

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
THE ASPENS AT EAGLES NEST

449465 2:00 PM
8/26/93

THIS DECLARATION is made this 25th day of August, 1993, by Rielly Homes Limited Liability Company, a Colorado limited liability company, (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant is the Owner of certain property in the County of Summit, State of Colorado, which is more particularly described as:

LOTS 1 THROUGH 50, OPEN SPACE, AND OPEN SPACE AND ACCESS AND UTILITY EASEMENT ACCORDING TO A FINAL PLAT OF THE ASPENS AT EAGLES NEST RECORDED ON THE 26th DAY OF AUGUST, 1993 AT RECEPTION NO. 449464 IN THE RECORDS OF THE CLERK AND RECORDER OF SUMMIT COUNTY, COLORADO

(hereinafter referred to as the "Property").

WHEREAS, Declarant desires to establish a planned unit development residential community of fifty (50) residential lots with open spaces and other common facilities for the benefit of the residents of that community and to subject the community and the Property to certain covenants, conditions, and restrictions;

WHEREAS, Declarant has caused or will cause to be incorporated, under the laws of the State of Colorado, The Aspens at Eagles Nest Association, a nonprofit corporation, for the purposes of exercising the functions as herein set forth.

NOW, THEREFORE, Declarant hereby submits the Property to the provisions of the Colorado Common Interest Ownership Act, Sections 38-33.33-101, et seq., Colorado Revised Statutes, as it may be further amended from time to time (the "Act"). In the event the Act is repealed, the Act, on the effective date of the Declaration, shall remain applicable; and

FURTHER, Declarant hereby declares that the Property described above shall be held, sold, and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the Property and be binding on all parties having any right, title, or interest in said Property, or any part thereof, and their heirs, successors, and assigns, and shall inure for the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1.1 "Association" shall mean and refer to The Aspens at Eagles Nest Association, a Colorado nonprofit corporation, its successors and assigns.

Section 1.2 "Board of Directors" or "Board" shall mean and refer to the duly elected and qualified members of the Board of Directors of the Association acting in an official capacity.

Section 1.3 "Declarant" shall mean and refer to [entity name to be provided prior to execution], its successors and assigns.

Section 1.4 "General Common Area" shall mean all real property and any improvements thereon or thereto owned by the Association for the common use and enjoyment of the Owners, their guests, invitees and tenants. The General Common Area to be owned by the Association at the time of the recording of this Declaration includes those areas identified as such, as Open Space or as an Easement on the Plat for the Property recorded immediately prior to the time this Declaration is recorded, and shall include any portion of the Property designated as General Common Area or Open Space on any amendments or supplements to the Plat for the Property, any and all real and personal property owned or controlled by the Association for the common use and benefit of all of the Owners and the Project, together with all improvements thereon, if any. Every Owner, and the successors and assigns thereof, shall be deemed to have consented to the use and control of said General Common Area by the Association for the benefit and enjoyment of all owners in accordance with the provisions of this Declaration, the Articles of Incorporation, the Bylaws and any rules and regulations of the Association.

Section 1.5 "Improvements" shall mean and refer to all improvements now or hereafter constructed on the Property, not including Residences, but including, without limitation, driveways and fences installed or constructed by Declarant and other improvements provided for herein.

Section 1.6 "Lot" shall mean and refer to each of the separate parcels of property designated on the Plat as Lots 1 through 50, each of which may have been constructed on it a Residence and title to which shall be held in fee simple.

Section 1.7 "Mortgage" shall mean and include all mortgages or deeds of trust which represent a first security interest on or in one or more Lots, but shall not include mortgages or deeds of trust junior to a first mortgage or first deed of trust or involuntary liens, such as mechanic's liens and judgments.

Section 1.8 "Mortgagee" shall mean and include the holder of any mortgage representing a first security interest in one or more Lots or the beneficiary of any deed of trust representing a first

security interest in one or more Lots, but shall not include the holders of mortgages or beneficiaries of deeds of trust junior to a first mortgage or deed of trust or any claimant of an involuntary lien, such as a mechanic's lien or judgment lien.

Section 1.9 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. The term "Owner" shall also include the Declarant, or its successors and assigns, with respect to all Lots held in the name of Declarant.

Section 1.10 "Plat" shall mean and refer to the subdivision plat that has been filed in the Office of the Clerk and Recorder for the County of Summit, State of Colorado, which plat is identified as A Final Plat of The Aspens at Eagles Nest.

Section 1.11 "Project" means all of the property and improvements, including Lots and the improvements thereon submitted to this Declaration.

Section 1.12 "Residence" shall mean and refer to each single family dwelling constructed on a Lot.

ARTICLE II
ESTABLISHMENT OF PLANNED UNIT DEVELOPMENT
AND DECLARATION OF PROPERTY RIGHTS

Section 2.1 Development of the Property. The development and improvement of the Property, which shall be known as The Aspens at Eagles Nest shall be under the control of the Declarant and shall be carried out according to the planned unit development ordinance and agreement and the zoning laws and regulations of the Town of Silverthorne, County of Summit, State of Colorado. Declarant intends to construct all of the Residences but may sell Lots without Residences, provided that then such Residences shall be constructed in accordance with the architectural control provisions hereof.

Section 2.2 Plat. The Plat sets forth the following: (i) the legal description of the real property subject to this Declaration; (ii) the linear measurements and location, with reference to the exterior boundaries of the land, of the public rights-of-way, of any easements, of the Lots and of the general Common Areas; and (iii) the designation by number or other symbol of each Lot.

Section 2.3 Title to Lot. Title to a Lot may be held individually or in any form of concurrent ownership recognized in the State of Colorado. Any contract of sale, deed, lease, deed of trust, mortgage, security interest, will or other instrument affecting a Lot may describe it by its number as shown on the Plat, followed by the name of the development, and reference to the Plat

and this Declaration. Every such description shall be good and sufficient for all purposes to sell, convey, transfer, encumber or otherwise affect a Lot and all appurtenant rights, benefits and burdens thereto as created by the provisions of this Declaration, and each such description shall be so construed.

Section 2.4 Encroachments. If any Residence or associated improvements installed or constructed by Declarant encroaches upon any other Lot or upon any portion of the General Common Areas, or if any such encroachment shall occur as a result of settling or shifting of any of the Residences, an easement for the encroachment and for the maintenance of the same so long as such Residence or associated improvement stands shall exist. If any of the Residences or associated improvements shall be partially or totally destroyed as a result of fire or other casualty, and then rebuilt, encroachments upon parts of the General Common Areas or upon any Lot due to such rebuilding, shall be permitted, and easements for such encroachments and the maintenance thereof shall exist so long as that Residence shall exist.

Section 2.5 Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the General Common Area and easements which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the General Common Area or upon any easement;

(b) the right of the Association to suspend the voting rights and right to use of any recreational facilities by an Owner for any period during which any assessment against his Site remains unpaid, and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the General Common Area to any governmental entity or public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by two-thirds of the Owners. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds of the Owners has been recorded.

(d) The right of the Association to borrow money for the purpose of improving the General Common Areas and easements, and in aid thereof to mortgage said General Common Areas, and to take such steps as may be reasonably necessary to protect the General Common Areas from foreclosure; provided that no such action shall be effective unless an instrument agreeing to such action signed by two-thirds of the Owners has been recorded;

(e) The right of the Association to close or limit the use of the General Common Areas or easements while maintaining, improving, or making replacements therein or thereto.

Section 2.6 Delegation of Use. Any owner may delegate, in accordance with the Bylaws, his rights of enjoyment to the General Common Area, easements and facilities to the members of his family, his invitees, his tenants, or contract purchasers of his lot.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

Section 3.1 Membership. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be apportioned to and may not be separated from ownership of any Lot which is subject to assessment.

Section 3.2 Voting. The Association shall have one class of voting membership. Members shall be all Owners and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members, provided, however, that there shall be no more than one vote cast, with no fractional votes, for or with respect to any Lot and such vote shall be cast as the persons owning any Lot shall determine.

ARTICLE IV
ASSESSMENTS

Section 4.1 Creation of the Lien and Personal Obligation for Assessments.

(a) Declarant, for each Lot owned within the Property, hereby covenants and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, (2) supplementary assessments, and (3) special assessments, such assessments to be established and collected as hereinafter provided.

(b) All annual, supplementary and special assessments, together with interest, at the highest lawful rate as provided by the Act as may be further amended from time to time, late charges, costs, and reasonable attorney's fees:

(1) Shall be a charge on the land and shall be a continuing lien in favor of the Association against the Lot against which such assessment is made. The Association's lien resulting from this paragraph shall be prior to any other lien or claim against a Lot, except for a lien for ad valorem taxes, Mortgages and liens and encumbrances recorded before the recordation of this Declaration, and except as otherwise provided in this Declaration. Each such assessment, together with

interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person, or entity, who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to an Owner's successors in title unless expressly assumed by them; and

(2) Shall be a charge on the land and shall be a continuing lien in favor of the Association against the Lot against which each such assessment is made to the extent provided by the Act, C.R.S. §38-33.3-316 (2) (b), as may be further amended from time to time. The Association's lien resulting from this paragraph shall be prior to any other lien or claim against a Lot, except for a lien for ad valorem taxes and liens and encumbrances recorded before the recordation of this Declaration, and except as otherwise provided in this Declaration. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person, or entity, who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to an Owner's successors in title unless expressly assumed by them.

Section 4.2 Purpose of Assessments. The assessment levied by the Association shall be used exclusively: to promote the recreation, health, safety, and welfare of the residents in the Property; for the improvement, maintenance and repair of the General Common Area and easements, including landscaped areas and sprinkler or irrigation systems therefor and any other improvements located therein or thereon; for the maintenance and repair of the entry sign or signs wherever located; for the improvement, maintenance, repair and replacement of the driveways, fences and yards outside of fenced areas and other improvements situated upon the Property as the Association may decide to maintain, repair or improve; for painting the exterior of the Residences; and for such other maintenance, repairs, replacements and services as the Association may undertake.

Section 4.3 Annual Assessments.

(a) Annual assessments shall be made for the purposes of providing funds for the normal operations of the Association including, but not limited to: improvement, maintenance and repair of the General Common Areas and the driveways, fences and yards outside of fenced areas; painting of the exterior of Residences; such other maintenance, repairs and services as the Association may undertake; salaries; costs of operating the Association; insurance coverage provided for in Article VI; management fees; office costs; adequate reserve funds for painting of the exterior of Residences, maintenance, repair and replacement of driveways and fences and of those portions of the General Common Areas that must be replaced on a

periodic basis; improvements to the General Common Areas; amounts necessary to pay deficits or debts incurred by the Association; water charges; trash, garbage or other waste removal charges; real estate taxes; betterment or other special assessments, if any; and funds for any other purpose or purposes of the Association provided for herein. The total amount of money required to be raised by annual assessments for each fiscal year shall be the amount, as determined by the Board, necessary to satisfy the costs and expenses of fulfilling such functions and obligations of the Association in such fiscal year, including the payment of reserves, and providing a reasonable carry-over reserve for subsequent fiscal years. To determine the amount required to be raised by annual assessments for any fiscal year, the Board shall prepare an annual budget for such fiscal year showing, in reasonable detail, the various matters proposed to be covered by the budget, the estimated income and other funds which will be available in that fiscal year, and the estimated total amount of money required to be raised by annual assessments to cover such costs and expenses and to provide a reasonable reserve. The Board of Directors shall furnish a summary of such budget to the Owners and shall set a date for a meeting of the Owners to consider the ratification of such budget as required by the Act as may be further amended from time to time. Upon request, the Board will furnish a summary of the most recently adopted budget to any Mortgagee. Based on such budget, the Board of Directors shall determine the amount of the annual assessment per Lot for such fiscal period.

(b) If the Board shall fail to establish an annual assessment for any year, the annual assessment for such year shall remain the same as for the year immediately preceding until such time as established by the Board or by majority vote of the entire membership of the Association.

(c) Annual assessments shall apply only to Lots now or hereafter subjected to this Declaration and included within the jurisdiction of the Association.

(d) Annual assessments shall be payable in twelve equal monthly installments during each fiscal year.

Section 4.4 Supplementary Assessments. In the event that the Board shall determine, at any time or from time to time, that the amount of the annual assessments is not adequate to pay for the costs and expenses of fulfilling the Association's obligations hereunder, one or more supplementary assessments may be made for the purpose of providing the additional funds required. To determine the amount required to be raised by each supplementary assessment, the Board shall revise the annual budget for such fiscal year as provided in Section 4.3, or prepare a new budget, a summary of which shall be furnished to each Owner and shall set a date for a meeting of the Owners to consider the ratification of such budget as required by the Act as may be further amended from

time to time. Upon request, the board will deliver a summary of the revised or new budget to any Mortgagee. Based on such revised or new budget, the Board may make a supplementary assessment for such fiscal year against each Lot.

Section 4.5 Special Assessments. A special assessment for purposes of large or unexpected expenditures that are capital in nature shall be made only upon resolution of the Association's Board of Directors. The Board will deliver to all Owners, by first class mail or otherwise, a summary of the special assessment and shall set a date for a meeting of the Owners for purposes of ratification of the special assessment as required by the Act as may be further amended from time to time.

Section 4.6 Assessment Reserves. Each Owner, other than Declarant, shall be required to deposit and maintain continuously with the Association an amount as determined by the Board from time to time, but not to exceed four (4) times the amount of the monthly installments of the annual assessment, such reserve amount to be held without interest accruing to the Owner. This sum shall be used by the Association as a reserve for payment of each Owner's assessments and for working capital of the Association. The advance payment shall not relieve an Owner from making the regular payments of the annual assessments, or any portion thereof, as same become due, nor shall the Association be required to deduct from such advance payment sums due for annual assessments by an Owner prior to instituting any proceedings against the Owner for delinquent assessments. In the event the Association shall, pursuant to the purposes of this Article, draw delinquent assessments from the reserve created by such advance payment applicable to an Owner, the Owner expressly agrees, following ten (10) days prior written notice from the Association, to repay such amounts to the Association in order to properly maintain the reserve account, and such amount to be repaid shall have the same status as an annual, supplementary or special assessment for purposes of Article IV of this Declaration. Upon the sale of a Lot, an Owner shall be entitled to a credit from his grantee for the remaining balance of such reserve account applicable to the Owner's Lot.

Section 4.7 Uniform Rate of Assessment. Annual, supplementary and special assessments for each Lot shall be determined by dividing one by that total number of all Residences having received certificates of occupancy from the Town of Silverthorne. No assessment shall be attributed to a Lot until a Certificate of Occupancy has been issued for the Residence constructed thereon by the Town of Silverthorne.

Section 4.8 Date of Commencement of Annual Assessments; Due Dates. The Annual Assessments provided for herein shall commence as to each Lot on the first day of the month following the issuance of a Certificate of Occupancy for each such Lot. Written notice of assessments shall be sent to every Owner.

Section 4.9 Certificate of Status of Assessment. The Association shall, upon written demand by an Owner or such Owner's designee or by the holder of a mortgage or its designee, delivered personally or by certified mail, first class postage prepaid, return receipt, to the Association and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth the amount of unpaid assessments currently levied against the Owner's Lot. The statement shall be furnished as provided in the Act, which may be further amended from time to time. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 4.10 Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment or installment not paid within fifteen (15) days after the due date shall bear interest from the due date at the highest rate allowed by the Act, as may be further amended from time to time. In addition, the Board may establish by resolution a reasonable delinquent or late charge for any assessment not paid when due. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the Association's lien against the Lot, or both. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot. In addition to any other remedies herein or by law provided, the lien herein established may be foreclosed by an action in the Summit County, Colorado District Court in the manner of foreclosure of common law mortgages, pursuant to the law and statutes of the State of Colorado, and subject to all the rights and duties therein provided, including redemption. In any civil action to enforce or recover unpaid assessments, the prevailing party shall be entitled to an award of reasonable attorneys' fees and all costs of collection or foreclosure.

Section 4.11 Subordination of the Lien Mortgages. Except as provided in Section 4.1(b)(2), the lien for assessments provided for herein shall be subordinate to the lien of any purchase money loan evidenced by a Mortgage of record and to any executory land sales contract wherein the Administrator of Veterans Affairs (Veterans Administration) is seller, whether such contract is owned by the Veterans Administration or its assigns, and whether such contract is recorded or not. Sale or transfer of any Lot shall not affect the lien for said assessments, except that sale or transfer of any Lot pursuant to foreclosure of any such Mortgage or any such executory land sales contract, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract shall extinguish the lien of assessment charges which became due prior to any such sale or transfer, or foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture of any such executory land sales contract shall relieve the Lot from

liability for any assessment charges thereafter becoming due, nor from the lien thereof. Nothing herein shall be deemed to release any owner from his personal obligation to pay any assessment.

Section 4.12 Homestead. The lien of the Association for unpaid assessments shall be superior to any homestead exemption as is now or may hereafter be provided by Colorado or Federal law. The acceptance of a deed to any Lot subject to this Declaration shall constitute a waiver of the homestead exemption as against said assessment lien.

Section 4.13 Recording of Liens. The board shall immediately record a lien against all Lots owned by an Owner who fails to pay an assessment installment within sixty (60) days of becoming due.

Section 4.14 Notice to Lot Owners. Notice by the Board and other Owners of matters affecting the Aspens at Eagles Nest development shall be via first class mail or personal delivery to the Owners and the Association.

ARTICLE V GENERAL RESPONSIBILITIES AND RESTRICTIONS

Section 5.1 General Common Areas. The Association is herewith charged with the direct and continuing responsibility for maintenance, repair, replacement, operation, protection, extension and improvement of the General Common Areas and facilities.

Section 5.2 Lots and Residences.

(a) In addition to maintenance of and improvements to the General Common Areas, the Association shall provide certain maintenance and repair of each Lot which is subject to assessment hereunder, including, but not limited to the following: painting of the exterior of Residences; maintenance, repair and replacement of trees, shrubs, grass and other landscaping outside of fenced areas, fences, and driveways; and such other exterior improvements as the Association may determine. The Association may provide trash, garbage and other waste removal services for all the Lots. Association exterior maintenance responsibility shall not include: cleaning or replacement of glass surfaces; snow removal from or cleaning of walks, porches, decks or steps; or maintenance, repair or replacement of roofs or exterior building surfaces except for painting. These areas excluded from maintenance, repair and replacement responsibility by the Association shall be the responsibility of each Owner.

(b) In the event that any need for the foregoing described maintenance, repair or replacement is caused through the willful or negligent acts of the family, tenants or invitees of an Owner, the cost of such maintenance or repair shall be added to and become part of the assessment for the Lot owned by said Owner.

Section 5.3 Architectural Control. Owners may, upon receipt of written approval of the Board of Directors, make minor modifications or minor additions to the exterior of their Residence if the modifications or additions are minor and are in harmony with the external design of the development and have no negative impact on other Lots, Owners or the Association. No building, fence, wall, or other structure or improvement shall be commenced, erected, or maintained upon the Property or upon any Lot, nor shall any exterior addition, change, decoration or alteration therein or thereto be made, including changes of colors, until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors, which approval may be withheld for any reason that is not arbitrary, capricious, or discriminatory.

Section 5.4 Declarant's Use. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for Declarant, its successors and assigns, or any agent, contractor, subcontractor or employee of Declarant, to maintain during the period of construction and sale upon such portion of the Property as Declarant deems necessary, facilities incidental to said construction and sale, including, but without limitation, a business or sales office or storage area constructed or converted for a use other than a single family dwelling. All uses undertaken shall be compatible with the structure of the Residence, the Lot, the surroundings, and the topography of the land, as well as the legitimate and proper uses of the Property.

Section 5.5 Use Restrictions.

(a) No Residence or Lot shall be used for a use other than a single family dwelling. No secondary unit or apartment may be created on any Lot. All uses undertaken shall be wholly compatible with the structure of the Residence, the Lot, the surroundings, and the topography of the land, as well as the legitimate and proper uses of the Property.

(b) No planting or gardening shall be done, and no fences, hedges, walls, or other improvements or structures shall be erected or maintained except within the fenced yard area installed as a part of the initial construction of the Residence or as approved by the Association's Board of Directors. Except for the right of ingress and egress, the Owners are hereby prohibited and restricted from using any of the Property outside the exterior boundary lines of their respective lots except as may be allowed by the Association's Board of Directors and this Declaration. It is expressly acknowledged and agreed by all parties concerned that this paragraph is for the mutual benefit of all Owners and is necessary for their protection.

(c) Maintenance, upkeep and repairs of any Residence or other improvements on or to each Lot, except as provided for in Section 5.2 of this Article, shall be the sole responsibility of the Owner thereof and not of the Association. However, the Board may, in its discretion, undertake and make assessments for any cooperative action appropriate to the property maintenance, utilization, beautification or upkeep of said Lots, Residences and other improvements. In the event an owner of any Lot shall fail to maintain his Lot, Residence or any other improvements situated thereon in a manner satisfactory to the Board of Directors, the Association shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore the Lot, the Residence and the exterior thereof, and any other improvements erected on the Lot. The cost of such maintenance, repair or restoration shall be added to and become part of the assessment to which such Lot is subject.

(d) All utilities, fixtures and equipment installed within any Lot or Residence, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the Lot, shall be maintained and kept in repair by the Owner thereof. An Owner shall not do any act or work that will impair any easement or hereditament, nor perform any act nor allow any condition to exist which will adversely affect the other Lots or the Owners thereof.

(e) By way of enumeration, and not limitation, the use of all the Property, Residences and Lots shall be subject to the following restrictions and limitations:

(i) No exterior television or radio antennas of any sort shall be placed, allowed or maintained upon any portion of the improvements to be located upon the Property, nor upon any structure situated thereon without prior written approval and authorization by the Board of Directors;

(ii) Refuse piles or other unsightly objects or materials shall not be allowed to be placed or to remain upon the Property. The Association shall have the right to remove such refusal piles or other unsightly objects or materials at the expense of the Owner responsible therefor, and such entry shall not be deemed a trespass provided three (3) days prior notice has been given to the Owner and the Owner failed to remove same during said three (3) day period;

(iii) No free-standing mailbox or newspaper box shall be erected unless approved by the Board of Directors;

(iv) Trash, garbage or other waste shall be disposed of in a sanitary manner, pursuant to rules and

regulations adopted by the Association. In the event there is no common trash dumpster or removal of trash provided for the Residences, each Owner shall be responsible for removal of trash generated within that Owner's lot and shall be required to independently contract for and have trash removed. All trash containers must be kept indoors at all times except on trash pickup day. All containers must have lids securely in place when outside. The foregoing notwithstanding, the Association may contract with one company for trash removal for all Lots, in which event the Board of Directors shall promulgate rules and regulations pertaining to trash removal which rules and regulations shall be binding upon all Owners.

(v) No tanks of any kind, either elevated or buried shall be erected, placed or permitted upon the Property;

(vi) No exterior clotheslines shall be attached to any Residence or permitted or maintained on the Property;

(vii) All furniture, tools, and other personal property shall be kept and maintained in neat condition and in such a manner so that, to the extent possible, the same are concealed from view from any other Lot;

(viii) No house trailer, motor home, recreational vehicle, boat, trailer, snowmobile, motorcycle, commercial vehicle, tent, shack, detached garage, barn, or outbuilding of any kind shall be permitted to be placed on the Property;

(ix) No junk car, inoperative car or car under repair shall be parked, stored or maintained on the Property for more than three (3) days;

(x) No wood-burning appliances may be installed within any Residence; and

(xi) No improvements of any kind may be constructed within any wetland area designated on the Plat.

(f) The Board of Directors is authorized to adopt rules and regulations relating to the parking of vehicles on the shared driveways or any other easements for parking or access, which rules and regulations may include the designation of parking spaces for the exclusive use of the Owner or occupants of each Lot. Such rules shall assure the utilization of the shared driveways by all Owners and occupants of the Residences in a fair and equitable manner.

(g) Owners, guests or tenants, may keep no more than two domesticated pets on any Lot. All pets must be kept

indoors and must be kept on a leash whenever outdoors. No kennels or commercial pet operations are permitted. No pets shall be left outdoors without being supervised by a person of at least twelve years of age who is also outdoors and in line of sight with such pet. Pets must not be noisy or obnoxious. If an Owner fails to clean up after a pet or if an Owner allows a pet to run free, or if a pet is noisy or obnoxious, the Board can order removal of such pet or pets on a permanent basis.

Section 5.6 Easements.

(a) Each Site and the Common Areas shall be subject to: all easements and rights of way as shown on the Plat recorded at approximately the same time as this Declaration is recorded; easements and encroachments created by construction, including those for overhangs, roofs, patios and fences; easements for utility and utility services as designed or constructed by the Declarant; easements for maintenance of all improvements and utility services; and easements for access by the Association to effect the purposes set forth in these Declarations, including, but not limited to, the promotion of the health, safety, and welfare of the residents of the Property.

(b) Declarant shall have an easement over the General Common Areas and Lots for the purpose of completing the full and final development and improvement of the Property.

(c) The Association, the Board of Directors, and their agents shall have a non-exclusive right and easement to make such use of and to enter into or upon the General Common Areas, the Lots and the Residences as may be necessary or appropriate for the performance of the duties and functions which they are obligated or permitted to perform under this Declaration and under the Act.

(d) Some of the General Common Areas are or may be located within a Lot or may be conveniently accessible only through a particular Lot. The Association, Board and their agents and each Owner shall have an easement, which may be exercised for any Owner by the Association, the Board, or their agents, as his agent, for access through each Lot and to all General Common Areas, from time to time, during such reasonable hours as may be necessary for the maintenance, repair, or replacement of any of the General Common Areas located therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the General Common Areas or to another Lot, or for making repairs or replacements pursuant to this Declaration. Damage to the interior or any part of a Residence resulting from the maintenance, repair, emergency repair, or replacement of any of the General Common Areas, or as a result of emergency repairs on a Lot or within another Residence, at the instance

of the Association, the Board, or their agents, shall be a Common Expense of all of the Owners. No diminution or abatement of Common Expense assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements or from action taken to comply with any law, ordinance, or order of any governmental authority. Restoration of the damaged improvements shall be substantially the same as the condition in which they existed prior to the damage. Notwithstanding the foregoing, if any such damage is the result of the carelessness or negligence of any Owner, then such Owner shall be solely responsible for the costs and expenses of repairing such damage.

(e) The easements, uses and rights herein created for an Owner shall be appurtenant to the Lot of that Owner and all conveyances of and other instruments affecting title to a Lot shall be deemed to grant and reserve the easements, uses and rights as are provided for herein, even though no specific reference to such easements, uses and rights appears in any such conveyance.

Section 5.7 Enforcement of Covenants. The Association and/or any Owner are herewith vested with authority by Declarant and are assigned the rights of Declarant to enforce, to the same extent as Declarant might, any and all covenants running with the Property, or with other property in which Declarant, its successors or assigns, has an interest or right of enforcement, including, but not limited to, all covenants contained herein, or in other protective covenants recorded against the Property, if any; provided that the authority and rights herein granted and assigned shall not preclude Declarant from proceeding to enforce any or all of said covenants, whether or not the Association is acting in that regard. The Declarant's right of enforcement shall not be greater than that of the Association or any Owner and shall cease when the Declarant no longer owns any portion of the Property. In any civil action to enforce a covenant created herein, the prevailing party shall be entitled to an award of reasonable attorney's fees.

ARTICLE VI INSURANCE AND INDEMNIFICATION

Section 6.1 Insurance. All insurance, other than title insurance, carried in connection with the Lots, Residences, General Common Areas or improvements thereon or thereto shall be governed by the provisions of this Article VI.

Section 6.2 Insurance Requirements Generally.

(a) The Association shall obtain and maintain in full force and effect at all times certain casualty, liability, and other insurance as hereinafter provided. All such insurance shall be obtained, to the extent possible, from responsible companies duly authorized and licensed to do business in the State of Colorado.

(b) To the extent possible, the casualty, property, and liability insurance shall: (1) provide for a waiver of subrogation by the insurer as to claims against the Association, its directors, officers, employees, agents, and members; (ii) provide that the insurance cannot be canceled, invalidated or suspended on account of the conduct of the Association, its officers, directors, employees, and agents; and (iii) provide that the policy of insurance shall not be terminated, canceled or substantially modified without at least thirty (30) days prior written notice to the Association; and provide as required by Section 313 of the Act as may be amended from time to time.

(c) Any insurance policy may contain such deductible provisions as the Association deems consistent with good business practice and which shall be consistent with the requirements of the holders of any first mortgage or deeds of trust. Any loss falling within the deductible portion of a policy shall be borne by the Association. The cost and expense of all insurance obtained by the Association shall be paid out of Association funds collected by assessments and otherwise as elsewhere provided in this Declaration.

Section 6.3 Casualty Insurance.

(a) The Association or its agents shall obtain and maintain at all times insurance coverage providing all risk coverage or the nearest equivalent available for the full replacement cost of the improvements and any personal property of the Association. The insurance shall be carried in blanket policy form naming the Association as the insured, shall provide a standard non-contributory mortgage clause in favor of each holder of a first mortgage or deed of trust, and shall provide that it cannot be canceled by either the insured or the insurance company until after at least thirty (30) days' prior written notice is given to each Owner and each Mortgagee. The Association shall furnish a certified copy of such blanket policy and the certificate identifying the interests of an Owner and Mortgagee to any party in interest upon request. All policies of insurance shall provide that the insurance covering the interest of a particular Owner shall be invalidated or suspended only if such Owner is guilty of a breach of warranty, act, omission, negligence, or nonpayment of the insurance premium applicable to his interest, or if he permits or fails to prevent the happening of any event, either before or after a loss which under the provisions of such policy would invalidate or suspend the entire policy, but the insurance under any such policy as to the interest of all other insured Owners not guilty of any such act or omission, shall not be invalidated or suspended and shall remain in full force and effect.

(b) The insurance described in this paragraph shall be inflation coverage insurance, if such insurance is available,

which insurance at all times represents one hundred percent (100%) of the replacement value of the improvements except land, foundation, excavation, and other items normally excluded. The Association shall, at least every three (3) years, obtain an appraisal for insurance purposes which shall be maintained as a permanent record showing that the insurance in any year represents one hundred percent (100%) of the replacement value of the Association's improvements.

Section 6.4 Public Liability and Property Damage Insurance. The Association shall obtain and maintain comprehensive general liability insurance including non-owned and hired automobile liability coverage, owned automobile liability coverage (if there are any owned automobiles), personal injury liability coverage covering liabilities of the Association, its officers, directors, employees, agents, and members arising in connection with ownership, operation, maintenance, occupancy, or use of the Sites and any other area the Association is required to restore, repair, or maintain pursuant to this Declaration with bodily injury liability limits not less than One Million Dollars (\$1,000,000.00) for each occurrence and property damage liability limits of not less than One Million Dollars (\$1,000,000.00) aggregate. Each policy shall include a "severability of interest" endorsement.

Section 6.5 Insurance by Owners. Each Owner shall be responsible for obtaining property, hazard, and liability insurance for the Owner's Residence and all of the Owner's personal property and furnishings and, except as provided by this Article, the Association shall not be responsible for providing any such insurance.

Section 6.6 Fidelity Insurance. The Association may maintain adequate fidelity coverage, if available, to protect against dishonest acts on the part of the directors, officers, trustees, and employees of the Association and all others who handle, or are responsible for handling, funds of the Association. Such fidelity bonds shall (i) name the Association as obligee, (ii) be written in an amount equal to at least one hundred fifty percent (150%) of the estimated annual operating expenses of the Association, including reserves, (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation, and from and definition of "employee" or similar expression, and (iv) provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premiums) without at least fifteen (15) days written notice to the Association.

Section 6.7 Other Insurance. The Association may obtain such additional insurance coverage against such additional risks as it shall determine to be appropriate.

Section 6.8 Indemnification.

(a) Indemnification. The Association shall indemnify each director, officer, property manager, their respective

successors, personal representatives and heirs, against all losses, costs and expenses, including attorney's fees, reasonably incurred by them in connection with any action, suit or proceeding to which they may be made a party be reason of their position with or employment by the Association, except as to matters as to which such person(s) shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such director, officer or property manager in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director, officer or property manager is entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason of or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as a common expense, provided, however, that nothing in this Section 6.9 contained hereto shall be deemed to obligate the Association to indemnify any member or Owner who is or has been a director, officer or property manager of the Association with respect to any duties or obligations assumed or liabilities incurred by him as a member or Owner under and by virtue of this Declaration.

(b) No independent contractor, including a director, officer, member or Owner providing services to the Association as an independent contractor, shall be protected by this indemnification provision, any indemnification provision provided for in the Bylaws of the Association or any insurance policy obtained by the Association in relating to any such indemnification provision.

ARTICLE VII CONDEMNATION

Section 7.1 Consequences of Condemnation. If at any time or times pursuant to this Declaration, all or any part of the General Common Areas shall be taken or condemned by any public authority, or sold or otherwise disposed of in lieu or in avoidance of such condemnation, the provisions of this Article shall apply.

Section 7.2 Proceeds. All compensation, damages, or other proceeds therefrom, the sum of which is hereafter called the "Condemnation Award", shall be payable to the Association, which may distribute the Condemnation Award to the Owners or apply it to the payment of expenses of the Association in lieu of assessing such amount to the Owners. If an allocation of the condemnation award is already established in negotiation, judicial decree, or otherwise, then in allocating the condemnation award the Association shall employ such allocation to the extent it is relevant and

applicable. Disbursement of apportioned proceeds shall be made by checks payable jointly to the respective Owners and their respective Mortgagees.

Section 7.3 Reorganization. In the event a partial taking results in the taking of a complete Lot, the Owner thereof automatically shall cease to be a member of the Association, and such Owner's interest shall thereupon terminate. Thereafter, the Association shall reallocate the ownership, voting rights, and assessment ration determined in accordance with this Declaration according to the same principles employed in this Declaration at its inception and such reallocation for amendment of this Declaration as provided in Article XI.

ARTICLE VIII
SPECIAL CONSIDERATIONS

Section 8.1 Two-Thirds Vote. Except as otherwise provided herein, unless at least two-thirds of the Owners of the Lots (based upon one vote for each Site) on the Property have given their prior written approval, the Association shall not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the General Common Areas owned, directly or indirectly, by the Association for the benefit of the Lots, provided, however, that the granting of easements for public utilities or for other public purposes consistent with the intended use of such General Common Areas shall not be deemed a transfer within the meaning of this clause;

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

(c) by act, or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Residences, the exterior maintenance of Residence or Lots, or the maintenance of the General Common Areas;

(d) fail to maintain fire and extended coverage on insurable General Common Areas and other property of the Association on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value based on current replacement costs;

(e) use hazard insurance proceeds for losses to any General Common Area, or improvements thereon for other than the repair, replacement or reconstruction of such property.

Section 8.2 Majority Vote. In all other respects, the affirmative vote of a majority of the membership represented at a meeting of the Association and entitled to vote on the subject

matter shall be the act of the Association unless another number is specifically designated as the required affirmative vote by the specific provision of this Declaration under consideration.

ARTICLE IX
RIGHTS OF MORTGAGEES

Section 9.1 Payment of Taxes. Mortgagees of Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy, for such Common Areas and the first mortgagees making such payment shall be owed immediate reimbursement therefor from the Association. Upon request, the Association shall execute an agreement with a Mortgagee of any Lot evidencing its entitlement to such reimbursement.

Section 9.2 Priority to Proceeds. Neither the Owner, nor any other party, shall have priority over any rights of the Mortgagee of a Lot in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of Common Areas.

Section 9.3 Notification of Default. A Mortgagee is entitled, upon request, to written notification of any default in the performance by an individual Owner of any obligation under this Declaration which is not cured within sixty (60) days.

ARTICLE X
GENERAL PROVISIONS

Section 10.1 Enforcement. The Association, or any Owner, shall have the right to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any provision, covenant, or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In any civil action to enforce any provision, covenant, or restriction, the prevailing party shall be entitled to an award of reasonable attorney's fees.

Section 10.2 Severability. Invalidation of any one or more of these covenants or restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

Section 10.3 Amendment. The covenants, conditions, restrictions and liens of the Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declara-

tion may be amended by an instrument signed by not less than two-thirds of the Owners, and two-thirds of the holders of Mortgages.

Section 10.4 Assignability. Declarant's rights hereunder shall be freely assignable.

Section 10.5 No Partition or Subdivision. The General Common Areas shall remain undivided, and no Owner, other person, or other entity shall bring any action for partition, division, or subdivision of the General Common Areas. Similarly, no action shall be brought for partition or subdivision of a Lot or Residence between or among the Owners thereof. Each Owner hereby expressly waives any and all such rights of partition or subdivision he may have by virtue of his ownership of a Lot.

IN WITNESS WHEREOF, Rielly Homes Limited Liability Company, a Colorado limited liability company, has caused its corporate name and seal to be hereunto signed and affixed by its duly authorized officers this 25th day of Aug., 1993.

RIELLY HOMES LIMITED LIABILITY
COMPANY, a Colorado limited
liability company

By: Kevin Sheldon
Kevin Sheldon, Manager

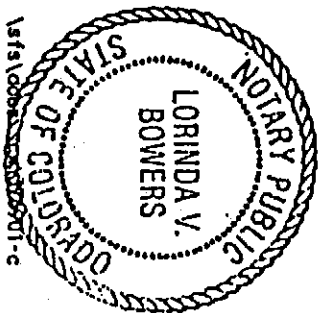
STATE OF COLORADO
COUNTY OF SUMMIT

)
) ss.
)

The foregoing instrument was acknowledged before me this 25th day of August, 1993 by Kevin Sheldon as Manager of Rielly Homes Limited Liability Company, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires: Jan. 31, 1997



Lorinda V. Bowers
Notary Public P.O. Box 1123
Billon, CO 80435