

AFTER RECORDING PLEASE RETURN TO:

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**AMENDED AND RESTATED
MASTER DECLARATION
FOR
CASCADE VILLAGE**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 DEFINED TERMS.....	2
ARTICLE 2 NAMES/DESCRIPTION OF PROPERTY.....	9
Section 2.1. Name and Type.....	9
Section 2.2. Property.	9
Section 2.3. Additions to the Property.....	9
Section 2.4. Development of the Community—Supplemental Declarations.	9
Section 2.5. Restrictions on Rezoning and Other Governmental Actions.....	10
Section 2.6. Utility, Map and Map Easements.	10
Section 2.7. Easements for the Association and Owners.	10
Section 2.8. Easement for Encroachments.	11
Section 2.9. Owners’ Easements of Enjoyment.	11
Section 2.10. Special or Metropolitan District Creation and Easements.....	12
Section 2.11. Delegation of Use.	12
Section 2.12. Disclaimer of Liability.....	13
Section 2.13. Units Under Construction.	13
ARTICLE 3 ADDITION OF PROPERTY TO THE COMMUNITY.....	13
Section 3.1. Right to Annex Annexable Property.	13
Section 3.2. Manner of Annexation.	13
Section 3.3. Neighborhood Requirements.	14
Section 3.4. Additional Provisions.	15
Section 3.5. Effect of Annexation.	15
Section 3.6. Expansion of Annexable Area.	15
ARTICLE 4 THE ASSOCIATION.....	15
Section 4.1. Membership.	15
Section 4.2. General Purposes and Powers of the Association.	15
Section 4.3. Authority of the Association.....	15
Section 4.4. Managing Agent.	16
Section 4.5. Allocated Interests.	16
Section 4.6. Indemnification.....	17
Section 4.7. Security Disclaimer.	17
Section 4.8. Education and Training.	18

ARTICLE 5 UNITS, COMMON ELEMENTS AND LIMITED COMMON
ELEMENTS 18

Section 5.1.	Number of Units.	18
Section 5.2.	Unit Boundaries.	18
Section 5.3.	Licensing and Leasing of Use of Common Elements.	19
Section 5.4.	Limited Common Elements.	19
Section 5.5.	Mechanics Liens.	20

ARTICLE 6 MAINTENANCE AND SERVICE RESPONSIBILITIES 20

Section 6.1.	Maintenance and Service Responsibilities.	20
Section 6.2.	Owner's Maintenance Responsibility.	22
Section 6.3.	Owner's Liability.	22
Section 6.4.	Window Replacement.	23
Section 6.5.	Mold.	23
Section 6.6.	Inspection, Repair and Replacement of Owner Maintenance Components.	23
Section 6.7.	Failure to Maintain.	24

ARTICLE 7 COVENANT FOR COMMON EXPENSE ASSESSMENTS 24

Section 7.1.	Personal Obligation to Pay Assessments.	24
Section 7.2.	Lien for Assessments.	25
Section 7.3.	Budget.	25
Section 7.4.	Annual Assessment.	25
Section 7.5.	Special Assessments.	25
Section 7.6.	Individual Assessments.	26
Section 7.7.	Neighborhood Assessments.	26
Section 7.8.	Neighborhood Responsibility.	27
Section 7.9.	Application of Payments.	27
Section 7.10.	Effect of Non-Payment of Assessments.	27
Section 7.11.	Assignment of Rents.	28
Section 7.12.	Lien Priority.	29
Section 7.13.	Borrowing.	29

ARTICLE 8 COVENANTS AND RESTRICTIONS ON USE, ALIENATION AND
OCCUPANCY 29

Section 8.1.	Use/Occupancy.	30
Section 8.2.	Use of Patios and Balconies.	30
Section 8.3.	Restrictions on Animals and Pets.	30
Section 8.4.	Antennae.	30
Section 8.5.	Guests and Tenants.	31
Section 8.6.	Nuisances.	31
Section 8.7.	Compliance With Other Laws.	31
Section 8.8.	Parking, Storage, and Repairs.	31

Section 8.9.	Trash Removal Restriction.	32
Section 8.10.	Use of Common Elements.	32
Section 8.11.	No Annoying Lights, Sounds or Odors.	32
Section 8.12.	Wood or Charcoal Grills.	32
Section 8.13.	Compliance with Insurance Requirements.	32
Section 8.14.	Restriction on Signs and Advertising Devices.	32
Section 8.15.	Prohibition of Marijuana Distribution and Growing.	33
Section 8.16.	Tanks.	33
Section 8.17.	Outbuildings and Temporary Structures.	33
Section 8.18.	Mining and Drilling.	33
Section 8.19.	Clotheslines and Storage.	33
Section 8.20.	Prohibited Activities.	33
Section 8.21.	No Restrictions on Mortgaging of a Unit.	34
Section 8.22.	Map Restrictions.	34
Section 8.23.	Rules and Regulations.	34
Section 8.24.	Compliance with Governing Documents.	34
Section 8.25.	Use of the Words Cascade Village and Cascade Village Community Association.	34
ARTICLE 9 PARTY WALLS		34
Section 9.1.	General Rules of Law to Apply.	34
Section 9.2.	Sharing of Repair and Maintenance.	35
Section 9.3.	Destruction by Fire or Other Casualty.	35
Section 9.4.	Liability for Negligence.	35
Section 9.5.	Right to Contribution Runs with Land.	35
Section 9.6.	Dispute Resolution.	35
ARTICLE 10 MODIFICATIONS TO UNITS.....		35
Section 10.1.	Alterations of Units or Limited Common Element Balconies Without a Change in Allocated Interests or Boundaries of a Unit.	35
Section 10.2.	Alterations of Units or Limited Common Element Balconies With a Requested Change in Allocated Interests or the Boundaries of a Unit.	38
Section 10.3.	Maintenance Responsibilities.	39
Section 10.4.	Acknowledgment of Owners.	39
Section 10.5.	Architectural Criteria.	40
Section 10.6.	Establishment of the Architectural Committee.	40
Section 10.7.	Architectural Guidelines.	40
Section 10.8.	Reply and Communication.	40
Section 10.9.	Conditions of Approval.	41
Section 10.10.	Commencement and Completion of Construction.	41
Section 10.11.	Variances.	41
Section 10.12.	Right to Appeal.	41
Section 10.13.	Waivers.	42
Section 10.14.	Liability.	42
Section 10.15.	Records.	42

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Section 10.16.	Enforcement.....	42
ARTICLE 11 INSURANCE/CONDEMNATION/OBSOLESCENCE.....		42
Section 11.1.	Insurance to be Carried by the Association.....	42
Section 11.2.	Association Hazard Insurance on the Units and Common Elements.....	43
Section 11.3.	Owner Insurance Responsibilities.....	43
Section 11.4.	Association Flood Insurance.....	44
Section 11.5.	Association Liability Insurance.....	44
Section 11.6.	Association Fidelity Insurance.....	44
Section 11.7.	Association Worker's Compensation and Employer's Liability Insurance.....	44
Section 11.8.	Association Directors' and Officers' Personal Liability Insurance.....	44
Section 11.9.	Other Association Insurance.....	44
Section 11.10.	Miscellaneous Terms Governing Insurance Carried by the Association.....	44
Section 11.11.	Insurance Premium.....	46
Section 11.12.	Managing Agent Insurance.....	46
Section 11.13.	Annual Association Insurance Review.....	46
Section 11.14.	Adjustments by the Association.....	46
Section 11.15.	Responsibility for Payment of Deductible Amount.....	46
Section 11.16.	Duty to Repair.....	47
Section 11.17.	Condemnation and Hazard Insurance Allocations and Distributions.....	47
Section 11.18.	Insurance Assessments.....	47
Section 11.19.	Payment of Claims to Delinquent Owners.....	47
Section 11.20.	Obsolescence.....	47
ARTICLE 12 SPECIAL RIGHTS OF HOLDERS OF FIRST LIEN SECURITY INTERESTS 49		
Section 12.1.	General Provisions.....	49
Section 12.2.	Special Rights.....	50
Section 12.3.	Special Approvals.....	50
Section 12.4.	Right to Pay Taxes and Insurance Premiums.....	51
ARTICLE 13 CREATION OF UNITS ON TRACTS.....		51
Section 13.1.	Creation of Units on Original Tracts.....	51
Section 13.2.	Creation of Units on New Tracts.....	51
Section 13.3.	Supplemental Declaration for Creation of Units.....	52
Section 13.4.	Neighborhood Requirements.....	53
Section 13.5.	Additional Provisions.....	54
Section 13.6.	Effect of Recordation.....	54
ARTICLE 14 DEVELOPMENT OF TRACTS.....		54
Section 14.1.	Right to Develop.....	54

Section 14.2.	Construction of Improvements.....	54
Section 14.3.	Transfer of Common Elements.....	54
Section 14.4.	Promotion and Marketing.....	55
Section 14.5.	Right to Complete Development.....	55
Section 14.6.	Easements.....	55
Section 14.7.	Collaboration with Association.....	56
Section 14.8.	Inconveniences and Nuisances.....	56
Section 14.9.	No Liens.....	56
Section 14.10.	Transfer of Tract Rights.....	56
ARTICLE 15	ASSOCIATION RIGHTS AND EASEMENTS.....	57
Section 15.1.	Construction and Access Easement.....	57
Section 15.2.	Utility Reservations.....	57
Section 15.3.	Rights Transferable/Rights Transferred.....	57
Section 15.4.	No Further Authorizations Needed.....	58
Section 15.5.	Amendment of the Declaration or Map.....	58
ARTICLE 16	SUBASSOCIATIONS AND NEIGHBORHOODS.....	58
Section 16.1.	Creation of Subassociations.....	58
Section 16.2.	Assessments/Charges for Services to Separate Portions of the Community.....	59
Section 16.3.	Cooperation with Subassociations or other Homeowners Associations.....	59
Section 16.4.	Priority of Liens.....	60
ARTICLE 17	COMPLIANCE AND ENFORCEMENT.....	60
Section 17.1.	Right to Enforce.....	60
Section 17.2.	Notice of Violation.....	61
Section 17.3.	Cumulative Remedies.....	61
Section 17.4.	Enforcement Decision.....	61
Section 17.5.	Attorney Fees.....	62
ARTICLE 18	GENERAL PROVISIONS.....	62
Section 18.1.	Severability.....	62
Section 18.2.	Term of Declaration.....	62
Section 18.3.	Amendment of Declaration.....	62
Section 18.4.	Captions.....	63
Section 18.5.	Interpretation.....	64
Section 18.6.	Construction.....	64
Section 18.7.	Conflict of Provisions.....	64
Section 18.8.	Challenge to this Amendment.....	64

EXHIBITS

Exhibit A	Description of Property
Exhibit B	Annexable Area (Legal Description)
Exhibit C	Plats and Maps
Exhibit D	Description of Neighborhoods
Exhibit E	Description of Original Tracts
Exhibit F	Allocation of Neighborhood Expenses
Exhibit G	Maintenance and Insurance Obligations
Exhibit H	Legal Description of Benchmark Building

**AMENDED AND RESTATED
MASTER DECLARATION
FOR
CASCADE VILLAGE**

(AN AMENDMENT AND RESTATEMENT OF THE AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CASCADE
VILLAGE CONDOMINIUMS)

This Amended and Restated Declaration for Cascade Village is made effective upon Recording.

RECITALS:

A. Declarant, Mill Creek Lodge Estates, LLC, a Colorado limited liability company, Recorded that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Cascade Village Condominiums on June 18, 2007 at Reception No.145763 in the Office of the Clerk and Recorder for San Juan County, State of Colorado as amended and supplemented by documents of Record (collectively, the "Original Declaration") subjecting the real estate described therein to the terms and conditions set forth in the Original Declaration;

B. The Owners and the Association (as those terms are defined herein) desire to amend and restate all provisions of the Original Declaration, as amended and supplemented, in their entirety by virtue of this Master Declaration for Cascade Village ("Declaration"), and intend, upon the Recording of this Declaration, that the Original Declaration and all prior Recorded declarations, amendments and supplements thereto be superseded and replaced by this Declaration;

C. The Owners and the Association desire to confirm the creation of a master planned community on the real estate described in the Original Declaration and Exhibit A of this Declaration under the name of "Cascade Village," in which portions of the real estate described in Exhibit A have been designated for separate ownership and uses of a residential nature, and in which portions of the real estate described in Exhibit A are co-owned by the Owners as Common Elements;

D. The Original Declaration provides for and allows for this Declaration to be amended in Section 16.2, which provides as follows:

This Declaration may be amended at any time by the Owners entitled to cast more than fifty-one (51%) percent of the votes in the Association;

E. All Owners have notice of the provisions of the Original Declaration allowing for amendment, by virtue of the Original Declaration having been Recorded and have been given notice of this Declaration , by acts and disclosures, newsletters or notices of the Association and by other means as required under the Governing Documents;

F. The amendments within this Declaration have been prepared and determined by the Board of Directors of the Association and by the Owners that have approved this Declaration to be reasonable and not burdensome;

G. The purposes of the amendments in this Declaration include, without limitation, to remove unreasonable restrictions on the Community; remove developer "boilerplate" language that is no longer applicable to the Community; remove provisions that do not allow the Board to efficiently operate the Community or deal with Community concerns; remove provisions that do not comply with current state law; add provisions that provide the proper tools for the Association to effectively solve problems; clarify and resolve certain ambiguities and inconsistencies; clarify the procedures for adding property to the Community; clarify the procedures for developing property within the Community; conform this document to the manner in which the Community has historically been managed and operated; add provisions to provide the Association with sufficient power to create and successfully enforce Rules and Regulations; and add provisions that reflect beneficial state law provisions;

H. The purpose of the Association, as provided in the Original Declaration, continues to be to preserve the value and desirability of the Community and the Units and to further the interests of the residents of the Community and Members of the Association; and

I. At least 51% of the votes in the Association have approved this Declaration.

NOW, THEREFORE, the Original Declaration is replaced and amended and restated as follows:

ARTICLE 1 DEFINED TERMS

Each capitalized term in this Declaration or in the Map shall have the meaning specified in this Article, unless otherwise defined in this Declaration or the context requires otherwise.

Section 1.1 Act shall mean the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101 *et. seq.*, as it may be amended. The Community was created prior to July 1, 1992 and the Owners have not elected to be treated as if the Community was formed prior to that date and, therefore, certain provisions of the Act are not applicable to the Community. Any references to in this Declaration to provisions of the Act are made for the sole purpose of incorporating the terms of the relevant provisions of the Act, but in no event will any such reference mean or infer that the Owners have elected to be treated as if the Community was created after June 30, 1992 or to be subject to the Act.

Section 1.2 Allocated Interests shall mean the undivided ownership interest in the Common Elements, the Common Expense liability and the votes in the Association allocated to the Units.

Section 1.3 Alteration means any construction or installation of any new Improvements or any change, alteration or modification to any Improvements in Community by any Person, including the construction, installation, alteration or removal of any Improvements, or any excavation in connection with such activities.

Section 1.4 Articles or Articles of Incorporation shall mean the Articles of Incorporation of the Association as amended from time to time.

Section 1.5 Annexable Area shall mean the real property described on Exhibit B attached to this Declaration. The Annexable Area is not a part of the Community, but may be added to the Community in the manner provided in this Declaration.

Section 1.6 Annexable Parcel Owner means the owner of fee title to any portion of the Annexable Area from time to time.

Section 1.7 Annual Assessments means the charges levied and assessed each year against a Unit pursuant to Section 7.4 of this Declaration.

Section 1.8 Architectural Committee means the committee appointed by the Board that is responsible for reviewing and approving any Improvements and carrying out such other duties and functions as provided for in this Declaration.

Section 1.9 Assessment shall mean any assessment or other costs, expenses or charges that pursuant to this Declaration may be assessed or levied against an Owner or a Unit and shall include all Common Expense Assessments, and assessments for insurance, utilities Assessments, Neighborhood Assessment (defined below) and any other expense levied to a Unit pursuant to this Declaration or the Act, including interest, late fees, attorney fees, fines, and costs. Assessments include Annual Assessments, Special Assessments, Individual Assessments and Neighborhood Assessments.

Section 1.10 Assessment Lien means the lien on any Unit for any Assessment levied against a Unit as provided in this Declaration.

Section 1.11 Association shall mean Cascade Village Community Association – 2004, Inc., a Colorado nonprofit corporation, and its successors and assigns, formed and incorporated to be and constitute the Association to which reference is made in this Declaration and the Governing Documents to further the common interests of Owners within the Community.

Section 1.12 Association Property or Association Properties means any real or personal property, or interest therein, now or hereafter owned or leased by the Association.

Section 1.13 Benchmark Building shall mean the community building for the Community, the legal description of which is as set forth on Exhibit H to this Declaration. The Benchmark Building is a General Common Element, record title to which is held in the name of the Association, but beneficial title is held by the Owners as tenants in common.

Section 1.14 Board or Board of Directors shall mean the body designated as such in the Governing Documents to act on behalf of the Association.

Section 1.15 Bylaws means the Bylaws of the Association as amended and replaced from time to time.

Section 1.16 Cascade Creek means and refers to the multi-family Neighborhood sometimes referred to as the Cascade Creek Neighborhood, which is described on Exhibit D attached to this Declaration and as set forth on the Cascade Village Phase 2-C Final Plat and Planned Development Plan Recorded on July 16, 2004 at Reception No. 143569 described on Exhibit C. The Dwelling Units in the Cascade Creek Neighborhood are Townhome Units.

Section 1.17 Cascade Village Condominiums shall mean and refer to the multi-family Neighborhood sometimes referred to as the Cascade Village Neighborhood or Cascade Village Condominiums Neighborhood, which is described on Exhibit D attached to this Declaration and as set forth on the Cascade Village Master Plan Phase 1, Phase 2-A and Phase 2-B Map described on Exhibit C. The Dwelling Units in the Cascade Village Neighborhood are Condominium Unit/Multi-Family Units.

Section 1.18 Common Elements shall mean the Property within this Community other than the Units. The Common Elements may be designated on the Map and in this Declaration. The Common Elements include the General Common Elements and the Limited Common Elements. The Common Elements shall be owned by the Owners as tenants in common with each Owner of a Unit having an undivided interest in the Common Elements as described in this Declaration. Any Common Elements in which title is held in the name of the Association are held by Association as nominee for the Owners as tenants in common.

Section 1.19 Common Expenses means estimated and actual expenditures made or to be made by or liabilities incurred by or on behalf of the Association, together with any allocations to reserve or sinking funds, as approved by the Board.

Section 1.20 Community shall mean all of the real property described in Exhibit A to this Declaration, together with any of the Annexable Area that is added to the Community from time to time as provided in this Declaration. The Community is sometimes referred to as Cascade Village. The Community is common interest community and a condominium, as those terms are defined in the Act.

Section 1.21 Community Common Expenses means Common Expenses related to the operation, maintenance and repair of the General Common Elements including the Benchmark Building, common drives, insurance and any other items reasonably determined by the Board of Directors benefiting all Members.

Section 1.22 Declaration shall mean and refer to this Amended and Restated Declaration for Cascade Village, as amended from time to time as Recorded.

Section 1.23 Developed Tract means a Tract upon which Units have been created as provided in Article 13.

Section 1.24 Dwelling Unit shall mean a Unit which has been improved and for which a certificate of occupancy has been issued or is otherwise occupied.

Section 1.25 Eligible Mortgage Holder shall mean a Mortgagee of a first Mortgage that has submitted a written request for the Association to notify such Mortgagee of any proposed action requiring the consent of a specified percentage of Eligible Mortgage Holders, which request must contain its name, address, and the legal description and address of the Unit upon which it holds a Mortgage.

Section 1.26 General Common Elements means the Common Elements that are available for use by all of the Members.

Section 1.27 Governing Documents shall mean this Declaration, the Map, the Articles of Incorporation, the Bylaws, and any Rules and Regulations of the Association, as they may be amended from time to time.

Section 1.28 Governmental Authority means any city, town, county, state or federal governmental authorities or quasi-governmental authorities now or hereafter having jurisdiction over the Community or any part thereof or any activity within the Community.

Section 1.29 Grizzly Tract shall mean and refer to the real property identified as such and described on Exhibit E attached hereto. The Grizzly Tract is an Original Tract that is a part of the Community and subject to this Declaration upon which Units may be created by the Recordation of a Supplemental Declaration as provided in Article 13.

Section 1.30 Guest means the family members, guests, contractors, lessees, agents and invitees of an Owner.

Section 1.31 Improvements means all structures and any appurtenances thereto of every type or kind, including dwellings, buildings, barns, stables, outbuildings, wells, pipelines, fences, landscaping, grading, ponds, walls, wells, wastewater systems, garages, carports, driveways, signs, antennae, satellite dishes, and flagpoles.

Section 1.32 Individual Assessment means a charge or expense assessed against one particular Member, but not any other Member, as provided for in this Declaration.

Section 1.33 Laws means all applicable laws, ordinances, resolutions, orders, codes, rules, regulations, decrees and other requirements (including any requirements under permits, licenses, consents and approvals) of any Governmental Authority.

Section 1.34 Limited Common Elements shall mean those portions of the Common Elements that are limited to and reserved for the exclusive use of one or more, but fewer than all of the Owners. Common Elements appurtenant to and that are reserved for the use solely of the Owners of Units within a single Neighborhood are (a) Limited Common Elements and (b) Neighborhood Common Elements.

Section 1.35 Limited Common Expenses means Common Expenses related to the operation, maintenance and repair of the Limited Common Elements and any other items reasonably determined by the Board of Directors benefiting less than all of the Members.

Section 1.36 Map shall have the meaning ascribed to such term in the Act. Exhibit C to this Declaration includes a list of all of the Maps in effect as of the date of Recording of this Declaration and the Neighborhood to which each Map applies. Any reference to either Map or Plat shall, unless the context requires otherwise, mean both Map and Plat.

Section 1.37 Master Association means the Association.

Section 1.38 Member shall mean any Owner. The terms "Member" and "Owner" may be used interchangeably in the Governing Documents.

Section 1.39 Mortgage means a mortgage or deed of trust encumbering a Unit.

Section 1.40 Mortgagee means the mortgagee of a mortgage or the beneficiary of a deed of trust encumbering a Unit.

Section 1.41 Multi-Family Building means a structure within the Community in which multiple Units are located.

Section 1.42 Multi-Family Unit shall mean a Unit that is located in a Multi-Family Building.

Section 1.43 Neighborhood shall mean a part of the Community that contains the same type of Units (e.g., Single Family Units, Multi-Family Units or Townhome Units), similar features, and may contain private amenities not available to all Owners and is designated as a particular Neighborhood in this Declaration or any Supplemental Declaration. Each Neighborhood shall have a separate Map or Plat that describes the Units in that Neighborhood. As of the date of Recording of this Declaration, the Neighborhoods are Cascade Village Condominiums, Cascade Creek, and Twilight Meadows. Additional Neighborhoods may be created as provided in this Declaration.

Section 1.44 Neighborhood Assessment shall mean an Assessment that is levied against all of the Owners or Units in a Neighborhood for Neighborhood Common Expenses that are determined by the Board to be attributed solely to such Neighborhood.

Section 1.45 Neighborhood Common Elements means any Limited Common Elements that are limited to and reserved for the use of the Owners in a particular Neighborhood, and no other Owners.

Section 1.46 Neighborhood Common Expenses means Limited Common Expenses that are determined by the Board to be attributed solely to a particular Neighborhood and any other expenses designated as Neighborhood Common Expenses for a particular Neighborhood as designated in the Supplemental Declaration for that Neighborhood.

Section 1.47 New Tract means a Tract created on the General Common Elements pursuant to an Approved Development Plan and Supplemental Declaration as provided in Section 13.2 of this Declaration.

Section 1.48 Notice and Hearing Policy means the Policies and Procedures for Covenant and Rule Enforcement as adopted by the Board, as amended from time to time.

Section 1.49 Original Tracts shall mean the Grizzly Tract and the Vermillion Tract.

Section 1.50 Owner shall mean the owner of record title, whether one or more Persons or entities to any Unit which is a part of the Property, including contract sellers, but excluding a Person having such interest merely as security for the performance of an obligation.

Section 1.51 Person means any natural person, corporation, limited liability company, partnership, association, trust or any other entity or combination thereof.

Section 1.52 Pet shall mean and include cats, dogs, birds, reptiles or other household animals, as may be defined in or supplemented by the Rules and Regulations.

Section 1.53 Plat shall have the meaning ascribed to such term in the Act. Exhibit C to this Declaration includes a list of all of the Plats in effect as of the date of Recording of this Declaration and the Neighborhood to which each Plat applies. Any reference to either Map or Plat shall, unless the context requires otherwise, shall mean both Map and Plat.

Section 1.54 Property shall mean the real property described in Exhibit A to this Declaration, together with all easements, rights, and appurtenances thereto and the buildings and improvements erected or to be erected thereon and such other real property that may be added to the Community from time to time as provided in this Declaration.

Section 1.55 Records means the real property records of the Clerk and Recorder of the San Juan County, and to "Record" or "Recording" means to file or filing for recording in the Records.

Section 1.56 Restrictions means covenants, conditions, restrictions, limitations, reservations, exceptions and equitable servitudes affecting real property.

Section 1.57 Rules and Regulations shall mean any written instruments, however identified, which are adopted by the Association for the regulation and management of the Community, and/or clarification of the Governing Documents, including any amendment to those instruments.

Section 1.58 Single Family Unit means a Unit in a Neighborhood in which the Dwelling Units are restricted to single family detached residences. As of the date of Recording of this Declaration, the Units in the Twilight Meadow Neighborhood are the only Single Family Units in the Community.

Section 1.59 Special Assessments means any special or extraordinary Assessment levied and assessed against all Owners as provided in this Declaration.

Section 1.60 Subassociation shall mean any owners association organized and established by or for the Owners of a Neighborhood to oversee the management and operation of the Neighborhood and further the interest of such Neighborhood, the membership of which is limited to the Owners of Units within the applicable Neighborhood. A Subassociation is formed in the manner provided in Article 16 of this Declaration. As of the date of Recordation of this Declaration there are no Subassociations in the Community.

Section 1.61 Supplemental Declaration shall mean a written Recorded instrument (including a Plat or Map) containing Restrictions that has been adopted, executed and recorded in the manner provided in this Declaration. A deed by which a Person conveys a parcel of property to another Person may constitute a Supplemental Declaration if it meets the applicable requirements for the Supplemental Declaration.

Section 1.62 Townhome Unit shall mean a Dwelling Unit in a Multi-Family Building that (a) has a separate foundation, (b) the land underlying the Dwelling Unit is owned by the Owner of the Unit, and (c) is in a Neighborhood in which the Dwelling Units are designated in this Declaration as Townhome Units. Townhome Units are also Multi-Family Units. As of the date of Recording of this Declaration, the Units in the Cascade Creek Neighborhood are the only Townhome Units in the Community.

Section 1.63 Tracts shall mean the Original Tracts and any New Tract that may be created from time to time. A Tract is a parcel of vacant land within the Community and is a Unit upon which no other Units have been created and therefore upon which no Dwelling Units exist. Upon the creation of additional Units within a Tract by the Recordation of a Supplemental Declaration as provided in this Declaration, the property that is subject to such Supplemental Declaration will cease to be a Tract.

Section 1.64 Tract Owner means the Owner of a Tract.

Section 1.65 Tract Rights means the rights, reservations and easements granted to the Tract Owners to develop a Tract as provided in this Declaration and as more fully described in Section 14.1.

Section 1.66 Twilight Meadow shall mean and refer to the single family, detached home Neighborhood sometimes referred to as the Twilight Meadow Neighborhood, which is described on Exhibit D attached to this Declaration and as set forth on the Recorded Plat Map for The Twilight Meadow Subdivision at Cascade Village described on Exhibit C. The Units in the Twilight Meadow Neighborhood are Single Family Units.

Section 1.67 Unit shall mean a physical portion of the Community, whether improved or not, designated for separate ownership (including the Tracts), the boundaries of which are defined in a Map or Plat for that Neighborhood and in this Declaration. A Unit will be designated as either a Single Family Unit, a Multi-Family Unit or a Tract.

Section 1.68 Unbuilt Unit shall mean an unoccupied Unit upon which a Dwelling Unit has not been constructed and a certificate of occupancy has not been issued.

Section 1.69 Vermillion Tract shall mean and refer to the real property identified as such and described on Exhibit E attached hereto. The Vermillion Tract is an Original Tract that is a part of the Community and subject to this Declaration upon which Units may be created by the Recordation of a Supplemental Declaration as provided in Article 13.

ARTICLE 2 NAMES/DESCRIPTION OF PROPERTY

Section 2.1. Name and Type.

The Community is a condominium community. The name of the Community is Cascade Village. The name of the Association is the Cascade Village Community Association – 2004, Inc.

Section 2.2. Property.

The Community is located in San Juan County, State of Colorado. The legal description of the Property subject to this Declaration is described in Exhibit A of this Declaration. The Community may be subject to easements or licenses granted pursuant to this Declaration, granted by authority reserved in any Recorded document, or established in the Act. The Grizzly Tract and Vermillion Tract are included in the Community and may be improved and developed pursuant to this Declaration.

Section 2.3. Additions to the Property.

All or part of the Annexable Property may be added to the Community from time to time in the manner provided in Article 3 of this Declaration.

Section 2.4. Development of the Community—Supplemental Declarations.

No Improvements may be constructed on a Tract or any Annexed Parcel unless a Supplemental Declaration creating Units on the applicable Tract or Annexed Parcel that conforms with the requirements of this Declaration has been approved by the Association and Recorded. The Association's review and approval of a proposed Supplemental Declaration shall be limited to assuring that it complies with the applicable requirements of this Declaration, which approval shall not be unreasonably withheld. The review and approval of the Supplemental Declaration hereunder shall be made by the Board of Directors on behalf of the Association, unless the Annexed Property or Tract will be part of an existing Neighborhood in which case the Supplemental Declaration shall also be approved by the Owners of the existing Neighborhood as provided in Section 3.3 or 13.3, as applicable. The Association shall either

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approve or disapprove any proposed Supplemental Declaration within 30 days of receipt. If the Association fails to either approve or disapprove within such 30-day period the proposed Supplemental Declaration, it shall be deemed approved and the Association will execute the Proposed Supplemental Declaration. If the Association disapproves a proposed Supplemental Declaration, it shall notify the submitting Person with its reasons for disapproval (which shall be limited to noncompliance with the terms of this Declaration), along with a description in reasonable detail of how the proposed Supplemental Declaration must be revised to comply with this Declaration and overcome the Association's objections. Thereafter, the Association will cooperate with the submitting Person to review, revise and finalize the Supplemental Declaration in a prompt and businesslike manner.

Section 2.5. Restrictions on Rezoning and Other Governmental Actions.

No Owner (other than a Tract Owner) shall apply for, initiate or consent to any rezoning, subdivision, planned unit development or similar action with any Governmental Authority (or any waiver or variance thereunder) or annexation of any Unit or any other part of the Community into any city, town or other political subdivision of the State of Colorado including any special district or otherwise voluntarily permit it to become subject thereto, except with the prior consent of the Association, which consent may be withheld in its sole discretion. The foregoing Restrictions shall not apply to the rezoning, or subdivision in connection with the Development of a Tract or Annexed Property that is undertaken under and conformance with the requirements in Article 3 or Article 14. A Tract Owner may apply for such action but only if it notifies the Association and the action is not inconsistent with the Restrictions in this Declaration.

Section 2.6. Utility, Map and Map Easements.

Easements for utilities and other purposes over and across the Units and Common Elements may be as shown upon a Recorded Plat or the Map, and as may be established pursuant to the provisions of this Declaration, or granted by authority reserved in any Recorded document.

Section 2.7. Easements for the Association and Owners.

An easement exists and each Unit shall be subject to an easement in favor of the Association (including its agents, employees and contractors authorized to act on behalf of the Association) and to each Owner to allow for the exercise of their rights and their performance of their obligations in this Declaration. On exercising this easement right, the party exercising the right shall be responsible for any resulting damages. Non-emergency repairs that require entry into a Unit shall be made only during regular business hours on business days after at least 24 hours' notice to the occupants of a Unit wherein repairs are to be made. The Association shall have an easement to enter a Unit to inspect for events which may be causing waste of water, heat or any other utility provided by the Association or paid as a part of Common Expenses. If the inspection reveals that the Owner has failed to maintain the Unit so as to prevent waste of common utility services provided for as a Common Expense, the Board shall follow the procedures provided for in this Declaration for noncompliance.

Section 2.8. Easement for Encroachments.

If any part of the Common Elements encroaches, or shall hereafter encroach upon a Unit, an easement for the existence of such encroachment and for the maintenance of the same shall and does exist. The easement shall extend for whatever period of time the encroachment exists. The easement does not relieve an Owner of liability in case of willful misconduct nor relieve any Person of liability for failure to adhere to the Plats and Maps.

Section 2.9. Owners' Easements of Enjoyment.

Every Owner shall have a right and easement of ingress and egress and enjoyment in, to, and over the General Common Elements and Limited Common Elements appurtenant to his or her Unit, and such easement shall be appurtenant to and shall pass with the title to every Unit, which right and easement shall be subject to the following provisions:

(a) the right of the Association to adopt reasonable Rules and Regulations governing the use of the Common Elements;

(b) the right of the Association, upon approval of at least 67% of the total votes of the Members of the Association, to mortgage the Common Elements as security for that purpose, provided, that the rights of such mortgagee shall be subordinate to the rights of the homeowners;

(c) the right, power and authority of the Association to grant any easement, right-of-way, license, lease, dedication or similar interest through, over or in the Common Elements;

(d) the right of the Association to transfer or convey ownership of the Common Elements, or any portion thereof, subject to the prior approval of 67% of the total votes of the Members of the Association; provided that (i) all Owners of Units to which any Limited Common Element (other than Neighborhood Common Elements) is allocated shall approve of any transfer or conveyance of that Limited Common Element and (ii) any transfer of Neighborhood Common Elements shall also require the approval of 67% of the total votes of the Members in that Neighborhood;

(e) the right of the Association, after compliance with the Notice and Hearing Policy, to suspend the voting rights of an Owner and the right of an Owner and its Guests to use of any Common Elements, including any recreational facilities, for a period not to exceed 60 days or during any period of violation of any other provision of the Governing Documents, whichever is greater, and to take any other enforcement actions and impose such other sanctions as provided for in this Declaration, including those set forth in Article 17; provided, however, that suspension of voting and use rights shall be automatic during any period that an Owner is in default in the payment of any Common Expense Assessment for a period of 60 days following notification from the Association;

(f) the right of the Association to close portions of the Common Elements for maintenance, repair, replacement, and improvement;

(g) the right of the Association to change use of, add or remove Improvements to the Common Elements;

(h) the right of the Association to enter into long term commercial leases for certain Common Elements on such terms and conditions as the Board determines appropriate;

(i) the right of the Association to lease to non-Members of the Association any portion of the Common Elements, including but not limited to, the restaurant, cocktail lounge, snack bar, game room, offices, front desk, apartments, laundry rooms, and maintenance and trash rooms, on such terms and under such conditions as the Board may deem acceptable; and

(j) the right of the Association to grant licenses and easements to non-Members of the Association for ingress and egress over, through and across such streets, driveways, and parking areas as from time to time may exist upon the Common Elements, and to grant licenses and easements to Persons other than Members of the Association for the installation, replacement, repair or maintenance of private utility lines, including but not limited to, water, sewer, gas, telephone, cable television and electricity, on such terms and under such conditions as the Board may deem acceptable; and

(k) the right of the Association to take any other action necessary or appropriate to exercise any rights granted to, and to carry out any duties or obligations imposed upon, the Association under this Declaration or any other of the Governing Documents.

Section 2.10. Special or Metropolitan District Creation and Easements.

The Association, acting through the Board, shall have the right to grant, participate in, receive or otherwise provide for the creation of, any easement, rite of passage, or such other interest in the Community, which, in the opinion of and sole discretion of the Board, is necessary or convenient to the establishment or operation of a Special District or Metropolitan District under the laws of the State of Colorado for the collection of taxes and provision of services for the use and benefit of the Community. Additionally, the Board shall have the right and authority to authorize the development of and participation in and ownership of a special and distinct water company to serve the Community.

Section 2.11. Delegation of Use.

Owners may delegate their right of enjoyment to the Common Elements and facilities to Owner's Guests, subject to Rules and Regulations. If the Owner delegates rights to use the Common Elements and facilities to tenants or contract purchasers who reside in the Unit, subject to the Rules and Regulations, the Owner shall not be entitled to use the Common Elements and facilities during the period such rights have been so delegated. The Board of Directors shall have the express right to limit Owners' ability to delegate their right to use the recreational amenities of the Community through Rules and Regulations and/or reasonable fees charged for such use.

Section 2.12. Disclaimer of Liability.

The Association shall be and remain wholly free and clear of any and all liability to, or claims by, all Owners and all Persons, of whatever kind or character, whether sounding in contract or tort, deriving from the occurrence of any injury or damage to any Person or property on, or in respect to the use and operation of, the Common Elements or any of their Improvements, fixtures, and facilities. It shall be the affirmative duty and responsibility of each user of the Common Elements to continuously inspect the same for any defects or perils or other unsafe conditions or circumstances, prior to and during such use or enjoyment thereof; and all users of, and visitors to, the Common Elements and their Improvements and facilities shall use, enjoy, and visit, the same at their own risk and peril.

Section 2.13. Units Under Construction.

While an Unbuilt Unit is under construction, the Owner of the Unbuilt Unit shall be solely responsible and liable for said Unbuilt Unit, and shall defend, indemnify, and shall hold the Association harmless from any claims or liabilities, founded or unfounded, which may arise from said construction activities within the Community related to any construction activities by the Owner or its contractors and subcontractors (all of whom are deemed to be Guests).

**ARTICLE 3
ADDITION OF PROPERTY TO THE COMMUNITY**

Section 3.1. Right to Annex Annexable Property.

An Annexable Parcel Owner may, but shall in no way be required to, from time to time, unilaterally, add to the Community all or any portion of the real property in the Annexable Area (the "Annexed Parcel").

Section 3.2. Manner of Annexation.

The Annexed Parcel will become part of the Community and subject to this Declaration effective upon the Recording of a Supplemental Declaration meeting the requirements set forth in this Article. A Supplemental Declaration under this Article shall:

- (a) be executed and acknowledged by the owner of the Annexed Parcel and the Association;
- (b) contain an adequate legal description of the Annexed Parcel;
- (c) contain a reference to this Declaration including the date and place of Recording sufficient to identify this Declaration;
- (d) designate the Neighborhood in which the Annexed Parcel will be located and comply with the applicable requirements in Section 3.3 of this Declaration;

(e) designate the number of Units created on the Annexed Parcel and whether the Units that will be located in the Neighborhood will be Single Family Units or Multi-Family Units;

(f) include a Recorded Plat or Map executed and acknowledged by the owner of the Annexed Parcel and the Association, which Plat or Map shall be sufficient to locate and legally describe each of the Units in the Neighborhood;

(g) identify any Common Elements created within the Neighborhood, designate to which Units any newly created Limited Common Elements are appurtenant, and convey ownership of all of the Common Elements to the Owners within the Community as tenants in common;

(h) contain a statement that the Annexed Parcel is declared to be part of the Community under this Declaration and each of the Units created in the Supplemental Declaration shall be subject to this Declaration; and

(i) state whether the Units in the Annexed Parcel will be subject to the jurisdiction of a Subassociation and, if so, the name of the Subassociation. If there is no such statement there will be not be a Subassociation for that that Neighborhood unless one is subsequently formed by the Owners of the Neighborhood.

A Supplemental Declaration may provide for phased annexation so that real property may be made subject to the Supplemental Declaration and this Declaration at different times. A deed by which the Annexable Parcel Owner conveys a parcel of property to another Person may constitute a Supplemental Declaration if it meets the foregoing requirements.

Section 3.3. Neighborhood Requirements.

If the Neighborhood in which the Annexed Parcel will be located is an existing Neighborhood, the Supplemental Declaration (including the inclusion of the Annexed Parcel into the existing Neighborhood) must be approved by Owners of the Units in such Neighborhood holding at least 67% of the votes of all Owners of Units in such existing Neighborhood and executed by the Association confirming that it has been so approved. If the Units in the existing Neighborhood are Multi-Family Units, the Supplemental Declaration shall include a revised Exhibit F to this Declaration for all of the Units in such Neighborhood taking into account the newly created Units, including a revised list of each of the Units, the square footage of each such Unit, and the percentage of the square footage of each Unit relative to the square footage of all of the Units in the Neighborhood allocated to each of those Multi-Family Units. If the Neighborhood in which the Annexed Parcel will be located is a new Neighborhood and the Neighborhood has Multi-Family Units, the Supplemental Declaration shall include a revised Exhibit F to this Declaration for all of the Units in such Neighborhood that includes the information and follows the same principles as set forth in Section 4.5(c)(ii) of this Declaration.

Section 3.4. Additional Provisions.

The Supplemental Declaration for an Annexed Parcel may include such additional Restrictions and terms applicable to the Developed Tract that take into account the unique and particular aspects of the proposed development of the Annexed Parcel as the Annexable Parcel Owner may elect provided the Restrictions do not encumber any part of the Community other than the Annexed Parcel.

Section 3.5. Effect of Annexation.

Upon Recordation of a Supplemental Declaration in accordance with the terms of this Declaration, the Annexed Parcel and the Owners of Units created by the Supplemental Declaration shall be subject to this Declaration including all of the other Restrictions set forth in this Declaration, in the same manner as all other Owners and Units within the Community.

Section 3.6. Expansion of Annexable Area.

The Annexable Area may be expanded or contracted to add real property by an amendment to this Declaration, which amendment shall describe such real property and declare that such real property shall thereafter be added to the Annexable Area. No real property shall be added to the Annexable Area without the vote of Members representing 67% of all of the votes of the Association.

**ARTICLE 4
THE ASSOCIATION**

Section 4.1. Membership.

Every Person who is an Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Ownership of a Unit shall be the sole qualification for membership. Each Unit shall be entitled to cast votes according to the Bylaws and Section 4.5 of this Declaration. An Owner of a Unit may not split the vote allocated to such Unit. *Fractional and cumulative voting are prohibited.*

Section 4.2. General Purposes and Powers of the Association.

The Association shall perform functions and manage the Community as provided in this Declaration. By taking title to its Unit, an Owner shall be deemed to have assented to, ratified and approved such designations and management. The Association shall have all power necessary or desirable to effectuate such purposes.

Section 4.3. Authority of the Association.

The business affairs of the Community shall be managed by the Association. The Association shall be governed by the Act, but only to the extent the Act applies to communities created prior to July 1, 1992, this Declaration, the Maps and Plats, the Articles of Incorporation and Bylaws, and any Rules and Regulations adopted by the Board of Directors. All corporate or other powers of the Association, unless otherwise specified or expressly reserved to the Members

in the Governing Documents, shall be exercised by or under the authority of the Board of Directors, and the business and affairs of the Association shall be managed under the direction of the Board of Directors. The Board of Directors may, by written resolution, delegate authority to a manager or managing agent for the Association, provided no such delegation shall relieve the Board of final responsibility. The Association may exercise any right or privilege and shall perform all duties and obligations expressly granted or reasonably necessary or implied in the Governing Documents to affect such right or privilege or to satisfy such duty or obligation.

Section 4.4. Managing Agent.

The Association may employ or contract for the services of a managing agent to whom the Board may delegate certain powers, functions, or duties of the Association, as provided in the Bylaws of the Association. The agreement shall be by written contract upon such terms and conditions as the Board deems prudent and shall be subject to cancellation by the Association on 30 days' notice, with or without cause, and without a cancellation fee. The Board shall not be liable for any omission or improper exercise by a managing agent of any duty, power, or function so delegated by written instrument executed by or on behalf of the Board.

Section 4.5. Allocated Interests.

The Allocated Interests of the Units (i.e., the undivided interest in the Common Elements, the Common Expense liability and votes in the Association allocated to Units) are as follows:

(a) Ownership Interests: The undivided interests in the General Common Elements are allocated among the Units as follows: (i) the interest of each Dwelling Unit shall be equal, and (ii) the interests of each Unbuilt Unit shall be 20% of the percentage interest of a Dwelling Unit until such time as such Unit becomes a Dwelling Unit, upon which the allocated interest for such Unit shall be equal to all other Dwelling Units. Any Neighborhood Common Elements may be allocated to each Unit in a particular Neighborhood in accordance with the Supplemental Declaration governing such Neighborhood.

(b) Voting: The votes in the Association are allocated among the Units as follows: (i) each Dwelling Unit shall have one vote, and (ii) each Unbuilt Unit shall have 0.2 votes until such time as such Unit becomes a Dwelling Unit, at which time the Unit will have one vote.

(c) Common Expenses:

(i) Community Common Expenses. Community Common Expenses shall be allocated among the Units on an equal basis except the amount of Community Common Expenses allocated to each Unbuilt Unit shall be 20% of the amount allocated to each Dwelling Unit. The per Unit Community Common Expense for each Dwelling Unit will be determined by dividing the total budget for Community Common Expenses by the sum of (a) the total number of Dwelling Units, and (b) 20% of the total number of Unbuilt Units. The per Unit

Community Common Expense for each Unbuilt Unit will be 20% of the per Unit Community Common Expense for a Dwelling Unit.

(ii) Neighborhood Common Expenses. Neighborhood Common Expenses will be allocated to each Unit in such Neighborhood as follows:

(A) If the Neighborhood is comprised of Multi-Family Units, the Neighborhood Common Expenses will be allocated among the Units in that Neighborhood based upon and in proportion to the square footage of all of the Units in the Neighborhood. Attached to this Declaration as Exhibit F is a list of each the Multi-Family Units, the Neighborhood in which they are located, the square footage of each such Unit, and the percentage of the square footage of each Unit relative to the square footage of all of the Units in the Neighborhood allocated to each of those Multi-Family Units.

(B) If the Neighborhood is comprised of Single Family Units, the Neighborhood Common Expenses will be allocated among the Units in that Neighborhood equally.

Section 4.6. Indemnification.

To the full extent permitted by law, each officer, director or committee member of the Association and other volunteer appointed by the Board of Directors shall be indemnified by the Association against all expenses and liabilities including attorney fees, reasonably incurred by or imposed upon them in any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been an officer, director, committee member or other volunteer of the Association, or any settlements thereof, whether or not they are an officer, director, committee member or other volunteer appointed by the Board of Directors at the time such expenses are incurred, pursuant to the indemnification provisions set forth in the Bylaws and Colorado law.

Section 4.7. Security Disclaimer.

The Association may, but shall not be required to, from time to time, provide measures or take actions which directly or indirectly improve security in the Community; however, each Owner, for himself or herself and his or her Guests, acknowledges and agrees that the Association is not a provider of security and shall have no duty to provide security in the Community. Furthermore, the Association does not guarantee that non-residents will not gain access to the Community and commit criminal acts in the Community, nor does the Association guarantee that criminal acts in the Community will not be committed by residents. It shall be the responsibility of the user to protect his or her person and property and all responsibility to provide such security shall lie solely with each user. The Association shall not be held liable for any loss or damage by reason of failure to provide security or the ineffectiveness of measures taken.

Section 4.8. Education and Training.

As a Common Expense, the Association shall, in accordance with the Act, provide education and training opportunities for Owners, residents and occupants, including providing funding and permitting use of facilities for such purposes. The Association shall provide education and training activities as a tool for fostering Owner, resident and occupant awareness of governance, operations and concerns of the Community and of the Association. Appropriate educational topics include dispute or conflict resolution, issues involving the Governing Documents, and education or topics benefitting or contributing to operation or governance of the Community and the rights and responsibilities of Owners and the Association. The Association may also fund and support education and training for officers and directors with the prior approval of the Board of Directors which support shall not exceed \$1,000 per year.

ARTICLE 5

UNITS, COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

Section 5.1. Number of Units.

The number of Dwelling Units presently included in the Community is 159. The maximum number of Units shall not exceed 220, except that the maximum number of Units shall be increased by number of Units created pursuant to the Recording of a Supplemental Declaration in connection with the of Annexed Parcels in the manner provided in Section 3.2 or the creation of a New Tract as provided in Section 13.2.

Section 5.2. Unit Boundaries.

(a) Multi-Family Unit Boundaries. The boundaries of each Multi-Family Unit other than Townhome Units shall be as depicted on the Map for the Neighborhood in which the Unit is located and as follows:

(i) The unfinished interior surfaces of the perimeter walls. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, surface texture, wallpaper, paint, finished flooring and any other materials constituting the finished surfaces are part of the Unit and all other portions of the floors, walls and ceilings are part of the Common Elements. Where found on the walls and ceilings, the interior surfaces of built-in fireplaces with their flues in the closed position shall be boundaries of the Unit.

(ii) Unfinished interior surfaces of floors, or the lowermost floors, if it is a Unit containing more than one level;

(iii) Unfinished interior surfaces of ceilings, or the uppermost ceilings, if it is a Unit containing more than one level;

- (iv) The windows, window frames, doors, and door frames of the Unit.

Each such Unit includes the spaces and Improvements lying within the boundaries described above, including windows, window frames, doors and door frames, and as depicted on the Map.

(b) Townhome Units. The boundaries of a Townhome Unit are the same as described in Section 5.2(a) for other Multi-Family Units, except a Townhome Unit also includes the land for such Unit based upon the lot line for the Unit as depicted on the Map for the Neighborhood in which the Unit is located.

(c) Single Family Units Boundaries. The boundaries of a Single Family Unit shall be the lot lines for such Unit as depicted on the Plat for the Neighborhood in which the Unit is located.

Section 5.3. Licensing and Leasing of Use of Common Elements.

(a) The Association, acting through the Board, may license or lease the use of parts of the Community Common Elements, including but not limited to facilities in the Benchmark Building, to Owners on such terms and conditions as determined by the Board. Notwithstanding that an Owner is a co-owner of the Common Elements, the Association may require that the Owner execute a lease, license or other use agreement that sets forth such terms and conditions of the use, including the payment of rent or other fee for such use.

(b) The Association, acting through the Board, may also license or lease portions of the Benchmark Building to tenants and other Persons who are not Owners for such uses and on such terms and conditions as approved by the Board on behalf of the Association. Such use may include, but are not limited to, commercial uses and businesses that are typical to a resort mountain community such as ski/snowboard rentals and sales or bike rentals and sales. Any such agreement must be in writing executed by the Association and shall set forth such terms and conditions of the use, including the payment of rent or other fee for such use.

Section 5.4. Limited Common Elements.

(a) The following portions of the Common Elements are Limited Common Elements assigned to the Multi-Family Units as stated:

(i) If a chute, flue, pipe, duct, wire, conduit, bearing wall, bearing column or other fixture lies partially within and partially outside the designated boundaries of a Unit, the portion serving only the Unit is a Limited Common Element, allocated solely to the Unit, the use of which is limited to that Unit and any portion serving more than one Unit is a Limited Common Element to those Units and any portion serving only the Common Elements is a part of the Common Elements.

(ii) Any balconies, patios, exterior doors, windows or other fixtures designed to serve a single Unit, located outside the boundaries of the Unit, are Limited Common Elements allocated exclusively to the Unit and their use is limited to that Unit.

(b) The Association may modify Limited Common Elements without a membership vote, but only with consent of the Owner or Owners to whose Unit the Limited Common Element is appurtenant. The Association may also, without a membership vote, assign or reassign Limited Common Elements not previously assigned with the consent of the affected Owner(s) and the Association, provided that any such assignment or reassignment shall be made in accordance with the Act.

(c) Each Neighborhood may be constructed with Limited Common Elements appurtenant to all of the Common Elements in that Neighborhood only. Such Limited Common Elements shall be allocated and maintained solely by the Neighborhood to which they are allocated.

Section 5.5. Mechanics Liens.

No labor performed and/or materials furnished for use and incorporated into any Unit with the consent or at the request of the Owner thereof, his agent, contractor, or subcontractor, shall be the basis for the filing of a lien against a Unit of any other Owner not expressly consenting to or requesting the same, or against any interest in the Common Elements. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against any liability or loss arising from the claim of any mechanics lien against the Unit of any other Owner, the Common Elements, or any part thereof, for labor performed and/or materials furnished in work on the first Owners Unit. The Association may pay any sums necessary to eliminate any lien filed against Units not benefitting from the labor and/or materials furnished and the Common Elements on behalf of the other Owners and all sums paid shall be an Individual Assessment against the Owner or Owners for whom the labor and/or materials were furnished.

ARTICLE 6 MAINTENANCE AND SERVICE RESPONSIBILITIES

Section 6.1. Maintenance and Service Responsibilities.

For purposes of this Article, unless otherwise noted, the term "maintenance" includes maintenance, repair and replacement and the term "maintain" includes maintain, repair and replace.

(a) Maintenance by Association. The Board of Directors of the Association shall determine the specifications, scope, extent, nature and parameters of the Association's maintenance and service responsibilities. The Association shall maintain, those items assigned to the Association set forth in Exhibit G of this Declaration.

(b) Maintenance of Common Elements by Owner. An Owner shall maintain, those items related to its Unit allocated to the Owners set forth in Exhibit G of this Declaration. Subject to the maintenance responsibilities herein provided, any maintenance performed on or to the Limited Common Elements by an Owner or occupant which is the responsibility of the Association hereunder (including, but not limited to landscaping of Limited Common Elements) shall be performed at the sole expense of such Owner, and the Owner or occupant shall not be entitled to reimbursement from the Association even if the Association accepts the maintenance.

(c) Association Discretion. The Association may, in its sole discretion, assume the obligation for maintenance of additional property, either real or personal, that lies within or outside the Community. The Association shall have the right to assume such obligation even if the obligation otherwise lies with Owners or other Persons; provided however, that the Association shall provide Owners with 15 days' prior written notice of any such change and how the costs of such maintenance will be allocated among the Owners. The Association, in its sole discretion, shall determine the time and manner in which any maintenance, whether required or assumed, shall be performed by it, as well as the color or type of materials used.

(d) Damage to Unit by Association. The Association shall repair incidental damage to any Unit resulting from performance of work which is the responsibility of the Association. As finish levels can have varying degrees, such repairs will be complete only to the extent of being "paint-ready." Such repair and subsequent cleaning shall be performed based on a reasonableness standard. In performing its responsibilities hereunder, the Association shall have the authority to delegate to such Persons of its choice, such duties as are approved by the Board of Directors.

(e) Liability of Association.

(i) The Association shall not be liable for injury or damage to person or property caused by or resulting from any water, rain, snow or ice which may leak or flow from any portion of the Common Elements or from any device, pipe, drain, conduit, appliance or equipment which the Association is responsible to maintain hereunder, except:

(A) for injuries or damages arising after the Owner of a Unit has put the Association on written notice of a specific leak or flow from any portion of the Common Elements or device, pipe, drain, conduit, appliance or equipment for which the Association has a maintenance responsibility; and

(B) only if the Association has failed to exercise due care to correct the leak or flow within a reasonable time thereafter.

(ii) The Association shall not be liable to the Owner of any Unit or such Owner's Guest, for loss or damage, by theft or otherwise, of any property which may be stored in or upon any of the Common Elements.

(iii) The Association shall not be liable to any Owner, or any Owner's Guest for any damage or injury caused in whole or in part by the Association's failure to discharge its responsibilities under this Section where such damage or injury is caused by an act of God, is not foreseeable or is not a natural result of the Association's failure to discharge its responsibilities.

(iv) No diminution or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from undertaking maintenance or making of repairs or Alterations that are the responsibility of the Association, or from any action taken by the Association to comply with any Laws.

Section 6.2. Owner's Maintenance Responsibility.

Except as otherwise provided in this Declaration, each Owner shall have the obligation to maintain and improve its Unit and all Limited Common Elements appurtenant to its Unit for all items assigned to the Owner set forth in Exhibit G of this Declaration, all of which all of which maintenance shall be performed such that the Unit is in a good, clean, attractive, and sanitary condition, order, and repair. In connection with such obligations, each Owner shall have the responsibility to:

- (a) perform his or her maintenance in such manner so as not to unreasonably disturb or put at risk any Persons or any other Units or the Common Elements;
- (b) promptly report to the Association or its agent any defect or need for maintenance, for which the Association is responsible; and
- (c) pay for the cost of maintenance for any item which is the responsibility of the Owner but which responsibility such Owner fails or refuses to discharge (which the Association shall have the right, but not the obligation, to do), or to pay for the cost of maintaining or cleaning up any item which, although the responsibility of the Association, is necessitated by reason of the willful or negligent act of the Owner, his or her Guests, with the cost thereof to be added to and become part of the Owner's next chargeable Assessment.

Section 6.3. Owner's Liability.

Each Owner shall have the responsibility to perform his or her maintenance responsibilities hereunder in such means so as not to unreasonably disturb or put at risk other Persons in the Community. An Owner shall not be liable for injury or damage to person or property caused by or resulting from the Owner's maintenance or lack of maintenance of its Unit or any Limited Common Element appurtenant thereto except if the Owner has failed to exercise due care in performing said maintenance. An Owner shall not be liable to any other Owner, or any Owner's Guest or the Association for any damage or injury caused in whole or in part by the

Owner's failure to discharge its responsibilities under Section 6.2 where such damage or injury is not a foreseeable, natural result of the Owner's failure to discharge its responsibilities.

Section 6.4. Window and Exterior Entry Door Replacement.

Notwithstanding the responsibility of the Owners for windows and exterior entry doors, as part of a building renovation project, the Association may replace all Multi-Family Unit windows and exterior entry doors in the Community or a Neighborhood, subject to the approval of a majority of the Owners of Multi-Family Units in the Community or the Neighborhood, as applicable, present and voting in person or by proxy at a duly called meeting, notice of which shall state the purpose of the meeting. Any expense associated with such window replacement shall be a Neighborhood Common Expense.

Section 6.5. Mold.

Each Owner, as a part of its obligation to maintain its Unit, shall be required to take necessary measures to retard and prevent mold from accumulating in the Unit, and the Limited Common Elements appurtenant to its Unit, including but not limited to appropriate climate control, removal of visible moisture accumulation on windows, window sills, walls, floors, ceilings and other surfaces and cleaning of the same. No Owner of a Multi-Family Unit shall block or cover any heating, ventilation or air conditioning ducts. Owners of Multi-Family Units, individually or through their managing agent, shall immediately notify the Board in writing of the following: (a) any evidence of water leaks, water infiltration or excessive moisture in a Unit; (b) any evidence of mold that cannot be removed by the Owner with a common household cleaner; (c) any failure or malfunction in heating, ventilation or air conditioning; (d) any inoperable doors, windows, heating, ventilation or air conditioning ducts. The receipt of notice by the Association shall not create any additional Association maintenance responsibility other than those set forth in this Declaration. Owners shall be responsible for any damage to his or her Unit and personal property, to any other Unit or the Common Elements, as well as any injury to the Owner or occupants resulting from the Owner's failure to comply with this Section. An Owner shall be responsible for all costs and expenses incurred by the Association or any other Owner to remove mold and/or damage within his or her Unit, to any other Unit or to the Common Elements if the Owner fails to meet the requirements of this Section.

Section 6.6. Inspection, Repair and Replacement of Owner Maintenance Components.

The Association shall have the right, but not the obligation, to conduct a periodic inspection, on a schedule to be determined by the Board of Directors, of designated Owner maintenance components of a Multi-Family Unit as may be set forth in the Rules and Regulations. If, in the Board of Directors' sole discretion, the component needs to be maintained, repaired or replaced, the Association may provide such maintenance (even though such component may be the Owner's responsibility) and the cost of such periodic inspection, maintenance may be assessed against the Owner of the Unit served by such component pursuant to the following Section of this Declaration. By way of example, the following shall be considered high risk components: water heaters, smoke detectors, washing machine hoses, toilets, water lines, plumbing, wiring, etc.

Section 6.7. Failure to Maintain.

If the Association determines that any Owner has failed or refused to discharge properly his or her maintenance obligation with regard to items for which he or she is responsible under this Declaration or the other Governing Documents, then, except in the case of an emergency, the Association shall give the Owner written notice of the Owner's failure or refusal and of the Association's right to provide necessary maintenance at the Owner's cost and expense. The notice shall set forth with reasonable particularity the maintenance deemed necessary by the Association.

Unless the Association determines that an emergency exists, the Owner shall have 10 days within following notice from the Association within which to complete its maintenance, or if the maintenance is not capable of completion within such time period, to commence maintenance within 10 days. If the Board determines that: (i) an emergency exists or (ii) that an Owner has not complied with the demand given by the Association as provided in this Section, then the Association may provide any such maintenance at the Owner's sole cost and expense, and such costs shall be added to and become a part of the Assessment to which such Owner is subject, shall be assessed against such Owner and its Unit as an Individual Assessment.

If the Board determines that the need for maintenance of any item is a Common Expense and is caused through the willful or negligent act of any Owner, or its Guests, then the Association may assess the cost of any such maintenance against the Owner and its Unit as an Individual Assessment after compliance with the Notice and Hearing Policy.

**ARTICLE 7
COVENANT FOR COMMON EXPENSE ASSESSMENTS**

Section 7.1. Personal Obligation to Pay Assessments.

Each Owner, by acceptance of a deed for its Unit, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay, and shall be obligated to pay, to the Association all Assessments as assessed against the Owner or its Unit by the Association in accordance with this Declaration or any other of the Governing Documents. Such Assessments levied against a Unit shall include charges, late fees, attorney fees, fines and interest charged by the Association and additional fees charged by the managing agent, including but not limited to, administration and witness fees, and/or any other charges that may be assessed and/or levied or may be agreed to in the process of collecting past due Assessments, including but not limited to, credit card convenience fees from whatever source. Assessments against a Unit shall be the personal obligation of the Owner of such Unit at the time when the Assessment or other charges became or fell due. No Owner may become exempt from liability for payment of the Common Expense Assessments by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which the Common Expense Assessments are made. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted by any reason including, without limitation, any claim that the Association or the Board of Directors is not properly exercising its duties and powers under this Declaration.

Section 7.2. Lien for Assessments.

All Assessments levied or assessed by the Association against an Owner or its Unit, including fees, charges, late fees, attorney fees, fines and interest charged by the Association, shall be a charge on each Unit and shall be a continuing lien upon the Unit against which each such Assessment or charge is made, which lien is an Assessment Lien. If any Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment becomes due. The personal obligation to pay any past due sums due the Association shall not pass to a successor in title to a Unit unless expressly assumed by the successor, but the Assessment Lien shall continue as a lien against the Unit. The Assessment Lien may be foreclosed by the Association in the same manner as a mortgage on real property in Colorado, or as otherwise set forth in this Declaration.

Section 7.3. Budget.

The Board shall prepare a budget for each fiscal year of the Association, which budget will include the estimated Common Expenses for such year and to the extent applicable, an allocation of expenses to Community Common Expenses and Neighborhood Common Expenses for the respective Neighborhoods. The budgets for Assessments, based on both Community Common Expenses and Neighborhood Common Expenses, shall be submitted to the Unit Owners for ratification in the manner and on the terms provided in Section 303(4) of the Act and as set forth in the Bylaws. A budget shall be deemed approved unless it is vetoed by a vote of the Members holding a majority of all of the votes of Association.

Section 7.4. Annual Assessment.

Annual Assessments shall be made on an annual basis against all Units, and shall be based upon the Association's advance budget of the cash requirements needed by it to provide for the administration and performance of its duties during such Assessment year, including estimated reserves. The Annual Assessment for Common Expenses shall be allocated among the Owners and assessed against the Owners and their Units in the manner set forth in Section 4.5(c) and shall be due and payable in monthly, quarterly, or annual installments, or in any other manner, as determined by the Board. The omission or failure of the Board of Directors to levy Annual Assessment for any period shall not be deemed a waiver, modification or a release of the Unit Owners from their obligation to pay the Annual Assessment. Annual Assessments shall begin for each Unit at the time that Unit is sold to an Owner other than the Declarant.

Section 7.5. Special Assessments.

In addition to other authorized Assessments, the Association may levy Special Assessments from time to time to cover previously unbudgeted or unexpected expenses or expenses in excess of those budgeted, including, without limitation, the costs of any construction, restoration, or unbudgeted repairs or replacements of capital improvements that are not covered by the general reserve fund. A Special Assessment shall be made only if it is approved by the Board of Directors as a special budget and submitted for ratification pursuant to Section 303(4) of the Act to the Owners that will be subject to the Special Assessment. The proposed budget for Special Assessment shall be deemed approved unless it is vetoed by votes of

Owners representing a majority of the Association votes held by the Owners of Units that will be subject to the Special Assessment. Special Assessments may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved. The Board may require that the entire Special Assessment be paid in advance before Association begins any work or the provision of the services or materials for which the Special Assessment was made.

Section 7.6. Individual Assessments.

The Association shall have the right to levy an Individual Assessment against an Owner and its Unit as provided in this Article for any of the following:

(a) Any amounts expended by the Association for the benefit of any individual Unit or Owner, including Unit insurance; repair, replacement or maintenance specific to a Unit; repair, replacement or maintenance caused by the negligent or willful acts of any Owner or the Owner's Guest as set forth in this Declaration;

(b) Any extraordinary maintenance, repair, improvement and replacement costs of any area or Improvements which the Association maintains that is for the benefit of fewer than all the Units;

(c) Any extraordinary insurance costs incurred as a result of the value of a particular Owner's Unit or the actions of an Owner or the Owner's Guests;

(d) All fines and costs assessed against an Owner pursuant to the Governing Documents; and

(e) Any other expenditures or charges which the Board, in its discretion, may reasonably allocate to a Unit or an Owner and which are reasonably determined to be allocable to a particular Unit or Owner.

Section 7.7. Neighborhood Assessments.

The Association shall have the right to levy a Neighborhood Assessment against all of the Owners and Units in a particular Neighborhood for all Neighborhood Common Expenses for such Neighborhood in the approved budget for the Association provided that the Assessment shall be made in an equitable and nondiscriminatory manner among all Neighborhoods within the Community. The Neighborhood Common Expense may be assessed as either a part of the Annual Assessment or a Special Assessment, provided a Neighborhood Assessment that is a Special Assessment must be submitted to a vote of the Owners in such Neighborhood as provided in Section 7.5. A Neighborhood Assessment shall be allocated among the Units in such Neighborhood in the manner set forth in Section 4.5(c). Notwithstanding any provisions of this Declaration, a Neighborhood shall have no obligation to pay that portion of any Assessment related to the capital improvement and/or maintenance, repair, and replacement of Units or Limited Common Elements in any other Neighborhood.

Section 7.8. Neighborhood Responsibility.

The Neighborhood Association will not be obligated to the Association or any Person (other than the Owners of Units in the Neighborhood Association) to provide for the operation, management, maintenance, repair or insurance of the Neighborhood, any Neighborhood Common Elements, or any other property unless and subject to the terms of any written agreement between the Neighborhood Association and the Master Association or any other Person. Any agreements and undertaking that is assumed by a Neighborhood Association in a Supplemental Declaration or otherwise shall be solely for the benefit of the Neighborhood Association and its Members and neither the Master Association nor any third Person shall be deemed to be a beneficiary thereof or have the right to enforce such undertakings against the Neighborhood Association or the Owners of the Units in the Neighborhood. The Owners of Units within a Neighborhood, if any, may be responsible for paying, through Neighborhood Assessments for such Neighborhood or through a separate Assessment to the Master Association, the costs of operating, managing, maintaining and insuring property within such Neighborhood as provided in this Declaration, regardless of the fact that such maintenance may be performed by the Master Association or the Neighborhood Association; provided, however, all Neighborhoods that are similarly situated shall be treated in a consistent and equitable manner. Any Neighborhood having any responsibility for maintenance of property within such Neighborhood shall perform such maintenance responsibility in a manner consistent with first class, community-wide standards. If it fails to do so, the Master Association may, after following the Notice and Hearing Policy, perform such responsibilities and assess the costs against all Units within such Neighborhood. If a Neighborhood Association undertakes any such operation, maintenance, repair or insurance in such Neighborhood, it shall do so at the expense of the Owners in such Neighborhood, and such Owners shall receive an equitable credit against any applicable Assessments due to the Master Association to account for the costs savings incurred by the Association by reason of such costs paid by the Neighborhood Association or its Owners.

Section 7.9. Application of Payments.

All sums collected on a delinquent account referred to an attorney shall be remitted to the Association or, if the Association so directs in writing, to its attorney or agent. All payments received on an account of any Owner or the Owners Unit shall be applied to payment of any and all legal fees and costs (including attorney fees), expenses of enforcement and collection, late fees, returned check fees, lien fees and other costs owing or incurred with respect to such Owner pursuant to the Governing Documents, prior to application of the payment to any special or regular Assessments due or to become due with respect to such Owner.

Section 7.10. Effect of Non-Payment of Assessments.

(a) Any Assessment, charge or fee provided for in this Declaration, or any monthly or other installment thereof, which is not fully paid within 10 days after the due date thereof, as established by the Board of Directors, shall bear interest at the rate established by the Board of Directors, from time to time, on a per annum basis to accrue monthly, from the due date, and the Association may assess a reasonable late fee thereon as determined by the Board of Directors.

(b) Failure to make payment within 60 days of the due date thereof shall cause the total amount of such Owner's Annual Assessment for the remainder of that fiscal year to become immediately due and payable at the option of the Board. The Board may, in its discretion, decelerate the Member's Annual Assessment.

(c) Further, the Association may foreclose the Assessment Lien and/or bring an action at law or in equity, or all of the same, against any Owner personally obligated to pay such overdue Assessments, charges or fees, or monthly or other installments thereof. An action at law or in equity by the Association against an Owner to recover a money judgment for unpaid Assessments, charges or fees, or monthly or other installments thereof, may be commenced and pursued by the Association without foreclosing, or in any way waiving the Association's Assessment Lien therefor. Likewise, the obtaining of a money judgment shall not preclude the foreclosure of the Association's Assessment Lien so long as the judgment remains unsatisfied.

(d) Foreclosure or attempted foreclosure by the Association of an Assessment Lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose an Assessment Lien for any subsequent Assessment, charges or fees, or monthly or other installments thereof, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Unit at foreclosure or other legal sale and to acquire and hold, lease, encumber and convey or otherwise deal with a Unit that it acquires. If a foreclosure action is filed to foreclose any Assessment Lien, and an Owner abandons or leaves vacant his or her Unit, the Owner agrees that the Association may take possession and rent said Unit or apply for the appointment of a receiver for the Unit without prior notice to the Owner. The rights of the Association shall be subordinate only to those items specifically set forth in Section 7.12 below

Section 7.11. Assignment of Rents.

If a Unit is rented by its Owner, the rent is hereby pledged and assigned to the Association as security for the payment of all Assessments due by that Owner to the Association. If the Assessments owed by the Owner of a rented Unit are more than 30 days delinquent, the Association may collect, and the occupant or lessee shall pay to the Board, the rent for any Unit owned by the delinquent Owner, or that portion of the rent equal to the amount due to the Association; provided, however, the lessee need not make such payments to the Association in excess of or prior to the due date for monthly rental payments unpaid at the time of the Association's request. The Association shall send notice to the Owner by any reasonable means at least 10 days prior to initiating the collection of rent from the Owner's occupant or lessee. The occupant and/or lessee shall not have the right to question the Association's demand for payment. The Owner will hold harmless any occupant or lessee that makes any payment to the Association after any such written demand by the Association. Payment by the occupant or lessee to the Association will satisfy and discharge the occupant's or lessee's duty of payment to the Owner for rent, to the extent of the amount paid to the Association. No demand or acceptance of rent under this Section shall be deemed to be a consent or approval of the Unit rental or a waiver of the Owners obligations as provided in the Declaration. The Association shall not exercise this power where a receiver has been appointed with respect to a Unit or

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Owner, nor in derogation of the exercise of any rights to rents by the holder of a first lien security interest of a Unit. If an occupant or lessee fails or refuses to pay rent to the Association as provided for in this Section, the Association shall have the right to bring an action for unlawful detainer for non-payment of rent under Colorado statutes, and the costs and attorney fees incurred by the Association in connection with that action shall be collectable from the occupant or lessee in that action, and from the Owner of the Unit in the same manner as any other Assessment under this Declaration.

Section 7.12. Lien Priority.

The Assessment Lien of the Association is prior to all other liens and encumbrances on a Unit except: (1) liens and encumbrances Recorded before the Recordation of the Declaration; (2) a first lien security interest on the Unit (except as allowed by the Act with regard to the limited lien priority allowed to the Association); and (3) liens for real estate taxes and other governmental assessments or charges against the Unit. This Section does not affect the priority of mechanics' or materialmen's liens. The Assessment Lien of the Association under this Article is not subject to the provision of any homestead exemption as allowed under state or federal Law. Sale or transfer of any Unit shall not affect the Assessment Lien or charges except that sale or transfer of any Unit pursuant to foreclosure of a first Mortgage encumbering such Unit, or any proceeding in lieu thereof, including a deed in lieu of foreclosure, or cancellation or forfeiture shall only extinguish the Assessment Lien charges as required by applicable state Law. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including a deed in lieu of foreclosure, nor cancellation or forfeiture shall relieve any Unit from continuing liability for any charges or other amounts thereafter becoming due, nor from the Assessment Lien thereof.

Section 7.13. Borrowing.

The Association shall have the power to assign or pledge its right to future income, including the right to assign or pledge its right to receive Assessments, but only upon the affirmative vote of a majority of the Members of the Association, voting in person or by proxy, at a duly constituted meeting called for that purpose at which a quorum is present.

ARTICLE 8

COVENANTS AND RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

All Property within the Community shall be held, used and enjoyed subject to the limitations and Restrictions in this Declaration including those in this Article. The strict application of the following limitations and Restrictions in any specific case may be modified or waived, in whole or in part, by the Board of Directors or by an appropriate committee (subject to review by the Board of Directors) if such strict application would be unreasonable or unduly harsh under the circumstances or is inconsistent with applicable Law. Any such modification or waiver must be in writing.

Section 8.1. Use/Occupancy.

All Units within the Community shall be used only for residential purposes only, including uses which are customarily incident thereto, and shall not be used at any time for business, commercial or professional purposes those uses and/or purposes as allowed by the local zoning, control and regulation, and permitted by this Declaration, subject to any Rules and Regulations adopted by the Association. Home occupations shall be allowed so long as the home occupations are incidental and secondary to the use of the Unit and do not change the residential character thereof, comply with local Laws, and comply with this Declaration. External advertising of any kind is prohibited. In no instance shall a home occupation be visible externally, nor shall any home occupation employ any Person other than the Owner. Notwithstanding the preceding, the Owners of a Neighborhood may adopt such additional use restrictions as may be set forth in a Supplemental Declaration or other Recorded instrument that affects only the Units in that Neighborhood.

Section 8.2. Use of Patios and Balconies.

Nothing shall be hung from or placed outside the Unit, including the patios or balconies appurtenant to a Multi-Family Unit, unless allowed in the Rules and Regulations.

Section 8.3. Restrictions on Animals and Pets.

Pets may be kept in a Unit by the Owner or the Owner's immediate family, if the Pet is not a nuisance to other residents. No Owner shall maintain or keep any Pet which, in the reasonable discretion of the Board, is considered to be a danger to the Owners, management staff or occupants in the Community or is otherwise considered to be a dangerous breed, as may be further defined in the Rules and Regulations. If a Pet is deemed a nuisance by the Association, the Owner having control of the Pet shall be given a written notice to correct the problem and if not corrected, that resident will be required to remove the Pet from the Community pursuant to, and in accordance with, any dispute resolution procedures as may be set forth in this Declaration or the Rules and Regulations, if any. Pets may not be kept for any commercial purposes. Animals are not permitted in the recreational areas identified in the Rules and Regulations. When on other Common Elements, Pets must be on a leash and under control. Feces left by Pets upon the Common Elements or Limited Common Elements, must be removed promptly by the owner of the Pet or the Person responsible for the Pet. Pets shall not be allowed to defecate or urinate on any patio or balcony in the Community. Owners shall hold the Association harmless from any claim resulting from any action of their Pets or the Pets of their Guests. Notwithstanding the preceding, no Renter (either short term or long term) may keep a pet within the Community.

Section 8.4. Antennae.

The following antennae are "Permitted Antennae" (a) an antenna which is less than one meter in diameter and is used to receive direct broadcast satellite service, including direct-to-home satellite services, or is used to receive or transmit fixed wireless signals via satellite; (b) an antenna which is less than one meter in diameter and is used to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instruction television fixed services, and local multipoint distribution services or is used

to receive or transmit fixed wireless signals other than via satellite; (c) an antenna which is designed to receive broadcast television broadcast signals; or (d) other antennas which are expressly permitted under applicable federal statutes or regulations. In the event a Permitted Antenna is no longer expressly required to be permitted under applicable Laws, such antenna will no longer be a Permitted Antenna for purposes of this Section.

Permitted Antennas shall be installed in the least conspicuous location available on the Unit or Limited Common Elements which permits acceptable signals, without unreasonable delay or increase in the cost of installation, maintenance or use of the Permitted Antenna. The Association may adopt Rules and Regulation regarding location and installation of Permitted Antennas, subject to limitations of applicable Laws. Except as allowed by federal statutes and regulation, no exterior television or any other antennae, microwave dish, satellite dish, satellite antenna, satellite earth station or similar device of any type shall be erected, installed or maintained on a Unit or Limited Common Elements.

Section 8.5. Guests and Tenants.

Each Owner shall be responsible for compliance by his or her Guests, and their respective servants, agents, employees and invitees with the provisions of the Governing Documents. An Owner's failure to insure compliance by such Persons shall be grounds for the same action available to the Association or any other Owner by reason of such Owner's noncompliance.

Section 8.6. Nuisances.

No nuisance shall be permitted within the Community, nor any use, activity or practice which is the source of unreasonable annoyance or embarrassment to, or which unreasonably offends or disturbs any Owner or which may unreasonably interfere with the peaceful enjoyment or possession or the proper use of a Unit or Common Element, or any portion of the Community by residents. No Owner shall permit anything or condition to exist in the Community which shall induce, breed, or harbor infectious plant diseases or noxious insects or rodents. No damage to, or waste of, the Common Elements, or any part thereof, shall be committed by any Owner or Owner's Guests.

Section 8.7. Compliance With Other Laws.

No improper, offensive or unlawful use shall be permitted within the Community or any portion thereof. All Laws shall be observed and complied with by all Owners and their Guests. Nothing shall be done or kept in any Unit or in or on the Common Elements, or any part thereof, which would be in violation of any Laws.

Section 8.8. Parking, Storage, and Repairs.

Parking upon the Common Elements and Limited Common Elements shall be regulated by the Association and set forth in the Rules and Regulations. Each Neighborhood may further regulate parking within specific Neighborhood Common Elements so long as such regulation does not materially impact the use of any General Common Elements for their intended uses including access to parking spaces, entry walks and the like.

Section 8.9. Trash Removal Restriction.

No garbage, refuse, rubbish, or cuttings shall be deposited on any street, road, or Common Elements in the Community, unless placed in a suitable container suitably located and otherwise in accordance with the Rules and Regulations. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No garbage cans, trash cans or receptacles shall be maintained in an exposed or unsightly manner. The Association shall have the exclusive right to engage a trash removal contractor on behalf of the Owners. All trash bins or receptacles kept or maintained in the Community shall be bear resistant and must remain closed at all times.

Section 8.10. Use of Common Elements.

Nothing shall be altered on, constructed in, or removed from the Common Elements without the prior written approval of the Association. There shall be no obstruction of the Common Elements, nor shall anything be kept or stored on any part of the Common Elements without the prior written approval of the Association. Notwithstanding the preceding, in the event a Common Element is reserved for the exclusive use of the Owners of Units in a particular Neighborhood and, therefore, a Neighborhood Common Element, the expense of managing, maintaining, repairing and replacing such Neighborhood Common Element shall be allocated to such Neighborhood as a Neighborhood Common Expense.

Section 8.11. No Annoying Lights, Sounds or Odors.

No light shall be emitted from any portion of the Community which is unreasonably bright or causes unreasonable glare, and no sound or odor shall be emitted from any portion of the Community which would reasonably be found by others to be noxious or offensive. Without limiting the generality of the foregoing, no exterior spot lights, searchlights, speakers, horns, whistles, bells or other light or sound devices shall be located or used on any portion of the Community except with the prior written approval of the Association.

Section 8.12. Wood or Charcoal Grills.

No wood or charcoal grills may be used or stored anywhere within the Community.

Section 8.13. Compliance with Insurance Requirements.

Except as may be approved in writing by the Association, nothing shall be done or kept on the Community which may result in a material increase in the rates of insurance or would result in the cancellation of any insurance maintained by the Association.

Section 8.14. Restriction on Signs and Advertising Devices.

Except as provided in this Section or as may be approved in writing by the Association, no sign, poster, billboard, advertising device or display of any kind shall be erected or maintained anywhere on a Unit. Political signs including signs intended to impact the outcome of an election must be displayed in accordance with the Rules and Regulations, but such Rules

and Regulations shall comply with terms of the Act relating to limitations on regulation of political signs.

Section 8.15. Prohibition of Marijuana Distribution and Growing.

No Owner or occupant of a Unit may utilize such Unit for the purpose of growing or distributing marijuana or medical marijuana. This prohibition may further be clarified by the Board of Directors through Rules and Regulations. Owners will be responsible for any damage resulting from a violation of this restriction, including but not limited to increased water and utility charges.

Section 8.16. Tanks.

No tanks of any kind (either elevated or buried), except for small portable tanks associated with an outdoor gas grill shall be erected, placed or permitted in the Community without the prior written approval of the Association.

Section 8.17. Outbuildings and Temporary Structures.

An "outbuilding" shall mean an enclosed or covered structure not directly attached to the dwelling it serves. No outbuilding or temporary structure, including sheds, trailers, mobile homes, tents, shacks, barns, or detached garages or carports, shall be allowed in the Community unless approved in writing by the Board of Directors or the Architectural Committee. Further, no outbuilding or temporary structure shall be used in the Community at any time for residential purposes, either temporarily or permanently.

Section 8.18. Mining and Drilling.

No Property within the Community shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing oil, gas, water or other hydrocarbons, minerals, rocks, stones, gravel or earth

Section 8.19. Clotheslines and Storage.

No clotheslines, drying areas or yards, service yards, shops, machinery, equipment, storage or storage areas shall be installed, allowed, kept, maintained or permitted in the Community unless the same, in each instance, is expressly permitted in writing by the Association or is otherwise required to be permitted under the Act.

Section 8.20. Prohibited Activities.

No Owner or occupant of a Unit may engage in any activity or practice which, in the sole discretion of the Board, is considered a threat to the health and/or safety of other Owners and residents within the Community, including but not limited to, hoarding, creating conditions conducive to indoor fires, allowing Units to fall into a state of disrepair to the point that rodents or other pests enter, or any other conditions which could cause damage or harm to other Units in the Community.

Section 8.21. No Restrictions on Mortgaging of a Unit.

There are no restrictions on the right of the Owners to mortgage or otherwise encumber their Unit. There is no requirement for the use of a specific lending institution or particular type of lender.

Section 8.22. Map Restrictions.

The Maps and Plats are a part of this Declaration and the terms, conditions, and Restrictions, if any, included on the Maps and Plats for the Property are incorporated herein by this reference.

Section 8.23. Rules and Regulations.

In furtherance of the provisions of this Declaration and the general plan, Rules and Regulations concerning and governing the Community or any portion thereof may be adopted, amended, or repealed from time-to-time by the Board of Directors. The Board of Directors may establish and enforce penalties for the infraction thereof. Additionally, the Board may adopt and amend rules regarding building and contractors that perform work in the Community and hours of operation for the Unbuilt Units.

Section 8.24. Compliance with Governing Documents.

Each Owner and its Guests shall comply strictly with the provisions of this Declaration, the Articles of Incorporation, Bylaws, and the Rules and Regulations of the Association, as amended from time to time.

Section 8.25. Use of the Words Cascade Village and Cascade Village Community Association.

No resident or Owner or Unit rental management company renting Units within the Community shall use the words Cascade Village or Cascade Village Community Association or the logo of the Community or Association, if any, or any derivative thereof, in connection with any goods, materials or services, the use of which is likely to cause confusion, mistake or deception as to the source or origin of such goods, materials or services, without the prior express written consent of the Association, which shall not be unreasonably withheld if being used for the purpose of marketing a Unit for rental.

**ARTICLE 9
PARTY WALLS**

Section 9.1. General Rules of Law to Apply.

Each wall which is built as a part of the construction of a Multi-Family Unit upon the Property and placed on the dividing line between Units shall constitute a party wall. To the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply.

Section 9.2. Sharing of Repair and Maintenance.

The cost of reasonable repair, replacement and maintenance of a party wall shall be shared by the Owners who make use of the wall in equal proportions.

Section 9.3. Destruction by Fire or Other Casualty.

If a party wall is destroyed or damaged by fire or other casualty, then, to the extent that such damage is not covered by insurance and repaired out of the proceeds of same, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, subject to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 9.4. Liability for Negligence.

Notwithstanding any other provision of this Article, to the extent that such damage is not covered and paid by the insurance provided for in this Declaration, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements and damages as a result of failure to do so.

Section 9.5. Right to Contribution Runs with Land.

The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 9.6. Dispute Resolution.

In the event of any dispute arising concerning a party wall, or under the provisions of this Article, the parties shall submit the dispute to mediation before the Association or its designee, the cost of which shall be borne by the disputing Owners. If the dispute cannot be resolved through mediation, the parties may pursue the dispute in arbitration or through a legal proceeding before a court.

**ARTICLE 10
MODIFICATIONS TO UNITS**

Section 10.1. Alterations of Units or Limited Common Element Balconies Without a Change in Allocated Interests or Boundaries of a Unit.

An Owner shall have the right, with written approval from the Architectural Committee and the Subassociation for its Neighborhood (if any and if such approval is required pursuant to a Supplemental Declaration for such Neighborhood), and subject to the provisions of this Article, to make the following alterations to their Units or Limited Common Element balconies:

- (a) Interiors. Owners have the right to make any Alterations to the interior of his or her Unit as provided for in this Article and subject to the following Restrictions.

(i) Decoration of Unit. The rights and restrictions in this Declaration shall not be construed to restrict an Owner's right to decorate the interior of his or her Unit as he or she should so determine; provided, however, that to the extent such decoration (including but not limited to window coverings) is visible from the exterior of any Unit and detracts, in the reasonable judgment of the Board, from the aesthetic or architectural integrity of the Community as seen from the parking lot or Common Elements, the Owner may be required to undertake such reasonable measures as the Board may determine to eliminate such detraction.

(ii) Nonstructural and Structural Interior Alterations. The rights and restrictions in this Article shall not be construed to restrict an Owner's right to move, remove, alter or change any interior, nonstructural wall or partition, or change the use and/or designation of any room within his or her Unit; provided, however, that such change shall not affect the structural integrity of the Community or mechanical or utility systems of the Community. No structural alterations to any Unit or any Common or Limited Common Elements shall be done by any Owner, without the prior written approval of the Architectural Committee.

(iii) No Combination of Units. Units may not be combined in the Community at any time without the approval of the Board of Directors, which approval shall not be unreasonably withheld if such combination is reasonable and completed in conformance with the procedures in Section 212 of the Act.

(b) Exteriors. Owners have the right to make Alterations to the exterior Limited Common Elements including patio or deck areas, as provided for in this Article and subject to the following Restrictions.

(i) Exterior Changes. No porch, garden or yard enclosure, awning, screen, sign, address numbers, banner or other device, and no exterior change, addition, structure, projection, decoration or other feature shall be erected, applied to, placed upon or attached to any Unit, or any part thereof or upon any Common or Limited Common Elements without, in each instance, written approval of the Architectural Committee. Notwithstanding the foregoing, unless there are specific Rules and Regulations adopted for landscaping, no approval shall be required for landscaping to Single Family Units.

(ii) Painting, Decals, and Window Coverings. No painting, attaching of decals or other decoration shall be done on any exterior part or surface of any Unit, or on the interior surface of any window, nor shall any window coverings other than a neutral color be installed inside a Unit, without written approval of the Architectural Committee, except for holiday decorations, holiday displays, holiday flags and/or holiday signs, which shall be expressly allowed, subject to the Rules and Regulations.

(c) General Restriction. Any Alterations (regardless of whether approval is required) may not impair the structural integrity, electrical systems, mechanical systems, utilities, lessen the support of any portion of the Community, enclose a Limited Common Element as improved interior space or as a part of a Unit, or violate any of the provisions of this Article.

(d) Application and Approval Requirements. All Alterations for which Architecture Committee approval is required may only be made by an Owner of the Unit, as applicant, after application to and approval by the Architectural Committee. The application and approval process shall include at least the following:

(i) Signatures. The signatures of all of the Owners of the Units that are proposed to have Alterations must be on the application;

(ii) Representations. The applicant Owners must represent and warrant that the proposed modifications do not affect the structural integrity, electrical systems, mechanical systems, utilities, lessen the support of any portion of the Community or violate any of the provisions of this Article;

(iii) Contents of the Application. The application must contain at least the following:

(A) evidence sufficient to the Architectural Committee that the applicant has complied with and/or will comply with all local Laws and that the proposed changes do not violate the terms of any Mortgage encumbering the affected Units;

(B) all necessary and proper permits and approvals from the appropriate Governmental Authorities have been or will be obtained;

(C) proof that each contractor of the Owner is licensed and adequately insured; and

(D) such other information as may be reasonably requested by the Architectural Committee.

(iv) Agreement May Be Required. Each Owner making any Alteration (regardless of whether approval is required) will be bound by the following relating to the Alteration and the Architectural Committee may require as a condition to its approval the Owner's written agreement (in the form required by the Association) confirming Owner's agreement to:

(A) be responsible, now and/or in the future, for any structural deficiencies or problems, electrical deficiencies or problems, mechanical structural integrity, electrical systems, utility or mechanical deficiencies or problems or problems associated with a lessening of support of any portion of the Community, or for violations of any of the provisions of this

Article, this Declaration or any other of the Governing Documents, all as may reasonably be determined by the Architectural Committee;

(B) be responsible for ongoing maintenance, repair, replacement and improvement of any or all of the Alterations of the Owner;

(C) pay all the fees and costs of the Architectural Committee, together with a deposit against fees and costs which the Architectural Committee will incur in reviewing and effectuating the application, in an amount reasonably estimated by the Architectural Committee, in advance of any billing for such fees and costs;

(D) give reasonable advance notice for the work to be performed, from the Owner or from the Owner's contractor; and

(E) comply with all of the Rules and Regulations and satisfaction of all other conditions as may be reasonably imposed by the Architectural Committee.

Section 10.2. Alterations of Units or Limited Common Element Balconies With a Requested Change in Allocated Interests or the Boundaries of a Unit.

Subject to the provisions of this Article, and pursuant to the procedures described in Sections 212 and 217 of the Act, the following changes may be made, after application to the Architectural Committee by the Owners of those Units and written approval by the Architectural Committee:

(a) **Conversion of Limited Common Element to Unit.** Boundaries of a Unit, to include a former Limited Common Element deck or patio on which an Owner has been approved to make Alterations (as provided for in this Section of this Article), may be changed, as provided for in this Article and with approval of the Members holding at least 67% of the votes in the Association.

(b) **Limitations.** No relocation of Unit boundaries shall be effected without the necessary amendments to the Declaration and Map, as provided for in this Article, which amendments shall be executed by the Owners of the affected Units and executed and Recorded by the Association in the manner provided in section 217(5) of the Act.

(c) **Application and Approval Requirements.** The Owners of the Units, as the applicant, must submit an application to the Architectural Committee, which must be approved by the Architectural Committee before the Owner proceeds, including all of the criteria set forth above and the following additional items (if application process is used above) and must also enter into an agreement with the Association, including the items set forth above:

(i) Reallocations. The proposed reallocation of interests, if any, which may include a re-allocation of Common Expense liability, to account for an increase in size to the Unit or Units of the Owner, if sought by the applicant or required by the Architectural Committee; and

(ii) Forms of Amendments. The proposed form for amendments to this Declaration, including the Map, as may be necessary to show the altered boundaries, and their dimensions and identification.

(d) Costs. All costs and attorney's fees incurred by the Association as a result of an application (regardless of whether the application is approved) shall be paid by the applicants.

Section 10.3. Maintenance Responsibilities.

For all modifications made to a Unit by an Owner, whether made under the authority and with the approvals under this Article, or whether made previously or without approvals required under this Article, the Owner shall be responsible for maintenance, repair and replacement of all Alterations unless the Association expressly assumes any of those responsibilities in writing.

Section 10.4. Acknowledgment of Owners.

Owners acknowledge, accept and agree to the following:

(a) Owners will not commence construction or installation of any Alterations requiring approval under this Declaration or the other Governing Documents until they have submitted plans and specifications for the Alterations and received written approval from the Architectural Committee;

(b) Owners shall immediately comply with any request by the Architectural Committee for additional information relating to any Alterations prior to the Architectural Committee's approval of a request and/or prior to the completion of an Alteration. Failure to comply with such a request by an Owner shall result in the withdrawal of Architectural Committee approval, if previously granted;

(c) Architectural Committee approval does not constitute approval of the local building or zoning department, or as to design or structural soundness;

(d) Owners shall notify the Architectural Committee of completion of the Alteration within five (5) days of such completion;

(e) Upon completion of an Alteration, Owners authorize the Architectural Committee or its representative(s) to enter onto the Unit for inspection of the Alterations;

(f) Failure of an Owner to notify the Architectural Committee of completion of an approved Alteration, or refusal to allow inspection, shall result in the withdrawal of the Architectural Committee's approval;

(g) If the Alteration as built does not conform to the Alteration as approved by the Architectural Committee, the Architectural Committee's approval will be deemed withdrawn, and upon written request of the Architectural Committee, Owners shall, at their own expense and cost, promptly bring the Alterations into compliance with the submitted and approved plans and specifications;

(h) In the event of withdrawal of Architectural Committee approval for any reason(s) cited in this Section, and upon written request from the Architectural Committee, the Owner, at his or her expense and cost, shall promptly restore the Unit to substantially the same condition as it existed prior to commencement of the Alterations, and such withdrawal will be deemed to toll the statute of limitations as it pertains to the Alteration until such time as the Alteration is brought into compliance.

Section 10.5. Architectural Criteria.

The Architectural Committee shall exercise its reasonable judgment to the end that all Alterations to a Unit shall comply with the requirements set forth in this Declaration. The approval or consent of the Architectural Committee on matters properly coming before it shall not be unreasonably withheld, and actions taken shall not be arbitrary or capricious. Approval shall be based upon, but not limited to, conformity and harmony of exterior appearance with neighboring structures and Units, preservation of aesthetic beauty, and conformity with the specifications and purposes generally set out in this Declaration. Upon its review of such plans, specifications and submittals, the Architectural Committee shall require that the applicant(s) reimburse the Architectural Committee for actual expense incurred by it in its review and approval process.

Section 10.6. Establishment of the Architectural Committee.

The Architectural Committee shall consist of a minimum of three members appointed by the Board of Directors. In the event an Architectural Committee is not established, the Board shall perform all duties of the Architectural Committee as provided in this Article and the Governing Documents of the Association. The Board shall have the authority to remove any members of the Architectural Committee at their sole discretion. The Architectural Committee shall have and exercise all the powers, duties and responsibilities set out in this Declaration

Section 10.7. Architectural Guidelines.

The Architectural Committee may propose architectural guidelines from time to time, which guidelines may be approved by the Board of Directors and included in or with any Rules and Regulations of the Association.

Section 10.8. Reply and Communication.

The Architectural Committee shall reply to all submittals of plans made in accordance herewith in writing within 30 days after receipt. In the event the Architectural Committee fails to take any action on submitted plans and specifications within 30 days after the Architectural Committee has received the plans and specifications, approval shall be deemed to be denied. All

communications and submittals shall be addressed to the Architectural Committee in care of the Association.

Section 10.9. Conditions of Approval.

In the discretion of the Board or the Architectural Committee, an Owner may be required to enter into a written agreement establishing the approval of the application in recordable form acknowledged by such Owner on behalf of himself or herself and all successors-in-interest. As a condition of approval for a requested Alteration, an Owner, on behalf of himself or herself and his or her successors-in-interest, affirms and shall assume, unless otherwise agreed in writing, all responsibilities for maintenance, repair, replacement and insurance to and on such Alteration.

Section 10.10. Commencement and Completion of Construction.

All Alterations approved by the Architectural Committee must be commenced within one year from the date of approval. If not commenced within such time, then such approval shall be deemed revoked by the Architectural Committee, unless the Architectural Committee gives a written extension for commencing the work. Additionally, except with written Architectural Committee approval otherwise, and except for delays caused by strikes, fires, national emergencies, critical materials shortages or other intervening forces beyond the control of the Owner, all work approved by the Architectural Committee shall be completed within six months of commencement. All construction shall be completed in accordance with any Rules and Regulations promulgated by the Board of Directors which Rules and Regulations may limit the times upon which construction may occur.

Section 10.11. Variances.

The Architectural Committee may grant reasonable variances or adjustments from any conditions and restrictions imposed by this Declaration in order to overcome practical difficulties and unnecessary hardships arising by reason of the application of the conditions and restrictions contained in this Declaration or in architectural guidelines.

Section 10.12. Right to Appeal.

If the Board of Directors is not acting as the Architectural Committee, an Owner whose plans have been disapproved or conditionally approved may appeal any decision of the Architectural Committee to the Board of Directors. The Board of Directors shall review the decision of the Architectural Committee pursuant to the criteria set forth in this Article and/or the architectural guidelines. Any decision of the Architectural Committee may be overruled and reversed by a majority of the directors by a written decision setting forth the reasons for the reversal when the directors conclude that the Architectural Committee's decision was inconsistent with the criteria set forth in this Article and the guidelines.

Section 10.13. Waivers.

The approval or consent of the Architectural Committee, or appointed representative thereof, to any application for architectural approval shall not be deemed to constitute a waiver of any right to hold or deny approval or consent by the Architectural Committee as to any application or other matters subsequently or additionally submitted for approval or consent.

Section 10.14. Liability.

The Architectural Committee and the members thereof, as well as any representative of the Board designated to act on its behalf, shall not be liable in damages to any Person submitting requests for approval or for any approval, or failure to approve or disapprove in regard to any matter within its jurisdiction under these covenants. Neither the Board nor the Architectural Committee shall bear any responsibility for ensuring the design, quality, structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes, zoning regulations and other governmental requirements or Laws.

Section 10.15. Records.

The Association shall maintain written records of all applications submitted to it and of all actions taken by it with respect thereto. Such records shall be open and available for inspection by any interested party during reasonable hours of the business day according to any policy adopted by the Board.

Section 10.16. Enforcement.

Enforcement of these covenants, restrictions, charges and other provisions, as amended, may be by any proceeding at law or in equity against any Person or Persons violating or attempting to violate any such provision. The Association or any Owner shall have the right, but not the obligation, to institute, maintain and prosecute any such proceedings. In any action instituted or maintained under this Section, the Association or any Owner may be entitled to recover its costs and reasonable attorney fees incurred pursuant thereto, as well as any and all other sums awarded by the court. Failure of the Association to enforce any covenant or restriction contained in this Section shall in no event be deemed a waiver of the right to do so thereafter. In addition, or in the alternative, the Association shall have all other enforcement rights as set forth in this Declaration.

**ARTICLE 11
INSURANCE/CONDEMNATION/OBSOLESCENCE**

Section 11.1. Insurance to be Carried by the Association.

The Association shall obtain and maintain in full force and effect, to the extent reasonably available and at all times, the insurance coverage set forth in this Declaration and as set forth in the Act, which insurance coverage shall be provided by financially responsible and able companies duly authorized to do business in the State of Colorado.

Section 11.2. Association Hazard Insurance on the Units and Common Elements.

(a) The Association shall obtain and maintain hazard insurance covering full replacement cost, loss, damage or destruction by fire or other casualty to the Units and the Common Elements and the other property of the Association as designated in Exhibit G of this Declaration.

(b) If obtainable, the Association shall also obtain the following and any additional endorsements deemed advisable by the Board of Directors: (a) an Inflation guard endorsement, (b) a Construction Code endorsement, (c) a demolition cost endorsement, (d) a contingent liability from operation of building laws endorsement, (e) an increased cost of construction endorsement.

(c) All blanket hazard insurance policies shall contain a standard non-contributory mortgage clause in favor of each first Mortgagee, and their successors and assigns, which shall provide that the loss, if any thereunder, shall be payable to the Association for the use and benefit of such first Mortgagee, and their successors and assigns, as their interests may appear of record in the Records.

(d) All insurance purchased by the Association pursuant to this Section shall run to the benefit of the Association, the Board of Directors, officers, all agents and employees of the Association, the Owners, and their respective Mortgagees, and all other persons entitled to occupy any Unit, as their interests may appear.

(e) The Association's insurance policy may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance equals at least the replacement cost of the insured property.

(f) The Board of Directors shall make available for review by Owners a copy of the Association's insurance policy to allow Owners to assess their personal insurance needs. Each Owner shall have the right to obtain additional coverage at his or her own expense.

Section 11.3. Owner Insurance Responsibilities.

Unit Owners are specifically responsible for maintaining insurance which covers his or her Unit to the extent not covered by policies maintained by the Association, as set forth in Exhibit G of this Declaration. Owners are also responsible for general liability insurance within a Unit. The liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of any insurance carried by Unit Owners. The policies of insurance carried by the Association shall be primary, even if a Unit Owner has other insurance that covers the same loss or losses as covered by policies of the Association. The Association's insurance coverage, as specified in this Declaration, and under the Act, does not obviate the need for Unit Owners to obtain insurance for their own benefit.

Section 11.4. Association Flood Insurance.

The Association shall obtain flood insurance to the extent required by the Federal Emergency Management Agency (FEMA) or any other governmental agency.

Section 11.5. Association Liability Insurance.

The Association shall obtain a policy of public liability and property damage liability insurance covering the Common Elements, in such limits as the Board may determine from time to time, but not in any amount less than a combined single limit of \$1,000,000.00. Coverage shall include, without limitation, liability for personal injuries, operation of automobiles on behalf of the Association, and activities in connection with the ownership, operation, maintenance and other uses of the Community. All liability insurance shall name the Association as the insured.

Section 11.6. Association Fidelity Insurance.

The Association shall obtain fidelity coverage or fidelity bonds to protect against dishonest acts on the parts of its officers, directors, trustees and employees and on the part of all others who handle or are responsible for handling the funds of the Association, including persons who serve the Association with or without compensation. The fidelity coverage or bonds should be in an amount sufficient to cover the maximum funds that will be in the control of the Association, its officers, directors, trustees and employees, as required by law.

Section 11.7. Association Worker's Compensation and Employer's Liability Insurance.

The Association shall obtain worker's compensation and employer's liability insurance and all other similar insurance with respect to its employees in the amounts and forms as may now or hereafter be required by law.

Section 11.8. Association Directors' and Officers' Personal Liability Insurance.

The Association shall obtain directors' and officers' personal liability insurance to protect the directors, officers, committee members and any Person acting at the discretion of the Board from personal liability in relation to their duties and responsibilities in acting on behalf of the Association.

Section 11.9. Other Association Insurance.

The Association may obtain insurance against such other risks, as it shall deem appropriate with respect to the Association responsibilities and duties.

Section 11.10. Miscellaneous Terms Governing Insurance Carried by the Association.

The Association shall maintain, to the extent reasonably available, insurance policies with the following terms or provisions:

(a) All policies of insurance shall provide that each Owner is an insured under the policy with respect to liability arising out of such Owner's membership in the Association.

(b) All policies of insurance shall contain waivers of subrogation against any Owner or member of his or her household.

(c) All policies of insurance shall contain waivers of any defense based on invalidity arising from any acts of an Owner and shall provide that such policies may not be canceled or modified without at least 30 days prior written notice to all of the Owners, First Mortgagees and the Association.

(d) If requested, duplicate originals of all policies and renewals thereof, together with proof of payments of premiums, shall be delivered to all Eligible Mortgage Holders at least 10 days prior to the expiration of the then-current policies.

(e) All liability insurance shall include the Association, the Board, the manager or managing agent, if any, the officers of the Association, first Mortgagees, their successors and assigns and Owners as insureds.

(f) In no event shall any casualty insurance policy contain a co-insurance clause.

(g) All policies of insurance of the Association shall be primary, providing the primary insurance of the loss, if there is other insurance in the name of the Owner.

(h) All policies of insurance shall provide that the insurance thereunder shall not be invalidated, suspended, voidable or have any condition of recovery due to an act or omission by any Owner, only in respect to the interest of any particular Owner guilty of a breach of warranty, act, omission, negligence or non-compliance of any provision of such policy, including payment of the insurance premium applicable to the Owner's interest, or who permits or fails to prevent the happening of any event, whether occurring before or after a loss, which under the provisions of such policy would otherwise invalidate or suspend the entire policy, but the insurance under any such policy, as to the interests of all other insured Owners not guilty of any such act or omission, shall not be invalidated or suspended and shall remain in full force and effect.

(i) Prior to obtaining any policy of casualty insurance or renewal thereof, pursuant to the provisions hereof, the Board may obtain an appraisal from a duly qualified real estate or insurance appraiser, which appraiser shall reasonably estimate the full replacement value of the Units and the Common Elements, without deduction for depreciation, review any increases in the cost of living, and/or consider other factors, for the purpose of determining the amount of the insurance to be effected pursuant to the provisions hereof. In no event shall any casualty insurance policy contain a co-insurance clause.

Section 11.11. Insurance Premium.

Except as assessed in proportion to risk, insurance premiums for the above provided insurance shall be a Common Expense to be included as a part of the Annual Assessments levied by the Association.

Section 11.12. Managing Agent Insurance.

The manager or managing agent of the Association, if any, shall be adequately insured for the benefit of the Association and shall maintain and submit evidence of such coverage to the Association, including professional liability or errors and omissions insurance, workers' compensation, unemployment and fidelity coverage. The Association may indemnify its managing agent, except for that agent's intentional acts or omissions or negligence outside the scope of their duties and obligations to the Association, or outside of direction from or of the Association.

Section 11.13. Annual Association Insurance Review.

The Board shall review the insurance carried by and on behalf of the Association at least annually.

Section 11.14. Adjustments by the Association.

Any loss covered by an insurance policy described above shall be adjusted by the Association, and the insurance proceeds for that loss shall be payable to the Association and not to any holder of a first lien security interest. The Association shall hold any insurance proceeds in trust for the Association, Owners and first Mortgagees as their interests may appear. Proceeds must be distributed first for the repair or restoration of the damaged property. The Owners and holders of first lien security interest are not entitled to receive payment of any portion of the proceeds. The Association may determine how a surplus of proceeds, if any, shall be utilized.

Section 11.15. Responsibility for Payment of Deductible Amount.

Whether the Board, in its discretion, chooses to submit a claim under the Association insurance policies or not, the payment of the deductible amount for claims which the Association is responsible for insuring shall be as follows:

- (a) The Association shall pay or absorb the deductible amount for any work, repairs or reconstruction for damage to Common Elements unless the damage is the results from the negligence or misconduct of an Owner or its Guests, as set forth in this Declaration, in which case the Association shall seek reimbursement of the deductible amount as an Assessment in compliance with and under the terms of this Declaration. Any Owner who receives the proceeds of any Association insurance shall be responsible for the payment of the deductible in proportion to the percentage of insurance proceeds received. Such deductible shall be due within 10 days of notification and shall be considered a Common Expense Assessment allocated directly to the Unit and shall be collected as provided in this Declaration.

(b) The Owner shall pay or absorb the deductible for any loss to the Unit that would be the responsibility of the Owner in the absence of insurance unless the loss is caused by the negligent or willful act or omission of the Association or another Owner, in which case the negligent party shall be responsible for the deductible. If a negligent Owner fails to pay the deductible for damage to a Unit, the Association may, but shall not be obligated to seek the deductible on behalf of the Owner suffering the loss as provided in this Declaration for the collection of Assessments.

Section 11.16. Duty to Repair.

Any portion of the Community for which insurance is required under this Article which is damaged or destroyed must be repaired or replaced promptly by the Association or Owner.

Section 11.17. Condemnation and Hazard Insurance Allocations and Distributions.

In the event of a distribution of condemnation proceeds or hazard insurance proceeds to the Owners, the distribution shall be as the parties with interests and rights are determined or allocated by record and pursuant to the Act.

Section 11.18. Insurance Assessments.

If the proceeds of insurance are not sufficient to defray the costs of reconstruction and repair due to deductibles allocated to the Association or failure of the Association to maintain coverage to defray costs of repair and reconstruction which in the absence of insurance would be the maintenance responsibility of the Association, the deductible or additional cost shall be a Common Expense and may be added to the Annual Assessment without any vote or ratification of the Owners.

Section 11.19. Payment of Claims to Delinquent Owners.

Notwithstanding anything to the contrary in this Declaration, in the event of an insured loss under the Association's master hazard insurance policy for which the Association receives from the insurer payment for a loss sustained by an Owner who is delinquent in the payment of Assessments owed to the Association under this Declaration, then the Association may retain and apply such proceeds recovered to the delinquency. Any surplus remaining after application of the proceeds to any delinquency shall be paid by the Association to the affected Owner.

Section 11.20. Obsolescence.

(a) **Renewal and Reconstruction.** Owners representing at least 67% of the total votes in the Association and 67% of the Eligible Mortgage Holders may agree that the Property is obsolete and adopt a plan for renewal and reconstruction.

(i) If a plan for renewal or reconstruction is adopted by the Owners and Eligible First Mortgage Holders as described above, notice of the adoption of such plan shall be sent to all Owners and Recorded, and the expense of renewal and reconstruction shall be payable by all of the Owners as Common Expenses; provided, however, that an Owner who does not desire to be a party to such plan

for renewal or reconstruction may give written notice to the Association within 15 days after the date of the notice of the adoption of such plan that his or her Unit shall be purchased by the Association for the fair market value thereof.

(ii) The Association shall then have 30 days from receipt of a notice from an Owner that such Owner does not desire to participate in the plan within which to cancel such plan. If such plan is not cancelled, the Unit of the requesting Owner shall be purchased according to the following procedures:

(A) If such Owner and the Association can agree on the fair market value thereof, then such sale shall be consummated within 30 days after such agreement;

(B) If the parties are unable to agree on the fair market value, the date when either party notifies the other that he, she or it is unable to agree with the other shall be the "Commencement Date" from which all periods of time mentioned hereafter shall be measured. Within 10 days following the Commencement Date, each party shall nominate an appraiser in writing (and give notice of such nomination to the other party). If either party fails to make such a nomination within 10 days of the Commencement Date, the appraiser nominated shall, within 5 days after default by the other party, appoint and associate with him or her or another appraiser. If the two designated or selected appraisers are unable to agree on the fair market value of the Unit, they shall appoint another appraiser to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire, each appraiser previously appointed shall nominate two appraisers and from the names of the four appraisers so nominated one shall be drawn by lot by any judge of any court of record in Colorado, if the Association can arrange such judicial participation in this process, and otherwise by the President of the Association; and the name so drawn shall be such umpire. The nominations from whom the umpire is to be drawn by lot shall be submitted within 10 days of the failure of the two appraisers to agree, which, in any event, shall not be later than 20 days following the appointment of the second appraiser. The decision of the appraisers as to the fair market value or, in the case of their disagreement, such decision of the umpire shall be final and binding and a judgment based upon the decision rendered may be entered in any court having jurisdiction. The expenses and fees of such appraisers shall be borne equally by the Association and the Owner. Alternatively, in the event the purchase price so established is unacceptable to the Board of Directors, then the Association may cancel the plan or resubmit a revised plan, to include the purchase price established for the Unit of the Owner who does not desire to participate in the plan, to the Owners and Eligible Mortgage Holders for approval; and

(C) Unless the plan is canceled or the Board determines to resubmit the plan for approval, the sale shall be consummated within 30 days after the final determination of fair market value as determined above; and the Association, as attorney-in-fact, shall disburse such proceeds to the Association, Owner(s) and lienholders, as their interests may appear.

(D) As used in this Section, the term "obsolete" shall mean the cost to repair, renovate and restore the Community in excess of 50% of the cumulative fair market value of the Units.

(b) Sale of Property. Owners representing at least 75% of the total votes in the Association and 75% of the Eligible Mortgage Holders may agree that the Community is obsolete and that the Community should be sold as one parcel of property. In such instance, the Association shall send notice of the approval of such a sale to all Owners and Record a notice executed by the Association's President and Secretary setting forth such fact and, upon Recording of such notice, the Property shall be sold by the Association, as attorney-in-fact for all Owners, free and clear from the provisions contained in this Declaration. The sales proceeds shall be collected and apportioned between the Owners on the basis of each Owner's appurtenant interest in and to the Common Elements as specified in the Declaration, and the proceeds shall be paid into separate accounts, each account representing one Unit. Each such account shall be in the name of the Association and shall be further identified by the Unit designation and the name of the Owner. The Association, as attorney-in-fact, shall use and disburse the total amount of each separate account, without contribution from one account to another, to the Association, Owner(s) and lienholders, as their interests may appear.

(c) Neighborhoods. Owners representing at least 67% of the total votes in a Neighborhood and 67% of the Eligible Mortgage Holders of Units in that Neighborhood may agree that the Neighborhood Common Elements of such Neighborhood are obsolete and adopt a plan for renewal and reconstruction of such Neighborhood. In the event of such determination, the process outlined in Section (a) above shall be followed provided the only Persons participating in such process will be the Owners of such Neighborhood and the Subassociation for the Neighborhood, if any. The Association will cooperate with the Owners of such Neighborhood in their carrying out their plan for renewal and reconstruction.

ARTICLE 12

SPECIAL RIGHTS OF HOLDERS OF FIRST LIEN SECURITY INTERESTS

Section 12.1. General Provisions.

The provisions of this Article are for the benefit of Eligible Mortgagees of first lien security interests Recorded. To the extent applicable, necessary or proper, the provisions of this Article apply to both this Declaration and to the Articles and Bylaws of the Association. Eligible insurers and guarantors of a first lien security interest shall have the same rights as an Eligible Mortgage Holder.

Section 12.2. Special Rights.

Eligible Mortgage Holders shall be entitled to: (a) timely written notice from the Association of any default by a mortgagor of a Unit in the performance of the mortgagor's obligations under this Declaration, the Articles of Incorporation, the Bylaws or the Rules and Regulations, which default is not cured within 60 days after the Association learns of such default; (b) examine the books and records of the Association during normal business hours; (c) receive a copy of financial statements of the Association, including any annual audited financial statement; (d) receive written notice of all meetings of the Members of the Association; (e) designate a representative to attend any such meetings; (f) written notice of any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; (g) written notice of abandonment or termination of the Association of the plan contemplated under this Declaration; (h) 60 days written notice prior to the effective date of any proposed amendments of a material adverse nature to first mortgagees to this Declaration, the Articles of Incorporation, or the Bylaws; (i) 60 days written notice prior to the effective date of termination of professional management of the Association or the Common Elements, when professional management had been required previously under the legal documents for the Community or by an Eligible Mortgage Holder; and (j) immediate written notice as soon as the Association receives notice or otherwise learns of any damage to the Common Elements or to the Unit on which the Eligible Mortgage Holder holds a security interest, if the cost of reconstruction exceeds \$20,000.00 and as soon as the Association receives notice or otherwise learns of any condemnation or eminent domain proceedings or other proposed acquisition with respect to any portion of the Common Elements or any Units.

Section 12.3. Special Approvals.

Unless at least 51% of the Eligible Mortgage Holders of first Mortgages (based on one vote for each first Mortgage owned) of Units in the Association and requisite Owners have given their written approval, neither the Association nor any Member shall (a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements or any Improvements thereon which are owned, directly or indirectly, by the Association (except that the granting of access easements, utility easements, drainage easements and water facilities easements or easements for other public purposes consistent with the intended use of such Property by the Association shall not be deemed within the meaning of this provision); (b) change the method of determining the obligations, Assessments or other charges which may be levied against Members or the method of allocating distributions of hazard insurance policy proceeds or condemnation awards; (c) by act or omission change, waive or abandon any scheme or regulation, or enforcement thereof, pertaining to architectural approval of Alterations to Units, including the architectural design of the exterior appearance of Units, or the upkeep of the Common Elements; (d) fail to maintain the casualty, fire and extended coverage insurance as elsewhere provided in this Declaration; (e) use hazard insurance proceeds for losses other than the repair, replacement or reconstruction of the Improvements which were damaged or destroyed; (f) take action to terminate the legal status of the Community after substantial destruction or condemnation occurs; (g) adopt any amendments to this Declaration of a material adverse nature to first mortgagees; and (h) establish self-management by the Association when professional management has previously been required by the legal documents for the

Community or by an Eligible Mortgage Holder. An amendment shall not be deemed material if it is for the purpose of correcting technical errors, or for clarification only. If an Eligible Mortgage Holder of a first lien security interest receives written request for approval of the proposed act, omission, change or amendment by certified or registered mail, with a return receipt requested, and does not deliver or post to the requesting party a negative response within 60 days, it shall be deemed to have approved such request.

Section 12.4. Right to Pay Taxes and Insurance Premiums.

Any holder of a first lien security interest shall be entitled to pay any taxes or other charges which are in default and which may or have become a lien against a Unit or any of the Common Elements and may pay any overdue premiums on hazard insurance policies or secure new hazard insurance coverage for the Common Elements or Units.

**ARTICLE 13
CREATION OF UNITS ON TRACTS**

Section 13.1. Creation of Units on Original Tracts.

A Tract Owner of an Original Tract may, but shall in no way be required to, from time to time, unilaterally, create Units on its Tract in the manner provided in this Article, which Tract, once Units are created on it, will be a "Developed Tract." A maximum of 61 Units may be created on the Original Tracts which density shall be shared among the Grizzly Tract and the Vermilion Tract as the Owners of those Tracts agree. A Tract Owner may create Units on its Tract only at such time as (a) Dwelling Units have been constructed on the Tract if the Units are Multi-Family Units, or (b) a Plat has been Recorded if the Units are Single Family Units. The Units on the Developed Tract will become part of the Community and subject to this Declaration effective upon the Recording of a Supplemental Declaration meeting the requirements set forth in this Article.

Section 13.2. Creation of Units on New Tracts.

(a) Creation of New Tracts. The Association shall have the right, but shall in no way be required to, from time to time, to subdivide and create new Tracts on the General Common Elements and to sell and permit the development, creation of additional Units and installation of Improvements and Alterations on such Tracts on behalf of the Owners in the manner and on the terms and conditions in this Article. Such action by the Association is referred to in this Declaration as "Common Elements Development" and a Tract created under this Section 13.2 is referenced to in this Declaration as a "New Tract."

(b) Approved Development Plan. Any plan for Common Elements Development shall be approved by the Board of Directors and by the Owners holding at least sixty seven percent (67%) of all of the votes of the Association. The plan for the Common Elements Development approved by the Owners (the "Approved Development Plan") must include (i) all information that will be included in the Supplemental Declaration for such Tract including a legal description and survey of the Tract, the

number of Units that will be created on the Tract, a description of the Neighborhood in which the Tract will be located and (ii) the salient terms of the sale of the Tract as contemplated under Section 13.2(c).

(c) Sale of New Tract. Notwithstanding that the Association may create a New Tract, the Association may not undertake any Alteration or Improvements in connection with the Common Elements Development. Instead, any such Alteration or Improvements activates must be undertaken by a third party developer and, therefore, the plan for the Common Elements Development shall require a sale of the applicable Tract to a third party, who upon acquiring the Tract will be a Tract Owner. The terms of such sale must include the payment of the entire purchase price in cash at the time of the closing of the sale and include the Tract Owner's agreement to obtain the approval of the proposed Improvements and Alterations from the Architectural Committee, commence the construction of the approved Improvements by a date certain and complete the Improvements within a certain period, all in accordance with the Approved Development Plan for such Tract and the Governing Documents and to Record a Supplemental Declaration and that is consistent in all material respects with the Approved Development Plan. The Association may impose such additional terms and conditions upon the sale and development by the purchasing Tract Owner as the Board of Directors shall deem to be in the best interests of the Association. The Association may enter a contract for a sale of a proposed New Tract prior to approval of the Common Elements Development for such Tract by the Owners provided the contract and sale is contingent upon such approval being obtained. Notwithstanding the approval of the Approved Development Plan by the Association, the subdivision of the Common Elements must be approved by any applicable Governmental Authorities and the subsequent development must comply with all applicable Laws.

(d) Supplemental Declaration. Upon the approval of the Approved Development Plan by the Owners, the Association shall be authorized to file a Supplemental Declaration that creates the new Tract and establishes the maximum number of Units that may be constructed upon such Tract in accordance with the terms of the Approved Development Plan.

(e) Proceeds From Sale. Any proceeds from the sale of a Tract shall be paid to and held by the Association for the benefit of all of the Owners.

Section 13.3. Supplemental Declaration for Creation of Units.

The Supplemental Declaration for the creation of a New Tract and for the creation of Units on a Tract shall:

- (a) be executed and acknowledged by the owner of the Developed Tract and the Association;
- (b) contain an adequate legal description of the Developed Tract;

- (c) contain a reference to this Declaration including the date and place of Recording sufficient to identify this Declaration;
- (d) designate the Neighborhood in which the Developed Tract will be located and comply with the applicable requirements in Section 13.4 of this Declaration;
- (e) designate the number of Units created on the Developed Tract and whether the Units that will be located in the Neighborhood will be Single Family Units or Multi-Family Units;
- (f) include a Recorded Plat or Map executed and acknowledged by the Tract Owner and the Association, which Plat or Map shall be sufficient to locate and legally describe each of the Units in the Neighborhood;
- (g) identify any Common Elements created within the Neighborhood, designate to which Units any newly created Limited Common Elements are appurtenant, and convey ownership of all of the Common Elements to the Owners within the Community as tenants in common;
- (h) contain a statement that each of the Units created in the Supplemental Declaration is declared to be part of the Community under this Declaration and shall be subject to this Declaration; and
- (i) state whether the Units in the Developed Tract will be subject to the jurisdiction of a Subassociation and, if so, the name of the Subassociation. If there is no such statement there will be not be a Subassociation for that that Neighborhood unless one is subsequently formed by the Owners of the Neighborhood.

A Supplemental Declaration may provide for phased creation of Units on a Tract so that real property may be made subject to the Supplemental Declaration and this Declaration at different times. A deed by which the Tract Owner conveys a parcel of property to another Person may constitute a Supplemental Declaration if it meets the foregoing requirements.

Section 13.4. Neighborhood Requirements.

If the Neighborhood in which the Developed Tract will be located is an existing Neighborhood, the Supplemental Declaration (including the inclusion of the Developed Tract into the existing Neighborhood) must be approved by Owners of the Units in such Neighborhood holding at least 67% of the votes of all Owners of Units in such existing Neighborhood and executed by the Association confirming that it has been so approved. If the Units in the existing Neighborhood are Multi-Family Units, the Supplemental Declaration shall include a revised Exhibit F to this Declaration for all of the Units in such Neighborhood taking into account the newly created Units including a revised list of all of the Units, the square footage of each such Unit, and the percentage of the square footage of each Unit in the Neighborhood relative to the square footage of all of the Units in that Neighborhood. If the Neighborhood in which the Developed Tract will be located is a new Neighborhood and the Neighborhood has Multi-Family Units, the Supplemental Declaration shall include a revised Exhibit F to this Declaration for all

of the Units in such Neighborhood that includes the information and follows the same principles as set forth in Section 4.5(c)(ii) of this Declaration.

Section 13.5. Additional Provisions.

The Supplemental Declaration for a Developed Tract may include such additional Restrictions and terms that take into account the unique and particular aspects of the proposed development of the Developed Tract as the Tract Owner may elect provided the Restrictions do not encumber any part of the Community other than the Developed Tract.

Section 13.6. Effect of Recordation.

Upon Recordation of a Supplemental Declaration in accordance with the terms of this Declaration, the Developed Tract and the Owners of Units created by the Supplemental Declaration shall be subject to this Declaration including all of the other Restrictions set forth in this Declaration, in the same manner as all other Owners and Units within the Community.

**ARTICLE 14
DEVELOPMENT OF TRACTS**

Section 14.1. Right to Develop.

A Tract Owner shall have the right, but shall not be obligated to, from time to time, to develop and install Improvement and Alterations on its Tract in the manner provided in this Article and the other terms of this Declaration, which rights are referred to in this Declaration as the "Tract Rights." None of the Tract Rights may be modified, amended, rescinded or affected by any amendment of this Declaration or otherwise, without the affected Tract Owner's written consent, which consent may be withheld for any reason.

Section 14.2. Construction of Improvements.

The Tract Rights include the right of a Tract Owner to construct additional Improvements on the Tracts at any time and from time to time for the improvement and enhancement thereof as the Tract Owner in its sole discretion determines provided that the maximum number of Units that may be created on such Tract is as provided in Section 5.1 for the Original Tracts and in the Approved Development Plan for a New Tract. Neither the Tract Owner of an Original Tract nor any Person acting on behalf of the Tract Owner of an Original Tract has made any representation or warranty as to when, if at all, the Original Tracts will be developed, and the Tract Owner of an Original Tract is under no obligation to build, develop or construct an Original Tract.

Section 14.3. Transfer of Common Elements.

A Tract Owner shall convey or transfer any or all of the Common Elements created on its Tract to the Owners (or the Association on behalf of the Owners), which conveyance shall be made in the Supplemental Declaration for such Tract, and the Owners shall be obligated to accept title to such property as Common Elements to be maintained by the Association as provided in this Declaration. If any Improvements on such property to be conveyed are not completed when transferred to the Association, the Tract Owner shall complete such

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Improvements at the Tract Owner's expense free of liens and encumbrances relating to the construction of the Improvements; provided, however, that the foregoing shall not obligate the Tract Owner to construct any Improvements on such conveyed property unless it has agreed in writing to construct such Improvements or it commences, but does not complete, construction before transfer to the Owners. Any claim of breach of such obligation to construct must be made within one year following the transfer of the Improvements or the Improvements will be deemed accepted by the Association and the claim will be deemed forever waived.

Section 14.4. Promotion and Marketing.

The Tract Owner shall have the right to use Common Elements and its Tract in connection with the promotion, marketing and sales of Units on the Tract, including the right to erect and maintain on any part of the Tracts such signs, created temporary buildings and other structures as the Tract Owner may deem necessary or proper in connection with the promotion, development and marketing of the Units in the Tract, the right to use and to allow sales agents, prospective purchasers and other Guests of the Tract Owner to use Common Elements in connection with the promotion, development and marketing of the Units; and to maintain sales offices, management offices and models within the Tracts, but not on any Unit of any other Owner without its consent.

Section 14.5. Right to Complete Development.

The Owners of the Original Tracts shall have the right to develop the Original Tracts. No provision of this Declaration shall be construed to prevent or limit the Tract Owner's rights to commence and complete development of and construction of Improvements on the Original Tracts. Notwithstanding the foregoing, the Tract Owner of an Original Tract will consult with the Architectural Committee on its proposed Improvements for its Tract. The Architectural Committee shall be limited to review for the conformity and harmony of exterior appearance of the proposed Improvements with neighboring structures within the Community. The Architectural Committee shall comment in writing within 30 days of receipt of the Tract Owner's conceptual plans, which comments must include a description in reasonable detail of how the proposed exterior Improvements do not conform or are not in harmony and how they may be revised to overcome the Architectural Committee's objections. Notwithstanding the Architectural Committee's comments, the final decision on the plans will be made by the Tract Owner. The Owner of any New Tract shall be required to obtain the approval of the Architectural Committee before making any Alterations to such New Tract.

Section 14.6. Easements.

Each Tract Owner is hereby granted an easement for itself and its agents, employees and contractors and other Guests, to enter upon the Community and to do whatever the Tract Owners deem necessary for the development and Alteration of the Tracts and construction of the Improvements thereon and marketing and sale of the Units created thereon; for access to and from the Tracts across the Common Elements; for staging areas and storage in connection with the development of the Tracts; for utilities including, without limitation, to install, operate, maintain and replace utilities and utility lines servicing the Tracts and the Improvements thereon

including water, sewer, storm water, gas, electrical, cable, telecommunications and other utilities on the Common Elements.

Section 14.7. Collaboration with Association.

A Tract Owner, in the exercise of its Tract Rights, will use commercially reasonable efforts not to unreasonably interfere with any Owner's use of the use of the Common Elements. Each Tract Owner and the Association will consult with each other in the Tract Owner's use of the Common Elements as to how to minimize disruption to the Community and Owners in connection with the exercise of the use of the Tract Rights, but in any event unless otherwise agreed to in writing the final decisions shall be made by the applicable Tract Owner. As a part of such cooperation, the Association shall grant such additional licenses, consents, easements and waivers as necessary as the Tract Owners may reasonably request to carry out the intents and purposes of this Article, which actions may be taken by the Board without consent or approval of the Members or any Mortgagees.

Section 14.8. Inconveniences and Nuisances.

There will be certain inconveniences and nuisances relating to the development of and construction activities on the Tracts including noise, dust, construction traffic, staging and the like. The Association and all Owners acknowledge such inconveniences and nuisances, and waive any claims, and shall hold harmless the Tract Owner and its contractors, employees and agents from all damages, liabilities and claims, with respect to any and all such inconveniences and nuisances. Notwithstanding the foregoing, the Tract Owners and their contractors shall be responsible for any damages to person or property caused by their negligent acts in exercising any of the Tract Rights.

Section 14.9. No Liens.

Notwithstanding anything in this Declaration to the contrary, each Person who provides labor or materials to the Tracts, as a condition to entry upon the Community, waives any right to file any lien against the Common Elements or any portion thereof including any mechanic's lien, materialmen's lien or other lien on account of supplies, machinery, tools, equipment, labor or material furnished or used in connection with the construction, alteration, improvement, addition to or repair of the Tracts. If any mechanic's lien or other lien or encumbrance is filed against the Association Property or any Common Elements by, through or under the Tract Owners, the Tract Owner shall, at its sole cost and expense, take whatever action may be necessary to cause such lien to be released of record, including, if necessary, placing a bond with the court. The foregoing shall not limit the right of a Tract Owner to contest the validity of the lien and the underlying claim of the Person.

Section 14.10. Transfer of Tract Rights.

The Tract Rights are assignable by the Tract Owner to any successor Owner of its Tract. Where the conveyance instrument recites it is a complete transfer of a particular easement or right, the Tract Owner shall be relieved from all continuing responsibilities or obligations incurred or arising after such transfer.

ARTICLE 15
ASSOCIATION RIGHTS AND EASEMENTS

Section 15.1. Construction and Access Easement.

There is reserved unto and granted to the Association the right and easement from time to time to enter upon Units, Common Elements, the Association Properties and any other portions of the Community to perform or carry out any of its duties or to exercise any of the rights granted to it under this Declaration, including inspecting any Improvements, Alterations or proposed Alterations, performing warranty work and making repairs and construction work and to store materials on Common Elements, and the future right to control such work and repairs, and the right of access thereto. In carrying out of its duties and the exercise of any its rights under this Declaration, the Association shall use good faith efforts to notify the Owner of any Unit and its occupants prior to any entry onto its Unit and to minimize the interference with the Owner's use of its Units and the disturbance to any Improvements. All work may be performed without the consent or approval of any Owner or holder of a security interest.

Section 15.2. Utility Reservations.

There is reserved unto and granted to the Association a blanket easement upon, across, over and under the Property, the Community and the Units for access, utilities, drainage and the installation, replacement, repair and maintenance of utilities, including but not limited to water, sewer, waste water treatment, effluent irrigation systems, gas, telephone, electricity and master television antenna or cable systems or subsequent utility as may be desired or provided. By virtue of this blanket easement, it shall be expressly permissible for the Association to (a) erect and maintain the necessary facilities, equipment and appurtenances on the Property, (b) affix, repair, and maintain landscaping, fencing, water, treated waste water, effluent irrigation and sewer pipes, gas, electric, telephone and television wires, circuits, conduits and meters, and such other Improvements or facilities and (c) grant an easement or other right to use the easement to any other Person including any Owner, Tract Owner or Annexable Parcel Owner. If any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement, a separate right and authority to grant such easement upon, across, over or under any part or all of the Property is reserved, provided the easement granted does not conflict with the terms hereof. The easement provided for in this Section shall in no way affect, avoid, extinguish or modify any other Recorded easement on the Property. Any damage to any Improvement caused by the Association in exercising its rights under this Section will be repaired promptly by the entity causing the damage. The foregoing, however, shall not be deemed to render the Association liable for any damage caused by any third party, including, without limitation, any utility company.

Section 15.3. Rights Transferable/Rights Transferred.

Any rights created or reserved under this Declaration or the Act for the benefit of the Association may be assigned or transferred in whole or in part to any Person by an instrument describing the rights transferred Recorded in the Records. Such instrument shall be approved by the Board of Directors and executed by the Association and the transferee. Any rights created or reserved under this Article or the Act for the benefit of the Association may also be transferred to

the Association by an instrument describing the rights transferred Recorded in the real property Records. Such instrument shall be approved by the Board of Directors and executed by the transferor and the Association.

Section 15.4. No Further Authorizations Needed.

The consent of Owners or Mortgagees or any other line holders shall not be required for exercise of any reserved rights set forth in this Declaration, and the Association (acting through its Board of Directors) or its assignees may proceed without limitation at their sole option. The Association or its assignees may exercise any reserved rights on all or any portion of the property in whatever order determined. The Association or its assignees shall not be obligated to exercise any reserved rights or to expand the Community beyond the number of Units initially submitted.

Section 15.5. Amendment of the Declaration or Map.

If the Association or any assignee elects to exercise any reserved rights (including under any easements) such electing Person shall comply with the applicable provisions of the Act in the exercise of such rights.

**ARTICLE 16
SUBASSOCIATIONS AND NEIGHBORHOODS**

Section 16.1. Creation of Subassociations.

(a) Right to Create. A Subassociation may be created for the management of the Neighborhood Common Elements and such other matters relating to the governance of a Neighborhood. There may be only one Subassociation for any particular Neighborhood. A Subassociation for a Neighborhood shall be created in the manner provided in this Section 16.1.

(b) Developed Tract or Annexed Parcel. A Subassociation may be created for a Developed Tract or Annexed Parcel in the Supplemental Declaration in which Units and a new Neighborhood are created for such Developed Tract or Annexed Parcel in the manner provided in Section 3.2 and Section 13.3 of this Declaration, respectively.

(c) Existing Neighborhood. The Owners within a Neighborhood may form a Subassociation for such Neighborhood at any time by a vote of 67% of the votes held by all of the Owners in such Neighborhood and filing a Supplemental Declaration that confirms the formation and the rights of the Subassociation. The Supplemental Declaration may (i) include such Restrictions and other provisions than those set forth in this Declaration taking into account the unique and particular aspects of the Neighborhood, provided they do not conflict with any of the provisions of this Declaration and they do not encumber any part of the Community other than the subject Neighborhood, and (ii) provide for the right of the Subassociation to assess the Owners of such Neighborhood on the terms and conditions provide in such Supplemental Declaration. The Supplemental Declaration shall be executed by the Association whereby an officer of the Association confirms that the Supplemental Declaration has

been approved by the requisite number of votes of the Owners of the affected Neighborhood.

Section 16.2. Assessments/Charges for Services to Separate Portions of the Community.

The Association may, at any time from time to time, provide services to any Subassociation, or Neighborhood or other Owners (containing less than all of the Units) in the Community. If such services are not funded by the Annual Assessments or Special Assessments, then such services shall be provided, if at all, pursuant to an agreement in writing between the Association and such Subassociation, or if there is no Subassociation, the Owners of the Units for which such service is to be provided (the "Benefitted Owners"). Any such agreement shall include a statement and terms for payment of the costs, fees and expenses that are to be paid by such Subassociation or the Benefitted Owners, which amounts shall include overhead expenses of the Association. Services that may be provided by the Association pursuant to this Section include (a) the construction, care, operation, management, maintenance, repair, replacement and renovation of Improvements or property owned by the Owners in such Subassociation or the Benefitted Owners; (b) the provision of any services or functions to such Subassociation or Benefitted Owners, such as trash removal; (c) the enforcement of the provisions of any Supplemental Declaration or any other document or agreement for, on behalf of, and in the name of the Subassociation or the Benefitted Owners; (d) the collection of assessments for, in the name of, and on behalf of any Subassociation or the Owners in a Neighborhood as Neighborhood Assessments, but only if all of the Owners of the Neighborhood are Benefitted Owners; (e) the payment of taxes or other amounts for a Subassociation or Owners with funds provided by such Subassociation or the Benefitted Owners; (f) the procurement of insurance for a Subassociation or the Benefitted Owners; and (g) enforcement of any of the terms of any Restrictions or other covenants applicable to a particular Neighborhood.

Section 16.3. Cooperation with Subassociations or other Homeowners Associations.

The Association shall have the right and authority at any time, from time to time, to enter into agreements and otherwise cooperate with any Subassociations or other owners associations (including those that are not within the Community) to share the costs and/or responsibility for any maintenance, repair, reconstruction, or other matters, to perform maintenance, repair or reconstruction for any Persons in consideration of payment or reimbursement therefor, to utilize the same contractors, subcontractors, managers, or others who may perform services for the Association or any Subassociations or to otherwise cooperate with any Subassociations or other Persons, in order to increase consistency or coordination, reduce costs, or as may otherwise be deemed appropriate or beneficial by the Board of Directors in its discretion from time to time. The costs and expenses for all such matters, if any, shall be shared or apportioned between the Association and any Subassociations or other Persons, as the Board of Directors may approve. Additionally, the Association shall have the right and authority to enter into agreements and otherwise cooperate with any Subassociations or other Persons to collect assessments, other charges, or other amounts which may be due to any Subassociations or other Persons and to permit the Subassociations or other Persons to collect Assessments, other charges, or other amounts which may be due to the Association; in any such instance, the Association shall provide for remittance to such Subassociations or other Persons of any amounts collected by the

Association or to the Association of any amounts collected by such Subassociations or other Persons.

Nothing in this Declaration shall limit, preclude, or impair the authority of the Board of Directors to establish any such account, which may be for a purpose such as, but not limited to, providing services by the Association for a Subassociation or other Persons or Neighborhood or other area of the Community. If the Association establishes any additional accounts, the Board of Directors shall designate an appropriate title for each such account to distinguish it from other accounts maintained by the Association. Each of such accounts shall be established as one or more accounts at any financial institution in which deposits are insured by an agency of the federal government. Each account shall be maintained separately and shall not be commingled with other accounts of the Association.

Section 16.4. Priority of Liens.

The Assessment Lien for Assessments that are provided for in this Declaration shall be prior and superior to the liens or assessments that the Association may agree to collect on behalf of any Subassociation or other Person except for Assessments that are levied on behalf of a Subassociation for expenses, charges or other amounts that would otherwise be Neighborhood Expenses incurred by the Association if the Subassociation had not agreed to assume responsibility for the services or other obligation underlying such Assessment. Any such Assessments for Neighborhood Expenses incurred by the Subassociation shall be *pari passu* in priority with the Association Assessments against the affected Units.

ARTICLE 17
COMPLIANCE AND ENFORCEMENT

Section 17.1. Right to Enforce.

Every Owner and its Guests and each occupant of a Unit shall comply with the Governing Documents, and each Owner shall have the right to enforce the covenants and Restrictions, as set forth in this Declaration. The Association may enforce all of the covenants and Restrictions of this Declaration and the other Governing Documents, and may after compliance with the Notice and Hearing Policy, impose sanctions for violation of the Governing Documents.

Such sanctions imposed by the Association may include, without limitation:

- (a) imposing reasonable monetary fines, after compliance with the Notice and Hearing Policy, which fine shall constitute an Assessment Lien upon the violator's Unit;
- (b) suspending the right to vote and the right to use Common Elements;
- (c) exercising self-help (including, but not limited to, performing such maintenance responsibilities which are the Owner's responsibility under this Declaration and assessing all costs incurred by the Association against the Unit and the Owner as an Assessment) or taking action to abate any violation of the Governing Documents;

(d) requiring an Owner, at the Owner's expense, to remove any Improvement or Alteration on such Owner's Unit in violation of the Governing Documents and to restore the Unit to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed, at the Owner's expense, and any such action shall not be deemed a trespass, with all fees and costs in connection with such removal and restoration to be assessed to the Owner as an Assessment under the terms of this Declaration;

(e) without liability to any Person, precluding any contractor, subcontractor, or other Guest of an Owner who fails to comply with the terms and provisions of this Declaration from continuing or performing any further activities in the Community;

(f) levying any Individual Assessments to cover costs incurred by the Association to bring a Unit into compliance with the Governing Documents; and

(g) bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

Section 17.2. Notice of Violation.

In addition to any other enforcement rights, if an Owner fails to properly perform his or her maintenance responsibility, or otherwise fails to comply with the Governing Documents, the Association may Record a notice of violation against the Owner and the Unit; provided, however, that the failure to Record a notice of violation shall not affect any rights of the Association or obligations of the Owner or other defaulting Person.

Section 17.3. Cumulative Remedies.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, the prevailing party shall be entitled to recover all costs, including, without limitation, attorney fees and court costs, reasonably incurred in such action.

Section 17.4. Enforcement Decision.

The decision of the Association to pursue enforcement action in any particular case shall be left to the discretion of the Board of Directors, subject to the duty to exercise judgment and be reasonable, as provided for in this Declaration, and further restricted in that the Board shall not be arbitrary or capricious in taking enforcement action. A decision of the Board not to pursue enforcement action shall not be construed as a waiver of the Association's right to enforce such provisions at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction or rule. Without limiting the generality of the foregoing, the Board may determine that, under the circumstances of a particular case: (a) the Association's legal position is not strong enough to justify taking any or further action; (b) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable

law; or (c) that it is not in the Association's best interests, based upon hardship, expense, limited effect on other Members or other reasonable criteria, to pursue enforcement action.

Section 17.5. Attorney Fees.

If an Owner fails to pay any Assessment or any other amount due to the Association as provided in this Declaration, the Association may require reimbursement for reasonable attorney fees and costs without the necessity of commencing a legal proceeding. If an Owner or an Owner's Guest fails to comply with any other provision of the Governing Documents, the Association may seek reimbursement for reasonable attorney fees and costs incurred as a result of such failure to comply from the Owner, without the necessity of commencing a legal proceeding. In a legal proceeding in any way related to the Governing Documents or the Community, the court shall award to the party prevailing on each claim the prevailing party's reasonable attorney fees and costs incurred in asserting or defending the claim. Such reasonable attorney fees and costs, if awarded against an Owner, shall be charged as an Assessment and shall constitute an Assessment Lien against the Unit.

**ARTICLE 18
GENERAL PROVISIONS**

Section 18.1. Severability.

Each of the provisions of this Declaration shall be deemed independent and severable. If any provision of this Declaration or the application thereof to any Person or circumstances is held invalid, the invalidity shall not affect other provisions or applications of this Declaration which can be given effect without the invalid provisions or applications.

Section 18.2. Term of Declaration.

The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity. If any provision of this Declaration is subject to the rule commonly known as the rule against perpetuities, it is the intent of the Owners and the Association that this Declaration and all terms hereof (including all Restrictions) shall continue and remain in full force and effect for the maximum period of time permitted by Law.

Section 18.3. Amendment of Declaration.

(a) **By Owners.** Except as otherwise provided in this Declaration, any provision, covenant, condition, or other Restriction contained in this Declaration may be amended, revised, removed or repealed, and new provisions, covenants, conditions, or Restrictions may be added, at any time and from time to time upon approval of Owners holding at least 67% of the eligible Association votes and 51% of Eligible Mortgage Holders. Any amendment that alters the provisions of this Declaration or adds new provisions that make the rights, privileges, Restrictions or obligations of a particular Neighborhood different than those of any other Neighborhood, shall also require approval of at least 67% of the votes of all of the Owners of Units in that Neighborhood. Any such amendments shall be certified on behalf of the Association by an officer of the

Association designated for that purpose or, in the absence of designation, by the president of the Association. Notice of any meeting at which a proposed amendment will be considered shall state the fact of consideration and the subject matter of the proposed amendment. The amendment or repeal shall be effective upon the Recordation in the Records of a certificate setting forth the amendment in full and certifying that the amendment has been approved as set forth above, and containing the written consent and approval of the Association.

(b) By Supplemental Declaration. This Declaration may also be amended by a Supplemental Declaration that is approved, executed and Recorded in accordance with the requirements in this Declaration.

(c) Technical Amendments. Notwithstanding anything to the contrary contained in this Declaration or any other Governing Documents, the Association and each Tract Owner or Annexable Parcel Owner hereby reserves and is granted the right and power to execute and Record or file technical amendments to this Declaration, any Supplemental Declarations, as well as the right to terminate any Supplemental Declaration, the Articles of Incorporation, the Bylaws, and/or the articles of incorporation or bylaws of any Subassociation, for the purpose of correcting spelling, grammar, dates, typographical errors, or as may otherwise be necessary to clarify the meaning of any provision of any of such documents. The foregoing rights reserved and granted to a Tract Owner or an Annexable Parcel Owner shall be limited to the amendments to the Supplemental Declaration that affects the Developed Tract or Annexed Parcel that it executed and Recorded and any such amendment shall also be approved by the Board and executed by the Association, which approval shall not be withheld unless the Association determines in good faith that the amendment is not a technical amendment.

(d) Interpretation. Recording of amendments to the Declaration (including any Map and Plat) in conformance with the requirements in this Declaration shall automatically (i) effectuate the terms and provisions of that amendment, (ii) vest in each existing Owner the reallocated Allocated Interests appurtenant to their Unit; (iii) vest in each existing security interest a perfected security interest in the reallocated Allocated Interests appurtenant to the encumbered Unit, (iv) extend the definitions used in this Declaration to encompass and to refer to the Community as expanded and to any additional real property or Improvements, and the same shall be added to and become a part of the Community for all purposes. All conveyances of Units after such amendment is Recorded shall be effective to transfer rights in all Common Elements, regardless of whether reference is made to any Amendment of the Declaration, Map or Plat. Reference to the Declaration, Map or Plat in any instrument shall be deemed to include all Amendments to the Declaration, Map or Plat without specific reference thereto.

Section 18.4. Captions.

All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise affect that which is set forth in any paragraph, section or article hereof.

Section 18.5. Interpretation.

The provisions of this Declaration shall be construed to effectuate their purposes of creating a uniform plan for promoting and effectuating the fundamental concepts as set forth in this Declaration. The Board of Directors shall have the authority to interpret the meaning of any provision contained in this Declaration. This Declaration shall be construed and governed under the laws of the State of Colorado.

Section 18.6. Construction.

Unless the context otherwise requires, throughout this Declaration, the singular shall include the plural and the plural shall include the singular, each gender referral shall be deemed to include the masculine, feminine and neuter all genders, and the terms "including," "include" or derivatives thereof, unless otherwise specified, shall be interpreted in as broad a sense as possible to mean "including, but not limited to," or "including, by way of example and not limitation."

Section 18.7. Conflict of Provisions.


In case of conflict between this Declaration and the Articles of Incorporation or the Bylaws, this Declaration shall control. In the case of conflict between the Articles of Incorporation and Bylaws, the Articles of Incorporation shall control.

Section 18.8. Challenge to this Amendment.

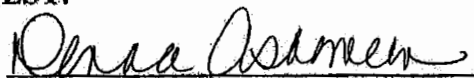
All challenges to the validity of any amendment in this Declaration must be made within one year after the date of Recording of this document in accordance with the Act.

IN WITNESS WHEREOF, the undersigned, being the president and the secretary of Cascade Village Condominium Association - 2004, Inc., hereby certify that the Association has obtained written approval of this Amended and Restated Declaration from Owners representing 51% of the votes in the Association, as evidenced by written instruments filed with the records of the Association.

**Cascade Village Community Association
- 2014, Inc., a Colorado nonprofit
corporation**

By: 
Its: President
*for Cascade Village
Community Ass.*

ATTEST:

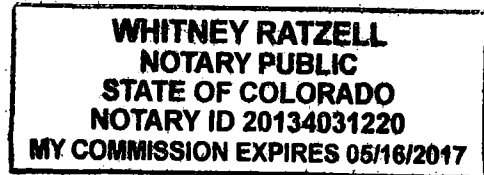
By: 
Secretary

STATE OF COLORADO)
) ss.
COUNTY OF Jefferson)

The foregoing Declaration was acknowledged before me on this 2nd day of October, 2015, by Thomas Ross as President of Cascade Village Community Association – 2014, Inc., a Colorado nonprofit corporation.

Witness my hand and official seal.

My commission expires: 05-16-2017.



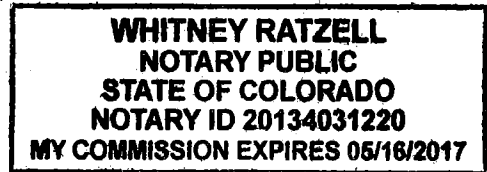
Whitney Ratzell
Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF Jefferson)

The foregoing Declaration was acknowledged before me on this 2nd day of October, 2015, by Donna Ashum as Secretary of Cascade Village Community Association – 2014, Inc., a Colorado nonprofit corporation.

Witness my hand and official seal.

My commission expires: 05-16-2017.



Whitney Ratzell
Notary Public

EXHIBIT A

Description of Property

Attached.

LEGAL DESCRIPTION

A tract of land located in the SE 1/4 SW 1/4 of Section 12, and in the NE 1/4 NW 1/4 of Section 13, T39N, R9W, N.M.P.M., in San Juan County, Colorado being more particularly described as follows:

Beginning at a point whence the SE corner of said Section 12 bears, S 82°01'15" E, 3680.04 feet; thence S 26°00'00" E, 680.50 feet; thence East 218.51 feet to the westerly right-of-way of U. S. Highway 550; thence S 19°00'00" E, 646.90 feet along the westerly right-of-way of U. S. Highway 550; thence S 80°00'00" W, 387.32 feet; thence S 09°00'00" E, 84.81 feet; thence West, 325.30 feet; thence N 15°00'00" W, 531.77 feet; thence West, 206.36 feet to the west line of the NE 1/4 NW 1/4 of said Section 13; thence N 00°00'39" W, 329.11 feet to the north line of said Section 13; thence N 00° 08'43" W, 520.89 feet along the west line of the SE 1/4 SW 1/4 of said Section 12; thence East 283.37 feet; thence N 69°11'00" E, 30.00 feet to the point of beginning.

Contains 18.810 Acres, more or less.

Now known and platted as Cascade Village Phase 1, San Juan County, Colorado according to the recorded Plat thereof filed May 7, 1981 in Book 222 at pages 125-127.

- A. A tract of land located in the W $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 13, T39N, R9W, N.M.P.M., in San Juan County, Colorado, being more particularly described as follows:

Beginning at a point whence the SE corner of said Section 13 bears S 65° 39' 27" E, 3183.79 feet;
 Thence S 89° 53' 16" W, 1072.88 feet;
 Thence N 00° 00' 39" W, 3611.99 feet;
 Thence East 203.49 feet;
 Thence S 13° 33' 05" E, 3713.26 feet, to the point of beginning.

Contains 52.914 acres more or less.

- B-1. A tract of land located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 12, and the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 13, Township 39 North, Range 9 West, N.M.P.M., in San Juan County, Colorado, being more particularly described as follows:
 BEGINNING at a point on the westerly right-of-way of U.S. Highway 550 whence the SE corner of said Section 12 bears North 88° 09' 15" East, 3129.21 feet;
 Thence West 218.51 feet along the northerly boundary of CASCADE VILLAGE PHASE 1 as recorded in the San Juan County Clerk and Recorder's Office in Book 222 pages 125; Thence North 26° 00' 00" West, 680.50 feet along the easterly boundary of said Phase 1; Thence North 20° 49' 00" West 93.14 feet; Thence North 69° 11' 00" East, 30.00 feet; Thence East 348.91 feet to a point on the westerly right-of-way of U.S. Highway 550; Thence South 21° 31' 00" East, 27.67 feet along the westerly right-of-way of U.S. Highway 550; Thence South 12° 24' 00" East, 597.00 feet along the westerly right-of-way of U.S. Highway 550; Thence South 19° 00' 00" East 106.33 feet along the westerly right-of-way of U.S. Highway 550 to the point of beginning.
 NOW KNOWN AND PLATTED as CASCADE VILLAGE PHASE 2, according to the recorded plat thereof filed October 4, 1982 in Book 224 at Page 302.

- B-2. A tract of land located in the W $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 13, T39N, R9W, N.M.P.M., in San Juan County, Colorado, being more particularly described as follows:

Beginning at a point whence the SE corner of said Section 13 bears S 63° 39' 09" E, 2958.03 feet;
 Thence S 89° 53' 16" W, 250.00 feet;
 Thence N 13° 33' 05" W, 3713.26 feet;
 Thence East 2.87 feet;
 Thence S 15° 00' 00" E, 531.77 feet;
 Thence East 325.30 feet;
 Thence N 09° 00' 00" W, 84.81 feet;
 Thence N 80° 00' 00" E, 387.32 feet, to a point on the westerly right-of-way of U.S. Highway 160;
 Thence S 19° 00' 00" E, 868.49 feet along the westerly right-of-way of U.S. Highway 160;
 Thence S 00° 04' 46" E, 2425.59 feet to the point of beginning.

Contains 43.592 acres more or less.

68

- C. A tract of land located in SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 12, T39N, R9W, N.M.P.M., and in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 13, T39N, R9W, N.M.P.M., in San Juan County, Colorado, being more particularly described as follows:

Beginning at the NE corner of the E $\frac{1}{2}$ NW $\frac{1}{4}$ of said Section 13 whence the NE corner of said Section 13 bears N 89° 42' 00" E, 2636.37 feet;
 Thence S 00° 04' 46" E, 1112.74 feet along the east line of, the E $\frac{1}{2}$ NW $\frac{1}{4}$ of said Section 13 to the easterly right-of-way of U.S. Highway 550;
 Thence N 19° 00' 00" W, 884.25 feet along the easterly R.O.W. of U.S. Highway 550;
 Thence N 02° 38' 00" W, 117.14 feet along the easterly R.O.W. of U.S. Highway 550;
 Thence along the arc of a curve to the right with a delta angle of 09° 48' 40" and a radius of 2766.00 feet for a distance of 473.64 feet (the long chord bears N 11° 29' 45" W, 473.06 feet) along the easterly R.O.W. of U.S. Highway 550;
 Thence N 20° 29' 00" W, 140.13 feet along the easterly R.O.W. of U.S. Highway 550;
 Thence N 04° 08' 00" W, 108.30 feet along the easterly R.O.W. of U.S. Highway 550;
 Thence N 12° 59' 00" W, 105.20 feet along the easterly R.O.W. of U.S. Highway 550;
 Thence N 16° 59' 00" W, 105.20 feet along the easterly R.O.W. of U.S. Highway 550;
 Thence N 20° 59' 00" W, 105.20 feet along the easterly R.O.W. of U.S. Highway 550;
 Thence N 24° 52' 00" W, 99.10 feet along the easterly R.O.W. of U.S. Highway 550;
 Thence N 26° 45' 00" W, 70.70 feet along the easterly R.O.W. of U.S. Highway 550;
 Thence N 26° 05' 00" W, 100.00 feet along the easterly R.O.W. of U.S. Highway 550;
 Thence N 20° 24' 00" W, 100.00 feet along the easterly R.O.W. of U.S. Highway 550;
 Thence N 10° 35' 00" W, 50.00 feet along the easterly R.O.W. of U.S. Highway 550;
 Thence N 02° 52' 00" W, 47.00 feet along the easterly R.O.W. of U.S. Highway 550;
 Thence N 06° 51' 00" E, 46.90 feet along the easterly R.O.W. of U.S. Highway 550;
 Thence N 17° 10' 00" W, 3.00 feet along the easterly R.O.W. of U.S. Highway 550 to the north line of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 12;
 Thence N 89° 42' 30" E, 457.19 feet along the north line of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 12 to the westerly R.O.W. of U.S. Highway 550;
 Thence S 36° 47' 47" E, 95.06 feet along the westerly R.O.W. of U.S. Highway 550;
 Thence S 34° 11' 00" E, 115.50 feet along the westerly R.O.W. of U.S. Highway 550;
 Thence along the arc of a curve to the left with a delta angle of 09° 57' 56" and a radius of 1021.00 feet for a distance of 177.58 feet along the westerly R.O.W. of U.S. Highway 550 to the east line of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 12;
 Thence S 00° 10' 06" E, 1019.80 feet along the east line of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 12 to the point of beginning.
 Contains 19.055 Acres, more or less.

- D. A tract of land located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 12, Township 39 North, Range 9 West, N.M.P.M., in San Juan County, Colorado, being more particularly described as follows:
 BEGINNING at a point whence the SE corner of said Section 12 bears South 82° 01' 15" East, 3680.04 feet;
 Thence South 69° 11' 00" West 30.00 feet;
 Thence West, 283.37 feet to the west line of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 12;
 Thence North 00° 08' 43" West, 809.49 feet along the west line of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 12;
 Thence North 89° 42' 30" East, 450.08 feet along the North line of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 12 to the westerly right-of-way of U.S. Highway 550;
 Thence South 12° 59' 00" West, 115.08 feet along the Westerly right-of-way of U.S. Highway 550;
 Thence South 21° 31' 00" East, 635.53 feet along the Westerly right-of-way of U.S. Highway 550;
 Thence West, 348.91 feet;
 Thence South 69° 11' 00" West, 30.00 feet;
 Thence South 20° 49' 00" East, 93.14 feet to the point of beginning.

Tract "A":

Beginning at a point from which the Northwest corner of said Cascade Village Phase I bears North 32° 11' 06" West, a distance of 493.21 feet;
Thence North 68° 30' 00" East, a distance of 40 feet;
Thence South 21° 30' 00" East, a distance of 288 feet;
Thence South 68° 30' 00" West, a distance of 40 feet;
Thence North 21° 30' 00" East, a distance of 288 feet to the point of beginning;

Tract "AA":

Beginning at a point from which the Northwest corner of said Cascade Village Phase I bears North 49° 03' 02" West, a distance of 169.58 feet;
Thence North 67° 00' 00" East, a distance of 40 feet;
Thence South 23° 00' 00" East, a distance of 288 feet;
Thence South 67° 00' 00" West, a distance of 40 feet;

Thence North 23° 00' 00" East, a distance of 288 feet to the point of beginning;

TOGETHER WITH the non-exclusive use of easements, interior roadways, walkways and parking areas as set forth in the dedication on the plat of said Cascade Village Phase I.

Tract A will be referred to herein as "the Grizzly Tract" and AA will be referred to herein as "the Vermillion" tract.

EXHIBIT B

Annexable Area (Legal Description)

NONE

EXHIBIT C

Plats and Maps

Cascade Creek Neighborhood

Final Plat and Planned Development Plan – Cascade Village Phase 2-C Recorded on July 16, 2004 at Reception No. 143569

Cascade Village Condominiums Neighborhood

1. Plat – Cascade Village Phase 1 Recorded on May 7, 1981 in Book 222 at Page 125
2. Cascade Village Condominium Buildings J and K Recorded on February 3, 1982 at Rec. No 124691 in Book 222 at Page 729
3. Plat for Cascade Village Phase 2 and Amendment to Phase 1 Recorded on October 4, 1982 at Book 224 at Page 302
4. Cascade Village Condominium Buildings B and BB Recorded on May 7, 1982 in Book 222 at Page 930
5. Amended Plat (Phases 2-A, 2-B and 2-C) and Amendment to Phase 1 Recorded on May 23, 1983 in Book 224 at Page 843
6. Cascade Village Silverton Village Suites Recorded on July 18, 1983 at Reception No. 126481 in Book 224 at Page 897
7. Cascade Village Condominium Building I Kendall Building V Recorded on September 4, 1984 at Reception No 128639 in Book 227 at Page 674
8. Cascade Village Snowden Village Suites Recorded on December 17, 1984 at Reception No. 129086 in Book 227 at Page 901
9. Amended Master Plan of Cascade Village Recorded on February 12, 1996 at Reception No. 137955 in Book 243 at Page 736

Twilight Meadow Neighborhood

1. Plat of The Twilight Meadow Subdivision at Cascade Village Recorded on August 6, 1985 in Book 230 at Page 373
2. Resubdivision of the Twilight Meadow Subdivision at Cascade Village Recorded on July 14, 1993 at Reception No. 136239 in Book 240 at Page 507
3. First Amendment of the Resubdivision of the Twilight Meadow Subdivision at Cascade Village Recorded at Reception No. 136848 in Book 243 at Page 110

EXHIBIT D

Description of Neighborhoods

Cascade Creek Neighborhood

Cascade Village Condominiums Neighborhood

Twilight Meadow Neighborhood

EXHIBIT E

Legal Description of Original Tracts

Grizzly Tract

Tract "A":

Beginning at a point from which the Northwest corner of said Cascade Village Phase I bears North 32°11'06" West, a distance of 493.21 feet;
Thence North 68°30'00" East, a distance of 40 feet;
Thence South 21°30'00" East, a distance of 288 feet;
Thence South 68°30'00" West, a distance of 40 feet;
Thence North 21°30'00" East, a distance of 288 feet to the point of beginning;

Vermillion Tract

Tract "AA":

Beginning at a point from which the Northwest corner of said Cascade Village Phase 1 bears North 49°03'02" West, a distance of 169.58 feet;
Thence North 67°00'00" East, a distance of 40 feet;
Thence South 23°00'00" East, a distance of 288 feet;
Thence South 67°00'00" West, a distance of 40 feet;
Thence North 23°00'00" East, a distance of 288 feet to the point of beginning.

EXHIBIT F**Allocation of Neighborhood Expenses****Neighborhood with Multi-Family Units**

Per Section 4.5: *A list of each the Multi-Family Units, the Neighborhood in which they are located, and the percentage of each Unit in the Neighborhood relative to all of the Units in that Neighborhood.*

Cascade Creek Neighborhood

All units have an equal ownership interest.

Cascade Village Condominiums Neighborhood

Size of Condo	Number of Units of Each Type	Revised HOA Fee Based on \$237.50 Plus Square Footage
Studio Nugget (375sf)	8	$\$237.50 + \$68.54 = \$306.04$
Loft (700sf)	8	$\$237.50 + \$127.94 = \$365.44$
1 BR Snowscape (750sf)	24	$\$237.50 + \$137.08 = \$374.58$
2 BR Wintergreen (1110sf)	24	$\$237.50 + \$202.88 = \$440.38$
2 BR Forester (1425sf)	13	$\$237.50 + \$260.46 = \$497.96$
3 BR Millhouse (1680sf)	16	$\$237.50 + \$307.06 = \$544.56$
3 BR Lodestar (1780sf)	1	$\$237.50 + \$325.34 = \$562.84$
3 BR Alpenglow (1910sf)	22	$\$237.50 + \$349.10 = \$586.60$
3 BR Cascade (2220sf)	9	$\$237.50 + \$405.76 = \$643.26$

Neighborhood with Single Family Units**Twilight Meadow Neighborhood**

Per Section 4.5: *If the Neighborhood is comprised of Single Family Units, the Neighborhood Common Expenses will be allocated among the Units in that Neighborhood equally.*

EXHIBIT G**Maintenance and Insurance Obligations**

“A” - Association obligation

“O” - Owner obligation

“NA” - not applicable

The term “maintenance” includes maintenance, repair and replacement unless otherwise noted on the Chart.

The Building Exterior chart below is for the Multi-Family Units only. For a Neighborhood for which there is a Subassociation, the Subassociation shall maintain the Multi-Family Buildings in the Subassociation Neighbor in accordance with the terms and conditions of the governing documents for such Neighborhood, if any. Owners of Units in a Subassociation, if any, may not rely on the Building Exterior Chart below but rather shall rely on their Subassociation or Neighborhood Declaration.

MULTI-FAMILY UNITS

	MAINTENANCE	INSURANCE
<u>BUILDING EXTERIORS</u>		
Residence-structure, including foundation, columns, girders, beams and supports (Condominium Unit/Multi-Family Units)	A	A
Residence-structure, including foundation, columns, girders, beams and supports (Townhome Units)	O	A
Siding, sheathing, wrap, brick, trim, molding, and other exterior facade surfaces (Condominium Unit/Multi-Family Units)	A	A
Exterior stoops, steps, and concrete surfaces	A	A
Gutters and downspouts	A	A
Porches, patios, and balconies	A	A
Roof shingles and roof underlay	A	A
Shutters and awnings	N/A	N/A
Chimneys and chimney caps Replacement	A	A
Chimneys – Inspection and Maintenance*	O	N/A
Window screens	A	A
Interior glass surfaces--cleaning	O	O
Glass--repair and replacement	A	A
Window panes and frames--painting and staining	A	A
Window panes and frames--maintenance, repair, and replacement	A	A

	MAINTENANCE	INSURANCE
Window trim and caulking	A	A
Skylights	A	A
Exterior Unit doors and garage doors--painting and staining	A	A
Garage doors-- maintenance and repair	N/A	N/A
Garage door openers	N/A	N/A
Exterior unit doors including peep holes, doorknobs and lock mechanisms--maintenance and repair	O	A
Storm doors	N/A	N/A
Balcony/patio sliding glass doors	O	O
Exterior light fixtures	A	A
Common Element Hallways	A	A
<u>UTILITIES</u>		
Utilities <u>outside</u> of the Units and garages servicing more than one unit: <ol style="list-style-type: none"> 1. Electrical and other wires 2. Water and sewer pipes 3. Cables 4. Circuit boxes 5. Water meters 6. Circuit breakers 	A	A
Utilities <u>outside</u> of the Units and garages servicing only one unit: <ol style="list-style-type: none"> 1. Electrical and other wires 2. Water/sewer pipes 3. Cables 4. Circuit boxes 5. Water meters 6. Circuit breakers 	A	A
Utilities <u>outside</u> of the Units or garages and servicing only that unit: <ol style="list-style-type: none"> 1. Furnaces 2. Heating equipment 3. Thermostats 4. Ducts 5. Conduits 6. Water pipes 7. Electrical wiring 8. Electrical outlets 9. Telephone wiring 10. Telephone outlets 11. Light switches 12. Hot water equipment 13. Cable wiring 14. Compressors 	O	O

	MAINTENANCE	INSURANCE
15. Sump pumps		
16. Circuit breakers		
Utilities <u>outside</u> of the Units but servicing more than one unit:	A	A
1. Furnaces		
2. Heating equipment		
3. Thermostats		
4. Ducts		
5. Conduits		
6. Water pipes		
7. Electrical wiring		
8. Electrical outlets		
9. Telephone wiring		
10. Telephone outlets		
11. Light switches		
12. Hot water equipment		
13. Cable wiring		
14. Compressors		
15. Sump pumps		
16. Circuit breakers		
17. Boiler equipment (if any)		
Private Entry ways from garage to Unit including doors, handles, locking mechanisms.	O	A
<u>RESIDENCE INTERIORS</u>		
Furnishings, including all personal property such as furniture, electronics, jewelry, and clothing	O	O
Window coverings	O	O
Permanent fixtures including but not limited to:	O	O
1. ceiling fans		
2. hand rails		
3. cabinets		
4. countertops		
5. bathtubs and showers		
6. sinks		
7. toilets		
Appliances including:	O	O
1. oven		
2. range		
3. refrigerator		
4. dishwasher		
5. washer/dryer		
6. countertop microwave		
Fireplaces (including facade, screen, chimney back, flue, and damper)*	O	O
Chimney and chimney cap	A	A

	MAINTENANCE	INSURANCE
Interior non-perimeter walls, floors, and ceilings—including finished and unfinished surfaces, doors, drywalls, studs, insulation, hardware, and other material lying within such walls, floors, and ceilings	O	O
Finished surfaces of <u>perimeter</u> walls and ceilings including: <ol style="list-style-type: none"> 1. drywalls 2. paint 3. wallpaper 4. paneling 5. texture 	O	O
Finished surfaces of <u>perimeter</u> floors—including: <ol style="list-style-type: none"> 1. tile 2. vinyl 3. hardwood 4. carpeting 	O	O
Any components lying <u>between the perimeter drywalls and residence exterior</u> , including but not limited to: <ol style="list-style-type: none"> 1. insulation 2. girders 3. beams 4. pipes 5. wiring 6. plumbing 	A	A
Subflooring	A	A
Party walls (walls dividing Units and shared by Owners on each side)	A	A
Basements	A	A
Garage interiors, including any drywall or improvements therein	A	A
<u>GROUNDS</u>		
Retaining walls	A	A
Landscaping	A	A
Irrigation system and time clocks	A	A
Private roads, drives, and sidewalks	A	A
Driveways	A	A
Clubhouse (Benchmark Building)	A	A
Pool	A	A
Tennis Courts/Basketball courts	A	A
Monuments and signage	A	A
Storage sheds	A	A

	MAINTENANCE	INSURANCE
<u>OTHER</u>		
Snow removal from driveways and sidewalks, roofs	A	A
Garbage pick-up	A	A
Common Elements existing in Community and not otherwise listed	A	A
Any personal property of Owners not otherwise listed	O	O
Any Owner installed exterior/interior Improvement not otherwise listed	O	O
Common Element Laundry facilities (guest)	A	A

SINGLE FAMILY UNITS

Insurance. Each Owner of a Single Family Unit shall be solely responsible, at its sole expense, for obtaining and maintaining insurance for all of the Improvements and personal property on its Unit and for obtaining and maintaining general liability insurance for its Unit.

Maintenance. Each Owner of a Single Family Unit shall be solely responsible, at its sole expense, for providing the maintenance of its Unit including all landscaping on its lot.

SUBASSOCIATION UNITS

Maintenance and insurance obligations shall be established by the Owners of Subassociation units in the appropriate governing documents for such Subassociation. If no Subassociation documents exist, the Association may provide insurance and bill such costs to the Owners of those Units.

*Each Owner shall cause their chimney to be inspected on an annual basis. In the event any repairs are required, such Owner shall promptly cause such repairs to be made at its sole expense.

EXHIBIT H

Legal Description of Benchmark Building

The Entry Building as described on Cascade Village Phase 1, Plat thereof filed for Record May 7, 1981, in Book 222 at Pages 125, 126 and 127, San Juan County, Colorado, also denoted as Entry Building Bench Mark in Cascade Village Phase 1A according to the Recorded Plat thereof filed for Record October 16, 1984, in Book 227 at Pages 798 and 799 also known as the Benchmark Building.