Architectural Control Committee. In reviewing any matter, the Architectural Control Committee is not responsible for reviewing, nor shall its approval of any Improvement to a Lot be deemed to be, an approval of the Improvement to a Lot from the standpoint of safety, whether structural or otherwise, or conformance with any building, zoning or other codes or governmental laws or regulations.

2.11 No Implied Waiver or Estoppel. No action or failure to act by the Architectural Control Committee shall constitute a waiver or estoppel with respect to future action by the Architectural Control Committee, or the Association or its members with respect to any Improvement. By example, and not in any way a limitation, the approval by the Architectural Control 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 any similar proposals, plans, specifications or other materials submitted with respect to any other Improvement.

ARTICLE III PROPERTY RIGHTS IN THE COMMON ELEMENTS

3.01 Owners' Easement of Enjoyment of Common Elements. Subject to the other provisions of this Declaration, every Owner of a Lot in the Property shall have a right and easement of enjoyment in and to the Common Elements in common with the other Owners of Lots and the Association, and if not elsewhere reserved in this Declaration, an easement for the uses hereafter identified is hereby reserved to each of the Owners of Lots and to the Association.

3.02 Title to the Common Elements. The Declarant hereby covenants that it will convey to the Association the title to all the Common Elements, except for any roads or other areas dedicated to public use upon the Plat. Such conveyance shall be subject to easements and other matters affecting the Common Elements as of the date of conveyance.

3.03 Assignment of Use by Owners. Any Owner of a Lot may assign, in accordance with the Bylaws and any rules and regulations from time to time adopted by the Association, the right of enjoyment to the Common Elements to the members of the Owner's

family, and tenants, guests or purchasers under installment land contracts who reside on the Lot.

3.04 Extent of Owners' and Association's Easements. The rights and easements of enjoyment of the Owners of Lots, and the Owners Association, created hereby in the Common Elements, other than any roads or other areas dedicated to the public on the Plat, shall be subject to the following:

3.04.1 No use shall be made of the area which is inconsistent with its respective primary purpose such as detention pond or drainage-way, or open space. Notwithstanding any other provision of this Declaration to the contrary, except for those installed by Declarant, no permanent structure shall be placed in Common Element areas unless a majority of the Owners of Lots have consented to such structure and Declarant has also consented; provided that Declarant's consent shall not be required if Declarant does not own any Lot.

3.04.2 With the consent of the Declarant, the Association shall have the right to adopt and enforce rules and regulations for usage and to prohibit or limit the use of the Common Elements; provided such rules and regulations and limitations are the same for all Owners of Lots who are Purchasers and who are otherwise in compliance with this Declaration and the rules and regulations; provided that Declarant's consent is not required if Declarant does not own any Lot.

3.04.3 The Association shall not have any right to encumber, pledge, assign or transfer its ownership or easement rights unless written approval for the same is given by the Owners of every Lot.

3.04.4 The Association shall have the right, as provided in its Articles and Bylaws, to suspend the enjoyment rights in Common Elements of any Owner of a Lot for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations.

3.04.5 The rights of the Association and Owners are subject to the rights reserved in this Declaration to the Declarant.

ARTICLE IV OWNERS ASSOCIATION

4.01 Formation of the Association. The Declarant has formed, or will form after the recording of this Declaration, a Colorado non-profit corporation ("the Association"). Each Owner of each Lot within the Property shall be a member of the Association. Status as an Owner of a Lot is the sole qualification for membership, such membership being deemed an incident of Ownership of a Lot. Individuals who jointly own a Lot, shall be deemed to constitute a single Owner of a Lot. An Owner's membership in the Association

shall commence as of the date that fee title to a Lot is conveyed to the Owner and shall terminate on the date of termination of Ownership of a Lot.

4.02 Classes of Membership and Voting Rights. The Association shall have two (2) classes of voting membership. Class A shall be composed of the Declarant. Class B shall be composed of the Owners of Lots other than Declarant. For matters upon which Owners of Lots are entitled to vote, the Class A member shall be entitled to cast four (4) votes for each Lot owned by the Class A member, and Class B members shall each be entitled to cast one (1) vote for each Lot owned by the member. In the event a Lot is owned by (2) or more persons, whether by joint tenancy, tenancy in common, or otherwise, the vote for such Lot shall be exercised as the Owners thereof shall determine but the vote attributable to such Lot shall be cast by only one (1) of the Owners of such Lot who shall be designated by the several Owners of such Lot in writing prior to or at the time the vote is cast. In the absence of such designation by such multiple Owners the vote for such Lot may be cast in accordance with the agreement of a majority in interest of the persons having ownership interest in the Lot. There shall be deemed to be a majority agreement if any one of the multiple Owners casts the vote allocated to the Lot without protest being made promptly to the person preceding over the meeting by any of the other Owners of the Lot. No vote may be cast or counted for any Lot for which assessments, fees, dues, or other monies are in default of payment at the time votes are counted.

4.03 Board of Directors. The affairs of the Association shall be conducted by a Board of Directors (the "Board"). The powers and duties of the Board shall include, but not be limited to the following:

- (A) To enforce all of the applicable provisions of this Declaration.
- (B) To maintain the Common Elements.
- (C) To contract for and pay for the cost of providing the functions of the Association out of funds collected by the Board.
- (D) To levy and collect assessments to pay the costs of maintenance as provided in this Declaration and to make or authorize the expenditures therefrom.
- (E) To receive and process complaints from Owners with respect to any provisions of this Declaration.
- (F) To adopt such rules and regulations as the Board from time to time may deem necessary or appropriate to carry out the provisions of this Declaration.
- (G) To render such discretionary decisions as are vested in the Board pursuant to this Declaration.

(H) To impose charges for late payment of assessments, recover costs of enforcement including reasonable attorney fees and other legal costs for collection of assessments and other actions to enforce the power of the Association, regardless of whether or not suit was initiated, and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Association, and to establish the rate of interest to be assessed for all sums which may be payable to the Association.

(I) To obtain and keep in force such insurance as the Board may from time to time deem appropriate including, but not limited to, casualty and liability, worker's compensation, errors and omissions coverage for officers, directors, employees, agents and members of the Association and the Architectural Control Committee, insurance for indemnification of officers, directors and members of the Association and the Architectural Control Committee and agents and others acting on behalf of and for the benefit of the Association, and such other insurance that the Board may deem appropriate.

(J) Subject to the other provisions of this Declaration, to exercise all powers and rights granted to the Association by the provisions of any applicable law.

(K) To take such other action or to incur such other obligations whether or not herein expressly specified as shall be reasonably necessary to perform the Association's obligations hereunder.

(L) To adopt Bylaws for the Association, and to amend or repeal or otherwise modify such Bylaws from time to time; provided, that during the period of Declarant Control no bylaws or amendments or repeal thereof shall be adopted or effective unless first approved by Declarant.

4.04 Number and Election of Board Members, Declarant Control. The initial Board of Directors shall consist of one (1) or more persons appointed by the Declarant, each of whom shall serve at the pleasure of the Declarant or until his or her successor(s) is appointed by the Declarant. The Declarant shall, for the period of time hereafter provided, retain the right to appoint and remove the members of the Board of Directors and the officers of the Association and the members of the Architectural Control Committee and to fill any vacancy occurring in any such position and to make amendments to this Declaration ("Declarant Control").

4.04.1 Period of Declarant Control. The period of Declarant Control shall continue until no Lot in the Property is owned by Declarant or any successor to Declarant (other than a Purchaser) to whom the right to exercise Declarant Control has been assigned, and dwellings have been built upon each Lot and occupied. Declarant may at any time voluntarily surrender the right to appoint and remove the members of the Board of Directors, or the Officers of the Association, or the Architectural Control Committee and may do so by written instrument. In the event of such early voluntary surrender, the Declarant may

require that specified events, conditions, or actions of the Board, the officers, and the Architectural Control Committee, occur and/or be approved by Declarant before they become effective.

4.04.2 Termination of Declarant Control. Unless otherwise provided in the Bylaws, upon termination of the period of Declarant Control with respect to the Board or Officers of the Association, the Owners shall elect a Board of Directors of at least three (3) members initially, and the Board members so elected shall elect the Officers of the Association. The Board members and Officers, unless otherwise required by applicable law shall take office upon election. Thereafter, the number, term and qualifications of the Directors and Officers shall be as provided in the Bylaws. Upon termination of the period of Declarant Control with respect to the Architectural Control Committee, the Board shall establish the number of members of such Committee and appoint such members.

4.05 Meetings of the Association and Officers. Meetings of the Association shall be held at least once each year. Special meetings of the Association may be called by the President, by a majority of the Board, or by Owners having twenty percent (20%) of the votes in the Association. Not less than ten (10) nor more than fifty (50) days in advance of any meeting, the Secretary or other Officer specified in the Bylaws shall cause notice to be hand delivered or sent prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Lot Owner. The notice of any meeting shall state the time and place of the meeting and the items on the agenda. The number and type of officers, and the provisions for regular and special meetings of the Association not inconsistent with the foregoing shall be as provided from time to time by the Bylaws and the Articles of Incorporation of the Association.

4.06 Quorum. Unless the Bylaws provide otherwise, a quorum is deemed present throughout any meeting of the Association if persons entitled to cast twenty percent (20%) of the votes which may be cast for election of the Board are present, in person or by proxy, at the beginning of the meeting. Unless the Bylaws specify a larger percentage, a quorum is deemed present throughout any meeting of the Board if persons entitled to cast fifty percent (50%) of the votes on that Board are present at the beginning of the meeting.

4.07 Coordination with Bylaws and Rules and Regulations. Except as may be otherwise provided herein for action of the Board regarding interest upon unpaid assessments, the provisions of this Declaration provide the minimum substantive terms for the enforcement of this Declaration by the Board and the Architectural Control Committee. Further and additional provisions for the operation of the Board and the Architectural Control Committee may in the future be set forth by the Bylaws of the Association, and by appropriate resolutions or rules and regulations adopted by the Board or the Architectural Control Committee which supplement and further the intent and purposes of this Declaration. In the event any conflict occurs between the provisions of this Declaration and such Bylaws or resolutions, then this Declaration shall control and to the extent possible, the conflicting Bylaws, resolutions or rules and regulations shall be construed to be effective

where it promotes the interest of the provisions of this Declaration and invalid where in derogation of these Declarations.

4.08 Transfer. The membership held by any Owner shall not be transferred, pledged or alienated in any way, except upon the sale of the Owner's Lot, and then only to the purchaser of such Lot. A prohibited transfer is void and will not be reflected upon the books and records of the Association.

4.09 Delegation of Use. The Board may from time to time establish rules and regulations regarding the delegation by an Owner of rights of use and enjoyment of the Common Elements to such Owner's guests, tenants or purchasers.

4.10 Notices. Notice of matters affecting the Property may be given to Owners by the Association, or by other Owners, by personal delivery or by mailing with postage prepaid to the mailing address of each Lot, or to any other mailing address designated by the Owner in writing. Notice will be deemed given when delivered in person, or when placed in the United States mail with sufficient postage prepaid.

ARTICLE V MAINTENANCE, BUDGET AND ASSESSMENTS

5.01 Maintenance of Common Elements. The Association shall be responsible for the maintenance of the Common Elements until and unless such maintenance obligation is assumed by the County of Larimer, or by any other governmental or quasi-governmental body.

5.02 Allocation of Common Expenses to Lots. The expenses of functions imposed on the Association pursuant to this Declaration, together with the expenses of administration and operation of the Association and its Boards and Committees and the Architectural Control Committee (including any appropriate indemnity to members and agents of the foregoing), and such other items of expense as contained in the budgets adopted by the Association, shall be assessed uniformly against the Lots owned by Purchasers, subject, however, to the limitation on assessments set forth in paragraph 5.05 below. Each Owner who is a Purchaser, by the acceptance of a conveyance of a Lot, shall be personally obligated to pay such assessments. An Owner who is a Purchaser shall be responsible for payment of the full share of any assessments for a Lot whether or not the Lot has Improvements. No Lot or Owner shall be assessed or liable for assessment for common expenses until the Lot is conveyed to a Purchaser. The Declarant and Successors to Declarant's rights, and the Lots owned by Declarant or its Successors, shall not be liable for common expense assessments. The liability of any Lot and its Owner for such common expense assessments shall first commence on the first day of the next installment payment period following the conveyance of the Lot to a Purchaser, and such Lot and its Owner shall thereupon be liable for all periodic payments falling due on or after such date.

5.03 Establishment of Common Expenses Budget. The Board shall establish periodic budgets for the Association. Appropriate notice of such budget and meetings concerning such budget shall be provided to the Owners. The amount of each budget shall be assessed against the Lots as provided in the paragraph above entitled "Allocation of Common Expenses to Lots", and shall be payable in monthly, quarterly, annual or such other periodic installments as adopted from time to time by the Board. Should the Board fail to adopt a budget for any budget period, the periodic budget last adopted shall be continued until such time as the Board adopts a subsequent budget. Without in any way limiting the nature and type of expenses upon which the budget may be based, the budget may include anticipated expenses for reasonable contingency reserve and working capital and sinking funds, legal and other professional expenses, premiums for casualty and liability insurance for the Common Elements, and for fidelity and for errors and omission or other insurance protection designed to provide defense and insurance coverage to the Board members, members of the Architectural Control Committee, Officers, agents and employees of the Association in connection with any matters arising from Association or Architectural Control Committee business and the performance by such persons of their duties or related to their status as Board members, Officers, employees or agents of the Association or Architectural Control Committee.

5.04 Default Reserve Fund. Upon the conveyance of a Lot, other than by Declarant to a Dealer, the Board may require the Purchaser or transferee of the Lot to deposit with the Association as a reserve fund an amount equal to one-third (1/3) of the annual assessment established by the Board for the year in which the transfer occurs. If, at any time, an Owner is in default in the payment of any assessments due to the Association, the Association shall have the right to use said reserve, or as much thereof as may be necessary, to pay any delinquent amount owed to the Association and to reimburse the Association for any expenses incurred by the Association in collecting delinquent assessments from the Owner. In such event, the Owner shall, upon written demand of the Association, promptly remit to the Association a sufficient amount of cash to restore the reserve to its original amount. In the event the reserve account is not used to make delinquent payments, then it shall be refunded to the Owner upon the sale of the Owner's Lot without interest. The Association shall have the right to commingle the reserve account with other funds of the Association and shall have no obligation to retain the reserve funds in a separate account or pay interest on the reserve funds. The reserve account shall not be deemed to be liquidated damages, and if claims of the Association against an owner exceed the reserve account, the Owner shall remain liable for the payment of the balance of such claims to the Association.

5.05 Limitation on Assessments. In no event shall the annual average common expense liability allocated to any Lot in the Property, exclusive of optional user fees and any insurance premiums paid by the Association, ("Maximum Annual Assessment"), exceed the maximum amount allowable by then applicable Colorado law for exception of the Property and the Association from the general application of the provisions of the Colorado Common Interest Ownership Act. The current Maximum Annual Assessment is \$400.00 per Lot, pursuant to Section 38-33.3-116 C.R.S., and such amount may be periodically adjusted

without requiring general application of the Colorado Common Interest Ownership Act. In no event shall the Board adopt any budget which will result in assessment of more than the said then permissible Maximum Annual Assessment. This limitation shall not affect, and does not include deposits for the Default Reserve Fund provided for above, or any special assessments assessed against a Lot as a result of default by an Owner of the Owner's obligations under this Declaration.

5.06 Special Assessments, Acceleration of Payments on Default. In addition to the Common Expenses to be assessed against each Lot, the Board may, from time to time, levy and collect special assessments to remedy any default by an Owner of the Owner's obligations under this Declaration. Such costs and expenses for an Owner's default may be assessed against such Owner without establishment of any supplemental budget, and may be collected from such Owner in the same manner as provided in the paragraphs entitled "Creation of Lien and Foreclosure", and "Owner's Obligation for Payment of Assessments" below. Any charges imposed for late payment, attorney fees and costs, and fines shall be deemed to be assessments against the Owner's Lot and recoverable and subject to the same rights and remedies available to the Association for all other assessments. In addition to all other penalties, fines, costs, fees, expenses and charges which may be assessed, if an Owner is in default of payment of assessments as due, the Officers of the Association may elect to accelerate and call due and payable in full all installment payments of assessments to be paid by such defaulting Owner, for the budget period for which the default exists. Such assessments are not subject to the limitation contained in the paragraph above entitled "Limitation on Assessments" and are not a part of the common expense liability of each Lot, but are special and in addition to such common expense liability.

5.07 Accounting and Surplus Funds. All funds collected by the Association shall be promptly deposited into a commercial bank account and/or a savings and loan account in an institution to be selected by the Board. No withdrawal shall be made from said account except to pay the obligations of the Association. The Board shall maintain complete and accurate books and records of its income and expenses in accordance with generally accepted accounting principles consistently applied and shall file such tax returns and other reports as shall be required by any governmental entity. The books and records shall be kept at the office of the Association and shall be open for inspection by any Owner or by the holder of any first deed of trust or mortgage of record at any time during normal business hours following reasonable advance notice of the request for inspection. In no event shall surplus funds be distributed to Owners. If surplus funds remain after payment of the Association's expenses the same shall, at the Board's discretion, be used for the next fiscal year operations, or for prepayment of future expenses or applied to sinking funds and reserves.

5.08 Creation of Lien and Foreclosure. The Common Expenses Assessments , together with any special assessment or other penalty, cost or charges which an Owner is obligated to pay ("assessments"), shall be a debt of such Owner to the Association on the date when each installment thereof becomes due. In the event of the default of any Owner in the payment of any installment of assessments, such amount, any accelerated payments called

due, and any subsequently accruing unpaid assessments, together with interest thereon at the rate of twelve percent (12%) per annum, or such other rate as may hereafter from time to time be established by the Board, and together with all costs which may be incurred by the Association in the collection of such amount, together with reasonable attorneys' fees shall be and become a lien on the interest of the defaulting Owner in his Lot. The Association may, but is not required to, execute and record in the Larimer County Recorder's Office a Notice of Assessment Default setting forth the name of the defaulting Owner as indicated by Association records, the amount of the delinquency, and the fact that additional delinquencies may accrue and increase such amount, and the legal description of the Lot or Lots affected. The lack of recording any such notice shall not in anyway affect the priority, validity and enforceability of the lien in favor of the Association or its rights with respect thereto. Such lien shall attach and be effective from the due date of the assessment, and may be enforced by foreclosure by the Association of the defaulting Owner's interest in the Property. The lien provided herein shall be in favor of the Association for the benefit of all Owners who are Association members. In any such foreclosure, the defaulting Owner shall be required to pay the costs and expenses of such proceedings, the costs and expenses for filing any notice or claim of lien, and all reasonable attorneys' fees in connection with such foreclosure. The lien shall include, and the defaulting Owner shall also be required to pay to the Association, the assessments for the Lot whose payment comes due during the period of foreclosure, and the Association shall be entitled to a receiver to collect the assessments so coming due. The Association, on behalf of the member Owners, shall have the power to bid on the Lot at foreclosure sale and to acquire, hold, lease, mortgage, and sell the same. Such lien provided herein shall have the same priority, date of attachment, period of time for enforcement and other aspects as set forth in Section 38-33.3-316, C.R.S. as amended regarding liens arising under the Colorado Common Interest Ownership Act. Reference to such Act, and reference to the aforesaid statute do not constitute an election to make applicable the provisions of the Colorado Common Interest Ownership Act, and it is hereby specifically stated that application of the Colorado Common Interest Ownership Act is specifically rejected. Reference is made to Section 38-33.3-316 C.R.S. as amended solely for the purposes of clarity in describing the lien in favor of the Association. The Association may, but is not required to send notice of default to an Owner, and a copy of such notice may, but is not required to, be mailed to the holder of any deed of trust or mortgage of record constituting a lien on such Lot. The lack of provision of such notice shall not in anyway affect the priority, validity and enforceability of the lien or obligation of the Owner, or the Association's rights with respect thereto. Upon the payment of the amounts due, if the Association recorded a Notice of Assessment Default, the Association shall cause to be recorded a certificate setting forth the satisfaction of such lien, the cost of preparation and recording of which shall be paid by the Owner. The remedies of the Association for recovery by foreclosure of its lien rights, and by action against the persons personally liable for payment or for any other remedy available by law or in equity are cumulative and independent of each other. Pursuit of one does not waive or restrict pursuit of another remedy, and such remedies may be undertaken by the Association in any sequence and without the necessity for joinder of any claims or remedies. The lien of the Association shall not expire for the greater of six (6) years, or such longer period as may be provided by any

applicable statute, from the last date upon which the full amount of assessments become due and if proceedings to enforce the lien are instituted within such period of time, the lien shall continue until completion of such proceedings. The lien in favor of the Association provided herein is not subject to any claim for homestead exemption or any other exemption, right to elective share, allowances or other provisions of testate or intestacy laws providing preferential treatment or exemptions, and each Lot Owner and that Lot Owner's spouse, heirs, successors, representatives and assigns by acceptance by the Lot Owner of ownership of a Lot hereby waives with respect to the lien of the Association all claims for such exemptions or preferential treatment otherwise provided by state or federal laws.

5.09 Owner's Obligation for Payment of Assessments. The amounts assessed by the Association against each Lot and any interest, costs, and attorney fees in connection with default in payment thereof, shall be the personal and individual debt of the Owner thereof at the time the assessment is made. Each person, if more than one (1), composing the Owner shall be jointly and severally liable therefore. Suit to recover a money judgment for unpaid expenses shall be maintainable without foreclosing or waiving the lien securing same. No Owner may be exempted from liability for assessments by a waiver of the use or enjoyment of the Common Elements or by abandonment of the Lot against which the assessment is made.

5.10 Statement of Assessment Status. Upon payment to the Association of a reasonable fee, as may from time to time be established by the Board, accompanied by the written request of the Owner or any mortgagee or prospective Owner of a Lot, the Association shall issue a written statement setting forth the amount of unpaid assessments and any other charges outstanding with respect to the subject Lot, and the date when the same became due. Such statement shall also include credit for any advanced payments of assessments, but no credit shall be given for any accumulated amounts for reserves or sinking funds, if any. The statement issued by the Association shall be binding upon the Association and its officers and each Owner in favor of persons who rely thereon in good faith. The manner and time for providing such statements shall be as provided by the terms of the Bylaws of the Association, as from time to time amended.

5.11 Liability Upon Transfer. Any Owner who sells a Lot in good faith and for value shall be relieved of the obligation for payment of assessments thereafter attributable to the Lot, as of the date of the recordation of the deed transferring such Lot to the subsequent purchaser. The Owner transferring, and the purchaser of the transferred Lot, shall be jointly liable for payment of all assessments and any related interest, costs and attorney fees attributable to the Lot accrued from the date of execution of the deed through the date of such recordation, and the lien for recovery of the same shall remain in force against such Lot.

ARTICLE VI GENERAL PROVISIONS

6.01 Term. Subject to amendments hereafter duly made, this Declaration as set

forth in this Declaration are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date it is recorded after which time said Declaration shall be automatically extended for successive periods of ten (10) years unless an instrument signed by sixty-seven percent (67%) of the then Owners of the Lots has been recorded agreeing to terminate this Declaration.

6.02 Amendments.

6.02.1 Amendments by Declarant. Notwithstanding any other provision, until such time as one-third of the Lots in the Property are owned by Purchasers, Declarant (or Declarant's Successor) alone, and without the necessity of consent by anyone else, shall have the right to amend this Declaration from time to time for any purpose which Declarant deems appropriate. Such amendments shall bind all the Lots in the Property, but shall not be effective with respect to any person not having actual knowledge thereof until such time as notice of such amendment is filed for record in the Office of the Larimer County Clerk and Recorder.

6.02.2 Amendments by Owners, Consent of Declarant. The Owners of sixty-seven percent (67%) of the Lots may at any time modify, amend, augment, or delete any of the provisions of this Declaration provided however that:

(A) While the Declarant, or any successor to Declarant (other than a Purchaser), to whom the right to consent to amendment has been assigned by Declarant, owns any Lot, no amendment may be made unless the Declarant (or Declarant's Successor) has consented in writing thereto.

(B) No amendment shall be effective with respect to any person not having actual knowledge thereof, until such time as notice of such amendment is filed for record in the Office of the Larimer County Clerk and Recorder.

(C) No amendments may be adopted which would be inconsistent with any condition or covenants imposed as a condition of approval of the platting and subdivision of the Property.

(D) The Association may not be voluntarily dissolved without the prior permission of the County of Larimer.

(E) Any of the following amendments to be effective must be approved in writing by the record holders of all encumbrances on the Lots at the time of such amendment:

i) Any amendment which affects or purports to affect the validity or priority of any encumbrance; or

ii) Any amendment which would necessitate a mortgagee after it has

acquired a Lot to pay any portion of any unpaid assessment or assessments accruing prior to foreclosure, to the extent the amounts would exceed the priority of such assessments over that now provided by this Declaration.

6.02.3 Amendments Requiring Consent of County of Larimer. Notwithstanding any other provision of this Declaration, the amendment of any of the provisions of paragraph 6.08 shall also require the written consent of the County of Larimer.

6.03 Addition of Other Land, and Additional Rights of Declarant. In addition to any other rights of Declarant, during the period of Declarant Control described in this Declaration, the Declarant shall have the following rights:

6.03.1 Addition and Withdrawal of Real Estate. The right to add additional real estate to the Property and to withdraw real estate from the Property. Such addition or withdrawal shall be accomplished by recording a supplement to this Declaration.

6.03.2 Addition of Common Elements. The right to add or create Common Elements in the Property.

6.03.3 Completion of Improvements. The right to complete Improvements indicated on the Plat.

6.03.4 Construction Easements. The right to use easements through the Common Elements for the purpose of making Improvements within the Property or within real estate which may be added to the Property.

6.03.5 Merger. The right to merge or consolidate the Property and the Association with another common interest community of the same form of ownership; and to make the Property and the Association subject to a master Association.

6.03.6 Dedications. The right to establish, from time to time, by dedication or otherwise, utility and other easements over, across, and upon the Common Elements for purposes including, but not limited to, streets, paths, walkways, drainage, recreation areas, parking areas, and to create other reservations, exceptions, and exclusions over, across, and upon the Common Elements.

6.03.7 Use Agreements. The right to enter into, establish, execute, amend, and otherwise deal with contracts and agreements for the use, lease, repair, maintenance, or regulation of Common Elements for the benefit of the Lot Owners and/or the Association.

6.03.8 Other Rights. The right to exercise any other right created in or reserved to Declarant by any other provision of this Declaration.

6.03.9 Rights Transferable. Any right created or reserved under this

Declaration for the benefit of the Declarant may be transferred to any person by an instrument describing the rights transferred and recorded in Larimer County, Colorado. Such instrument shall be executed by the Declarant and the transferee.

6.04 Mortgage Protection Clause. No breach of the covenants or restrictions herein contained, shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value, except as provided herein with regard to priority of liens in favor of the Association, but all of said covenants and restrictions, together with any amounts for assessments, shall be binding upon and effective against any Owner whose title is derived through foreclosure or through trustee sale or through deed given in lieu thereof.

6.05 Enforcement. The provisions of this Declaration may be enforced in proceedings brought by any Owner or by the Board of Directors of the Association or the Architectural Control Committee; provided that enforcement of liens and recovery of assessments shall be by the Board of Directors of the Association. In addition to the provisions for lien foreclosure and recovery against Owners for assessments, enforcement may be by proceedings at law or in equity against any person or persons violating or attempting to violate any provisions of this Declaration either to restrain violation, or to recover damages, or both. All remedies provided are cumulative, and pursuit of one shall not bar pursuit of any other, independently, or jointly, and in any sequence.

6.06 Severability. Invalidation of any clause, sentence, phrase, or provision of this Declaration by judgment or court order shall not affect the validity of any other provisions of this Declaration which shall remain in full force and effect.

6.07 Non-Application of Colorado Common Interest Ownership Act. This Declaration limits assessments, as set forth in the paragraph entitled "Limitation on Assessments", so as not to exceed the maximum amount allowable from time to time by applicable Colorado law for exception of the Property and the Association from a general application of the provisions Colorado Common Interest Ownership Act. Declarant elects that only the mandatory Sections 38-33.3-105, 38-33.3-106, and 38-33.3-107 C.R.S. of the Colorado Common Interest Ownership Act shall be applicable.

6.08 Enforcement By Governmental Entity. In the event that the Association or any successor to the Association fails to maintain the Common Elements in reasonably good order and condition, the County of Larimer (the "County") may serve written notice upon such organization or upon the residents of the Property setting forth the manner in which the organization has failed to maintain the Common Elements in reasonable condition, and said notice shall include a demand that such deficiencies of maintenance be cured within thirty days thereof and shall state the date and place of a hearing thereon which shall be held within fourteen (14) days of the notice. At such hearing the County may modify the terms of the original notice as to deficiencies and may given an extension of time within which they shall be cured. If the deficiencies set forth in the original notice or in the modifications thereof are not cured within said thirty (30) days or any extension thereof, the County, in

order to preserve the taxable values of the properties within the Property and to prevent the Common Elements from becoming a public nuisance, may enter upon said Common Elements and maintain the same for a period of one (1) year. Said entry and maintenance shall not vest in the public any right to use the Common Elements except when the same is voluntarily dedicated to the public by the Owners. Before the expiration of said year, the County shall, upon its initiative or upon the written request of the organization theretofore responsible for the maintenance of the Common Elements, call a public hearing upon notice to such organization, or to the residents of the Property, to be held by the board designated by the County, at which hearing such organization or the residents of the Property shall show cause why such maintenance by the County shall not, at the election of the County, continue for a succeeding year. If the board designated by the County determines that such organization is ready and able to maintain said Common Elements in reasonable condition, the County shall cease to maintain said Common Elements at the end of said year. If the board designated by the County determines that such organization is not ready and able to maintain said Common Elements in a reasonable condition, the County may, in its discretion, continue to maintain said Common Elements during the next succeeding year and, subject to a similar hearing and determination, in each year thereafter.

The cost of such maintenance by the County shall be paid by the Owners of Lots within the Property that have a right of enjoyment of the Common Elements, and any unpaid assessments shall become a tax lien on said properties. The County shall file a notice of such lien in the office of the county clerk and recorder upon the properties affected by such lien within the Property and shall certify such unpaid assessments to the board of the county commissioners and county treasurer for collection, enforcement, and remittance in the manner provided by law for the collection, enforcement, and remittance of general property taxes.

The Association may not be dissolved without the prior written consent of Larimer County.

6.09 Conveyance or Encumbrance of Common Elements. Conveyance or encumbrance of any Common Element shall require the consent of the Owners, of 67% of the Lots in the Property.

6.10 Indemnification of Declarant. The Declarant has entered into certain agreements and easements with the Handy Ditch Company and the Consolidated Home Supply Ditch and Reservoir Company which are related to the Property. Such documents contain continuing obligations and include indemnifications to the said ditch companies. The Association shall indemnify, defend and hold and save harmless the Declarant from all and any claims, damages, expenses, suits and costs of whatever nature, including reasonable attorney fees incurred by Declarant, which may arise in connection with the obligations under such agreements and easements, and in addition, any Lot Owner who is in default in compliance with such documents or whose actions, conduct or failure to act may in whole

