

**DECLARATION OF COVENANTS, CONDITIONS,  
RESTRICTIONS, AND EASEMENTS FOR  
MEADOW FARMS HOMEOWNERS' ASSOCIATION, INC.**

This Declaration of Covenants, Conditions, Restrictions, and Easements for Meadow Farms Homeowners' Association, Inc. (this "Declaration") is made this 14<sup>th</sup> day of February, 2018, by Milliken Investors, LLC, a Colorado limited liability company ("Declarant").

**RECITALS**

- A. Declarant is the owner of certain real estate located in the County of Weld, State of Colorado, legally described on Exhibit "A" attached hereto and incorporated herein by reference (the "Property").
- B. Declarant desires to create a Common Interest Community on the Property, pursuant to the Colorado Common Interest Ownership Act, C.R.S. §38-33.1-101, et seq., as it may be amended from time to time (the "Act").
- C. The name of the Common Interest Community to be created upon the Property shall be Meadow Farms Subdivision (the "Common Interest Community").
- D. The Common Interest Community shall be a Planned Community.
- E. Portions of the Common Interest Community shall be designated for separate ownership and the remainder will be owned by Meadow Farms Homeowners' Association, Inc., a Colorado nonprofit corporation, established by Declarant for the purpose of exercising the functions set forth herein.

**ARTICLE I**

**STATEMENT AND PURPOSE AND IMPOSITION OF COVENANTS**

**Section 1.01 Imposition of Covenants.** Declarant hereby makes, declares and establishes the following covenants, conditions, restrictions and easements (collectively, the "Declaration") which shall affect all of the Property. From this day forward, the Property shall constitute a planned community known as "Meadow Farms Subdivision" under the Act, and shall be held, sold and conveyed subject to this Declaration. The Declaration shall run with the land and shall be binding upon all persons or entities having any right, title, or interest in all or any part of the Property (including Declarant) and their heirs, successors, and assigns, and their tenants, employees, guests, and invitees. The Declaration shall inure to the benefit of each owner of the Property or part thereof.

**Section 1.02 Declarant's Intent.** The purpose of Declarant in making this Declaration is to create a planned community known as Meadow Farms Subdivision on the Property in accordance with the Act, as amended and supplemented from time to time. Declarant intends to provide for the ownership, operation, administration, use, and maintenance of the Common Area (defined below) and other areas within the Property; to preserve, protect, and enhance the values and amenities of the Property; and to promote the health, safety and welfare of the Members (defined below) of the Association (defined below) established pursuant to this Declaration.

**Section 1.03 Development and Use.** Subject to Declarant's rights to add additional real estate to the Common Interest Community, upon completion, the Common Interest Community shall consist of a maximum of Sixty-Eight (68) Lots (defined below) for residential use, and no Lots in excess of that number may be established on the Property by the subdivision of existing Lots or any other method.

**ARTICLE II**

**DEFINITIONS**

When used in this Declaration, unless the context clearly indicates otherwise, capitalized terms not otherwise defined in the Act, the Plat or elsewhere in this Declaration, are defined as follows:

**Section 2.01** "Act" shall mean the Colorado Common Interest Ownership Act, C.R.S. Section 38-33.3-101, et seq., as amended and supplemented from time to time.

**Section 2.02** "Articles" or "Articles of Incorporation" shall mean the Articles of Incorporation of the Association which have been or will be filed with the Secretary of State of Colorado to create Meadow Farms Homeowners' Association, Inc., as such Articles may be amended from time to time.

**Section 2.03** "Assessments" shall mean the Semi-Annual, Special, and Default Assessments levied pursuant to Article IX, below, to meet the estimated cash requirements of the Association.

**Section 2.04** "Association" shall mean Meadow Farms Homeowners' Association, Inc., a Colorado nonprofit corporation, or any successor to said Association by whatever name, charged with the duties and obligations set forth in this Declaration.

**Section 2.05** "Board of Directors" or "Board" shall mean the Board of Directors of the Association, which is the executive board, as defined in the Act, designated in this Declaration to act on behalf of the Association.

**Section 2.06** "Bylaws" shall mean the bylaws of the Association, which establish the methods and procedures of its operation; as such Bylaws may be amended from time to time.

**Section 2.07** "Common Area" shall mean any real or personal property in which the Association owns or hereafter acquires an interest for the common use, benefit and enjoyment of some or all of the Members and such other persons as may be permitted to use the Common Area under the terms of this Declaration or any contract with the Association. Such interest owned by the Association may include, without limitation, leases, estates in fee or for terms of years, or easements. "Common Area" shall also include any street, curb and gutter improvements, sidewalks, storm water drainage, detention or retention ponds and other improvements, swales, structures or facilities, or other public improvements installed (or to be installed) within the planned community (but excluding any such improvements or facilities which are owned or maintained by the Town).

"Common Area" consists of General Common Elements and Limited Common Elements.

2.8.1 General Common Elements means all tangible physical properties of this Common Interest Community except Limited Common Elements and the Lots.

2.8.2 Limited Common Elements means those portions of the Common Area that are allocated either in this Declaration, on a Map, or by action of the Association, for the exclusive use of one or more Units but fewer than all of the Units.

**Section 2.08** "Common Expense" means (i) premiums for the insurance carried by the Association under Article XII; (ii) all expenses incurred relative to maintenance and repair of streets, water detention pond(s) and/or related improvements or facilities dedicated to the public or Town pursuant to the Plat or any agreement entered into by and between the Declarant and the Town which expressly requires the Association to pay or perform any duties set forth in said Plat or agreement; (iii) all other expenses incurred by the Association in administering, servicing, conserving, managing, maintaining, repairing or replacing the Common Area and any Improvements located on it; (iv) all expenses expressly declared to be Common Expenses by the Documents; (v) all expenses lawfully determined to be Common Expenses by the Board of Directors, including but not limited to management fees for the Association; (vi) all expenses to be allocated among the Owners as provided in Article IX; (vii) all expenses for maintenance, repair and replacement of any entrance signage, landscaping and fencing within the Property for which the Association is responsible pursuant to this Declaration; (viii) expenses agreed upon as

Common Expenses by the Association; (ix) expenses necessary for maintenance, repair, and/or replacement of a horse trail in the Common Interest Community, and (x) such reasonable reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Common Area or any other real or personal property acquired or held by the Association.

**Section 2.09** "Common Interest Community" shall mean the planned community created by this Declaration, consisting of the Property and all of the Improvements located on the Property. The Common Interest Community is a common interest community under the definitions of the Act, and a planned Lot development or "PUD" under the terms of the secondary mortgage marketing guidelines promulgated by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

**Section 2.10** "Declarant" shall mean Milliken Investors, LLC, a Colorado limited liability company, or its successors or assigns, including any Successor Declarant to the extent the rights of Declarant are assigned to the Successor Declarant, as provided in Section 22.06, below.

**Section 2.11** "Default Assessment" shall mean an Assessment levied by the Association pursuant to Section 9.09.

**Section 2.12** "Default Rate" shall mean the lesser of (i) the rate per annum of five (5) points above the prime rate charged by the Association's bank, or such other rate as shall have been established by the Board of Directors, and (ii) the maximum rate allowed by law.

**Section 2.13** "Design Guidelines" shall mean the guidelines and rules published and amended and supplemented from time to time by the Design Review Committee.

**Section 2.14** "Design Review Committee" or "Committee" or "DRC" shall mean the committee formed pursuant to Article VI to maintain the quality and architectural harmony of Improvements in the Common Interest Community.

**Section 2.15** "Development Rights" is defined in Section 10.1.2, below.

**Section 2.16** "Director" shall mean a member of the Board.

**Section 2.17** "Documents" shall mean the basic documents creating and governing the Common Interest Community, including, but not limited to, this Declaration, the Articles of Incorporation and Bylaws, the Design Guidelines, the Rules, and any other procedures, rules, regulations or policies adopted under such documents by the Association.



**Section 2.18** "Eligible Mortgage Holder" shall mean a First Mortgagee or any insurer or guarantor of a First Mortgage which has notified the Association in writing of its name and address and status as a holder, insurer or guarantor of a First Mortgage. Such notice shall be accompanied by payment to the Association of a fee in an amount to be determined by the Board which fee shall be used to cover the cost of delivery of such notice, and shall be deemed to include a request that the Eligible Mortgage Holder be given the notices and other rights described in Article XVIII, below, regardless of whether such Article requires notice to such party.

**Section 2.19** "Expansion Property" shall mean and include the property described on Exhibit "B" attached hereto and incorporated herein by this reference, which property is owned by Declarant but shall not initially be subjected to this Declaration. All or part of such property may, from time to time, be made subject to this Declaration by future action of Declarant.

**Section 2.20** "First Mortgage" shall mean any Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

**Section 2.21** "First Mortgagee" shall mean the holder of record of a First Mortgage.

**Section 2.22** "Improvement(s)" shall mean all buildings, structures, parking areas, fences, walls, decorative landscaping features, hedges, plantings, and other landscaping, lighting, poles, driveways, roads, ponds, irrigation facilities, swimming pools, recreational equipment, signs, changes in any exterior color or shape, excavation and all other site work, including, without limitation, grading, road construction, utility improvements, removal of trees or plantings, and any new exterior construction or exterior improvement which may not be included in the foregoing. "Improvement(s)" *does not* include turf, shrub, or tree repair or replacement of a magnitude which does not change exterior colors or exterior appearances. "Improvement(s)" *does* include both original improvements and all later changes and improvements.

**Section 2.23** "Initially Unoccupied Lots" shall mean only those Lots for which the Occupancy Date has not occurred.

**Section 2.24** "Lot" shall mean and refer to a physical portion of the Common Interest Community which is designated for separate Ownership or occupancy and the boundaries of which are described in or determined from the Declaration or the Plat. The term "Lot" as used in this Declaration shall have the same meaning as the term "Unit" as used in the Act.

**Section 2.25** "Manager" shall mean such person or entity retained by the Board of Directors to perform certain functions of the Board or other management services for the Association pursuant to this Declaration or the Bylaws.

**Section 2.26** "Member" shall mean every Person holding membership in the Association.

**Section 2.27** "Mortgage" shall mean any mortgage, deed of trust, or other document which is recorded in the office of the Clerk and Recorder of Weld County, Colorado, and which encumbers any portion of the Property or interest therein as security for the payment of a debt or obligation.

**Section 2.28** "Mortgagee" shall mean any person named as a beneficiary or mortgagee under a Mortgage, or any successor to the interest of any such person under such Mortgage.

**Section 2.29** "Occupancy Date" shall mean, for each Lot, the later of the date upon which a certificate of occupancy is issued to permit the occupancy of Improvements constructed on such Lot, or the date upon which such Improvements are actually first occupied for residential purposes, except that in no event shall the Occupancy Date be more than sixty (60) days after the sale of a Lot from Declarant to an unaffiliated Owner.

**Section 2.30** "Owner" shall mean the owner of record (including Declarant, and including a contract purchaser), whether one (1) or more persons or entities, of fee simple title to any Lot, but shall not mean or refer to any person or entity who holds such interest merely as security for the performance of a debt or other obligation, including a Mortgage, unless and until such person or entity has acquired fee simple title pursuant to foreclosure or other proceedings.

**Section 2.31** "Period of Declarant Control" shall mean the period during which Declarant (or a Successor Declarant) may appoint and remove Directors and officers of the Association as permitted under the Act. The Period of Declarant Control will begin on the date this Declaration is first recorded in the office of the Clerk and Recorder of Weld County, Colorado, and will end no later than (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Lots that may be created within the Property, to Owners other than Declarant (or any Successor Declarant), (ii) two (2) years after the last conveyance of a Lot by Declarant (or any Successor Declarant) in the ordinary course of business, or (iii) the date on which Declarant (or any Successor Declarant) voluntarily terminates the Period of Declarant Control by recording a notice to that effect in the office of the Clerk and Recorder of Weld County, Colorado, whichever of the foregoing dates or events occurs first. Notwithstanding the foregoing, the Period of Declarant Control will be extended at the option of Declarant (1) if the Act is amended to allow for such extension beyond the limiting dates outlined in this Section

above, or (2) if the Period of Declarant Control is reinstated or extended by agreement between Declarant and the Association. After the termination of the Period of Declarant Control, Declarant, if still an Owner, will have all the rights and duties ordinarily given to Members under this Declaration. At the termination of the Period of Declarant Control, the Directors and the Declarant shall provide all notices and take all acts required by the Act.

**Section 2.32** "Person" shall mean an individual, corporation, business trust, estate, limited liability company, limited partnership, general partnership, association, joint venture, government, government subdivision or agency, or other legal or commercial entity.

**Section 2.33** "Plat" shall mean any engineering survey or surveys of all or part of the Property, together with such other diagrammatic plans and information regarding the Property as may be required by the Act or other applicable law, or as may be included in the discretion of Declarant, as each such survey may be amended and supplemented from time to time, and all as recorded in the office of the Clerk and Recorder of Weld County, Colorado. The Plat, subject to future replats, was filed as Meadow Farms Subdivision, Filing No. 1, and recorded August 9, 2017, at Reception No. 4325668 in the real property records of the Clerk and Recorder of Weld County, Colorado.

**Section 2.34** "Property" shall mean and include the property described on Exhibit "A" and initially subjected to this Declaration and any additional real property from time to time made subject to this Declaration.

**Section 2.35** "Rules" shall mean the rules, regulations, policies and procedures adopted by the Association as provided in Section 4.11, below.

**Section 2.36** "Semi-Annual Assessments" shall mean the Assessments levied semi-annually pursuant to Section 9.03.

**Section 2.37** "Special Assessment" shall mean an Assessment levied pursuant to Section 9.04.

**Section 2.38** "Special Declarant Rights" is defined as set forth in Section 10.01, below.

**Section 2.39** "Special Declarant Rights Period" shall mean the period beginning the date this Declaration is first recorded in the office of the Clerk and Recorder of Weld County, Colorado, and ending on the date which is twenty-five (25) years following such recordation.



**Section 2.40** "Subassociation" shall mean any separate association of Owners created pursuant to Supplemental Covenants which encumber a portion of the Property and whose members consist of less than all of the Owners of Lots which are subject to this Declaration.

**Section 2.41** "Subassociation Common Area" shall mean a portion of the Common Area intended for the exclusive use or primary benefit of a Subassociation.

**Section 2.42** "Subdivision" shall mean the subdivided Property as shown on the Plat.

**Section 2.43** "Successor Declarant" shall mean any person to whom Declarant assigns any or all of its rights, obligations or interests as Declarant, as permitted by 10.08 and evidenced by an assignment or deed of record in the office of the Clerk and Recorder of Weld County, Colorado, designating such party as a Successor Declarant, signed by the transferor and the transferee, and otherwise complying with the requirements of the Act. Upon such recording, Declarant's rights and obligations under the Declaration shall cease and terminate to the extent provided in such document.

**Section 2.44** "Supplemental Declaration" shall mean additional or further restrictive covenants imposed on a portion or portions of the Property from time to time, including but not limited to declarations of covenants for one or more Subassociations.

**Section 2.45** "Town" shall mean the Town of Milliken, Colorado.

**Section 2.46** Other Terms Defined in Act. Unless the context clearly indicates otherwise, other terms defined in the Act shall have the meanings attributable to such terms in the Act.

**Section 2.47** Other Terms in Declaration. Other terms in this Declaration may be defined in specific provisions contained herein and shall have the meaning assigned by such definition.

### **ARTICLE III**

#### **COMMON INTEREST COMMUNITY**

**Section 3.01 Establishment of Planned Community.** By this Declaration, the Common Interest Community is established as a common interest community under the Act, consisting initially of up to Thirty-Four (34) Lots. The name of the Common Interest Community is Meadow Farms Subdivision. The Common Interest Community is a Planned Community.





**Section 3.02 Declaration of Lot Boundaries.** The boundaries of each Lot are designated on the Plat, and each Lot is identified by the lot number or the address noted on the Plat.

**Section 3.03 Plat.** The Plat shall conform to the requirements of the Act and shall be filed for record in the office of the Clerk and Recorder of Weld County, Colorado.

**Section 3.04 Recorded Easements and Licenses.** The recording data for recorded easements and licenses appurtenant to or included in the Property is set forth on the attached Exhibit "C".

**Section 3.05 County.** The name of every county in which any part of the Common Interest Community is situated is Weld County, Colorado.

**Section 3.06 Legal Description.** The legal description of the Property included in the Common Interest Community is set forth on Exhibit "A" attached hereto and incorporated herein by reference.

**Section 3.07 Limited Common Elements.** The Common Interest Community may include Limited Common Elements as may be subsequently allocated by Declarant or the Association.

**Section 3.08 Notices.** Notice of matters affecting the Common Interest Community may be given to Owners by the Association or by other Owners in the following manner: notice shall be hand delivered or sent by United States mail, postage prepaid, to the mailing address of each Lot or to any other mailing address designated in writing by the Owner to the Association. Such notice shall be deemed given when hand delivered or when deposited in the United States mail, postage prepaid.

## **ARTICLE IV**

### **THE ASSOCIATION**

**Section 4.01 Association Management Duties.** Subject to the rights and obligations of Declarant as set forth in the Act and in this Declaration, and the rights and obligations of the Owners, the Association shall be responsible for the administration and operation of the Property. In addition, the Association may undertake contractual responsibilities relating to other property that is used by or available to the Owners in the Common Interest Community under arrangements, including, without limitation, those described in Section 4.12.

The Board of Directors shall exercise, for the Association, all powers, duties and authority vested in or obligated to be taken by the Association and not reserved to Declarant or the other Owners by this Declaration, the other Documents, the Act or other applicable law.

The business and affairs of the Common Interest Community shall be managed by the Association. The administration of the Common Interest Community shall be governed by this Declaration, the Act, the Articles of Incorporation, the Bylaws and the Rules. The Association shall have all of the powers, authority and duties permitted pursuant to the Documents and the Act which are necessary and proper to manage the business and affairs of the Common Interest Community.

**Section 4.02 Association's Responsibility for Common Area.** The Association, subject to the rights and obligations of the Owners set forth in this Declaration, shall be responsible for the management and control of the Common Area conveyed pursuant to this Declaration, and all Improvements on the Common Area (including any equipment related thereto), and shall keep it in good, clean, and attractive condition and repair, pursuant to the terms and conditions of this Declaration.

The Association shall maintain, repair, replace, beautify and keep neat, attractive, slightly, and in good order, to the extent that such functions are not expected to be performed by the Town or any other political subdivision thereof or of the State of Colorado, all of the Common Area, any mailbox, street lighting, open space, wetlands, and street tree plantings pursuant to a maintenance program adopted by the Association.

Any use of the Common Area by Owners and their families, tenants and guests, and such other persons permitted access to the Common Area shall be subject to any applicable Rules governing the Common Area.

The Association, acting through the Board of Directors, may grant easements, rights-of-way, leases, licenses and concessions through or over the Common Areas without the independent approval by the Owners, subject, however, to the right of Declarant and the Owners to use the Common Area as provided in this Declaration. Without limiting the generality of the foregoing, the Association may grant such rights to suppliers of utilities serving the Property or property adjacent to the Property and to developers or owners of Property adjacent to the Property for the purposes of accommodating minor encroachments onto the Common Area or other purposes that do not unreasonably interfere with the use and enjoyment of the Common Area by the Owners.

Maintenance, including mowing of turf, weed removal and irrigation of open spaces, repair, and upkeep of Subassociation Common Areas, if any, shall be the responsibility of the



Subassociation in which such Subassociation Common Areas are located. The Owners of Lots within each Subassociation shall be responsible for paying, through Subassociation Assessments, the costs of operating, maintaining and insuring the Subassociation Common Areas. This may include, without limitation, the costs of maintaining any signage, entry features, private alleys and driveways, parking areas, rights of way and open space between the Subassociation Area and adjacent public roads and private streets within the Subassociation Area, regardless of ownership. Any Subassociation having any responsibility for maintenance of Subassociation Common Areas within such Subassociation Area shall perform such maintenance responsibility in a manner consistent with the Community Wide Standard. If it fails to do so, the Association may perform such responsibilities and assess the costs against only the Lots within such Subassociation as provided in Article IX.

**Section 4.03 Membership.** Every Owner, by virtue of being an Owner, and for so long as such Owner is an Owner, shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. No Owner, whether one (1) or more Persons, shall have more than one (1) membership per Lot owned, but all of the Persons owning each Lot shall be entitled to rights of membership and of use and enjoyment appurtenant to such ownership. An Owner shall not transfer, pledge or alienate membership in the Association in any way except upon the sale or encumbrance of a Lot, and then only to the purchaser or Mortgagee of the Lot.

**Section 4.04 Classes of Membership and Voting Rights.** The Association shall have one (1) class of voting membership composed of all Owners, including Declarant.

All Members shall be entitled to vote on Association matters on the basis of one (1) vote for each Lot, as each Lot is originally platted by Declarant. The number of votes shall be determined by reference to the Plat for the Lot in question, as recorded by Declarant.

When more than one (1) Person is an Owner of any Lot, all such Persons shall be Members. The vote for such Lot may be exercised by one (1) Person or alternative Persons as the Owners themselves determine. If more than one (1) of the multiple Owners is present at a meeting in person or by proxy, the vote allocated to their Lot may be cast only by agreement of a majority in interest of the Owners. There is a majority of agreement if any one (1) of the multiple Owners casts the vote allocated to the Lot without protest being made promptly to the Person presiding over the meeting by any of the other Owners of the Lot.

Any Owner of a Lot which is leased may assign his voting right to the tenant, provided that a copy of the instrument of assignment is furnished to the Secretary of the Association prior to any meeting in which the tenant exercises the voting right.

Any party, on becoming a Member, shall furnish to the Secretary of the Association a photocopy or certified copy of the recorded instrument, or a copy of the lease or sublease, or such other evidence as may be specified by the Board under the Bylaws or the Rules, vesting the party with the interest required to make such party a Member of the Association. At the same time, the party shall provide the Association with the single name and address to which the Association shall send any notices given pursuant to the Documents. The Member shall state in such notice the number of votes in the Association to which the Member believes he or she is entitled and the basis for that determination. In the event of any change in the facts reported in the original written notice, including any change of ownership, the Member shall give a new written notice to the Association containing all of the information required to be covered in the original notice. The Association shall keep and preserve the most recent written notice received by the Association with respect to each Member.

**Section 4.05 Allocated Interests.** The liability for Common Expenses and votes in the Association allocated to each Lot are set forth as follows:

**4.5.1.** The percentage of liability for Common Expenses shall be allocated on the basis of equal liability for each Lot, subject to the provisions of Article IX; and

**4.5.2.** The number of votes in the Association shall be allocated on the basis of one (1) vote for each Lot.

**Section 4.06 Appointment of Officers and Directors by Declarant.** Until the expiration of the Period of Declarant Control and subject to the limitations of the Act, Declarant shall retain the exclusive powers to appoint and remove the Board of Directors and officers of the Association.

Notwithstanding the foregoing, Declarant may voluntarily surrender the right to appoint and remove the Board of Directors and officers of the Association before the end of the Period of Declarant Control by providing a notice to that effect to the Association and otherwise complying with the procedures for termination of this Special Declarant Right, as set forth in the Bylaws. However, upon voluntarily terminating this Special Declarant Right in advance of the expiration of the Period of Declarant Control, Declarant may require that specified actions of the Association or the Board, as described in an instrument executed and recorded by Declarant in the office of the Clerk and Recorder of Weld County, Colorado, be approved by Declarant before those actions become effective.

**Section 4.07 Board of Directors Powers and Duties.** The Board of Directors may act in all instances on behalf of the Association, except as provided in this Declaration or the Bylaws. The Board shall have, subject to the limitations contained in this Declaration and the



Act, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community, which shall include, but not be limited to, the power to do the following things:

4.7.1 Adopt and amend Bylaws.

4.7.2 Adopt and amend rules and regulations regarding the use and enjoyment of the Common Area, and the activities of occupants thereon.

4.7.3 Adopt and amend budgets for revenues, expenditures and reserves.

4.7.4 Collect Assessments from Lot Owners.

4.7.5 Hire and discharge Managers.

4.7.6 Hire and discharge independent contractors, employees and agents, other than Managers.

4.7.7 Subject to the limitations set forth in Section 4.20, after sending a Notice to the Members about any potential litigation, and only upon the approving vote or consent of not less than fifty-one percent (51%) of the Members of the Association, institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violation of the Documents in the Association's name, on behalf of the Association or two (2) or more Owners on any matters affecting the Common Interest Community or the Association. The Notice to the Members about the potential litigation shall include the following information:

4.7.7.1 The nature of the legal action and the relief sought;

4.7.7.2 The anticipated cost of the legal action, including fees and costs;

4.7.7.3 The estimated impact on the marketability of units in the Common Interest Community due to any litigation;

4.7.7.4 The Association's plan for funding the cost of any such litigation;

4.7.7.5 The anticipated duration of the legal action and the likelihood of success;

4.7.7.6 In the event the proposed litigation involved construction defects, information about the estimated cost of the repairs, whether the builder has offered to make repairs, and the steps taken by the builder to address the alleged defect(s); and

4.7.7.7 The following disclosures shall be made to the Members in capital letters and bold typeface: (i) **THE ALLEGED CONSTRUCTION DEFECTS MAY RESULT IN INCREASED COSTS TO THE ASSOCIATION IN MAINTENANCE OR REPAIR AND/OR CAUSE AN INCREASE IN ASSESSMENTS OR SPECIAL ASSESSMENTS TO COVER THE COST OF REPAIRS;** (ii) **UNTIL THE ALLEGED DEFECTS ARE REPAIRED, SELLERS OF UNITS WITHIN THE COMMON INTEREST COMMUNITY MAY OWE LOT BUYERS A DUTY TO DISCLOSE KNOWN DEFECTS;** (iii) **THE BOARD INTENDS TO ENTER INTO A FEE ARRANGEMENT WITH THE ATTORNEYS REPRESENTING THE ASSOCIATION, UNDER WHICH (OF THE AMOUNT THE ASSOCIATION RECOVERS FROM THE DEFENDANT(S), THE ATTORNEYS WILL BE PAID A CONTINGENCY FEE EQUAL TO \_\_\_\_\_ PERCENT OF THE (NET) (GROSS) RECOVERY.) (THE ASSOCIATION'S ATTORNEYS WILL BE COMPENSATED AS FOLLOWS: \_\_\_\_\_);** (iv) **IN ADDITION TO ATTORNEY FEES, THE ASSOCIATION MAY INCUR UP TO \$ \_\_\_\_\_ FOR LEGAL EXPENSES, INCLUDING EXPERT WITNESSES, DEPOSITIONS, AND FILING FEES. THE AMOUNT WILL NOT BE EXCEEDED WITHOUT THE BOARD'S FURTHER WRITTEN AUTHORITY. IF THE ASSOCIATION DOES NOT PREVAIL ON ITS CLAIM, THE ASSOCIATION MAY BE RESPONSIBLE TO PAY THESE LEGAL EXPENSES;** (v) **IF THE ASSOCIATION DOES NOT PREVAIL ON ITS CLAIM, THE ASSOCIATION MAY BE RESPONSIBLE TO PAY ITS ATTORNEYS' FEES;** (vi) **IF THE ASSOCIATION DOES NOT PREVAIL ON ITS CLAIM, A COURT OR ARBITRATOR SOMETIMES AWARDS COSTS AND ATTORNEYS' FEES TO THE OPPOSING PARTY. SHOULD THAT HAPPEN IN THIS CASE, THE ASSOCIATION WILL BE RESPONSIBLE TO PAY SUCH AWARD;** (vii) **THERE IS NO GUARANTEE THAT THE ASSOCIATION WILL RECOVER ENOUGH FUNDS TO REPAIR THE CLAIMED CONSTRUCTION DEFECT(S). IF THE CLAIMED DEFECTS ARE NOT REPAIRED, ADDITIONAL DAMAGE TO PROPERTY AND A REDUCTION IN THE USEFUL LIFE OF THE COMMON ELEMENTS MAY OCCUR;** (viii) **UNTIL THE**



**CLAIMED CONSTRUCTION DEFECTS ARE REPAIRED, OR UNTIL THE CONSTRUCTION DEFECT CLAIM IS CONCLUDED, THE MARKET VALUE OF THE UNITS IN THE ASSOCIATION MAY BE ADVERSELY AFFECTED; and (ix) UNTIL THE CLAIMED CONSTRUCTION DEFECT(S) ARE REPAIRED, OR UNTIL THE CONSTRUCTION DEFECT(S) CLAIM IS CONCLUDED, OWNERS IN THE ASSOCIATION MAY HAVE DIFFICULTY REFINANCING AND PROSPECTIVE BUYERS MAY HAVE DIFFICULTY OBTAINING FINANCING.**

4.7.8 Make contracts and incur liabilities.

4.7.9 Regulate the use, maintenance, repair, replacement and modification of the Common Area.

4.7.10 Cause additional improvements to be made as a part of the Common Area.

4.7.11 Acquire, hold, encumber and convey in the Association's name, any right, title or interest to real estate or personal property, but the Common Area may be conveyed or subjected to a Mortgage only pursuant to this Déclaration and applicable law.

4.7.12 Grant easements for any period of time, including permanent easements, leases, licenses and concessions through or over the Common Area.

4.7.13 Impose and receive a fee or charge for the use, rental or operation of the Common Area and for services provided to Owners.

4.7.14 Impose a reasonable charge for late payment of Assessments and levy fines for violation of this Declaration, the Bylaws and the Rules in accordance with any applicable provisions of the Act.

4.7.15 Impose a reasonable charge for the preparation and recordation of supplements or amendments to this Declaration and for statements of unpaid Assessments.

4.7.16 Provide for the indemnification of the Association's officers and the Board and maintain Directors' and officers' liability insurance.

4.7.17 Assign the Association's right to future income, including the right to receive Assessments, only upon the affirmative vote of the Owners of Lots to which at least eighty percent (80%) of the votes in the Association are allocated, at a meeting called for that purpose.

4.7.18 Exercise any other powers conferred by the Documents.

4.7.19 Exercise any other power that may be exercised in the State of Colorado by a legal entity of the same type as the Association.

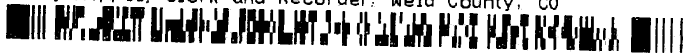
4.7.20 Exercise any other power necessary and proper for the governance and operation of the Association including, without limitation, preparation of any and all necessary and appropriate policies and procedures.

4.7.21 By resolution, establish permanent and standing committees of Directors to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Owners and the Board. However, actions taken by a committee may be appealed to the Board by any Owner within forty-five (45) days of publication of a notice. If an appeal is made, the committee's action must be ratified, modified or rejected by the Board at its next regular meeting.

**Section 4.08 Budget Process.** To determine the amount required to be raised by assessments for any fiscal year, the Board shall prepare an annual budget for each such fiscal year showing, in reasonable detail, the various matters proposed to be covered by the budget, the estimated costs and expenses which will be payable, the estimated income and the funds which will be available in the fiscal year, and the estimated total amount of money required to be raised by assessments to cover such costs and expenses and to provide a reasonable reserve. A total amount of money required to be raised by assessments for that fiscal year shall be the amount, as determined by the Board, necessary to satisfy the costs and expenses of fulfilling the functions and obligations of the Association in the coming fiscal year, including the payment of debts from prior fiscal years, providing reasonable reserves and providing a reasonable carryover reserve for the following fiscal year. Within thirty (30) days after adoption of any proposed budget for the common interest of the Association, the Board shall mail, by ordinary first class mail, or otherwise deliver, a summary of the budget to all Owners, and shall set a date for a meeting of the Owners to consider ratification of budget not less than fourteen (14) days nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting a majority of all Owners present at the meeting, in person or by proxy, rejects the budget, the budget is ratified, whether or not a quorum is present. In the event a proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

At the discretion of the Board of Directors or as required below, the Association's books and records shall be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, by an independent and qualified Person selected by the Board. Such Person need not be a certified public accountant except in the case of an audit. A Person selected to conduct a review shall have at least a basic





understanding of the principles of accounting as a result of prior business experience, education above the high school level, or bona fide home study. The audit or review report shall cover the Association's financial statements, which shall be prepared using generally accepted accounting principles or the cash or tax basis of accounting.

**4.8.1** An audit shall be required only when both of the following conditions are met: (i) The Association has annual revenues or expenditures of at least two hundred fifty thousand dollars (\$250,000); and (ii) An audit is requested by the Owners of at least one-third (1/3) of the Lots represented by the Association.

**4.8.2** A review shall be required only when requested by the Owners of at least one-third (1/3) of the Lots represented by the Association.

**4.8.3** Copies of an audit or review under this Section shall be made available upon request to any Owner beginning no later than thirty (30) days after its completion.

In the event the Act is amended to remove, modify, or otherwise revise the requirements under this Section 4.8 of this Declaration, this Section 4.8 shall be deemed amended to require only that which is required pursuant to the Act, as amended.

**Section 4.09 Owners' and Association's Addresses for Notices.** All Owners of each Lot shall have one (1) and the same registered mailing address to be used by the Association or other Owners for notices, demands and all other communications regarding Association matters. The Owner or Owners of a Lot shall furnish the registered address to the Secretary of the Association within five (5) days after receiving title to the Lot. The registration shall be in written form and signed by all of the Owners of the Lot or by such persons as are authorized by law to represent the interests of all Owners of the Lot.

If no address is registered or if all of the Owners cannot agree, then the address of the Lot shall be deemed the registered address until another registered address is furnished as required under this Section.

If the address of the Lot is the registered address of the Owners, then any notice shall be deemed duly given if delivered to any person occupying the Lot or sent to the Lot by any other means specified for a particular notice in any of the Documents, or if the Lot is unoccupied, if the notice is held and available for the Owners at the principal office of the Association.

All notices and demands intended to be served upon the Board of Directors shall be sent to the address of the Association or such other address as the Board may designate from time to time by a notice delivered to all Owners in accordance with this Section.

Unless any section of this Declaration or the Act expressly provides otherwise, all notices given under this Declaration shall be sent by personal delivery, which shall be effective upon receipt; by overnight courier service, which shall be effective one (1) business day following

timely deposit with a courier service; or regular, registered or certified mail, postage prepaid, which shall be effective three (3) days after deposit in the United States mail.

**Section 4.10 Compliance with Documents.** Each Owner shall abide by and benefit from the provisions, covenants, conditions, and restrictions contained in the Documents.

**Section 4.11 Rules and Regulations.** The Association, from time to time and subject to the provisions of the Documents, may adopt, amend and repeal rules and regulations, to be known as the "Rules", governing, among other things and without limitation:

4.11.1. The use of the Common Area and any Improvements now or hereafter located thereon;

4.11.2. The use of easements now or hereafter created within the Common Interest Community;

4.11.3. The use of Lots and Improvements thereon as contemplated and restricted by this Declaration; and

4.11.4. The use, if permitted, of any Common Area, open space, greenbelt or other tract or parcel owned by the Association.

A copy of the Rules in effect shall be distributed to each Member of the Association, and any change in the Rules shall be distributed to each Member within a reasonable time following the effective date of the change. The Board of Directors of the Association shall provide for the enforcement of the Rules, as set forth in the Bylaws. Without limiting the generality of the foregoing, the Board may suspend voting rights of a Member after notice and hearing as provided in the Bylaws for an infraction of the Rules.

**Section 4.12 Cooperation with Local Government.** The Association will cooperate with local governmental and quasi-governmental authorities in all respects to enable the Association and such authorities to efficiently and economically provide their respective services to the Owners. It is contemplated that from time to time either the Association or any of those authorities may use the services of the other in furthering their respective obligations, and they may contract with each other to better provide for such cooperation. During the Special Declarant Rights Period, the Declarant may designate sites within the Common Interest Community for fire, police, utility facilities, public schools and parks, and other public facilities. The sites may include Common Areas.

**Section 4.13 Manager.** The Association may employ or contract for the services of a Manager or Managers to act for the Association and the Board and the officers according to the powers and duties delegated to the Manager pursuant to the Bylaws or resolution of the Board, provided that no such employment shall be by a contract having a term of more than three (3) years, and each such contract shall be subject to cancellation by the Association on ninety (90)



days' or less prior notice without cause and without payment of a termination fee. The Manager shall not have the authority to make expenditures for additions or Improvements except upon specific prior approval and direction by the Board. The Board or any officer of the Association shall not be liable for any omission or improper exercise by a Manager of any such duty, power, or function so delegated by written instrument executed by or on behalf of the Board.

**Section 4.14 Delegation by Association.** The Association may delegate any of its rights, duties or responsibilities to any committee or other entity which it may choose to form. Any delegation by the Board under this Section is subject to compliance with the Act and the Bylaws and the requirement that the Board, when so delegating, shall not be relieved of its responsibilities under the Documents or the Act.

**Section 4.15 Ownership of Personal Property and Real Property for Common Use.** The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests within the Common Interest Community and conveyed to the Association by Declarant.

**Section 4.16 Books and Records.** The Association shall make available for inspection, upon request, during normal business hours or under other reasonable circumstances, to Owners and Mortgagees, current copies of the Documents, and the books, records, financial statements and other materials of the Association required to be maintained by the Act and prepared pursuant to the Bylaws. Any Owner or Mortgagee may make a written request to the Association for a copy of the financial statements for the preceding year. The Association may charge a reasonable fee for copying such materials.

**Section 4.17 Maintenance Reserves.** The Association shall establish and maintain an adequate reserve fund from Semi-Annual Assessments levied pursuant to Article IX, below, for maintenance, repair or replacement of those Common Areas and Improvements located within such areas that must be replaced on a periodic basis.

**Section 4.18 Reserve Fund.** Upon any sale, transfer or conveyance of an individual Lot other than to a Declarant or Successor Declarant, the purchaser or transferee of the Lot shall deposit with the Association, as a reserve fund, an amount equal to the most recent Semi-Annual Assessment established by the Board preceding the date the transfer occurs. If, at any time, an Owner is in default in the payment of any Assessments due to the Association or in the payment of any other sums due the Association herein, the Association shall have the right to use said reserve, or as much thereof as may be necessary, to pay any delinquent amount owed to the Association and to reimburse the Association for any expenses incurred by the Association in collecting delinquent assessments from the Owner. In such event, the Owner shall, upon written demand by the Association in accordance with any applicable provisions of the Act, promptly remit to the Association a sufficient amount of cash to restore the reserve to its original amount.

In the event the reserve account is not used to make delinquent payments, then upon the sale of the Owner's Lot, the Owner shall collect the amount deposited in the reserve account from his or her purchaser as a part of the closing prorations for such Lot. The reserve account shall, as a result of the transfer of a Lot, be credited to the account of the new Owner of such Lot, and the former Owner shall have no claim against the Association for the crediting, such Owner's sole remedy being the collection of such reserve account balance from the new Owner in connection with the closing of a Lot. The Association shall have the right to commingle the reserve account with other funds of the Association and shall have no obligation to retain the reserve funds in a separate account or pay interest on the reserve funds. The reserve account shall not be deemed to be liquidated damages, and if claims of the Association against an Owner exceed the reserve account, the Owner shall remain liable for the payment of the balance of such claims to the Association.

**Section 4.19 Implied Rights and Obligations.** The Association shall perform all of the duties and obligations imposed on it expressly by the Documents, together with every other duty or obligation reasonably to be implied from the express provisions of the Documents or reasonably necessary to satisfy any such duty or obligation reasonably to be implied from the express provisions of the Documents or reasonably necessary to satisfy any such duty or obligation. The Association may exercise any other right or privilege (i) given to it expressly by the Documents, or (ii) reasonably to be implied from the existence of any right or privilege given expressly by the Documents, or (iii) reasonably necessary to effectuate any such right or privilege.

**Section 4.20 Litigation Matters.** Except as such litigation involving the Association is expressly approved by not less than 55% of the Members pursuant to Section 4.7.7 of this Declaration, the Association and its officers and directors: (i) shall have no obligation, right, power or authority to oversee, administer, manage, investigate, report, litigate, arbitrate, mediate or otherwise be involved in any claims or disputes asserted, or which might be assertable, by individual homeowners against any Declarant, owner, developer, contractor or other party with regard to alleged construction defects, express or implied construction warranties or similar claims or actions pertaining to any homes or other improvements constructed in or on any Lot within the Common Interest Community (collectively, "Construction Claims"); (ii) shall not be considered a proper party in interest in any such litigation, arbitration, mediation or other action or proceeding with respect to any Construction Claims; (iii) shall not be involved in organizing, administering, supervising, managing or otherwise soliciting involvement in any class action or similar litigation in connection with any Construction Claims; and (iv) shall not have the right, power or authority to make any Assessment against any Lot for the purpose of covering the cost or expense of investigating, pursuing or otherwise being involved in any Claims or litigation, arbitration or mediation pertaining to same.

In recognition of the inadequacy of damages or other remedies which might otherwise be available to any Declarant, owner, developer, contractor or other party (all of



whom are intended to be beneficiaries of this provision), any such party shall, without limiting any other remedy which might be available at law or in equity, be entitled to injunctive relief, including dismissal of any proceeding by or on behalf of the Association seeking to enforce any Construction Claims, and to reimbursement of all attorneys' fees and other costs of litigation, arbitration or other proceeding incurred by such party on account of any Construction Claims asserted by or on behalf of the Association absent strict compliance with the provisions of this Article IV.

Nothing herein contained shall be construed as limiting the rights and obligations of the Association with respect to the assertion of Claims with respect to any Improvements located within or upon the Common Area, nor shall it preclude the assertion of any Claims directly by an individual affected Owner.

Due to the foregoing restriction, neither the Board of Directors nor the Association will have any obligation, responsibility or liability to any Owner or Member on account of the existence of any Construction Claims or refusal of the Association or the Board of Directors to pursue any such Construction Claims without the requisite Member approval.

**4.20.1.** In the event an individual affected Owner desires to pursue a Claim related to an alleged construction defect, the Owner shall first provide written notice of the alleged defect to the party alleged to have caused or contributed to the defect. The notice shall be delivered personally or sent by certified mail, and shall include the name and contact information for the claimant Owner and a statement of the nature and location of the alleged defect(s). The notice also shall state that the alleged responsible party shall have fourteen (14) days to acknowledge receipt of the notice, an additional fourteen (14) days thereafter to complete an initial inspection and testing regarding the alleged defect(s), and an additional thirty (30) days following the initial inspection and testing to reply to the Owner regarding the alleged responsible party's election to repair the alleged defect(s). In the event the alleged responsible party elects to repair alleged defects, it shall have the right to do so and shall provide a notice of repair to the Owner claimant by personal delivery or certified mail. The notice of repair shall contain a step-by-step explanation of the defect(s) to be repaired, a reasonable timeline for completion of the work, and contact information for any contractors who will be involved in making the repairs. The Owner claimant may not impair, impede, or prohibit the alleged responsible party from making such repairs. The alleged responsible party shall notify the Owner claimant when the repairs are complete, after which the Owner claimant shall have ten (10) days to inspect the repairs and determine whether the matter has been satisfactorily resolved. If the alleged responsible party does not offer to make repairs, or the Owner claimant determines that the matter has not been satisfactorily resolved by any repairs made, then the Owner claimant may proceed under Section 4.20.2 below.



4.20.2. In the event an Owner wishes to make a Claim, the Owner shall follow the provisions of Article XXIII of this Declaration.

**Section 4.21 Security.** The Association shall not be obligated to maintain or support any security activities within the Common Interest Community. NEITHER THE ASSOCIATION, NOR THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE COMMON INTEREST COMMUNITY, NOR SHALL ANY OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. EACH OWNER ACKNOWLEDGES, UNDERSTANDS AND COVENANTS TO INFORM ITS RELATED USER THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, DECLARANT, AND ANY SUCCESSOR DECLARANT ARE NOT INSURERS AND THAT EACH PERSON USING THE COMMUNITY AREAS ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS AND TO THE CONTENTS OF IMPROVEMENTS THEREON RESULTING FROM ACTS OF THIRD PARTIES.

## ARTICLE V

### COMMON AREA

**Section 5.01 Dedication of Common Area.** Declarant hereby dedicates the Common Area to the common use and enjoyment of the Members, as hereinafter provided.

**Section 5.02 Description of Common Area.** The Common Area within the Common Interest Community shall consist of any other real or personal property now or hereafter conveyed or dedicated to the Association, together with the other interests identified in paragraph 2.09 of this Declaration.

The Common Area shall be conveyed by Declarant to the Association by special warranty deed subject to all utility, drainage, open space and other easements in place or of record. The Common Area as designated by this Declaration is for the common use, benefit and enjoyment of the Owners and their families, tenants, employees, guests and invitees, and such other persons as may be permitted to use the Common Area, as Declarant may specify. Nothing in this Declaration shall be construed as a dedication to public use or a grant to any public municipal or quasi-municipal authority or utility, or an assumption of responsibility for the maintenance of any Common Area by such authority or utility, absent an express written agreement to that effect.

**Section 5.03 Regulation of Common Area.** The Association may adopt such Rules as it deems necessary or appropriate for the proper maintenance, repair, renovation, management, use and control of the Common Area.

**Section 5.04 Owners' Easements of Enjoyment.** Each Owner shall have a right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with title to every Lot, subject to the following provisions:

5.4.1. The right of the Association to promulgate and publish reasonable Rules as provided in this Declaration.

5.4.2. The right of the Association to suspend voting rights and the right to use the Common Area by an Owner for any period during which any Assessment against his or her Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published Rules.

5.4.3. The right of the Association to dedicate or transfer any part of the Common Area to any public agency, authority, utility or other entity for such purposes and subject to such conditions as may be agreed to by the Owners, provided that no such dedication or transfer shall be effective unless the Owners entitled to cast at least eighty percent (80%) of the votes of the Association, including eighty percent (80%) of the votes allocated to Lots not owned by Declarant, agree to such dedication, transfer, purpose or condition, and unless written notice of the proposed agreement and action thereunder is sent to every Owner at least thirty (30) days in advance of any action taken; and provided further that the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this clause. An agreement to dedicate, transfer or convey all or any part of the Common Area must be evidenced by execution and recordation of an agreement or ratification thereof, in the same manner as a deed by the requisite number of Owners. Such agreement must specify a date after which the agreement will be void unless recorded before that date.

5.4.4. The right of the Association to close or limit use of the Common Area while maintaining, repairing and making replacements in the Common Area.

**Section 5.05 Delegation of Use.** An Owner may delegate, in accordance with the Bylaws, his or her right of enjoyment to the common Area and facilities to the members of his or her family, tenants, or contract purchasers who reside on his or her Lot.

**ARTICLE VI**

**DESIGN REVIEW COMMITTEE**

**Section 6.01 Committee and Guidelines.** There is hereby established a Design Review Committee ("DRC"), which shall be responsible for the establishment and administration of Design Guidelines to facilitate the purposes and intent of this Declaration. The DRC may issue



and enforce Design Guidelines applicable to a specific area within the Common Interest Community, as well as Design Guidelines that relate to the Common Interest Community generally. The Design Review Committee of the Association may, but is not required to, delegate some or all of its authority under this Declaration to such agents, committees, or subcommittees as the Association may designate for such purpose from time to time or, with approval of the board of directors of a Subassociation for Lots included in such Subassociation, to a design review committee or similar body created pursuant to a Supplemental Declaration. Further, the DRC may amend, vary, repeal and augment the Design Guidelines from time to time, in the DRC's sole discretion based on concerns for good planning and design, the aesthetic, architectural and environmental harmony of the Common Interest Community or other factors as necessary or desirable to fulfill the intent of the Design Guidelines and implement the purposes of this Declaration as stated in Article I. Except as delegated to a Subassociation, the Design Guidelines shall be binding on all Owners and other persons governed by this Declaration.

The Design Guidelines may include, among other things, those restrictions and limitations set forth below:

- 6.1.1.** Standards establishing and dictating an architectural theme and requirements pertaining to building style and design, construction materials and site planning.
- 6.1.2.** Procedures for making application to the DRC for design review approval, including the documents to be submitted and the time limits in which the DRC must act to approve or disapprove any submission.
- 6.1.3.** Time limitations for the completion, within specified periods after approval, of the Improvements for which approval is required under the Design Guidelines.
- 6.1.4.** Designation of a building site on a Lot, establishing the maximum developable area of a Lot and set-back or view corridor requirements.
- 6.1.5.** Minimum and maximum square foot areas of living space that may be developed on any Lot.
- 6.1.6.** Limitations on the height of any building or other Improvement.
- 6.1.7.** Specifications for the location, dimensions and appearance or screening of any permitted fences, accessory structures, antennae or other such Improvements.
- 6.1.8.** Landscaping regulations, including requirements for installing and maintaining landscaping on the entire Lot and, for certain Lots identified in the Design Guidelines, on parkways abutting the Lot and the street or road providing access to the Lot; time limitations within which all landscaping must be completed; limitations and





restrictions prohibiting the removal or requiring the replacement of existing trees; and guidelines encouraging the use of plants indigenous to the locale and compatible with the design theme of the Common Interest Community; and other practices benefitting the protection of the environment, aesthetics and architectural harmony of the Common Interest Community.

**6.1.9.** Regulations for parking vehicles on or off of the street, within an enclosed garage or a designated area on a Lot.

**6.1.10.** General instructions for the construction, reconstruction, refinishing or alteration of any Improvement, including any plan to excavate, fill or make any other temporary or permanent change in the natural or existing surface contour or drainage or any installation of utility lines or conduits on the Property, addressing matters such as loading areas, waste storage, trash removal, equipment and materials storage, grading, transformers and meters.

**Section 6.02 DRC Membership and Organization.** The DRC shall be composed of neither less than three (3) nor more than five (5) individuals. The DRC may include one (1) or more professional design consultants, but need not include any Member of the Association. All members of the DRC shall be appointed, removed and replaced by Declarant, in its sole discretion, until such time as Declarant no longer owns any Lots within the Common Interest Community, unless Declarant earlier waives this right by notice to the Association recorded in the office of the Clerk and Recorder of Weld County, Colorado. At such time, the Board of Directors shall succeed to Declarant's right to designate the number of and to appoint, remove or replace the Members of the DRC.

**Section 6.03 Purpose and General Authority.** The DRC shall review, study, and either approve or reject proposed Improvements on the Property, all in compliance with this Declaration and as further set forth in the Design Guidelines and such rules and regulations as the DRC may establish from time to time to govern its proceedings. No Improvement shall be erected, placed, reconstructed, replaced, repaired, or otherwise altered, nor shall any construction, repair or reconstruction be commenced until plans for the Improvements shall have been approved by the DRC; provided, however, that Improvements that are completely within a building may be undertaken without such approval. All Improvements shall be constructed only in accordance with approved plans, if required, and the Member making any such Improvements shall be responsible for ensuring such Improvements are constructed in conformance with any and all laws, rules, regulations, and codes of the Town or other governmental or quasi-governmental authority having jurisdiction over the Improvements.

**6.3.1. DRC Discretion.** The DRC shall exercise its best judgment to see that all Improvements conform and harmonize with any existing structures as to external design, quality and type of construction, seals, materials, color, location on the Lot,

height, grade and finished ground elevation, and the schemes and aesthetic considerations set forth in the Design Guidelines and the other Documents. The DRC, in its sole discretion based on concerns for good planning and design, the aesthetic, architectural, and environmental interests of the Common Interest Community, or other factors as necessary or desirable to fulfill the intent of the Design Guidelines, may excuse compliance with such requirements in specific situations and may permit compliance with different or alternative requirements.

**6.3.2. Binding Effect.** The actions of the DRC in the exercise of its discretion by its approval or disapproval of plans and other information submitted to it, or with respect to any other matter before it, shall be conclusive and binding on all interested parties.

#### **Section 6.04 Organization and Operation of DRC.**

**6.4.1 Term.** The term of office of each member of the DRC shall continue at the pleasure of the person or entity appointing such member pursuant to Section 6.02, and run until his successor shall have been appointed. Should a DRC member die, retire or become incapacitated, or in the event of a temporary absence of a member, a successor may be appointed as provided in Section 6.02.

**6.4.2 Chairman.** The chairman of the DRC shall be elected annually from among the members of the DRC by a majority vote of such members. In the absence of a chairman, the party responsible for appointing or electing the chairman may appoint or elect a successor, or if the absence is temporary, an interim chairman.

**6.4.3 Operations.** The DRC chairman shall take charge of and conduct all meetings and shall provide for reasonable notice to each member of the DRC prior to any meeting. The notice shall set forth the time and place of the meeting, and notice may be waived by any member.

**6.4.4 Voting.** The affirmative vote of a majority of the then serving members of the DRC shall govern its actions and be the act of the DRC.

**6.4.5 Review of Plans and Specifications.** The DRC shall consider and act upon any and all requests submitted for its approval. The DRC shall approve plans and specifications submitted to it only if it determines that the construction, alteration, and additions contemplated thereby, and in the location as indicated, will comply with this Declaration; will serve to preserve and enhance the values of Lots within the Common Interest Community; will be consistent with the spirit and intent of this Declaration; and will maintain a harmonious relationship among structures, vegetation, and topography within the Common Interest Community. The DRC shall consider the quality of workmanship, type of materials, and harmony of exterior design with other dwellings, if

any, located within the Common Interest Community. Should the DRC fail to approve or disapprove the plans and specifications submitted to it by an Owner within thirty (30) days after complete submission of all required documents, the plans shall be resubmitted to the DRC by certified mail, return receipt requested, with a copy to the Declarant, by certified mail, return receipt requested, and, in the event that the DRC fails to approve or disapprove any plans and specifications as herein provided within thirty (30) days after such resubmission to the DRC and Declarant by certified mail, the same shall be deemed to have been approved, as submitted, and no further action shall be required; provided, however, that no building or other structure shall be erected or allowed to remain on any Lot which violates or is inconsistent with any of the covenants or restrictions contained in this Declaration. The issuance of a building permit or license for the construction of improvements inconsistent with this Declaration shall not prevent the Association or any Owner from enforcing the provisions of this Declaration.

**6.4.6 No Waiver of Future Approval.** The approval by the DRC of any proposals or plans and specifications for any work to be done on a Lot shall not be deemed to constitute a waiver of any right to withhold approval or consent to any similar proposals, plans, specifications, drawings, or other matters subsequently or additionally submitted for approval by the same Owner or by any other Owner.

**6.4.7 Expert Consultation.** The DRC may avail itself of other technical and professional advice and consultants as it deems appropriate, and the DRC may delegate its plan review responsibilities, except final review and approval, to one (1) or more of its members or to consultants retained by the DRC. Upon that delegation, the approval or disapproval of plans and specifications by such member or consultant shall be equivalent to approval or disapproval by the entire DRC.

**Section 6.05 Expenses.** Except as provided in this Section, all expenses of the DRC shall be paid by the Association and shall constitute a Common Expense. The DRC shall have the right to charge a fee for each application submitted to it for review, in an amount which may be established by the DRC from time to time, and such fees shall be collected by the DRC and remitted to the Association to help defray the expenses of the DRC's operation. The members of the DRC shall not be entitled to any compensation for services performed pursuant to this Declaration.

**Section 6.06 Other Requirements.** Compliance with the Common Interest Community design review process is not a substitute for compliance with building, zoning and subdivision laws, rules, regulations and codes of the Town or any other governmental or quasi-governmental authority having appropriate jurisdiction, and each Owner is responsible for obtaining all approvals, licenses, and permits as may be required prior to commencing construction of Improvements.

Further, the establishment of the DRC and procedures for architectural review shall not be construed as changing any rights or restrictions upon Owners to maintain and repair their Lots and Improvements as otherwise required under the Documents.

**Section 6.07 Limitation of Liability.** Neither the DRC nor any individual DRC member shall be liable to any person for any official act of the DRC in connection with submitted plans and specifications, except to the extent the DRC or any individual DRC member acted in bad faith or with malice or wrongful intent. Approval by the DRC does not necessarily assure approval by the appropriate governmental board or commission for the Town or other governmental or quasi-governmental authority with jurisdiction. Notwithstanding that the DRC has approved plans and specifications, neither the DRC nor any of its members shall be responsible or liable to any Owner, developer or contractor with respect to any loss, liability, claim or expense which may arise by reason of such approval of the construction of the Improvements. Neither the Board, the DRC, nor any agent thereof, nor Declarant, nor any of its officers, directors, shareholders, employees, agents, or consultants shall be responsible in any way for any defects in any plans or specifications submitted, revised, or approved in accordance with the provisions of the Documents, nor for any structural or other defects in any work done according to such plans and specifications. In all events the DRC shall be defended and indemnified by the Association in any such suit or proceeding which may arise by reason of the DRC's decision. The Association, however, shall not be obligated to indemnify each member of the DRC to the extent any such member of the DRC is adjudged to be liable for negligence or misconduct in the performance of his duty as a member of the DRC, unless and then only to the extent that the court in which such action or suit may be brought determines upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expense as such court shall deem proper.

**Section 6.08 Enforcement.**

**6.8.1. Inspection.** Any member or authorized consultant of the DRC, or any authorized officer, Director, employee or agent of the Association may enter upon any Lot at any reasonable time after notice to the Owner, without being deemed guilty of trespass, in order to inspect Improvements constructed or under construction on the Lot to determine whether the Improvements have been or are being built in compliance with the Documents and the plans and specifications approved by the Design Review Committee.

**6.8.2. Deemed Nuisances.** Every violation of this Declaration is hereby declared to be and to constitute a nuisance, and every public or private remedy allowed for such violation by law or equity against a Member shall be applicable. Without limiting the generality of the foregoing, this Declaration may be enforced as provided below.



(a) **Fines for Violations.** The DRC may adopt a schedule of fines for failure to abide by the DRC rules and the Design Guidelines, including fines for failure to obtain any required approval from the DRC.

(b) **Removal of Nonconforming Improvements with Court Order.** The Association, upon request of the DRC and after first obtaining a court order from a Colorado court having jurisdiction thereof, may enter upon any Lot and remove any Improvement constructed, reconstructed, refinished, altered or maintained in violation of this Declaration. The Owner of the Improvement shall immediately reimburse the Association for all expenses incurred in connection with such removal. If the Owner fails to reimburse the Association within thirty (30) days after the Association gives the Owner notice of the expenses, the sum owed to the Association shall bear interest at the Default Rate from the date of the advance by the Association through the date of reimbursement in full, and all such sums and interest shall be a Default Assessment enforceable as provided in Article IX.

**Section 6.09 Reconstruction of Common Area.** The reconstruction by the Association after destruction by casualty or otherwise of any Common Area that is accomplished in substantial compliance with "as built" plans for such Common Area shall not require compliance with the provisions of this Article or the Design Guidelines.

**Section 6.10 Construction.** Construction of a dwelling unit or other structure approved by the DRC shall be completed, and a certificate of occupancy shall be issued by the appropriate governmental authority, within twelve (12) months after approval of the plans and specifications, and the Owner shall proceed diligently with such construction. The DRC may grant an extension of the foregoing time period for good cause shown when such extension is requested by the Owner.

**Section 6.11 Landscaping.** Within ninety (90) days following receipt of a certificate of occupancy from the Town or other appropriate governmental authority for the dwelling unit constructed upon a Lot, the Owner thereof shall submit to the DRC for its approval a landscaping plan showing the landscaping proposed to be installed on the Lot, including the location of any trees, shrubs, grass or other landscaping. Once the plan is approved, the landscaping described in the landscaping plan must be completed within nine (9) months following receipt of a certificate of occupancy. As seasonal conditions may affect the completion of the landscaping work, the DRC may grant an extension of the foregoing time period for good cause shown when such extension is requested by the Owner.

**Section 6.12 Variances.** The DRC may authorize variances from compliance with any provisions of this Declaration when circumstances such as natural obstructions, hardships, aesthetics, or environmental considerations may require. Such variances must be evidenced in writing and shall become effective when signed by at least a majority of the members of the

DRC. If any such variance is granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted; provided, however, that the granting of the variance shall not operate to waive any provisions of this Declaration for any purpose except as to the particular property and the particular provision hereof covered by the variance, nor shall the granting of a variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned, including, but not limited to, zoning ordinances and setback lines or requirements imposed by any governmental authority having jurisdiction.

**Section 6.13 Color.** All dwellings and other structures constructed on any Lot shall be stained or painted in such colors as are approved in writing by the DRC. Duplicate color schemes will not be permitted on adjacent Lots.

**Section 6.14 Exterior Material.** Exterior finish, windows, roofs, decks and all other exterior components of all dwellings and other structures shall be constructed of such materials, the color, texture, and composition of which are approved by the DRC.

**Section 6.15 Building Size, Set-Backs and Height Limitation.** In addition to restrictions imposed by the Town, no dwelling shall be erected, altered or permitted to remain on any Lot unless the square footage of finished living space contained within the dwelling, exclusive of basement, open porches, and garages, is not less than one thousand eight hundred (1,800) square feet for single story residence, or two thousand four hundred (2,400) square feet for two-story or multi-level residence. The definition of "finished living space" and the treatment of garden level basements and similar features shall be determined by the DRC from time to time. No residence shall have more than two (2) stories above grade, or otherwise exceed any height restrictions imposed by the DRC, the Town, or any other governmental or quasi-governmental authority with jurisdiction from time to time. Except for a dwelling constructed on Lot 6, the front setback of any dwelling shall not be less than fifty (50) feet nor more than eight (80) feet from the Lot property line adjacent to Meadow Farms Drive.

**Section 6.16 Address Signage.** Each dwelling within the Common Interest Community shall have an address sign/house number affixed, of a design and at a location established and/or approved by the DRC, which shall at all times endeavor to maintain uniformity of such signage. Such address signage shall conform to any requirements of the Town or other governmental or quasi-governmental authority having jurisdiction for emergency or other purposes.

**Section 6.17 Garages.** Each dwelling shall include a garage having space for not less than one (1), nor more than three (3), automobiles.

**Section 6.18 Outbuildings.** All outbuildings are subject to prior approval of the DRC. Outbuildings shall reflect architectural design and materials consistent with the dwelling on the subject Lot. Outbuildings shall not exceed five hundred (500) square feet in size, and shall not



exceed any height restrictions imposed by the DRC, the Town, or any other governmental or quasi-governmental authority with jurisdiction from time to time.

**Section 6.19 Modular Construction.** No mobile homes and no structures of modular construction shall be permitted on any Lot. The foregoing also shall preclude installation of factory-manufactured, stick-built homes which are placed on a permanent concrete foundation. The DRC may, in its discretion, approve use of pre-cast or pre-engineered building components within a structure assembled on a Lot, provided that any such approval is in writing and signed by a representative of the DRC.

**Section 6.20 Fences.** Any fence to be constructed on a Lot must be approved by the DRC. All fences shall be white in color, shall be constructed of materials acceptable to the DRC, and shall conform in all respects to any standard subdivision design as adopted from time to time by the DRC. The DRC shall provide the fence detail information to any Owner requesting such information. This Section 6.20 shall not apply to entrance or "monument" fencing, or to entrance signage or to other signage that may or may not actually be incorporated into fencing, but that may be located on, adjacent to or in the vicinity of fencing. The DRC shall also designate those areas in which common fencing shall be required and the height, type and style of such common fencing or areas in which fencing may be prohibited.

Without limiting the foregoing, no fence shall be erected, constructed, altered or maintained on a Lot nearer to the front Lot line than the front of the dwelling or garage constructed upon such Lot. No fence shall be erected, constructed, altered or maintained on a Lot in, on, over or in such a manner as will interfere with the operation of any swales or other drainage improvements constructed on or adjacent to such Lot. In addition, any rear yard fences shall be subject to approval of the DRC and any such fences which receive approval shall be installed subject to the condition that the Association shall have no responsibility for maintenance of any landscaping improvements or other items whatsoever inside the perimeter of such fence, and that the Owner of the Lot shall be fully responsible for same.

**Section 6.21 Resubdivision.** No Lot may be further subdivided without the approval of the Board of Directors of the Association, which approval shall be within its sole discretion. This provision shall not be construed to prohibit or prevent the dedication or conveyance of any portion of a Lot as an easement for public utilities

**ARTICLE VII**

**PROPERTY USE RESTRICTIONS**

**Section 7.01 General Restriction.** The Property shall be used only for the purposes set forth in this Declaration, as permitted by the applicable ordinances of the Town, and the laws of the State of Colorado and the United States, and as set forth in the Documents or other specific recorded covenants affecting all or any part of the Property.

**Section 7.02 Permitted Use of Lots.** No business or commercial enterprise or other non-residential use may be conducted on any part of a Lot, except as provided in Section 7.03, below. Subject to approval by the DRC, accessory buildings may be used for non-residential purposes subject to Section 7.03, provided that all such buildings are located behind the primary residence and shall be architecturally consistent with the primary residence in terms of materials, siding, roof and color.

**Section 7.03 Home Occupations.** In addition to any restrictions imposed upon Owners of Lots by the Town with regard to home occupations or businesses, no Owner shall conduct any home occupation or business activity upon his or her Lot unless said activity complies with the following requirements:

**7.3.1.** Such home occupation shall be conducted either in an outbuilding on the Lot or entirely within the interior of the dwelling located on such Lot. If such home occupation is conducted only within the interior of the dwelling, it shall not occupy more than fifteen percent (15%) of the total finished floor area within the dwelling.

**7.3.2.** No signs or advertising devices of any nature whatsoever shall be erected or maintained on any Lot with respect to such home occupation, except those approved in writing by the DRC.

**7.3.3.** Any trade or business conducted on a Lot shall be conducted only by the residents thereof.

**7.3.4.** No noise or offensive activities shall be conducted on any Lot and no Lot shall be used, in whole or in part, for the storage of any property or thing that will cause the Lot to appear in an unclean or untidy condition or that will create an eyesore.

**7.3.5.** No substance, thing or material which emits foul or obnoxious odors, or causes any noise that might disturb the peace, quiet, comfort or serenity of the occupants of the surrounding Lots shall be permitted on a Lot.

**7.3.6.** No trade or occupation shall be conducted from a Lot unless one (1) or more of the Owners of such Lot reside within the dwelling on such Lot, and any such trade or occupation shall cease and terminate when the Owner(s) of such Lot ceases to reside thereon.

**7.3.7.** No retail sales shall be conducted on any Lot and no customer parking shall be allowed.

**7.3.8.** There shall be no signs, advertising or any other evidence of a home occupation visible from the outside of a dwelling.



7.3.9. Not more than six (6) additional vehicular trips shall be allowed each day on or to any Lot for deliveries or pickups in connection with such trade or business, including deliveries or pickups by commercial delivery services, such as Federal Express and United Parcel Service, and no such delivery service vehicle shall remain at the Lot for a period in excess of fifteen minutes per trip.

**Section 7.04 Household Pets.** No animals, birds or reptiles of any kind shall be raised, bred or kept on any portion of the Common Interest Community, except that an owner may keep not more than six chickens, and a reasonable number of horses, dogs, cats and other household pets may be kept, provided that such pets are in conformance with any laws, ordinances, rules or regulations of the Town or other governmental or quasi-governmental authority with jurisdiction and they are not kept, bred or maintained for any commercial purpose. The Board of Directors may adopt rules and regulations regarding the maintenance of animals upon the Property, including the maximum number and size thereof. Maintaining any bees or Pot-Bellied Pigs on any Lot is specifically prohibited.

**Section 7.05 Pet Runs.** Pet runs or other fenced-in areas for the containment of dogs or other pets that do not exceed 1,000 square feet shall be permitted upon any Lot without the prior written approval of the DRC. However, pet runs or other fenced-in areas shall be located in the half of any Lot which is furthest from Meadow Farms Drive. Furthermore, no invisible fences or similar restraints shall be installed within or encroach upon any portion of the Common Area.

**Section 7.06 Signage.** Subject to the Act, no signs or advertising of any character shall be erected, placed, permitted, or maintained within the Common Interest Community unless the Board of Directors or the DRC has given consent to the same in writing and such signs or advertising conform to applicable laws, ordinances, rules, or regulations promulgated by the Town. This provision shall not apply to permanent signs identifying the Common Interest Community which are installed by Declarant as part of the development of the Common Interest Community, nor shall this provision preclude Declarant or its agents, as long as Declarant is the Owner of any Lot within the Common Interest Community, from placing such signs as Declarant deems appropriate, without limitation on size or location, offering the Property or Lots for sale. The Board of Directors may adopt rules and regulations permitting signs advertising Lots for sale at such location and of such character as the Board shall designate, provided that in no event shall individual Lot Owners be entitled to place advertising signs on the Common Area, nor shall any such Lot Owner be allowed to use more than one (1) sign to advertise such Owner's Lot for sale.

**Section 7.07 Leases.** No lease of a Lot or dwelling thereon shall be for a period of less than six (6) months and every lease shall be in writing. The written lease shall contain provisions requiring that the tenant comply with all provisions of this Declaration and the other Documents. The Board may require that all leases be submitted to it for approval before the lease will be effective and that all tenants meet with a person designated by the Board to review

the requirements of the Declaration and other Documents. The Association shall have the power to enforce the provisions of the Declaration and the other Documents against any tenant regardless of the provisions of a lease. The Association shall have the power to levy fines and Assessments against a tenant based on such tenant's actions, the same as it would have against a Lot Owner.

**Section 7.08 Storage of Inoperative and Unregistered Vehicles.** Inoperative or unregistered vehicles shall not be stored, parked, or permitted to remain upon or adjacent to a Lot, except within a fully enclosed garage on the Lot. For purposes of this provision, any disassembled or partially disassembled car or other vehicle or any car or other vehicle which is not capable of moving under its own propulsion, or is not so moved, for seven (7) consecutive days, or any vehicle lacking current registration, shall be considered an "inoperative or unregistered vehicle" subject to the terms of this Section 7.08.

**Section 7.09 Repair.** No activities such as, but not necessarily limited to, maintenance, repair, rebuilding, dismantling, repainting or servicing of any kind of vehicle, trailer or boat may be performed on any Lot unless performed entirely within a completely enclosed garage attached or associated with the dwelling located on such Lot. Without limiting the foregoing, no such activity shall be performed upon any of the Common Area. The foregoing restrictions shall not be deemed to prevent washing and/or polishing of any motor vehicle.

**Section 7.10 Parking.** Subject to the Act, no trailer, motor home, bus, camper, commercial-type vehicle, truck, commercial van, vehicle-mounted camper, whether chassis or slide-in, or pick-up coach, tent trailer, boat, truck trailer, machine, tractor, semi-tractor, tractor-trailer, all-terrain vehicle, motorcycle, or similar vehicle or equipment, shall be parked, placed, erected, maintained or constructed on any Lot (unless concealed by means approved by the DRC) or the Common Area for any purpose. However, trucks, vans, trailers, campers, motor homes, pick-up coaches, tents, or boats which can be and are stored completely within an enclosed garage and are not used for living purposes will not be in violation of these restrictions. Parking on Private Streets or Public Streets or paved driveways outside the garage on any Lot shall be limited to typical non-commercial, passenger vehicles.

**Section 7.11 Trash.** All Owners shall maintain their Lots in a clean and well-maintained condition. No storage of trash will be permitted indoors or outdoors on any Lot in a manner which may permit the spread of fire, odors, seepage or encouragement of vermin. All equipment, garbage cans, service yards, woodpiles or storage piles shall be kept screened by adequate planting or fencing so as to conceal them from view of neighboring Lots and streets. All rubbish, trash, garbage or other unsightly items must be deposited in locations in containers on Lots approved or provided by the Association. The Association may adopt rules and regulations further defining the deposit of rubbish, trash or garbage and other matters related thereto. Without limiting the foregoing, the Association acting through the Board, shall have the right to require that the trash collection within the Common Interest Community be performed by

one (1) company and that trash collected from all Lots by such company be on the same day of each week. Unless the Board expressly adopts a resolution to the contrary, such cost of trash collection shall be a Common Expense. In the event the Association so elects, all Owners shall make use of the trash collection service provided or contracted for by the Association. This Section 7.11 shall not apply to a contractor during construction of a dwelling or other improvements within the Common Interest Community. Such contractor may dispose of trash, rubbish, debris and other construction materials either personally or by contracting with a trash collection company.

**Section 7.12 Screens, Awnings, Flags and Other Accessories.** Subject to the Act, no air conditioning (other than central air conditioning systems), swimming pools, pool cabanas, hot tubs/spa tubs, guest houses, playhouses, gazebos, greenhouses, decks, screens, storm doors, awnings, free-standing flag poles, flags, basketball goals (whether attached or movable), play equipment, bird houses and feeders and similar exterior accessories shall be installed or used on or about any Lot without the prior written approval of the DRC. In considering whether to approve any such accessory, the DRC shall consider the location, size, visual impact on the Lot and proximity to adjacent Lots, aesthetic appeal and harmony of exterior design in relation to surrounding structures. Use or installation of any such accessory shall also be subject to such rules and regulations as may be adopted by the Association from time to time. In any event, if any such accessories are permitted by the DRC and the Association, the Owner installing same on its Lot shall be responsible to fully and properly maintain such accessories at all times.

**Section 7.13 Storage.** No tanks for the storage of gas, fuel, oil, chemicals, or other matter shall be erected, placed, or permitted above the surface on any Lot. No detached storage buildings, service yards, woodpiles, or storage areas shall be permitted on any Lot without the approval of the DRC, which may require enclosure or screening, such as privacy fences, landscaping, or berming, to conceal such area from the view of neighboring Lots.

**Section 7.14 Radio and Television Antennas.** No exterior television antenna, radio antenna or satellite transmitting or receiving device shall be placed, allowed, or maintained upon any portion of any dwelling or other structure located upon a Lot or any other portion of the Common Interest Community without the express written consent of the Association or the DRC. In addition, no electronic devices or systems causing unreasonable electrical interference with radio or television receivers located within a dwelling upon any Lot shall be placed or maintained on any Lot. Notwithstanding the foregoing, two satellite dishes, each with horizontal elements not in excess of thirty-six (36) inches in diameter, will be allowed on a Lot, provided that the location thereof (at the side or rear of the residence) is approved by the DRC, and the Owner submits a plan to screen or otherwise conceal or minimize the visual impact of the satellite dish to the extent feasible, and such plan is approved by the DRC. The DRC may grant relief from the provisions of this Section for good cause shown.

**Section 7.15 Electrical, Television, Natural Gas and Telephone Service.** All electrical, television, natural gas, and telephone service installations shall be placed underground.

**Section 7.16 Water and Sanitation.** Each structure designed for occupancy shall connect with water and sanitation facilities as are made available from time to time by the Town or any other approved utility supplier. Septic systems shall in all instances conform to the requirements of the Town or other governmental or quasi-governmental authority with jurisdiction over the location, design, and operation of such systems.

**Section 7.17 Wells.** No well from which water, oil, or gas is produced shall be dug, nor shall storage tanks, reservoirs, or any installation of power, telephone, or other utility lines (wire, pipe, or conduit) be made or operated from surface locations anywhere on the Property except in connection with water wells and works operated by public agencies or duly certified public utility companies; provided, however, that the foregoing shall not prevent the drilling of or installation of water wells by the Association, or Declarant or its assigns, provided further that all required approval from appropriate governmental authorities shall first be obtained. This restriction shall not apply to Lot 6.

**Section 7.18 Temporary Structures.** No temporary structures shall be permitted except as may be determined to be necessary during construction and as specifically authorized by the DRC, and except as necessary for the exercise by Declarant of the Special Declarant Rights.

**Section 7.19 Outside Burning.** There shall be no exterior fires, except barbecues, outside fireplaces and braziers contained within facilities or receptacles and in areas designated and approved by the DRC. Incinerators and incinerator fires are prohibited. No Owner shall permit any condition upon its portion of the Property which creates a fire hazard or is in violation of fire prevention regulations.

**Section 7.20 Seasonal Decorations.** Seasonal decorations are permitted with the following qualifications and conditions:

**7.20.1.** Christmas decorations shall not be displayed prior to November 15th and must be removed by January 20th of the following year.

**7.20.2.** Other holiday decorations shall not be displayed more than four (4) weeks prior to the applicable holiday and must be removed within two (2) weeks after the celebrated holiday.

**7.20.3.** No decorations shall be displayed in such a manner as to be offensive to the neighborhood or create a public nuisance.

**Section 7.21 Noise.** No exterior horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of the Property or Improvements, shall be placed or used on any portion of the Property.

**Section 7.22 Nuisances.** No obnoxious or offensive activity shall be carried on upon any Lot or the Common Area, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to any other Owner. Nothing contained herein shall be construed as prohibiting or restricting construction activities by Declarant at any time, seven (7) days per week.

**Section 7.23 Drainage and Irrigation.** No Owner shall modify or change the topography or contour of any drainage areas or easements, including swales, constructed on the Lots and other portions of the Property from the shape and outline established by Declarant or Persons or entities acting on behalf of the Declarant; provided, however, than an Owner shall be permitted to modify the drainage areas on his or her Lot upon receiving written approval therefor from the DRC. Any Owner who in any way materially modifies the drainage pattern on the land without such consent shall be subject to sanctions contained herein for violations of this Declaration.

**Section 7.24 Illegal Acts.** Nothing shall be done or kept in or on any Lot or within the Common Elements or any part thereof that would be a violation of any statute, rule, ordinance, regulation, permit, or other validly-imposed requirement of any governmental or quasi-governmental body having jurisdiction, excepting any activities specifically authorized by state or local laws, rules, ordinances or declarations.

**Section 7.25 Enforcement.** The Association, or the Design Review Committee, acting on behalf of the Association, may take such action as it deems advisable to enforce this Declaration as provided in this Declaration. In addition, the Association and the Design Review Committee shall have a right of entry on any part of the Property for the purposes of enforcing this Article, and any costs incurred by the Association or the Design Review Committee in connection with such enforcement which remain unpaid thirty (30) days after the Association has given notice of the cost to the Owner and otherwise complied with the Act shall be subject to interest at the Default Rate from the date of the advance by the Association or the Design Review Committee through the date of payment in full by the Owner, and shall be treated as a Default Assessment enforceable as provided in Article IX.

## **ARTICLE VIII**

### **MAINTENANCE**

**Section 8.01 Maintenance of Common Area.** The Association shall maintain all of the Common Area within the Common Interest Community. The Association shall maintain all landscaping and other improvements and facilities installed in, on or under the Common Area

and shall make repairs and replacements thereto as needed to permit the Common Area to serve the purpose for which they are created and installed in the Common Interest Community. Any sidewalks or paths, landscaping, entry features and signage, storm drainage improvements and facilities and irrigation sprinkler systems located in, on or under the Common Area, shall be maintained by the Association. All such facilities and any and all additional facilities and improvements which may be installed within the Common Area shall be maintained, repaired and replaced by the Association as necessary so that the Common Area presents an aesthetically attractive appearance and serves the purpose for which such facilities were installed. In addition, to the fullest extent allowed or required by the provisions of § 307(1.5) of the Act, the Association shall maintain, repair and replace any and all drainage structures or facilities or other public improvements required by the Town as a condition to the development of the Common Interest Community or any part thereof (unless and except to the extent that same are maintained by the Town).

**Section 8.02 Damage by Owner.** Notwithstanding anything to the contrary contained herein, in the event the need for the Association to maintain, repair or replace any portion or component of the Common Area is caused by the willful act or gross negligence or misconduct of an Owner or a member of such Owner's family, or a guest, invitee or tenant of an Owner or a member of such tenant's family, the costs of such repair, replacement, or maintenance, to the extent not covered by the Association insurance, shall be a personal obligation of such Owner, and any costs, expenses, and fees incurred by the Association for the same shall be assessed to such Owner as a Default Assessment. The Association shall have a lien for the payment of such Default Assessment as provided in the Act and in this Declaration.

**Section 8.03 Dwelling Exteriors.** Each Owner shall provide routine upkeep and maintenance of the exterior paint and trim of his or her individual dwelling. The nature and type of any painting or refinishing, including the color thereof, shall be approved in advance by the Association or the DRC. All other maintenance, repair and replacement (including, without limitation, exterior surface of roofs, including shingles, repair and replacement of sidewalks, driveways and gutters, windows, doors, screens, patio or deck areas, exterior doors, garage doors and light fixtures) will also be the obligation of the Owner. Each Owner shall also be responsible for (i) repair or replacement of broken window panes, (ii) maintenance and repair (including, without limitation, removal of snow and ice) of any balconies, decks or porches that are part of the residence, and (iii) maintenance and repair of any enclosed, screened or fenced-in areas located on any Lot.

**Section 8.04 Landscaping, Sidewalks and Driveways.** Each Owner shall maintain all landscaping of his or her Lot, including, but not limited to, lawns, trees, shrubs, flowers and plantings placed by an Owner upon such Owner's Lot (installation of which shall be subject to approval by the Design Review Committee). Each Owner shall also provide cleaning and snow removal of all sidewalks and driveways.

**Section 8.05 Owner Maintenance Responsibility - Interior.** Owners shall maintain, replace and keep in good repair the interior of their dwelling.

**Section 8.06 Owner Maintenance/Failure to Maintain.** Except as provided to the contrary in this Declaration, the Documents, or by written agreement with the Association, all maintenance of a Lot and the Improvements located thereon shall be the sole responsibility of the Owner of the Lot. Each Owner shall maintain his Lot in accordance with the community-wide standards of the Common Interest Community. The Association may, in the discretion of the Board, assume the maintenance responsibilities of such Owner if, in the opinion of the Board, the level and quality of maintenance provided by such Owner does not satisfy such standards. Before assuming the maintenance responsibilities, the Board shall notify the Owner in writing of its intention to do so, and if the Owner has not commenced and diligently pursued remedial action within thirty (30) days after the mailing of such written notice, then the Association may proceed. The expenses of the maintenance by the Association shall be reimbursed to the Association by the Owner within thirty (30) days after the Association notifies the Owner of the amount due, and any sum not reimbursed within that 30-day period shall bear interest at the rate of eighteen percent (18%) per annum from the date of the expenditure until payment in full. Such charges shall constitute a Default Assessment.

## **ARTICLE IX**

### **COVENANT FOR ASSESSMENTS**

#### **Section 9.01 Creation of the Lien and Personal Obligation for Assessments.**

Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed, are deemed to covenant and agree to pay to the Association: (1) Semi-Annual Assessments or charges as provided in this Declaration to generally carry out the functions of the Association; (2) Special Assessments for capital improvements and other purposes as stated in this Declaration, such Semi-Annual and Special Assessments to be fixed, established, and collected from time to time as provided below; and (3) Default Assessments which may be assessed against a Lot pursuant to the Documents for the Owner's failure to perform an obligation under the Documents or because the Association has incurred an expense on behalf of the Owner under the Documents. The Semi-Annual, Special, and Default Assessments, together with fines, interest, costs, and reasonable attorneys' (and legal assistants') fees and other charges allotted under the Act, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made until paid. Each such Assessment, together with fines, interest, costs, and reasonable attorneys' (and legal assistants') fees and other charges allowed under the Act, shall also be the personal and individual obligation of the Owner of such Lot as of the time the Assessment falls due, and two (2) or more Owners of a Lot shall be jointly and severally liable for such obligations. No Owner may exempt himself from liability for any Assessments by abandonment of his Lot or by waiver of the use or enjoyment of the Common



Area. Suit to recover a money judgment for unpaid Assessments and related charges as listed above may be maintained without foreclosing or waiving the Assessment liens provided in this Declaration.

**Section 9.02 Purpose of Assessments.** The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners and occupants of the Common Interest Community, to improve and maintain the Common Area (or property outside of the Common Interest Community if such action might enhance property values within the Common Interest Community or otherwise further the purpose and intent of this Declaration) by actions including, but not limited to, the payment of taxes and insurance on the Common Area; payment for repair, replacement, upkeep and additions to any Improvements on or to the Common Area; establishment of reserve accounts; and payment of the cost of labor, equipment, materials, management, and supervision, and the salary or fee of the Manager.

**Section 9.03 Calculation and Apportionment of Semi-Annual Assessments and Common Expenses.** The Board of Directors shall prepare a budget before the closing of each fiscal year of the Association and submit the budget to the Association as required by the Act and this Declaration. Semi-Annual Assessments for Common Expenses shall be based upon the estimated net cash flow for the Association to cover items including, without limitation, the cost of routine maintenance, repair and operation of the Common Area; premiums for insurance coverage as deemed desirable or necessary by the Association; snow removal, landscaping, care of grounds and common lighting within the Common Area; routine renovations within the Common Area; wages; common water and utility charges for the Common Area; legal and accounting fees; management fees; taxes and capital improvements; expenses and liabilities incurred by the Association under or by reason of this Declaration; payment of any deficit remaining from a previous Assessment Period; and the supplementing of the Association's funds for general, routine maintenance, repairs and replacement of Improvements within the Common Area on a periodic basis, as needed; the creation of reasonable contingency reserves, working capital and/or sinking funds; and any other costs, expenses and fees, which may be incurred or may reasonably be expected to be incurred by the Association for the benefit of the Owners under or by reason of this Declaration.

Each Owner shall be responsible for that Owner's share of the Common Expenses, which shall be divided equally among the Lots included in the Property under this Declaration from time to time. Accordingly, at any given time, an Owner's share of Common Expenses shall be determined as a fraction, the numerator of which is the number of Lots owned by the Owner, and the denominator of which is the number of Lots then platted and incorporated in the Property. Notwithstanding the preceding sentence, any Common Expenses or portion thereof benefitting fewer than all of the Lots shall be assessed exclusively against the Lots benefitted. Further, the costs of insurance may be assessed in proportion to risk, and the costs of utilities may be assessed in proportion to usage.



**Section 9.04 Special Assessments.** In addition to the Semi-Annual Assessments authorized by Sections 9.01 and 9.03, above, the Board of Directors may levy in any fiscal year one (1) or more Special Assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, or, after adopting and submitting a revised budget to the Association as may be required by the Act, to make up any shortfall in the current year's budget. As set forth below in Sections 9.05 and 9.06, such Special Assessments may apply to all Owners or to fewer than all Owners. Owners who receive a Notice of a Special Assessment are responsible for paying the assessed amount according to the terms of the Notice and this Declaration. Because Special Assessments are in addition to previously-budgeted Semi-Annual Assessments, Owners may wish to protect themselves against the cost of such Special Assessments by purchasing insurance coverage specifically intended to defray the cost of such Special Assessments. Each Owner is responsible for determining whether such insurance is desired and in what amount.

Notice of the amount and due dates for such Special Assessments must be sent to each Owner at least thirty (30) days prior to the due date.

If any of the Special Assessments levied pursuant to this Section shall be used for the construction of new facilities (as opposed to repair and reconstruction of existing facilities) in the Common Interest Community and if the total amount of Special Assessments levied for such construction exceeds ten percent (10%) of the gross annual budget for the Association for that year, then the use of Special Assessments for such construction shall require the approval of the Owners representing at least sixty-seven percent (67%) of the votes in each class of Association membership.

**Section 9.05 Uniform Rate of Assessment.** Both Semi-Annual Assessments and Special Assessments must be fixed at a uniform rate for each type of Lot classified by type of use or other distinguishing characteristics (as set forth below), but the basis and rate of Assessments for each type of use or other characterization may be varied as provided in this Section.

Semi-Annual Assessments against the Initially Unoccupied Lots shall be set at a lower rate than the Semi-Annual Assessments against other Lots, because the Initially Unoccupied Lots receive and benefit from fewer services funded by such Assessments than the other Lots. Colorado Revised Statutes §38-33.3-315(3)(b) states that "Any common expense or portion thereof benefiting fewer than all of the units shall be assessed exclusively against the units benefited." Based on this provision, the Initially Unoccupied Lots shall pay Semi-Annual Assessments at the rate of ten percent (10%) of any Semi-Annual Assessment charged to Lots other than the Initially Unoccupied Lots. Such reduction is in recognition that Initially Unoccupied Lots shall not require the use or enjoyment of the Common Area and that Initially Unoccupied Lots do not require most of the services of the Association. The common expenses

for services, including trash removal; open space irrigation, lighting, mowing and other landscaping maintenance of Common Area; sidewalk snow removal; drainage maintenance; insurance of Common Area; exterior maintenance of Improvements; and other services provided by the Association related to the Common Area will not benefit an Initially Unoccupied Lot prior to the Occupancy Date of such Lot.

The rates of Assessment for Lots within each area or other classification shall be established from time to time by resolution of the Board. The classification of a Lot for the purpose of determining the rate of Assessments shall be made by the Board in its sole discretion, and its decision shall be final.

**Section 9.06 Common Expenses Attributable to Fewer than All Lots**

**9.6.1** An Assessment to pay a judgment against the Association may be made only against the Lots in the Common Interest Community at the time the judgment was entered, in proportion to their respective liabilities for Common Expenses.

**9.6.2** If a Common Expense is caused by the misconduct of an Owner, the Association may assess that expense exclusively against that Owner's Lot(s).

**9.6.3** Fees, charges, taxes, impositions, late charges, fines, collection costs and interest charged against an Owner pursuant to this Declaration, the Documents or the Act are enforceable as Common Expense Assessments.

**9.6.4** Any Common Expense or portion thereof benefiting fewer than all of the Lots must be assessed exclusively against all the Lots benefited in the proportions determined by the Board after considering the relative size and value that the Lots being benefited bear to all Lots benefited.

**Section 9.07 Date of Commencement of Semi-Annual Assessments and Payment Period.** The Semi-Annual Assessments shall commence as to each platted Lot no later than sixty (60) days after the first date of conveyance of a platted Lot by Declarant to an unaffiliated Owner. The first Semi-Annual Assessment shall be prorated according to the number of days remaining in the applicable calendar month.

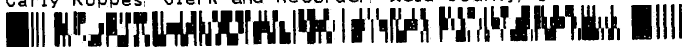
**Section 9.08 Subassociation Special Assessments.** The Board may, subject to the provisions hereof, levy a Special Assessment against any Subassociation to reimburse the Association for costs incurred in bringing the Subassociation into compliance with the provisions of this Declaration, any applicable Supplemental Declaration, the Articles of Incorporation, the Bylaws, and Rules, including but not limited to any costs incurred to operate, maintain, insure or repair any Subassociation Common Areas owned by such Subassociation. Such Special Assessment shall be levied only after hearing and approval by the Board in accordance with the Bylaws following notice to the Member(s) owning Lots governed by the Subassociation given in



a time and manner reasonably determined by the Board to be adequate under the circumstances but in any event in writing delivered to the Members owning Lots within the Subassociation at their Lots. Such Special Assessment shall be levied equally on a pro rata basis against all Lots within such Subassociation. The amount of the Special Assessment shall be due and payable to the Association thirty (30) days after notice to the Member(s) of the decision of the Board that the Special Assessment is owed, or such other period as the Board may determine in its sole discretion.

**Section 9.09 Collection.** Assessments shall be collected on a periodic basis as the Board of Directors may determine from time to time, but until the Board directs otherwise, Assessments shall be payable semi-annually in advance on the first day of February and the first day of August each calendar year. The omission or failure of the Association to fix Assessments for any Assessment period will not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Association will have the right, but not the obligation, to make pro-rata refunds of any Assessments in excess of the actual expenses incurred in any fiscal year. Any such excess funds not refunded will be applied to the next installment(s) of Semi-Annual Assessments due.

**Section 9.10 Default Assessments.** All monetary fines, penalties, interest or other charges or fees assessed against an Owner pursuant to the Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Documents and any expense (including, without limitation, attorneys' and legal assistants' fees) incurred by the Association as a result of the failure of an Owner to abide by the Documents, shall be a Default Assessment and shall become a lien against such Owner's Lot which may be foreclosed or otherwise collected as provided in this Declaration and in accordance with the Act. Notwithstanding anything to the contrary contained in this Declaration, or in the event that the need for maintenance or repair of the Common Area or any Improvements located thereon is caused by the willful or negligent act, omission or misconduct of any Owner, or by the willful or negligent act, omission or misconduct of any member of such Owner's family, or by a guest or invitee of such Owner, or any tenant or tenant's family, the costs of such repair and maintenance shall be the personal obligation of such Owner, and any costs, expenses and fees incurred by the Association for such maintenance, repair or reconstruction shall also constitute a "Default Assessment" and shall be added to and become part of the Assessment to which such Owner's Lot is subject and shall be a lien against such Owner's Lot as provided in this Declaration. A determination of the willful or negligent act, omission or misconduct of any Owner or any member of an Owner's family, or a guest or invitee of any Owner, or tenant or tenant's family, resulting in a Default Assessment and the amount of the Default Assessment shall be determined by the Association after notice to the Owner and the right to be heard before the Board of Directors in connection therewith, provided that any such determination for a Default Assessment pursuant to the terms of this section may be appealed by said Owner to a court of law.



**Section 9.11 Effect of Nonpayment of Assessment; Lien; Remedies of Association.**

Any Assessment installment, whether pertaining to Semi-Annual, Special, or Default Assessments, which is not paid within thirty (30) days after its due date shall be delinquent. In the event that an Assessment installment becomes delinquent or in the event any Default Assessment is established under this Declaration, the Association, in its sole discretion and subject to the requirements of the Act and the Association's Policy for Collection of Unpaid Assessments, Fines and Fees, may take any or all of the following actions:

**9.11.1** Assess a late charge for each delinquency at uniform rates set by the Board of Directors from time to time;

**9.11.2** Assess an interest charge from the date of delinquency at the Default Rate;

**9.11.3** Assess a fee of no more than \$25.00 for any notices the Association is required to make related to any delinquency;

**9.11.4** Suspend the voting rights of the Owner during any period of delinquency;

**9.11.5** Accelerate all remaining Assessment installments for the fiscal year in question so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;

**9.11.6** Bring an action at law against any Owner personally obligated to pay the delinquent installments;

**9.11.7** File a statement of lien with respect of the Lot, and foreclose as set forth in more detail below.

The remedies provided under this Declaration shall not be exclusive, and the Association may enforce any other remedies to collect delinquent Assessments as may be provided by law.

Any Assessment chargeable to a Lot shall constitute a lien on the Lot, effective the due date of the Assessment. To evidence the lien, the Association may, but shall not be obligated to, prepare a written lien statement with respect to the Lot, setting forth the name of the Owner, the legal description of the Lot, the name of the Association, and the delinquent Assessment amounts then owing. Any such statement shall be duly signed and acknowledged by the resident or a Vice President of the Association or by the Manager, and shall be served upon the Owner of the Lot by mail to the address of the Lot or at such other address as the Association may have in its records for the Owner. At least ten (10) days after the Association mails the statement to the Owner, the Association may record the statement in the office of the Clerk and Recorder of Weld County, Colorado. Subject to the provisions of the Act and the Association's Policy for Collection of Unpaid Assessments, Fines and Fees, the Association may proceed to foreclose the statement of



lien in the same manner as provided for the foreclosure of mortgages under the statutes of the State of Colorado. Such lien shall be in favor of the Association and shall be for the benefit of all other Owners. As allowed by the Act, the Association shall be entitled to its attorney's fees, costs and costs of collection from any defaulting Owner including for failure to comply with the Act, Declaration, Bylaws or the Rules and Regulations. In either a personal action or foreclosure action, the Association shall be entitled to recover as a part of the action, the interest, costs, and reasonable attorneys' fees (including legal assistants' fees) with respect to the action. The Association shall have the power to bid on a Lot at foreclosure sale and to acquire, hold, lease, mortgage and convey the Lot.

No Owner may waive or otherwise escape liability for the Assessments provided for in this Declaration by nonuse of the Common Area or by abandonment of his Lot.

**Section 9.12 Successor's Liability for Assessment.** In addition to the personal obligation of each Owner to pay all Assessments and the Association's perpetual lien for such Assessments, all successors to the fee simple title of a Lot, except as provided in Section 9.13, below, shall be jointly and severally liable with the prior Owner or Owners thereof for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees and legal assistants' fees against such Lot without prejudice to any such successor's right to recover from any prior Owner any amounts paid by such successor. This liability of a successor shall not be personal and shall terminate upon termination of such successor's fee simple interest in the Lot. In addition, such successor shall be entitled to rely on the statement of status of Assessments by or on behalf of the Association under Section 9.15, below.

**Section 9.13 Waiver of Homestead Exemption; Subordination of the Lien.** The lien of the Assessments shall be superior to and prior to any homestead exemption provided now or in the future by any federal law or the laws of the State of Colorado, and to all other liens and encumbrances except the following:

**9.13.1** Liens and encumbrances recorded before the date of the recording of this Declaration;

**9.13.2** Liens for real estate taxes and other governmental assessments or charges duly imposed against the Lot by a Colorado governmental or political subdivision or special taxing district, or any other liens made superior by statute; and

**9.13.3** The lien for all sums unpaid on a First Mortgage recorded before the date on which the Assessment sought to be enforced became delinquent, including any and all advances made by the First Mortgagee and notwithstanding that any of such advances may have been made subsequent to the date of attachment of the Association's lien; all subject, however, to the limitations of the Act.

With respect to Subsection 9.13.3, above, any First Mortgagee who acquires title to a Lot by virtue of foreclosing the First Mortgage or by virtue of a deed or assignment in lieu of such a foreclosure, or any purchaser at a foreclosure sale of the First Mortgage, shall take the Lot free of any claims for unpaid Assessments, interest, late charges, costs, expenses, and attorneys' (and legal assistants') fees against the Lot which accrue prior to the time such First Mortgagee or purchaser acquires title to the Lot, except as provided herein and in the Act. A lien under this section is also prior to all Mortgages to the extent that the Assessments are based on the periodic budget adopted by the Association and which would have become due, in the absence of acceleration, during the six (6) months immediately preceding institution of an action to enforce either the Association's lien or a Mortgage, and statutory liens recognized under Colorado law. If a First Mortgagee of a Lot forecloses that Mortgage, the purchaser at the foreclosure sale is not liable for any unpaid Assessments against the Lot which became due before the sale, other than the Assessments which are prior to the Mortgage under this Section of the Declaration.

All other persons who hold alien or encumbrance not described in subsections 9.13.1 through 9.13.3, above, shall be deemed to consent that any such lien or encumbrance shall be subordinate to the Association's future liens for Assessments, interest, late charges, costs, expenses and attorneys' (and legal assistants') fees, as provided in this Article IX, whether or not such consent is specifically set forth in the instrument creating any such lien or encumbrance.

Sale or transfer of any Lot to enforce any of the liens to which the lien for Assessments is subordinate shall extinguish the lien of such Assessments as to installments which became due prior to such sale or transfer to the extent provided in the Act. The amount of such extinguished lien may be reallocated and assessed to all Lots as a Common Expense at the direction of the Board of directors. However, no such sale or transfer shall relieve the purchaser or transferee of a Lot from liability for, or the Lot from the lien of, any Assessments made after the sale or transfer.

**Section 9.14 Exempt Property.** The following portions of the Property shall be exempt from the Assessments, charges, and liens created under this Declaration:

**9.14.1** All properties to the extent of any easement or other interest therein dedicated and accepted by the Town and devoted to public use;

**9.14.2** All utility lines and easements; and

**9.14.3** All Common Areas.

**Section 9.15 Statement of Status of Assessments.** The Association shall furnish to an Owner or his designee or to any Mortgagee a statement setting forth the amount of unpaid Assessments then levied against the Lot in which the Owner, designee or Mortgagee has an

interest. The Association shall deliver the statement personally, by overnight delivery service (E.g. FedEx), or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party within fourteen (14) calendar days after the registered agent of the Association receives the request by personal delivery or by certified mail, first class postage prepaid, return receipt requested or as otherwise required by the Act. The information contained in such statement, when signed by the Treasurer of the Association or the Manager, shall be conclusive upon the Association, the Board, and every Owner as to the person or persons to whom such statement is issued and who rely on it in good faith. The Association may charge such fee for this service as it determines to be appropriate from time to time.

**Section 9.16 Failure to Assess.** The omission or failure of the Board to fix the Assessment amounts or rates or to deliver or mail to each Owner an Assessment notice shall not be deemed a waiver, modification or release of any Owner from the obligation to pay Assessments. In such event, each Owner shall continue to pay Semi-Annual Assessments on the same basis as for the last year for which an Assessment was made until a new Assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association in accordance with any budget procedures as may be required under the Act.

**ARTICLE X**

**SPECIAL DECLARANT RIGHTS  
AND ADDITIONAL RESERVED RIGHTS**

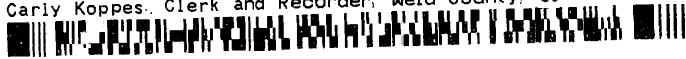
**Section 10.01 General Provisions.** Until the expiration of the Special Declarant Rights Period, Declarant shall have the following Special Declarant Rights with respect to all of the Property:

**10.1.1. Completion of Improvements.** The right to complete Improvements as indicated on any Plat filed with respect to the Property;

**10.1.2. Development Rights.** The right to exercise all "development rights", as defined from time to time in the Act (and so referred to here as "Development Rights"), including without limitation, the right or combination of rights hereby reserved by Declarant, as follows:

(a) The right to create Lots and Common Area on the Property, subject to the limitation of Section 1.03.

(b) The right to combine or subdivide Lots and convert Lots into Common Area on any part of the Property, subject to the limitations of Section 1.03.



(c)The right to withdraw real estate, whether contained within the Property initially subject to this Declaration, from the Common Interest Community, as provided in Article XVII.

(d) The right to add real estate, including but not limited to the Expansion Property (if any), to the Common Interest Community.

No assurances are made by Declarant as to whether Declarant will exercise its Development Rights or the order in which such Development Rights will be exercised. The exercise of Development Rights as to some portions of the property will not obligate Declarant to exercise them as to other portions.

**10.1.3. Sales Management and Marketing.** The right to construct, maintain and/or relocate from time to time, model residences, sales offices, construction offices, management offices, signs advertising the Lots and the Common Interest Community and to conduct sales activities thereon. Such rights shall include, without limitation, the right to install signage, both fixed and movable, flags and flag poles.

**10.1.4. Easements.** The right to use easements through the Common Area on the Property, for the purpose of making Improvements on the Property.

**10.1.5. Association Directors and Officers.** The right to appoint or remove any officer or Director of the Association, as provided in this Declaration or the Bylaws, and subject to the limitations of the Act.

**10.1.6. Additional Reserved Rights.** In addition to the Special Declarant Rights set forth above, the Declarant also reserves the following rights:

a) Dedications. The right to establish, from time to time, by dedication or otherwise, utility and other easements for purposes, including, but not limited to, streets, paths, walkways, and drainage areas, and to create other reservations, exceptions and exclusions for the benefit of and to serve the Owners within the Common Interest Community.

b) Use Agreements. The right to enter into, establish, execute, amend and otherwise deal with contracts and agreements for the use, lease, repair, maintenance or regulation of recreational facilities, which may or may not be a part of the Common Interest Community for the benefit of the Owners and/or the Association.

c) Colorado Common Interest Ownership Act. The right to amend this Declaration to comply with the requirements of the Colorado Common Interest Ownership Act in the event any provision contained herein does not so comply with the Act.





d) Master Association. The right to make the Common Interest Community subject to a master association.

e) Merger or Consolidation. The right to merge or consolidate a common interest community of the same form of ownership.

f) Other Rights. The right to exercise any additional reserved right created by any other provision of this Declaration.

**Section 10.02 Order of Exercise of Declarant's Rights.** The fact that Declarant may exercise one (1) or more of Declarant's Development Rights or other Special Declarant Rights on one (1) portion of the Property shall not operate to require Declarant to exercise a Development Right or other Special Declarant Right with respect to any other portion of the Property.

**Section 10.03 Supplemental Provisions Regarding Declarant's Rights.** Without limiting the generality of the foregoing, certain of these Special Declarant Rights are explained more fully in this Article below. Further, Declarant reserves the right to amend this Declaration and any Plat in connection with the exercise of any Development Right or any other Special Declarant Right to the extent permitted by the Act, and Declarant also reserves the additional rights retained for the benefit of Declarant in this Article and in other provisions of this Declaration.

**Section 10.04 Reservation of Easements, Exceptions, and Exclusions for Utilities, Infrastructure and Access.** Declarant reserves for itself and its successors and assigns and hereby grants to the Association, acting through the Board of Directors, the concurrent right to establish from time to time, by declaration or otherwise, utility and other easements, permits, or licenses over the Common Area, for purposes including, but not limited to, streets, pathways, trails, walkways, drainage, shafts, pipelines, conduit and similar facilities, and to create other reservations, exceptions, and exclusions in the interest of the Owners and the Association, in order to serve all the Owners within the Common Interest Community as initially built and expanded.

**Section 10.05 Emergency Access Easement.** A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and all other similar emergency agencies or persons to enter upon all streets and upon the Property in the proper performance of their duties.

**Section 10.06 Declarant's Rights Incident to Construction.** Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under, and across the Common Area and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the Improvements on the Property or other real property owned by Declarant; provided, however, that no such rights shall be exercised by Declarant in such a way as to unreasonably interfere

with the occupancy, use, enjoyment, or access to an Owner's Lot by that Owner or his family, tenants, employees, guests, or invitees.

**Section 10.07 Easements Deemed Created.** All conveyances of Lots hereafter made, whether by Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Article X, even though no specific reference to such easements or to this Article X appears in the instrument for such conveyance.

**Section 10.08 Rights Transferable.** Any Special Declarant Right or Additional Reserved Right created or reserved under this Article for the benefit of the Declarant may be transferred to any Person by an instrument describing the rights transferred and recorded in Weld County, Colorado. Such instrument shall be executed by the transferor Declarant and the transferee.

## ARTICLE XI

### PROPERTY RIGHTS OF OWNERS

**Section 11.01 Owners' Easements of Access and Enjoyment.** Every Owner has a perpetual, nonexclusive easement for access to and from his Lot and for the use and enjoyment of the Common Area, which easement is appurtenant to and shall pass with the title to every Lot, subject to the provisions set forth in this Article.

**Section 11.02 Delegation of Use.** Any Owner may delegate, in accordance with the Documents (including specifically, but without limitation, the Rules), his rights of access and enjoyment described in Section 11.01, above, to his tenants, employees, family, guests or invitees.

**Section 11.03 Easements of Record and of Use.** The Property shall be subject to all easements shown on any recorded Plat affecting the Property and to any other easements of record or of use as of the date of recordation of this Declaration.

**Section 11.04 Partition or Combination of Lots.** No part of a Lot may be partitioned or separated from any other part thereof, and no Lots may be combined, except as provided in this Section and subject to the limitations of Section 1.03 and the requirements of the Act. A Lot may be subdivided into two (2) or more Lots, or two (2) or more Lots may be combined into one (1), only with the written consent of Declarant (during the Special Declarant Rights Period) and the Board of Directors and full compliance with all applicable state and county zoning and subdivision regulations, and the Act. Declarant's consent shall be conditioned upon payment by the Owner or Owners concerned of all expenses incident to giving the consent, including legal and accounting fees. Every agreement and recorded instrument for partition or combination of Lots shall make adequate provision for the preservation of easements previously reserved with

respect to the Lots, and the adjustment of voting rights and liability for payment of Assessments appurtenant to or imposed on such Lots.

Whether partitioned, combined, or unchanged, each Lot shall be conveyed, transferred, gifted, devised, bequeathed, encumbered, or otherwise disposed of, as the case may be, with all appurtenant rights and interests created by law or by this Declaration, including the Owner's membership in the Association and the right to use the Common Area, and with the appropriate allocation of voting rights, as provided in Article IV, above, and liability for Assessments as established for such classification of Lot by the Board of Directors.

**Section 11.05 No Partition of Common Area.** The Common Area shall be owned by the Association, and no Owner shall bring any action for partition or division of the Common Area. By acceptance of a deed or other instrument of conveyance or assignment, each Owner shall be deemed to have specifically verified such Owner's rights to institute or maintain a partition action or any other action designed to cause a division of the Common Area, and this Section may be pleaded as a bar to any such action. Any Owner who shall institute or maintain any such action shall be liable to the Association, and hereby agrees to reimburse the Association for its costs, expenses, and reasonable attorneys' (and legal assistants') fees in defending any such action.

## ARTICLE XII

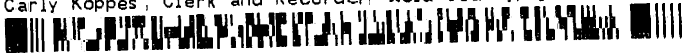
### **INSURANCE AND FIDELITY BONDS**

**Section 12.01 Insurance Requirements Generally.** To the extent reasonably available, the Association shall obtain and maintain insurance described in this Article. If such insurance is not reasonably available, and the Board of Directors determines that any insurance described in this Article will not be provided by the Association, the Board of Directors shall cause notice of that fact to be hand delivered or sent, postage prepaid, by United States mail to all Lot Owners at their respective last known addresses. All such insurance shall be underwritten, to the extent possible, with companies licensed to do business in Colorado having a Best's Insurance Report rating of A/VI or better covering the risks described below. To the extent possible, property and liability insurance shall incorporate the following:

**12.1.1 Waiver.** A waiver by the insurer of any right to subrogation under the policy against an Owner, members of the household of an Owner, and the Association, its Directors, officers, employees and agents.

**12.1.2 Act or Omission.** An act or omission by an Owner will not void the policy or be a condition of recovery under the policy.

**12.1.3 Severability of Interest.** A "severability of interest" clause shall be included providing that the insurance cannot be canceled, invalidated or suspended on



account of the negligent or intentional acts of the Association, its Directors, officers, employees and agents.

**12.1.4 Other Insurance.** If there is other insurance in the name of an Owner at the time of a loss which covers the same risk covered by the Association policy, the Association's policy shall provide primary insurance.

**12.1.5 Adjusted Losses.** All losses must be adjusted with the Association as agent of the Owners.

**12.1.6 Policies from Casualty Insurance.** Proceeds from the casualty policy on account of loss shall be paid to an insurance trustee if one is designated in the policy for that purpose and otherwise to the Association, but, in any case, proceeds shall be held in trust for the Owner and the Owner's Mortgagee.

**12.1.7 Cancellation.** The insurer may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, to each Owner and to each holder of a Mortgage to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

**12.1.8 Name of Insured.** The policy shall be issued in the name of Meadow Farms Homeowners' Association, Inc. for the use and benefit of the individual Owners.

**12.1.9 Maximum Deductible.** The maximum deductible for casualty insurance shall be the lesser of ten thousand dollars (\$10,000.00) or one percent (1%) of the face amount of the policy.

**Section 12.02 Public Liability and Property Damage Insurance.** The Association shall obtain and maintain comprehensive public liability insurance, including non-owned and hired automobile liability coverage and personal injury liability coverage, covering liabilities of the Association, its Directors, officers, employees, agents and Members arising in connection with the ownership, operation, maintenance, occupancy or use of the Common Elements and any other area the Association is required to maintain, repair or replace pursuant to this Declaration with a minimum single limit or per occurrence limit of one million dollars (\$1,000,000.00).

**Section 12.03 Workmen's Compensation and Employer's Liability Insurance.** The Association shall obtain and maintain workmen's compensation and employer's liability insurance as may be necessary to comply with applicable laws.

**Section 12.04 Fidelity Bonds.** A blanket fidelity bond or dishonest insurance coverage is required for anyone who either handles or is responsible for funds held or administered by the Association, whether or not he or she receives compensation for his or her services. The bond or insurance shall name the Association as obligee and shall cover the maximum funds that will be

in the custody of the Association or the Manager at any time while the bond or insurance is in force. In no event shall the bond or coverage be for an amount less than the sum of three (3) months' assessments plus reserve funds.

**Section 12.05 Directors' and Officers' Liability Insurance.** The Board of Directors shall obtain and maintain Directors' and officers' liability insurance, if available, covering all of the Directors and officers of the Association. This insurance will have limits determined by the Board of Directors.

**Section 12.06 Other Insurance.** The Association may carry other insurance which the Board of Directors considers appropriate to protect the Association.

**Section 12.07 Insurance Obtained by Owners.** Each Owner shall have the right to obtain insurance for such Owner's benefit, at such Owner's expense, covering the Owner's personal property and personal liability (except to the extent any Owner's Lot is encumbered by an easement conveyed to the Association as Common Area). In addition, each Owner may obtain such other and additional insurance coverage on and in relation to his Lot as such Owner concludes to be desirable; provided, however, that no insurance coverage obtained by an Owner shall operate to decrease the amount which the Board of Directors, on behalf of all Owners, may realize under any policy maintained by the Board or otherwise affect any insurance coverage obtained by the Association or cause the diminution or termination of that coverage. Any such insurance obtained by an Owner shall include a waiver of the particular insurance company's right of subrogation against the Association and other Owners.

### ARTICLE XIII

#### INDEMNIFICATION

To the full extent permitted by law, each officer and member of the Board of Directors of the Association shall be and are hereby indemnified by the Owners and the Association against all expenses and liabilities, including attorneys' 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 their being or having been an officer or member of the Board of Directors of the Association, or any settlement thereof, whether or not they are an officer or a member of the Board of Directors of the Association at the time such expenses are incurred, except in such cases where such officer or member of the Board of Directors is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties; provided that in the event of a settlement, the indemnification shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association.

**ARTICLE XIV**

**ASSOCIATION AS ATTORNEY-IN-FACT**

Each and every Owner hereby irrevocably constitutes and appoints the Association as such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of dealing with any Improvements on the Common Area upon damage or destruction as provided in Article XV, below, or a complete or partial taking as provided in Article XVI, below. Acceptance by any grantee of a deed or other instrument of conveyance from Declarant or from any Owner shall constitute appointment of the Association as attorney-in-fact as provided in this Article. As attorney-in-fact, the Association shall have full and complete authorization, right, and power to make, execute, and deliver any contract, assignment, deed, waiver, or other instrument with respect to the interest of any Owner which may be necessary or appropriate to exercise the powers granted to the Association as attorney-in-fact.

**ARTICLE XV**

**DAMAGE OR DESTRUCTION**

**Section 15.01 Estimate of Damage or Destruction.** As soon as practical after an event causing damage to or destruction of any part of the Common Area, the Association shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction of that part of the Common Area so damaged or destroyed. "Repair and reconstruction" as used in this Article shall mean restoring the damaged or destroyed Improvements to substantially the same condition in which they existed prior to the damage or destruction.

**Section 15.02 Repair and Reconstruction.** As soon as practical after obtaining estimates, the Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Improvements. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction, and no consent or other action by any Owner shall be necessary. Assessments of the Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

**Section 15.03 Funds for Repair and Reconstruction.** The proceeds received by the Association from any hazard insurance shall be used for the purpose of repair, replacement, and reconstruction. If the proceeds of the insurance are insufficient to pay the estimated or actual cost of such repair and reconstruction, the Association may, pursuant to Section 9.04 above, levy, assess, and collect in advance from all Owners, without the necessity of a special vote of the Owners, except as provided in Section 9.04, a Special Assessment sufficient to provide funds to



pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair and reconstruction.

**Section 15.04 Disbursement of Funds for Repair and Reconstruction.** The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for in Section 9.04, above, constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as a Special Assessment to the Association under Section 9.4, above, or, if no Special Assessments were made, then on the basis of the allocation to the Owners of Common Expenses under Section 9.3, above, first to the Mortgagees and then to the Owners, as their interests appear.

**Section 15.05 Decision Not to Rebuild.** If Owners representing at least eighty percent (80%) of the votes in the Association, including the vote of every Owner of Improvements that will not be restored and including, during the Special Declarant Rights Period, the vote of Declarant, and any other votes required by the Act, agree in writing not to repair and reconstruct and no alternative Improvements are authorized, then and in that event the Property shall be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition. Any remaining insurance proceeds shall be distributed in accordance with the Act.

**Section 15.06 Damage or Destruction Affecting Lots.** In the event of damage or destruction to the Improvements located on any of the Lots, the Owner thereof shall promptly repair and restore the damaged Improvements to their condition prior to such damage or destruction. If such repair or restoration is not commenced within one hundred eighty (180) days from the date of such damage or destruction, or if repair and reconstruction is commenced but then abandoned for a period of more than ninety (90) days, then the Association may, after notice and hearing as provided in the Bylaws, impose a fine accruing at the rate of one thousand dollars (\$1,000.00) per day or such other rate imposed by the Board in compliance with the Act, charged against the Owner of the Lot until repair and reconstruction is commenced, unless the Owner can prove to the satisfaction of the Association that such failure is due to circumstances beyond the Owner's control. Such fine shall be a Default Assessment and lien against the Lot as provided in Section 9.9, above. If said Improvements are not fully repaired and restored, all remaining portions of the damaged structure, including the foundation and all debris, shall be promptly removed by the Owner, and the Owner shall restore the Lot to its natural condition existing prior to construction of the residence or other structures.

**Section 15.07 Damage to Subassociation Common Areas.** In the event of damage to any Subassociation Common Areas by fire or other casualty or in the event any governmental



authority shall require any repair, reconstruction, or replacement of any Subassociation Common Areas, such Subassociation shall have the duty to repair, reconstruct, or replace the same. Any insurance proceeds payable by reason of damage or destruction of Subassociation Common Areas by fire or other casualty shall be paid to the Association or the Subassociation, as appropriate, and shall be used, to the extent necessary, to pay the costs of repair, reconstruction, or replacement. If funds from insurance proceeds or from reserves for replacement are insufficient to pay all costs of repair, reconstruction, or replacement of improvements damaged or destroyed, or if the Subassociation is required to make repairs, replacements, or Improvements by governmental authorities, the Association may, in order to make up any deficiency in the insurance proceeds or to pay for the required repair, replacement, or improvement, levy a Special Assessment in accordance with Article IX, or if a Member or group of Members is liable for such damage, levy a Specific Assessment against the Member or group of Members responsible therefor, to provide the additional funds necessary. Repair, reconstruction, or replacement of Subassociation Common Areas shall be done under such contracting and bidding procedures as the Association or Subassociation, as appropriate, shall determine are appropriate. If insurance proceeds available to the Association or the Subassociation, as appropriate, on account of damage or destruction exceed the cost of repair, reconstruction, and replacement, the Association or Subassociation, as appropriate, may use the same for future maintenance, repair, improvement, and operation of other Subassociation Common Areas for the Subassociation.

**ARTICLE XVI**

**CONDEMNATION**

**Section 16.01 Rights of Owners.** Whenever all or any part of the Common Area shall be taken or conveyed in lieu of and under threat of condemnation by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice of the taking, but the Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

**Section 16.02 Partial Condemnation; Distribution of Award; Reconstruction.** The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which Improvements have been constructed, then, unless, within sixty (60) days after such taking, Owners representing at least fifty-five percent (55%) of the votes in the Association, including, during the Special Declarant Rights Period, the vote of Declarant, shall otherwise agree, the Association shall restore or replace such Improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Board of Directors, the DRC, the Town, if required, and any other authority having jurisdiction in such matters. If such Improvements are to be repaired or restored, the provisions in Article XV, above,



regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any Improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be distributed on the basis of the Common Expenses allocated to the Owners under Section 9.03, above, first to the Mortgagees and then to the Owners, as their interests appear.

**Section 16.03 Complete Condemnation.** If all of the Common Interest Community is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Area shall be distributed as provided in Section 16.02, above.

**ARTICLE XVII**

**WITHDRAWAL**

**Section 17.01 Withdrawal of Property.** Declarant reserves the right to withdraw from the jurisdiction of this Declaration any parcel of the Property, subject to the limitations of the Act. After withdrawal of any parcel from the regime of this Declaration, the Common Expenses and votes attributable to the Lots remaining in the Property shall be allocated in accordance with Article IV, and Sections 9.3 and 9.5, above.

**Section 17.02 Reciprocal Easements.** If all or a part of the Property is withdrawn ("Withdrawal Property") from the Common Interest Community:

**17.2.1** The Owners of the Withdrawal Property shall have whatever easements are necessary or desirable, if any, for access, utility service, repair, maintenance and emergencies over and across the Common Interest community; and

**17.2.2** The Owners in the Common Interest Community shall have whatever easements are necessary or desirable, if any, for access, utility service, repair, maintenance and emergencies over and across the Withdrawal Property.

Declarant shall prepare and record in the office of the Clerk and Recorder of Weld County, Colorado, whatever documents are necessary to evidence such easements. Such recorded easements shall specify that the Owners of the Withdrawal Property and the Owners in the Common Interest Community shall be obligated to pay a proportionate share of the cost of the operation and maintenance of any easements utilized by either one (1) of them on the other's property upon such reasonable basis as Declarant shall establish in the easements. Preparation and recordation by the Declaration of an easement pursuant to this Section shall conclusively determine the existence, location and extent of the reciprocal easements that are necessary or desirable as contemplated by this Section.



## ARTICLE XVIII

### MORTGAGE PROTECTIONS

**Section 18.01 Introduction.** This Article establishes certain standards and covenants which are for the benefit of the holders, insurers and guarantors of certain Mortgages. This Article is supplemental to, and not in substitution for, any other provisions of this Declaration, but in the case of any conflict, this Article shall control.

**Section 18.02 Percentage of Eligible Mortgage Holders.** Wherever in this Declaration the approval or consent of a specified percentage of Eligible Mortgage Holders is required, it shall mean the approval or consent of Eligible Mortgage Holders under Mortgages encumbering Lots which in the aggregate have allocated to them such specified percentage of votes in the Association when compared to the total allocated to all Lots then subject to Mortgages held by Eligible Mortgage Holders.

**Section 18.03 Notice of Actions.** The Association shall give prompt written notice to each Eligible Mortgage Holder of the following:

**18.3.1** Any condemnation loss or any casualty loss which affects a material portion of the Common Area or any Lot in which an interest is held by the Eligible Mortgage Holder.

**18.3.2** Any delinquency which remains uncured for sixty (60) days in the payment of Assessments by an Owner whose Lot is encumbered by a Mortgage held by such Eligible Mortgage Holder.

**18.3.3** Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

**18.3.4** Any proposed action which would require the consent of Eligible Mortgage Holders as required in Section 18.04, below.

**18.3.5** Any judgment rendered against the Association.

#### **Section 18.04 Consent Required.**

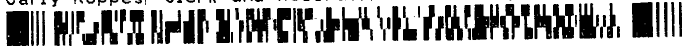
**18.4.1 Document Changes.** No amendment of any material provision of this Declaration described in this Section 18.4.1 may be effective without the vote of at least sixty-seven percent (67%) of the Owners in the Association (subject to Section 20.03,

below) and the approval in writing of at least fifty-one percent (51%) of the Eligible Mortgage Holders. "Material" provisions include any provision affecting the following:

- a) Assessments, Assessment liens, or subordination or the priority of assessment liens.
- b) Voting rights.
- c) Reserves for maintenance, repair and replacement of Common Area.
- d) Responsibility for maintenance and repairs.
- e) Rights to use the Common Area.
- f) Expansion or contraction of the Common Interest Community or the withdrawal of property to or from the Common Interest Community, except as provided in Article XVII, above.
- g) Insurance or fidelity bonds.
- h) Imposition of any restrictions on an Owner's right to sell or transfer his Lot.
- i) Restoration or repair of the Property after hazard damage or partial condemnation in a manner other than that specified in this Declaration.
- j) Termination of this Declaration after the occurrence of substantial destruction or condemnation.
- k) The benefits of Eligible Mortgage Holders.

**18.4.2 Actions.** The Association may not take any of the following actions, except as such rights have been specifically reserved by Declarant under the provisions of this Declaration, without the approval of at least fifty-five percent (55%) of the Eligible Mortgage Holders:

- a) Conveyance or encumbrance of the Common Area (provided, however, that the granting of easements for public utilities, for construction and maintenance of roads within the Common Interest Community, or for other public purposes not inconsistent with the use of the Common Area by the Owners shall not be deemed a transfer within the meaning of this clause).



- b) Restoration or repair of the Property (after hazard damage or partial condemnation) in a manner other than that specified in this Declaration.
- c) Termination of this Declaration for reasons other than substantial destruction or condemnation, as permitted with the approval percentages specified in Articles XV and XVI, above.
- d) Merger of the Common Interest Community with any other common interest community.
- e) The granting of easements, leases, licenses or concessions through or over the Common Area (excluding, however, any such grants for public utilities or other public purposes not inconsistent with the use of the Common Area by the Owners).
- f) The assignment of the future income of the Association, including its right to receive Assessments.
- g) Any action not to repair or replace the Common Area except as permitted under Articles XV and XVI, above.

**Section 18.05 Notice of Objection.** Unless an Eligible Mortgage Holder provides the Secretary of the Association with written notice of its objection, if any, to any proposed amendment or action outlined above within thirty (30) days following the receipt of notice delivered by certified or registered mail, return receipt requested, of such proposed amendment or action, the Eligible Mortgage Holder shall be deemed conclusively to have approved the proposed amendment or action.

**Section 18.06 First Mortgagees Rights**

**18.6.1 Payment of Taxes and Insurance.** First Mortgagees, jointly or singly, may pay taxes or other charges which are in default and which may or have become a charge against any of the Common Area or Improvements thereon, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Common Area. First Mortgagees making such payments shall be owed immediate reimbursement from the Association.

**18.6.2 Payment of Assessments.** Eligible Mortgage Holders shall be entitled to cure any delinquency of the Owner of the Lot encumbered by the Eligible Mortgage Holder in the payment of Assessments of which the Eligible Mortgage Holder has received notice under Section 18.3.2, above. In that event, the Eligible Mortgage Holder shall be entitled to obtain a release from the lien imposed or perfected by reason of such delinquency.

**Section 18.07 Title Taken by First Mortgagee.** Any First Mortgagee who obtains title to a Lot pursuant to the remedies provided in the First Mortgage, including foreclosure of the First Mortgage, shall be liable for all Assessments due and payable as of the date title to the Lot vests in the First Mortgagee under the statutes of Colorado governing foreclosures. Except as provided in the Act, such First Mortgagee shall not be liable for any unpaid dues and charges attributable to the Lot which accrue prior to the date such title vests in the First Mortgagee.

## ARTICLE XIX

### ENFORCEMENT OF COVENANTS

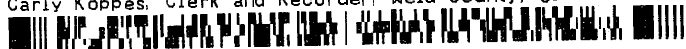
**Section 19.01 Violations Deemed a Nuisance.** Every violation of this Declaration or any other of the Documents is deemed to be a nuisance and is subject to all the remedies provided for the abatement or correction of the violation. In addition, all public and private remedies allowed at law or in equity against anyone in violation of this Declaration shall be available.

**Section 19.02 Compliance.** Each Owner or other occupant of any part of the Property shall comply with the provisions of the Documents as the same may be amended from time to time.

**Section 19.03 Failure to Comply.** Failure to comply with the Documents shall be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Without limiting any other remedies available for failure to comply with this Declaration, the Association shall also have the power to assess fines or other appropriate charges against any Person. Reasonable notice and an opportunity for a hearing shall be given to the delinquent party prior to imposing any fine.

**Section 19.04 Who May Enforce.** Any action to enforce the Documents may be brought by Declarant, the Board, the Design Review Committee, or the Manager in the name of the Association on behalf of the Owners. If, after a written request from an aggrieved Owner, none of the foregoing persons or entities commences an action to enforce the Documents, then the aggrieved Owner may bring such an action.

**Section 19.05 Remedies.** In addition to the remedies set forth above in this Article, any violation of the Documents shall give to the Board, the Manager, the Design Review Committee or Declarant, on behalf of the Owners, the right to enter upon the offending premises or take appropriate peaceful action to abate, remove, modify, or replace, at the expense of the offending Owner, any structure, thing or condition that may exist thereon contrary to the interest of the Owners and the meaning of the Documents. If the offense occurs on any easement, walkway, Common Area or the like, the cure shall be at the expense of the Owner or other person responsible for the offending condition.



**Section 19.06 Nonexclusive Remedies.** All the remedies set forth herein are cumulative and not exclusive.

**Section 19.07 No Waiver.** The failure of the Board of Directors, Declarant, the Design Review Committee, the Manager, or any aggrieved Owner to enforce the Documents shall not be deemed a waiver of the right to do so for any subsequent violations or of the right to enforce any other part of the Documents at any future time.

**Section 19.08 No Liability.** No member of the Board of Directors, Declarant, the Design Review Committee, the Manager or any Owner shall be liable to any other Owner for the failure to enforce any of the Documents at any time.

**Section 19.09 Recovery of Costs.** If legal assistance is obtained to enforce any of the provisions of the Documents, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of the Documents or the restraint of violations of the Documents, the prevailing party shall be entitled to recover all costs incurred by it in such action, including reasonable attorneys' fees (and legal assistants' fees) as may be incurred, or if suit is brought, as may be determined by the court.

## ARTICLE XX

### **DURATION OF THESE COVENANTS AND AMENDMENT**

**Section 20.01 Term; Dissolution.** This Declaration and any amendments or supplements hereto shall remain in effect from the date of recordation until the 25th anniversary of the date this Declaration is first recorded in the office of the Clerk and Recorder of Weld County, Colorado. Thereafter, this Declaration shall be automatically extended for successive periods of ten (10) years each, unless otherwise terminated or modified as provided below. The Common Interest Community may not be dissolved without the consent of the Town.

#### **Section 20.02 Amendment.**

**20.2.1 Amendments Before Conveyances.** Until the first Lot subject to this Declaration is conveyed by Declarant to the first Owner (other than Declarant or an assignee of some or all of Declarant's rights under this Declaration), any of the provisions contained in the Declaration may be amended or terminated by Declarant by the Recordation of an amendment, executed by Declarant, setting forth such amendment or termination.

**20.2.2 Technical Amendments.** Declarant further reserves and is granted the right and power at any time during the Period of Declarant Control to make and Record technical amendments of the Declaration, and the Articles of Incorporation and Bylaws of the Association. Such amendments shall be permitted for the purposes of correcting spelling, grammar, dates, cross references, or typographical errors or as may otherwise be

required to clarify the meaning of any provision of any and all such documents. No such amendment shall be permitted to make any substantive change in the provisions of this Declaration.

**20.2.3 Amendments for Exercise of Reserved Rights.** During the Special Declarant Rights Period, the Declarant may make amendments to this Declaration as necessary and as required by applicable law in connection with the exercise of any rights reserved by the Declarant under this Declaration.

**20.2.4 Amendment of Declaration by Members.** Except as otherwise provided in the Act and this Declaration, and subject to provisions elsewhere contained in this Declaration requiring the consent of the Declarant or others, any provision, covenant, condition, restriction or equitable servitude contained in this Declaration may be amended or repealed at any time and from time to time upon approval of the amendment or repeal by Members of the Association holding at least sixty-seven percent (67%) of the voting power of the Association. The approval of any such amendment or repeal shall be evidenced by the certification by the Board of Directors of the Association of the vote or joinder of Members. The amendment or repeal shall be effective upon the recordation in the office of the Clerk and Recorder of Weld County, Colorado, of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Association setting forth the amendment or repeal in full and certifying that the amendment or repeal has been approved by the Members and certified by the Board of Directors as set forth above.

**Section 20.03 Requirement for Declarant's Approval Generally.** Notwithstanding the provisions of Section 20.02, (i) no termination, extension, modification, amendment or restatement of this Declaration may be made during the Period of Declarant Control without Declarant's written consent; and (ii) no termination, extension, modification, amendment or restatement of this Declaration may be made during the Special Declarant Rights Period affecting (x) the right of Declarant to appoint the Design Review Committee, (y) any Special Declarant Right or other right expressly reserved to Declarant under this Declaration or (z) the protection of Declarant's rights under this Article XX, without Declarant's written consent.

**Section 20.04 Amendment Required by Government Mortgage Agencies.** Notwithstanding anything to the contrary contained in this Declaration, if Declarant shall determine, during the Special Declarant Rights Period that any amendments to this Declaration or to the Articles of Incorporation or Bylaws of the Association shall be necessary in order for existing or future Mortgages to be acceptable to any Government Mortgage Agencies, such amendments may be made solely by Declarant. "Government Mortgage Agencies" shall mean the FHA, the VA, the FHLMC, the GNMA, the FNMA, or any other governmental or quasi-governmental agency or any other public, quasi-public, or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities. "FHA"

shall mean the Federal Housing Administration of the United States Department of Housing and Urban Development (“HUD“), including such department or agency of the United States Government as shall succeed to the FHA in insuring notes secured by mortgages and deeds of trust on residential real estate. “VA“ shall mean the Veterans Administration of the United States of America, including such department or agency of the United States Government as shall succeed to the VA in its present function of issuing guarantees with respect to notes secured by Mortgages on residential Lots. “FHLMC“ shall mean the Federal Home Loan Mortgage Corporation or The Mortgage Corporation created by Title III of the Emergency Home Finance Act of 1970, including any successor thereto. “FNMA“ shall mean the Federal National Mortgage Association, a governmental-sponsored private corporation established as such pursuant to Title VIII of the Housing and Urban Development Act of 1968, including any successor thereto. “GNMA“ shall mean the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, including any successor thereto. Declarant shall have and hereby specifically reserves the right and power to make and execute any such amendments without obtaining the approval of any Owners or First Mortgagees. Each such amendment shall be made, if at all, by Declarant prior to termination of the Special Declarant Rights Period and each such amendment shall be subject to the written approval of the VA or FHA.

**Section 20.05 HUD or VA Approval.** During the Special Declarant Rights Period, the following actions shall require the prior approval of HUD, the FHA or the VA if, at the time any such action is taken, HUD has insurance or VA has a guarantee on one or more Mortgages encumbering a Lot: (a) annexation of additional real property into the Association (other than Lots or the Additional Property), (b) amendment of this Declaration or material amendment of the Articles of Incorporation or Bylaws of the Association, (c) termination of the Common Interest Community, or (d) merger or consolidation of the Association.

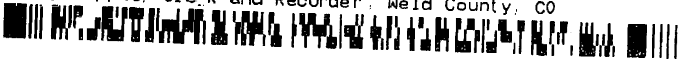
**ARTICLEXXI**

**DRAINAGE**

**Section 21.01 Acknowledgment.** Soils within the State of Colorado consist of expansive soils, low density soils, and moisture retentive soils which will adversely affect the integrity of a dwelling if the dwelling and the Lot on which it is constructed are not properly maintained. Expansive soils contain clay minerals which have the characteristic of changing volume with the addition or subtraction of moisture, thereby resulting in swelling and/or shrinking soils. The addition of moisture to low- density soils causes a realignment of soil grains, thereby resulting in consolidation and/or collapse of the soils.

**Section 21.02 Moisture.** Each Owner of a Lot shall use his or her best efforts to assure that the moisture content of those soils supporting the foundation and the concrete slabs forming





a part of the dwelling constructed thereon remain stable and shall not introduce excessive water into the soils surrounding the dwelling.

**Section 21.03 Grading.** Each Owner of a Lot shall maintain (and not alter) the grading and drainage patterns of the Lot as indicated in the subdivision plans on file with the Planning Commission or other appropriate official(s) of the Town.

**Section 21.04 Water Flow.** The Owner of a Lot shall not impede or hinder in any way the water falling on the Lot from reaching the drainage courses established for the Lot and the Common Interest Community.

**Section 21.05 Action by Owner.** To accomplish the foregoing, each Owner of a Lot covenants and agrees, among other things:

**21.5.1** Not to install improvements, including, but not limited to, landscaping, items related to landscaping, walls, walks, driveways, parking pads, patios, fences, additions to a dwelling, or any other item or improvement which will change the grading of the Lot.

**21.5.2** To fill with additional soil any back-filled areas adjacent to the foundation of the dwelling and in or about the utility trenches on the Lot in which settling occurs to the extent necessary from time to time maintain the grading and drainage patterns of the Lot.

**21.5.3** Not to water the lawn or other landscaping on the Lot excessively.

**21.5.4** Not to plant flower beds (especially annuals) and vegetable gardens adjacent to or within four (4) feet of the foundation and slabs of the dwelling located on the Lot.

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

**21.5.6** To install a moisture barrier (such as polyethylene) under any gravel beds, except any gravel beds in back-filled areas).

**21.5.7** To assure that (i) water that flows via downspout extensions or splash blocks is allowed to flow rapidly away from the foundation and/or slabs; and (ii) splash blocks are maintained under sill cocks.

**21.5.8** To re-caulk construction joints opening up between portions of exterior slabs and garage slabs in order to thereby seal out moisture.

**Section 21.06 Disclaimer.** Declarant shall not be liable for any loss or damage to a dwelling caused by, resulting from, or in any way connected with soil conditions or failure of an Owner to control drainage on any Lot.

**ARTICLE XXII**

**SUPPLEMENTAL DECLARATIONS AND SUBASSOCIATIONS**

**Section 22.01 Recordation of Supplemental Declarations.** During the Special Declarant Rights Period, Declarant may execute and record one or more Supplemental Declaration(s) which encumber a portion of the Property owned by Declarant. Such Supplemental Declaration shall refer to this Declaration and may impose additional requirements on the Lots and Common Areas which are subject to such Supplemental Declaration (but shall have no effect on other portions of the Property which are subject to this Declaration but not such Supplemental Declaration); provided, however, that no such additional requirements may amend the provisions of this Declaration, unless approved as an amendment to this Declaration pursuant to the provisions of Article XX of this Declaration. Any Supplemental Declaration may provide its own procedure for amendment of any provisions thereof. All Lots which are subjected to the provisions of any such Supplemental Declaration shall automatically be subject to the provisions of this Declaration and the Supplemental Declaration without the necessity of a specific reference to this Declaration in any deed, notice, Supplemental Declaration, or other instrument. In the event of any conflict between the provisions of this Declaration and the provisions of any Supplemental Declaration, the provisions of this Declaration shall control. Lots may be annexed to, or withdrawn from, this Declaration through a Supplemental Declaration, as well as pursuant to the other provisions of this Declaration governing annexation and withdrawal of additional property.

**Section 22.02 Subassociations.** Any Supplemental Declaration may create a Subassociation, the members of which are the Owners of Lots which are subject to such Supplemental Declaration. Any Subassociation shall be organized as a nonprofit corporation in accordance with the provisions of the Act and the Colorado Revised Nonprofit Corporation Act. Any Subassociation may be granted all of the powers granted to associations under the Act, including the power to impose and collect assessments from its members solely with respect to common areas to be owned solely by such Subassociation and used by and benefiting any of the members of such Subassociation.



**Section 22.03 Declarant's Approval Required.** During the Special Declarant Rights Period, any Supplemental Declaration or Subassociation created pursuant to the provisions of the Declaration or otherwise with respect to Lots which also are subject to this Declaration shall be approved by the Declarant prior to Recording. Any Supplemental Declaration or Subassociation that has not been so approved by the Declarant shall be null and void and of no effect on any part of the Property or on any Owners. Upon the conveyance of all Lots that are or may be included within the Property by the Declarant to an Owner (other than a successor Declarant), the provisions of this section shall terminate and any Supplemental Declaration or Subassociation or both may be created by the vote of the Owners of sixty-seven percent (67%) of the Lots to be subject to such Supplemental Declaration.

**Section 22.04 Compliance with Act.** Nothing contained in this Article XXII shall be construed as limiting the rights of Owners to create a new Supplemental Declaration under the Act except as specifically permitted under the Act. Any Supplemental Declaration and any delegation of authority to a Subassociation or Subassociation Design Review Committee (or similar body) shall not be deemed to be an amendment to this Declaration, as such authority has been granted herein.

### **ARTICLE XXIII**

#### **DISPUTE RESOLUTION**

##### **Section 23.01 Intent of Article; Applicability of Article; and Applicability of Statutes of Limitation.**

**23.1.1** Each Party (as defined below) agrees to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Party covenants and agrees to submit all Claims (as defined below) to the procedures set forth in this Article and not to a court of law.

**23.1.2** By acceptance of a deed for a Lot, each Owner agrees to abide by the terms of this Article.

**23.1.3** No Claim (as defined below) may be initiated after the date when institution of legal or equitable proceedings based on such Claim would be barred by the applicable statute of limitation or statute of repose.

**Section 23.02 Definitions Applicable to this Article.** For purposes of this Article only, the following terms have the meanings set forth in this Section:

**23.2.1** "AAA" means the American Arbitration Association or any other Person subsequently agreed to by the Claimant and Respondent in writing for the purpose of performing the functions of the American Arbitration Association under this Declaration.



**23.2.2** “Claimant“ means any Party having or asserting a Claim.

**23.2.3** “Claim“ means, except as excluded or exempted by the terms of this Article, any claim, grievance or dispute between one Party and another, regardless of how the same may have arisen or on what it might be based, including without limitation those arising out of or related to (i) the interpretation, application or enforcement of any of the Documents or the rights, obligations and duties of any Party under any of the Documents; (ii) the design or construction of improvements; (iii) any statements, representations, promises, warranties, or other communications made by or on behalf of any Party. A Claim may be brought by lawsuit, counterclaim, cross-claim, mediation, arbitration, or in any other manner.

**23.2.4** “Party“ means each of the following: Declarant, its officers, directors, partners, members, employees and agents; the Association, its officers, directors and committee members; all Persons subject to this Declaration; and any Person not otherwise subject to this Declaration who agrees to submit to this Article.

**23.2.5** “Respondent” means any Party against whom a Claimant asserts a Claim.

**23.2.6** “Termination of Mediation” means a period of time expiring forty-five (45) days after a mediator has been agreed upon by the parties (however, a mediator shall be selected no later than thirty (30) days after the Claimant has given notice to the Respondent of the Claim and if the Claimant and Respondent are unable to agree on a mediator, one shall be chosen by the AAA) and the matter has been submitted to mediation (or within such other time as determined by the mediator or agreed to by the Claimant and Respondent), and upon the expiration of which the Claimant and Respondent have not settled the Claim.

**Section 23.3 Exclusions from “Claim”.** Unless specifically exempted by this Article, all Claims between any of the Parties shall be subject to the provisions of this Article. Notwithstanding the foregoing, unless all Parties thereto otherwise agree in writing, “Claim” does not include any of the following, and the same shall not be subject to the provisions of this Article:

**23.3.1** Any action by the Association to enforce any provision of Article IX of this Declaration;

**23.3.2** Any action by the Association to obtain a temporary restraining order or injunction (or equivalent emergency equitable relief) and such other ancillary relief as the Association or court may deem necessary in order to enforce any of the provisions of Article VI or Article VII of this Declaration;

**23.3.3** Any action between or among Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Documents; and

**23.3.4** Any action in which any indispensable party is not a Party, as defined in this Article.

**Section 23.04 Right to Inspect.** Prior to any Party commencing any proceeding against another Party, including but not limited to an alleged defect of any Improvement, the Respondent shall have the right to be heard by the Claimant and, if any Claimant is the Association, by the Members, and to access, inspect, correct the condition of, or redesign any portion of any Improvement as to which a defect is alleged or to otherwise correct the alleged defect; provided, however, any correction to, or redesign of, an Improvement shall be made upon terms and conditions reasonably acceptable to all affected Parties. In the exercise of the inspection rights contained herein, the inspecting Party shall:

**23.4.1** Be careful to avoid unreasonable intrusion upon, or harm, damage or costs to the affected Party including using its best efforts to avoid causing any damage to, or interference with, any Improvements to the subject property;

**23.4.2** Minimize any disruption or inconvenience to any Person who occupies the subject property;

**23.4.3** Remove daily all debris caused by the inspection and located on the subject property; and

**23.4.4** In a reasonable and timely manner, at the sole cost and expense of the inspecting Party, promptly remove all equipment and materials from the subject property and repair and replace all damage, and restore the subject property to the condition of the subject property as of the date of the inspection unless the subject property is to be immediately repaired.

The inspecting Party shall not permit any lien, claim or other encumbrance arising from the exercise of its right to inspect to accrue against or attach to the subject property. The inspecting Party shall indemnify, defend, and hold harmless the affected Owners and their tenants, guests, employees and agents, against any and all liability, claims, demands, losses, costs and damages incurred, including court costs and attorneys' fees, resulting from any breach of this Section by the inspecting Party.

**Section 23.05 Mandatory Procedures.**

**23.5.1 Good Faith Negotiations.** The Parties shall make every reasonable effort to meet in person and confer for the purposes of resolving the Claim by good faith

negotiation. Any Party may be represented by attorneys and independent consultants to assist such Party in negotiations and to attend meetings.

**23.5.2 Notice.** Prior to proceeding with any claim against a Respondent, each Claimant shall give a notice to each Respondent, which notice shall state plainly and concisely: (i) the nature of the Claim, including all Persons involved and Respondent's role in the Claim; (ii) the legal or contractual basis of the Claim (i.e., the specific authority out of which the Claim arises); and (iii) the specific relief and/or proposed remedy sought.

**23.5.3 Mediation.**

**23.5.3.1** If the Parties do not resolve the Claim through negotiations within thirty days after submission of the Claim to the Respondent(s), Claimant shall have an additional thirty (30) days to submit the Claim to mediation under the auspices of the AAA in accordance with the AAA's Construction Industry Mediation Procedures.

**23.5.3.2** If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

**23.5.3.3** Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If a Termination of Mediation occurs, the mediator shall issue a notice of Termination of Mediation. The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

**23.5.3.4** Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator.

**23.5.3.5** If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 23.5.3 and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate arbitration proceedings to enforce such agreement without the need to again comply with the procedures set forth in Section 23.05 of this Declaration. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-

complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including without limitation, attorneys' fees and court costs.

**23.5.4 Binding Arbitration.**

**23.5.4.1** Subject to Section 23.5.3.2 above, upon Termination of Mediation, if Claimant desires to pursue the Claim, Claimant shall thereafter be entitled to initiate final, binding arbitration of the Claim under the auspices of the AAA in accordance with the AAA's Construction Industry Arbitration Rules. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such Claim. Unless otherwise mutually agreed to by the parties to the Claim, there shall be one arbitrator who, to the extent feasible, shall have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved.

**23.5.4.2** Each Party shall bear its own costs and expenses and an equal share of the arbitrator's and administrative fees of arbitration. Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope of arbitration in a court of law, the arbitrator or the court shall award reasonable attorneys' fees and expenses incurred in defending such contests, including those incurred in trial and on appeal, to the non-contesting Party. All decisions respecting the arbitrability of any Claim shall be decided by the arbitrator.

**23.5.4.3** The award of the arbitrator shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration without the prior written consent of all Parties to the Claim.

**Section 23.06 Liability for Failure of Association to Maintain an Action.** No director or officer of the Association shall be liable to any Person for failure to institute or maintain or bring to conclusion a cause of action, mediation or arbitration for a Claim if the following criteria are satisfied: (a) the director or officer was acting within the scope of his or her duties; (b) the director or officer was not acting in bad faith; and (c) the Act or omission was not willful, wanton or grossly negligent.

**ARTICLE XXIV**

**MISCELLANEOUS PROVISIONS**

**Section 24.01 Severability.** This Declaration, to the extent possible, shall be construed or reformed so as to give validity to all of its provisions. Any provision of this Declaration found to be prohibited by law or unenforceable as to any party, third party, successor or assign,



Declarant or any party related to Declarant shall be ineffective only to the extent of such prohibition or unenforceability without invalidating any other part hereof.

**Section 24.02 Construction.** In interpreting words in this Declaration, unless the context shall otherwise provide or require, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

**Section 24.03 Headings.** The headings are included only for purposes of convenient reference, and they shall not affect the meaning or interpretation of this Declaration.

**Section 24.04 Waiver.** No failure on the part of the Association or the Board to give notice of default or to exercise or to delay in exercising any right or remedy shall operate as a waiver, except as specifically provided above in the event the Board fails to respond to certain requests. No waiver shall be effective unless it is in writing and signed by the President or Vice President of the Board on behalf of the Association.

**Section 24.05 Conflicts Between Documents.** In case of conflict between this Declaration and the Articles of Incorporation or the Bylaws, this Declaration shall control. In case of conflict between the Articles of Incorporation and the Bylaws, the Articles of Incorporation shall control.

**Section 24.06 Assignment.** Subject to the requirements and limitations of the Act, Declarant may assign all or any part of the Special Declarant Rights or any of Declarant's other rights and reservations hereunder to any successor who takes title to all or part of the Property in a bulk purchase for the purpose of development and sale. Such successor shall be identified, the particular rights being assigned shall be specified, and, to the extent required, concomitant obligations shall be expressly assumed by such successor, all in a duly recorded written instrument.

**DECLARANT:**

MILLIKEN INVESTORS, LLC

By: Maura Jull  
Its: Manager

STATE OF COLORADO )



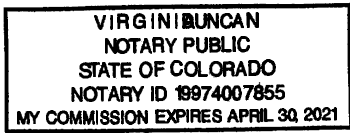
COUNTY OF Arapahoe)<sup>ss.</sup>

The foregoing instrument was acknowledged before me this 14<sup>th</sup> day of February, 2018,  
by Mark D. Campbell as Manager  
of Milliken Investors, LLC, a Colorado limited liability company, Declarant.

Witness my hand and official seal.

My commission expires: 4-30-2021

Virginia  
Notary Public



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02/16/2018 10:59 AM R Fee:\$393.00  
Carly Koppes, Clerk and Recorder, Weld County, CO



**EXHIBIT "A"**

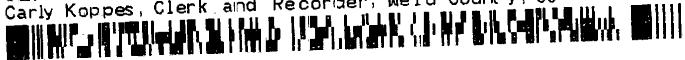
**LEGAL DESCRIPTION OF PROPERTY SUBJECT TO THE DECLARATION**

A PORTION OF LOT 2, 9102 COUNTY ROAD 44 MINOR SUBDIVISION, LOCATED IN THE NORTH ½ OF THE NW ¼ OF SECTION 22, TOWNSHIP 4 NORTH, RANGE 67 WEST OF THE 6<sup>TH</sup> PRINCIPAL MERIDIAN IN THE TOWN OF MILLIKEN, WELD COUNTY, COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT;  
THENCE S01°01'29"E ALONG THE EAST LINE OF SAID LOT, 1311.05 FEET TO THE SOUTHEAST CORNER OF SAID LOT;  
THENCE N88°44'31"W ALONG THE SOUTH LINE OF SAID LOT, 1534.69 FEET;  
THENCE N01°22'33"E, 1313.05 FEET TO THE NORTH LINE OF SAID LOT;  
THENCE S88°37'27"E ALONG SAID NORTH LINE, 1479.77 FEET TO THE POINT OF BEGINNING.

SAID PARCEL, AS DESCRIBED, CONTAINS AN AREA OF 1,976,740 SQUARE FEET OR 45.38 ACRES, MORE OR LESS.

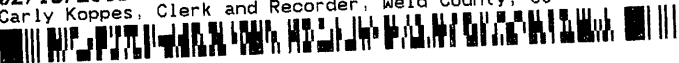
4375969      Pages: 74 of 77  
02/16/2018 10:59 AM R Fee:\$393.00  
Carly Koppes, Clerk and Recorder, Weld County, CO



**EXHIBIT "B"**

**EXPANSION PROPERTY**

Lot 1, 9102 County Road 44 Minor Subdivision as platted in the records of Weld County,  
Colorado at Reception Number 3762964.

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02/16/2018 10:59 AM R Fee:\$393.00  
Carly Koppes, Clerk and Recorder, Weld County, CO  


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**EXHIBIT "C"**

**RECORDED EASEMENTS AND TITLE EXCEPTIONS**

1. Right of way for County roads 30 feet on either side of Section and Township lines, as established by the Board of County commissioners for Weld County, recorded October 14, 1889 in Book 86 at Page 273.
2. The right of proprietor of a vein or lode to extract or remove his ore should the same be found to penetrate or intersect the premises thereby granted as reserved in United States patent recorded February 26, 1907 in Book 132 at Page 167; and any and all assignments thereof or interests therein.
3. Right of way easement for electrical and communications facilities and incidental purposes granted to Public Service Company of Colorado recorded July 7, 1989 at Reception No. 2184755.
4. An Oil and Gas Lease, executed by Stella Darras and Mary Helen Darras as Lessor(s) and by Coral Gulf Exploration Corporation as Lessee(s) for a primary term of 5 years, dated October 03, 1979, recorded December 03, 1979 at Reception No. 1810813; and any and all assignments thereof or interests therein.
5. An Oil and Gas Lease, executed by Roger W. Dutton and Carol J. Dutton as Lessor(s) and by Coral Gulf Exploration Corporation as Lessee(s) for a primary term of 5 years, dated October 02, 1979, recorded December 03, 1979 at Reception No. 1810814; and any and all assignments thereof or interests therein.
6. An easement for utility and incidental purposes granted to Public Service Company of Colorado by the instrument recorded June 01, 1989 at Reception No. 2181286 upon the terms and conditions set forth in the instrument.
7. Terms, agreements, provisions, conditions, obligations and easements, if any, as contained in Notice recorded January 24, 1991 at Reception No. 2239296.
8. An easement for right of way and incidental purposes granted to Windsor Industrial Park Group by the instrument recorded November 10, 2003 at Reception No. 3125411 upon the terms and conditions set forth in the instrument.
9. Terms, agreements, provisions, conditions, obligations and easements, if any, as contained in Ordinance No. 549, pertaining to annexation recorded March 20, 2007 at Reception No. 3463040.
10. Application for Change of Class D Allotment Contract recorded June 11, 2007 at Reception No. 3482544 and September 5, 2007 at Reception No. 3501914.
11. Any tax, lien, fee, or assessment by reason of inclusion in the Milliken Fire Protection District, as evidenced by instrument recorded November 13, 2007 at Reception No. 3517155.
12. Any tax, lien, fee, or assessment by reason of inclusion in the Highland Estates Metropolitan District, as evidenced by instrument recorded December 18, 2007 at Reception No. 3524204.



NOTE: Resolution regarding imposition of facilities fees recorded November 19, 2009 at Reception No. 3660680.

13. An Oil and Gas Lease, executed by Milliken Investors LLC as Lessor(s) and by HRM Resources LLC, a Delaware limited liability company as Lessee(s) for a primary term of 2 years, dated May 01, 2008, recorded May 30, 2008 at Reception No. 3557714; and any and all assignments thereof or interests therein.

14. Pipeline Right-of-Way with Receiver/Valve Site granted to DCP Midstream, LP in instrument recorded March 21, 2011 at Reception No. 3757254.

15. The effect of Zoning Map recorded March 20, 2007 at Reception No. 3463041.

16. Terms, agreements, provisions, conditions, obligations and easements, if any, as contained in Request for Notification of Pending Surface Development recorded August 06, 2007 at Reception No. 3495293.

17. Terms, agreements, provisions, conditions, obligations and easements, if any, as contained in Memorandum of Agreement recorded November 24, 2014 at Reception No. 4063730.

18. An easement for right of way and incidental purposes granted to Saddle Butte Rockies Midstream LLC by the instrument recorded September 02, 2015 at Reception No. 4139022 upon the terms and conditions set forth in the instrument.

19. Notes and easements as shown on the Plat of Meadow Farms Subdivision, Filing No. 1 recorded August 09, 2017 at Reception No. 4325668.

20. Terms, agreements, provisions, conditions, obligations and easements, if any, as contained in Public Improvement Development Agreement recorded August 09, 2017 at Reception No. 4325667 and Amendment recorded October 05, 2017 at Reception No. 4342129.

21. Any tax, lien, fee, or assessment by reason of inclusion in the Thompson Rivers Park and Recreation District, as evidenced by instrument recorded January 30, 2018 at Reception No. 4371742.

22. Terms, agreements, provisions, conditions, obligations and easements, if any, as contained in Warranty Deed recorded March 09, 2007 at Reception No. 3460925.