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**DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR
2534 MASTER ASSOCIATION**

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Table of Contents

	PAGE
RECITALS	1
ARTICLE I DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS	2
ARTICLE II DEFINITIONS	2
ARTICLE III ASSOCIATION	7
3.1 Authority and Power	7
3.2 Common Elements/Improvements	8
3.3 Use of Common Elements	8
3.4 Master Association's Responsibility for Common Elements	8
3.5 Executive Board Powers and Duties	8
3.6 Rules and Regulations	10
3.7 Budget Process	11
3.8 Professional Management and Contract Termination Provisions	11
3.9 Contracting With Other Associations For Services	12
3.10 Cooperation with Adjacent Developers	12
3.11 Cooperation with Local Government	13
3.12 Implied Rights and Obligations	13
ARTICLE IV LIMITED PURPOSE ASSOCIATION	13
4.1 Limited Purpose	13
4.2 Default Unit Owners Association	13
4.3 Member Communities	13
4.4 Primacy of Master Association	14
4.5 CCIOA Plat and Map	14
ARTICLE V MASTER ASSOCIATION AS ATTORNEY-IN-FACT	14
ARTICLE VI MEMBERSHIP, VOTING RIGHTS AND ALLOCATIONS	14
6.1 Membership	14
6.2 Executive Board	15
6.3 Declarant Control	15
6.4 Allocated Interests	15

ARTICLE VII	PERMITTED USES	16
7.1	Permitted Uses Under 2534 Design Guidelines.....	16
7.2	Prohibited Uses Under 2534 Design Guidelines.....	16
7.3	Subdivision of Lots	16
7.4	Design Guidelines of Member Communities	16
ARTICLE VIII	DESIGN REVIEW COMMITTEE	16
8.1	Committee and Guidelines.....	16
8.2	DRC Membership and Organization	17
8.3	Purpose and General Authority.....	17
8.4	DRC Discretion.....	17
8.5	Binding Effect	17
8.6	Organization and Operation of DRC	17
8.7	Expenses	18
8.8	Other Requirements	18
8.9	Limitation of Liability.....	18
8.10	Enforcement.....	19
8.11	Reconstruction of Common Element.....	19
8.12	Variances.....	20
ARTICLE IX	PROPERTY USE RESTRICTIONS.....	20
9.1	General Restriction	20
9.2	Use of Lots	20
9.3	Signage.....	20
9.4	Storage of Inoperative Vehicles	20
9.5	Repair.....	21
9.6	Parking	21
9.7	Trash	21
9.8	Storage	21
9.9	Antennae or Electrical or Cooling Devices.....	21
9.10	Electrical, Television, Natural Gas and Telephone Service.....	22
9.11	Water and Sanitation.....	22
9.12	Wells	22
9.13	Temporary Structures.....	22
9.14	Outside Burning.....	22
9.15	Noise	22
9.16	Lighting.....	22
9.17	Nuisances	22
9.18	Regulation of Use of Facilities.....	23
9.19	Enforcement.....	23

ARTICLE X	MAINTENANCE.....	23
10.1	Maintenance of Lots and Landscaping.....	23
10.2	Owner's Negligence.....	24
10.3	Association's Easement to Perform Work.....	24
ARTICLE XI	PROPERTY RIGHTS IN COMMON ELEMENT.....	24
11.1	Limited Purpose.....	24
11.2	Dedication of Common Element.....	24
11.3	Owner's Easement of Enjoyment.....	24
11.4	Delegation of Use.....	25
11.5	Reservation of Easements, Exceptions, and Exclusions for Utilities, Infrastructure and Access.....	25
11.6	Utilities.....	26
11.7	Emergency Access Easement.....	27
11.8	Declarants' Rights Incident to Construction.....	27
11.9	Water System Easement.....	27
ARTICLE XII	COVENANT FOR MAINTENANCE ASSESSMENTS.....	27
12.1	Assessment Against Members.....	27
12.2	Creation of Lien and Personal Obligation of Assessments.....	27
12.3	Purpose of Assessments.....	28
12.4	Annual Common Expense Assessment.....	28
12.5	Special Assessments.....	29
12.6	Owner's Negligence and Individual Assessments.....	30
12.7	Date of Commencement of Annual Common Expense Assessments.....	30
12.8	Common Expenses Attributable to Fewer than All Lots.....	30
12.9	Collection.....	31
12.10	Default Assessments.....	31
12.11	Association Lien and Effect of Non-Payment of Assessments.....	31
12.12	Subordination of Lien to Security Interests.....	33
12.13	Record of Receipts and Expenditures.....	33
12.14	Certificate of Status of Assessments.....	34
12.15	Homestead.....	34
12.16	Exempt Property.....	34
ARTICLE XIII	RAW WATER IRRIGATION SYSTEM.....	34
13.1	Water System.....	34
13.2	Water Rate Schedule.....	35
13.3	Rules and Regulations.....	35
13.4	Transfer of Water System.....	35

13.5	No Domestic Treated Water	35
13.6	Easement	36
13.7	Protection of Water Quality	36
13.8	Ownership of Water Rights	36
ARTICLE XIV DAMAGE OR DESTRUCTION		36
14.1	Estimate of Damage or Destruction	36
14.2	Repair and Reconstruction	36
14.3	Funds for Repair and Reconstruction	36
14.4	Disbursement of Funds for Repair and Reconstruction	37
14.5	Decision Not to Rebuild	37
14.6	Damage or Destruction Affecting Lots	37
ARTICLE XV CONDEMNATION		38
15.1	Rights of Members	38
15.2	Partial Condemnation; Distribution of Award; Reconstruction	38
15.3	Complete Condemnation	38
ARTICLE XVI INSURANCE		38
16.1	General Insurance Provisions	38
16.2	Authority to Purchase	38
16.3	Physical Damage Insurance on Common Elements	39
16.4	Liability Insurance	40
16.5	Fidelity Insurance	40
16.6	Flood Insurance	41
16.7	Provisions Common to Physical Damage Insurance, Liability Insurance, Fidelity Insurance and Flood Insurance	41
16.8	Personal Liability Insurance of Officers and Directors	42
16.9	Workmen's Compensation Insurance	42
16.10	Other Insurance	42
16.11	Insurance Obtained by Owners	42
ARTICLE XVIII INDEMNIFICATION		42
ARTICLE XIX SPECIAL DECLARANTS RIGHTS AND ADDITIONAL RESERVED RIGHTS		43
18.1	Special Declarant Rights	43
18.2	Additional Reserved Rights	43

18.3 Rights Transferable	44
ARTICLE XIX EXPANSION	44
19.1 Reservation of Right to Expand	44
19.2 Declaration of Annexation	44
ARTICLE XX SECURITY INTEREST HOLDERS	45
20.1 Special Rights of Security Interest Holders	45
20.2 Security Interest Holders Right to Pay Taxes, Rental and Insurance Premiums	46
20.3 Master Association Right to Security Interest Information	46
20.4 Special Approvals by Security Interest Holders	46
ARTICLE XXI GENERAL PROVISIONS	47
21.1 Enforcement	47
21.2 Enforcement by Governmental Entity	47
21.3 Term of Declaration	48
21.4 Amendment of Declaration	48
21.5 Captions	48
21.6 Gender	48
21.7 Waiver	48
21.8 Invalidity and Severability	48
21.9 No Partition of Common Area	49
21.10 Conflict	49
21.11 Notices	49

**DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR
2534 MASTER ASSOCIATION**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR 2534 MASTER ASSOCIATION is made this 30th day of March, 2005, by THOMPSON RANCH, LLLP, a Colorado Limited Liability Limited Partnership, GERRARD FAMILY LIMITED PARTNERSHIP, LLLP, a Colorado Limited Liability Limited Partnership, NORTHERN COLORADO REHABILITATION HOSPITAL, INC., a Colorado Corporation, CHARLES D. ATTWOOD, GARY HOOVER, TODD WILLIAMS, and HEATHER WILLIAMS (Declarants).

RECITALS

A. Declarants are the owners of certain real property located in the Town of Johnstown, County of Larimer, State of Colorado, legally described on Exhibit "A" attached hereto and incorporated herein by this reference. The Common Element situated thereon is subject to this Declaration for the 2534 Master Association.

B. Certain real property owned by a Declarant may be conveyed to other Member Associations in the course of development of 2534 to reflect the special uses and interests of Owners in various planned, common interest communities.

C. The Common Element and the various planned, common interest communities are sometimes hereinafter referred to collectively as "2534."

D. Declarants desire to create a Master Association for the purpose of owning, administering using, operating, maintaining, repairing, and replacing the Common Element and certain facilities and improvements thereon for the joint benefit of the Member Communities and Owners.

E. Declarants intend to ensure the attractiveness and harmony of design and function of 2534, including the buildings, off-street parking, signage, vehicular and pedestrian access, landscaping, and other improvements constructed on it; to protect and enhance the values and amenities of 2534; to provide for the administration, operation, use and maintenance of common element; and to promote the safety and welfare of the Owners and Occupants of Property in 2534.

ARTICLE I. DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Declarants hereby publish and declare that the Common Element shall be owned, held, occupied, sold, conveyed, leased, and managed subject to the following covenants, conditions, restrictions and easements which are for the purpose of facilitating the development, ownership, use, operation, regulation, maintenance and repair of irrigation water, storm water detention and drainage facilities, landscaping, and improvements on the Common Element, benefiting 2534, and which shall run with the real property constituting 2534 and shall be binding upon and inure to the benefit of all parties having any right, title or interest in 2534 or any portion thereof, their heirs, personal representatives, successors and assigns. Upon completion, the commercial and retail portions of the Property shall consist of high quality retail and hospitality businesses, corporate campus, general and professional offices, light industrial and R&D facilities, and similar uses. The Residential Community shall consist of high quality single family homes, townhomes and condominiums

ARTICLE II. DEFINITIONS

When used in this Declaration, unless the context clearly indicates otherwise, capitalized terms not otherwise defined in the Act are defined as follows (other terms used in this Declaration may be defined in other specific provisions contained in this Declaration and shall have the meaning assigned by such provisions):

2.1 "Act" or "CCIOA" shall mean and refer to the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101, et seq., as amended and supplemented from time to time, or any successor legislation to these statutes.

2.2 "Allocated Interests" shall mean and refer to liability for Common Expenses and votes in the Association.

2.3 "Approval" or "Consent" shall mean and refer to securing the prior written approval or consent as required herein before doing, making or suffering that for which such approval or consent is required.

2.4 "Articles" or "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Master Association which have been filed with the Secretary of State of Colorado to create 2534 Master Association, as such Articles may be amended from time to time.

2.5 "Assessments" shall mean and refer to all Common Expense Assessments, Special Assessments, Individual Assessments and Fines levied by the Executive Board pursuant to this Declaration, the Bylaws or the Rules and Regulations.

2.6 "Bylaws" shall mean and refer to any instructions, however denominated, which are adopted by the Master Association for the regulation and management of the Master Association, including amendments to same.

2.7 "Common Element" shall mean and refer to any real estate, easements or other real estate interests within 2534 owned or leased by the Master Association, other than a Lot. The "Common Element" shall be such real property as is designated as the Common Element in the 2534 Documents, the Plat, any Declaration of Expansion as provided by Article XIX, and the Improvements located (or to be located) thereon, and other appurtenances as are necessary or desirable for the full use and enjoyment of such Improvements by the Members of the Master Association and Owners and occupants of Lots within 2534.

2.8 "Common Expense Assessments" shall mean and refer to all Assessments made for Common Expenses.

2.9 "Common Expenses" shall mean and refer to the expenditures made or financial liabilities incurred for the ownership, use, operation, regulation, maintenance and repair of the Common Element and operation and management of the Master Association. These expenses include, but are not necessarily limited to:

- (a) Expenses of administering, maintaining, leasing, insuring, repairing or replacing the Common Element and facilities and improvements located thereon.
- (b) Expenses declared to be Common Expenses by this Declaration.
- (c) Expenses agreed upon as Common Expenses by the Master Association.
- (d) Such reasonable reserves as may be established by the Master Association, whether held in trust or by the Master Association, for repair, replacement or addition to the Common Element or any other real or personal property acquired or held by the Master Association.
- (e) Management fees.
- (f) Expenses incurred in connection with the use, operation, maintenance and repair of the Water System and payment to the Water Company for all raw irrigation water service provided via the Water System to the Common Element.
- (g) Taxes, fees, and similar charges.

2.10 "Declarant" shall mean and refer to Thompson Ranch, LLLP, a Colorado Limited Liability Limited Partnership, and Gerrard Family Limited Partnership, LLLP, a Colorado Limited Liability Limited Partnership, Northern Colorado Rehabilitation Hospital, Inc., a Colorado

Corporation, Charles D. Attwood, Gary Hoover, Todd Williams, and Heather Williams or any other Person or group of Persons acting in concert who (a) as a part of a common promotional plan, offers to dispose of to a purchaser a Declarants' interest in a Lot not previously disposed of to a purchaser; or (b) reserves or succeeds to any Special Declarant Right.

2.11 "Declaration" shall mean and refer to this Declaration of Covenants, Conditions, Restrictions and Easements for 2534 Master Association, including any amendments hereto and also including, but not limited to, any Plats of 2534 recorded in the Office of the Clerk and Recorder of Larimer County, Colorado.

2.12 "2534 Design Guidelines" shall mean the guidelines and rules approved on November 1, 2004 and published, amended, and supplemented from time to time by the Design Review Committee.

2.13 "Design Review Committee" or "DRC" shall mean and refer to the Design Review Committee as established pursuant to this Declaration and appointed by the Executive board to enforce the 2534 Design Guidelines approved by the Town of Johnstown.

2.14 "Director" shall mean and refer to a member of the Executive Board.

2.15 "Dispose" or "Disposition" shall mean and refer to a voluntary transfer of any legal or equitable interest in a Lot, but the term does not include the transfer or release of a Security Interest.

2.16 "Documents" or "2534 Documents" shall mean and refer to this Declaration, any Plat as recorded and filed, the Articles of Incorporation, the Bylaws, and the Rules and Regulations as they may be amended from time to time, together with any exhibit, schedule or certificate accompanying such Documents.

2.17 "Executive Board" shall mean and refer to the Executive Board designated in the Declaration to act on behalf of the Master Association.

2.18 "Fines" shall mean and refer to any monetary penalty imposed by the Executive Board against a Member or Owner because of a violation of this Declaration, the Articles, the Bylaws or the Rules and Regulations by such Member or Owner, a member of the Owner's family or tenant or guest of the Owner.

2.19 "Improvement(s)" shall mean and refer to all buildings, structures, driveways, roads, parking areas, fences, walls, ponds, landscaping, hedges, plantings, irrigation facilities, recreational equipment, signs, lighting, poles, utility improvements and similar items located (or hereafter constructed or installed) on the Common Element.

2.20 "Landscaping" shall mean and refer to a space of ground covered with lawn, ground

cover, shrubbery, trees, flowers and other plant materials which may be complimented with earth berms, masonry, rock or bark mulch or other ground cover and other similar landscaping materials, together with irrigation/sprinkler systems associated with same (but excluding such systems if owned by another entity with which the Master Association contracts for such service), all harmoniously combined with other Improvements.

2.21 "Lot" shall mean and refer to a physical portion of a Member Community in 2534 which is designated for separate ownership or occupancy and the boundaries of which are described in or determined from the applicable declarations and recorded Plats. The governing legal descriptions of the Lots shall be determined in accordance with the appropriate recorded Plat and declaration. Such Lots shall be governed by this and such other declarations as apply to each Lot.

2.22 "Manager" shall mean and refer to a Person employed or engaged to perform management services for the Master Association, including wholly owned, subsidiary, or related entities of the Declarants, Developers, Directors, and Members; provided services are rendered on commercially reasonable terms.

2.23 "Master Association" shall mean and refer to the 2534 Master Association, a Colorado Non-Profit Corporation, or any successor to said Association by whatever name, charged with the duties and obligations set forth in this Declaration. The Master Association is a common interest community and a planned community under the definitions of the Act.

2.24 "Member" shall mean and refer every Owner of a Lot which is part of 2534. 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.

2.25 "Member Association" shall mean and refer to a Colorado non-profit corporation, its successors and assigns, created as an unit owners association pursuant to Colorado Revised Statutes § 38-33.3-220, and § 38-33.3-301, et seq, to govern a Member Community created within 2534 in accordance with a declaration.

2.26 "Member Community" shall mean and refer to any planned community created within 2534 in accordance with a declaration. Each Member Community shall be a planned, common interest community under the definitions of the Act.

2.27 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee or undivided fee interest in any Lot, as defined herein, which is part of 2534, including contract purchasers, but excluding those having such interests merely as security for the performance of an obligation.

2.28 "Owner's Membership Interest" shall mean and refer to the percentage membership

of an Owner of a Lot in the Association which shall be a percentage equal to that proportion which the gross acreage contained within such Owner's Lot bears to the gross acreage contained within the Property, excluding the Common Element, streets, alleys, and other property conveyed to the public in fee simple. For purposes of determining acreage, all of the area contained within the boundaries of any Lot shown on the final Plat shall be included, without reduction for any easements or rights of way located thereon. Declarant, until the termination of the Period of Declarant Control, and the Executive Board thereafter, shall have the right to set forth, in a recorded supplemental declaration (which shall be final, conclusive and binding upon each Lot and the Owners thereof until amended by subsequent supplemental declaration), setting forth the respective Owners' Membership Interests based upon the foregoing calculation.

For purposes of voting of issues which affect less than all the Property in 2534, such as, but not limited to, election of Directors, Owner's Membership Interest shall mean and refer to the percentage equal to that proportion which the gross acreage contained within such Owner's Lot bears to the gross acreage contained within the all Lots eligible to vote on a particular issue, excluding the Common Element, streets, alleys, and other property conveyed to the public in fee simple.

2.29 "Period of Declarant Control" shall mean and refer to the period during which the Declarants may appoint and remove Directors of the Executive Board and officers of the Master Association pursuant to this Declaration. The Period of Declarant Control will begin on the date this Declaration is first recorded in the Office of the Clerk and Recorder of Larimer County, Colorado, and will end on the earliest date stated in the Declaration. After the termination of the Period of Declarant Control, Declarants, if still the Owners, will have all the rights and duties ordinarily given to Owners under this Declaration.

2.30 "Person" (whether or not in capitalized form) shall mean and refer to a natural person, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or combination of the foregoing.

2.31 "Plat" shall mean and refer to the Plat(s) of all or any portions of 2534, as applicable, as same may be recorded and as same may be amended from time to time, in the records of the Office of the Clerk and Recorder of Larimer County, Colorado.

2.32 "Property" shall mean and include the Property described on Exhibit "A" and initially subjected to this Declaration and any Expansion Property from time to time made subject to these Covenants.

2.33 "Rules and Regulations" shall mean and refer to any instruments, however denominated, which are adopted by the Master Association for the regulation and management of the Common Element, including any amendment to same.

2.34 "Security Interest" shall mean and refer to an interest in real estate or personal

property, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an association, and any other consensual lien or title retention contract intended as security for an obligation. "First Security Interest" shall mean and refer to a Security Interest in a Lot prior to all other Security Interests except the Security Interest for real property taxes and assessments made by Larimer County, Colorado, or other governmental authority having jurisdiction over 2534.

2.35 "Security Interest Holder" shall mean and refer to a Person owning a Security Interest in a Lot situated on the Property, except the Security Interest for real property taxes and assessments made by Larimer County, Colorado, or other governmental authority having jurisdiction over 2534.

2.36 "Special Declarant Rights" shall mean and refer to the rights reserved for the benefit of the Declarants to perform those acts specified in Article XVIII of this Declaration.

2.37 "Town" shall mean and refer to the Town of Johnstown, Colorado.

2.38 "Water Company" shall mean and refer to the entity that will own and operate the Water System.

2.39 "Water System" shall mean and refer to the irrigation system installed, owned and maintained by the Water Company within 2534 which will provide raw irrigation water to landscaping. Without limiting the foregoing, the Water System shall provide raw irrigation water of all landscaping located on the Common Element, as well as landscaping located on Lots (to the extent the Master Association or any Member Association is responsible for providing such irrigation). The Master Association shall lease, purchase or otherwise acquire irrigation water, preferably untreated raw water, to be delivered by the Water Company with the cost of same to be assessed against the Members or Owners as determined by the Master Association.

ARTICLE III. ASSOCIATION

3.1 Authority and Power. Subject to the rights and obligations of Declarants as set forth in the Act (to the extent applicable) and in this Declaration, and the rights and obligations of the Members and Owners, the Master Association shall be responsible for the ownership, administration, management, use, operation, maintenance, repair and replacement of the Common Element and Improvements. In addition, the Master Association may undertake contractual responsibilities relating to other property that is used by or available to the Owners in 2534 under arrangements including, without limitation, those described in Sections 3.9, 3.10, 3.11 and 3.12. The administration of the Common Element shall be governed by this Declaration, the Articles of Incorporation, Bylaws and Rules and Regulations of the Master Association and the 2534 Design

Guidelines, as the foregoing documents are amended from time to time. The Master Association shall have all of the powers, authority and duties permitted pursuant to the 2534 Documents and the Act which are necessary and proper to manage the Common Element, giving due regard to the limited purposes for which the Master Association has been established.

3.2 Common Element/Improvements. Declarants shall transfer to the Master Association by Special Warranty Deed those tracts constituting the Common Element, from time to time. The initial conveyance shall include those tracts described on Exhibit "B". Declarants shall transfer to the Master Association any Improvements located on the Common Element after Declarants have completed the construction of such Improvements thereon. From time to time before the expiration of the Special Declarant Rights Period, Declarants may, but shall not be obligated to, convey to the Master Association by written instrument recorded with the Clerk and Recorder of Larimer County, Colorado, certain lands in other parts of 2534 (including Expansion Property, if any) as Common Element.

Declarants shall have the right, but not the obligation, to install Landscaping upon the Common Element, and thereafter transfer same to the Master Association. In such event, the Landscaping and the real property upon which it is installed shall constitute a Common Element and the expense of the operation thereof shall constitute a Common Expense.

3.3 Use of Common Element. The Common Element are generally designated by this Declaration for the common use, benefit and enjoyment of the Owners, Occupants and their tenants, employees, guests, families and invitees, and such other persons as may be permitted to use the Common Element. Nothing in this Declaration or the 2534 Documents 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 Element by such authority or utility, absent an express written agreement to that effect.

3.4 Master Association's Responsibility for Common Element. The Master 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 Element conveyed pursuant to Section 3.2, above, and all Improvements on the Common Element (including equipment related thereto), and shall keep same in good, clean, and attractive condition and repair, pursuant to the terms and conditions of this Declaration.

Any use of the Common Element by Owners, Occupants, and their tenants, employees, guests, families, and invitees, and such other persons as may be permitted access to the Common Element shall be subject to any applicable Rules and Regulations governing the Common Element.

3.5 Executive Board Powers and Duties. The Executive Board may act in all instances on behalf of the Master Association, except as provided in this Declaration, the Articles or the Bylaws. The Executive Board shall have, subject to the limitations contained in this Declaration, the powers and duties necessary for the administration of the affairs of the Master Association and

the Common Element, which shall include, but not be limited to, the following:

- (a) Adopt and amend Bylaws.
- (b) Adopt and amend Rules and Regulations regarding the use and enjoyment of the Common Element, and the activities of Owners and Occupants thereon.
- (c) Adopt and amend budgets for revenues, expenditures and reserves.
- (d) Collect Assessments from Members or Owners.
- (e) Hire, supervise, and discharge Managers.
- (f) Hire, supervise, and discharge independent contractors, employees and agents, other than Managers.
- (g) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violation of the 2534 Documents in the Master Association's name, on behalf of the Master Association.
- (h) Make contracts and incur liabilities.
- (i) Regulate the use, maintenance, repair, replacement and modification of the Common Element.
- (j) Cause additional improvements to be made as a part of the Common Element.
- (k) Acquire, hold, encumber and convey in the Association's name, any right, title or interest to real estate or personal property, but the Common Element may be conveyed or subjected to a Security Interest only pursuant to this Declaration and applicable law.
- (l) Grant easements for any period of time, including permanent easements, leases, licenses and concessions through or over the Common Element.
- (m) Impose and receive a fee or charge for the use, rental or operation of the Common Element and for services provided to Members or Owners.
- (n) Impose and collect a reasonable charge for late payment of assessments and levy fines for violation of this Declaration and the 2534 Documents.

- (o) Impose a reasonable charge for the preparation and recordation of supplements or amendments to this Declaration and for statements for unpaid assessments.
- (p) Provide for the indemnification of the Master Association's officers and the Executive Board and purchase and maintain Directors' and officers' liability insurance.
- (q) Assign the Master Association's right to future income, including the right to receive Common Expense Assessments, only upon the affirmative vote of not less than sixty-seven percent (67%) of the Owner's Membership Interest present and voting at a meeting called for that purpose.
- (r) Exercise any other powers conferred by the 2534 Documents.
- (s) Exercise any other power that may be exercised in the State of Colorado by a legal entity of the same type as the Master Association, with due consideration for the limited purpose for which the Master Association was established.
- (t) Exercise any other power necessary and proper for the governance and operation of the Master Association, with due consideration for the limited purpose for which the Master Association was established.
- (u) By resolution, establish permanent and standing committees of the Executive Board 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 serve written notice of their actions to the Members and the Executive Board. However, actions taken by a committee may be appealed to the Executive Board by any Member or Owner within thirty (30) days of publication of a notice. If an appeal is made, the committee's action must be ratified, modified or rejected by the Executive Board at its next regular meeting.

The Executive Board may not act on behalf of the Master Association to amend this Declaration, to terminate same, or to elect members of the Executive Board or determine their qualifications, powers and duties or the terms of office of Executive Board members.

3.6 Rules and Regulations. The Master Association, from time to time and subject to the provisions of the 2534 Documents, may adopt, amend and repeal rules and regulations ("Rules and Regulations") governing, among other things and without limitation:

- (a) The use of the Common Element.
- (b) Use and maintenance of any Property in the development.

(c) The use and operation of the Water System.

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

3.7 Budget Process. To determine the amount required to be raised by assessments for any fiscal year, the Executive 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 Executive Board as necessary to satisfy the costs and expenses of fulfilling the functions and obligations of the Master 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 Master Association, the Executive Board shall mail, by ordinary first class mail, or otherwise deliver, a summary of the budget, to the Members and to all Owners, and shall set a date for a meeting of the Members to consider ratification of the budget not less than fourteen (14) days nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting not less than sixty-seven percent (67%) of the Owner's Membership Interests present and voting rejects the budget, the budget is ratified. In the event a proposed budget is rejected, the periodic budget last ratified by the Members must be continued until such time as the Members ratify a subsequent budget proposed by the Executive Board.

3.8 Professional Management and Contract Termination Provisions. The Master Association may utilize professional management in performing its duties hereunder. Any agreement for professional management of the Master Association's business shall have a maximum term of three (3) years and shall provide for termination by either party thereto, with or without cause, and without payment of a termination fee, upon not more than ninety (90) days' prior written notice. Any contracts, licenses or leases entered into by the Master Association during the Period of Declarant Control shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, at any time after termination of the Period of Declarant Control, upon not more than sixty (60) days' prior written notice; provided, however, that any contract entered into at any time by the Association providing for services of Declarants shall provide for termination at any time by either party thereto without cause and without payment of a termination fee upon not more than sixty (60) days' prior written notice.

A Person employed or engaged to perform management services for the Master Association, may include a wholly owned, subsidiary, or related entity of the Declarants, Developers, Directors, and Members; provided services are rendered on commercially reasonable terms.

3.9 Contracting With Other Associations For Services. The Master Association shall have the right, power and authority to contract, in writing, with Member Associations, hereafter established with respect to any portions of 2534, for services involved in management of the Master Association's affairs or to provide such services to any such Member Association. Any such contract shall provide for payment by the appropriate Member Association(s) for the reasonable estimated expenses of providing such services, including in such event a fair share of overhead expenses. Among the services which may be obtained from or provided to the Member Association(s) pursuant to this provision shall be the following:

- (a) The construction, operation, management, maintenance, repair and replacement of Common Area or Common Element and Improvements thereon.
- (b) Enforcement of the provisions of this Declaration or other applicable declaration for, or on behalf of and in the name of the appropriate Association.
- (c) Collection of Assessments.
- (d) Payment of taxes and Assessments.
- (e) Obtaining insurance.
- (f) Appointment and supervision of Manager or Managers.

In such event, the Executive Board will cooperate with and assist the Member Association in the performance of the duties and obligations under any such contract, to the end that each of the Associations involved can most efficiently and economically provide the appropriate services to its respective Members and Owners.

3.10 Cooperation with Adjacent Developments. The Master Association may cooperate with developers of and associations representing parcels adjacent to 2534 (including, without limitation, parcels developed for residential, business or commercial purposes) in all respects to enable the Master Association and the owners of such properties and/or associations representing same to efficiently and economically provide appropriate services to the owners of the respective parcels. It is contemplated that from time to time either the Master Association or any of those authorities may use the services of the other in furthering their respective obligations, and that they may contract with each other to better provide for such cooperation and services.

3.11 Cooperation with Local Government. The Master Association will cooperate with local governmental and quasi-governmental authorities in all respects to enable the Master 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 Master 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.

3.12 Implied Rights and Obligations. The Master Association shall perform all of the duties and obligations imposed on it expressly by the 2534 Documents, together with every other duty or obligation reasonably to be implied from the express provisions of the 2534 Documents or reasonably necessary to satisfy any such duty or obligation reasonably to be implied from the express provisions of the 2534 Documents or reasonably necessary to satisfy any such duty or obligation. The Master Association may exercise any other right or privilege (i) given to it expressly by the 2534 Documents, or (ii) reasonably to be implied from the existence of any right or privilege given expressly by the 2534 Documents or (iii) reasonably necessary to effectuate any such right or privilege.

ARTICLE IV. LIMITED PURPOSE ASSOCIATION

4.1 Limited Purpose. The purpose for establishment of the Master Association is to provide for the development, construction, management, operation, maintenance, repair, replacement and use of the Common Element and Improvements and the raw irrigation Water System. It is the intent of this Declaration that the Master Association and governance of the Common Element hereunder shall, to the extent required by the Act, be in accordance with the terms of the Act.

4.2 Default Unit Owners Association. It is acknowledged that portions of 2534 may be subject to declarations establishing various Member Communities with unit owners associations providing governance which is consistent and supplementary to this declaration (Member Associations), however, for those portions of 2534 which are not subject to a declaration establishing a Member Community, the Master Association shall have the right, power, and authority to act in all respects as an unit owners association pursuant to Colorado Revised Statutes § 38-33.3-220, and § 38-33.3-301, et seq.

4.3 Member Communities. Except for those properties which are used for retail or residential purposes, an Owner of a property which is sought for inclusion in a Member Community may, in the Owner's sole and exclusive discretion, refuse such inclusion and may not be compelled to join any common interest community or unit owner's association other than the Master Association; provided, that once having been included in a Member Community, a Lot may not be disconnected or excluded from the Member Community thereafter unless the declaration for the Member Community permits such disconnection or exclusion.

4.4 Primacy of Master Association. Except for the express limited purpose of this Declaration and the Master Association, all governance of the Member Communities will be determined by and in accordance with the terms of the respective declarations and established associations; provided that in consideration of the overriding mutual common interests of Members and Owners in ensuring that the various Member Communities and Member Associations in 2534 conform to and carry out the terms and conditions set out in their respective declarations and related documents, the Master Association shall have the authority to require that any community or association failing to so conform and act, forthwith correct any deficiencies by resolution of the Executive Board or court order, if necessary.

4.5 CCIOA Plat and Map. In accordance with the provisions of the Act, there has been recorded in the records of the Clerk and Recorder of Larimer County, Colorado, a Plat or Plats of 2534, depicting the real property to which this Declaration applies. It is intended that said Plat(s) shall constitute the Plat or Map as defined in this Declaration and in the Act with respect to the Master Association and this Declaration. To the extent necessary to render the Plat and Map in substantial compliance with the requirements of the Act, the terms, conditions, statements and dedications contained on the various recorded plats of 2534, or any parts thereof, are also incorporated herein by this reference.

ARTICLE V. MASTER ASSOCIATION AS ATTORNEY-IN-FACT

Each of the Member Associations and each and every Owner hereby irrevocably constitutes and appoints the Master Association as such Member's or Owner's true and lawful attorney-in-fact for the purpose of dealing with any Improvements on the Common Element upon damage or destruction or a complete or partial taking as provided herein. Acceptance by any grantee of a deed or other instrument of conveyance from Declarants or from any Member or Owner shall constitute appointment of the Master Association as attorney-in-fact as provided in this article. As attorney-in-fact, the Master 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 Member or Owner which may be necessary or appropriate to exercise the powers granted to the Master Association as attorney-in-fact.

ARTICLE VI. MEMBERSHIP, VOTING RIGHTS AND ALLOCATIONS

6.1 Membership. Every Owner, as defined by Section 2.27 above, 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. Membership shall be mandatory and appurtenant to and may not be separated from the Ownership of any Lot.

6.2 Executive Board. The Executive Board shall consist of not less than three nor more than ten Directors elected or appointed at the annual meeting of the Members of the Master Association selected as follows:

(a) The Owners of all Lots which are not situated in a Member Community shall directly elect two or more Directors, each of whom must be an Owner of one or more Lots in 2534, which is not situated in a Member Community. The Directors elected shall be those receiving the highest amount of Owner's Membership Voting Interests eligible to vote on this issue. The number of Directors directly elected shall be established in the Bylaws from time to time.

(b) Each Member Association shall appoint one person to serve as a Director. The votes of Directors representing Member Associations on Master Association business shall be exercised as their respective Executive Boards may direct.

6.3 Declarant Control. Until the expiration of the Period of Declarant Control and subject to the limitations of the Act (to the extent applicable), Declarants shall retain the exclusive power to appoint and remove the all Directors on the Executive Board of the Master Association.

Notwithstanding the foregoing, Declarants may voluntarily surrender the right to appoint and remove the Directors of the Executive Board and officers of the Master Association before the end of the Period of Declarant Control by providing a notice to that effect to the Master 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, Declarants may require that specified actions of the Master Association or the Executive Board, as described in an instrument executed and recorded by Declarants in the Office of the Clerk and Recorder of Larimer County, Colorado, be approved by Declarants before those actions become effective.

6.4 Allocated Interests. During the Period of Declarant Control the initial liability for Common Expenses to be allocated to each Member Association and Owners of Lots not situated in a Member Community shall be determined by the Declarants and adopted by the Executive Board. The Member Associations shall allocate their shares of such Common Expenses among their members (the Owners of Lots) in accordance with their respective declarations. Following said period, the liability for Common Expenses to be allocated to additional associations which become Members of the Master Association and the resulting reallocation of Common Expenses to current Members shall be determined and approved by resolution of the Executive Board acting in its sole discretion and considering cost of maintaining and repairing the Common Element within the respective communities and the operating expenses of improvements and facilities. It is the intent of this section that those Owners and Member Communities that benefit specially from certain portions or features of the Common Element shall bear the related expenses.

ARTICLE VII. PERMITTED USES

7.1 Permitted Uses Under 2534 Design Guidelines. No noxious, offensive or hazardous trades, services or activities shall be conducted on any portion of the Property, nor shall any trades, services or activities be performed thereon which may be or become an annoyance or nuisance to any Owner or Occupant of any portion of the Property, including, without limitation, allowing or creating unsightliness or excessive emission of fumes, odors, glare, vibration, electromagnetic disturbance, gases, radiation, dust, liquid waste, smoke or noise. The Design Review Committee (DRC), in its reasonable discretion, shall determine what constitutes noxious, offensive or hazardous trades, services or activities hereunder.

The uses to be considered as permitted uses within the Property shall be those stated in the 2534 Design Guidelines, as amended from time to time.

7.2 Prohibited Uses Under 2534 Design Guidelines. The 2534 Design Guidelines shall govern and determine what are considered prohibited uses. Except to the extent provided by the 2534 Design Guidelines, the DRC may not grant a variance to the permitted uses in a development parcel.

7.3 Subdivision of Lots. Further subdivision of any Lot following the approval and recordation of the first approved Plat establishing such Lot, or submission of an application or request for zoning change or P.U.D. amendment which would be inconsistent with the uses contemplated by this Declaration, shall be prohibited without the prior written consent of Declarant, the Design Review Committee and the Executive Board. Notwithstanding the foregoing, during the Period of Declarant Control, Declarant expressly reserves the right to reconfigure, realign or relocate all or any portions of the Property, or further subdivide same, provided that any such reconfiguration, realignment, relocation or resubdivision shall be: (i) subject to approval by the Town or any other appropriate governmental agency, if required by applicable law or ordinance; and (ii) shall be generally consistent with the intended overall use and development of the Property as contemplated by this Declaration.

7.4 Design Guidelines of Member Communities. Any Member Community within 2534 may create its own design guidelines and design review committee to represent the interests of the particular common interest community. To the extent the design guidelines of a Member Community conflict with the 2534 Design Guidelines, the 2534 Design Guidelines shall govern.

ARTICLE VIII. DESIGN REVIEW COMMITTEE

8.1 Committee and Guidelines. There is hereby established a Design Review Committee (DRC) which shall be responsible for the establishment and administration of 2534 Design Guidelines to facilitate the purposes and intent of this Declaration. The DRC may issue and enforce design guidelines applicable to 2534. The DRC may amend, vary, repeal and augment the

2534 Design Guidelines from time to time, based on concerns for good planning and design, the aesthetic, architectural and environmental harmony of the 2534 or other factors as necessary or desirable to fulfill the intent of the 2534 Design Guidelines and implement the purposes of this Declaration. The 2534 Design Guidelines shall be binding on all Owners and other Persons governed by this Declaration.

8.2 DRC Membership and Organization. The DRC shall be composed of the following five (5) members: one Engineer with a minimum of ten years experience in land planning or development; one Landscape Architect/Planner with a minimum of ten years experience in land planning or development; two 2534 development property owners; and one representative from a commercial real estate firm. All members of the DRC shall be appointed, removed and replaced by Declarant, in its sole discretion until such time as Declarant no longer own any Lots within the 2534, unless Declarant earlier waives this right by notice to the Association recorded in the office of the Clerk and Recorder of Larimer County, Colorado. At such time, the Executive Board shall succeed to Declarants' right to designate the number of and to appoint, remove or replace the members of the DRC.

8.3 Purpose and General Authority. The DRC shall review, study and either approve or reject proposed Improvements on all Lots situated on the Property to ensure compliance with this Declaration and the 2534 Documents. No Improvements shall be modified, demolished, or constructed until plans for the Improvements have been approved by the DRC and the Town, if administrative approval is required. All Improvements shall be constructed only in accordance with approved plans.

8.4 DRC Discretion. The DRC shall exercise its best judgment to see that all Improvements conform and harmonize with the 2534 Design Guidelines and other 2534 Documents.

8.5 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, except to the extent the plans or other information are subject to administrative approval of the Town or appeal.

8.6 Organization and Operation of DRC. The organization and operation of the DRC shall conform to the following:

(a) Term of Members. The term of office of each member of the DRC shall continue at the pleasure of the Executive Board pursuant to Section 8.2, 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 8.2.

(b) Chairperson. The Chairperson 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 chairperson, the members may appoint or elect a successor, or if the absence is temporary, an interim Chairperson.

(c) Conduct of Meetings. The DRC Chairperson 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.

(d) 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.

(e) Review of Plans. 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, modification, and additions contemplated thereby, and in the location as indicated, will comply with this Declaration, 2534 Design Guidelines, and all relevant documents. 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 as provided by Section 8.10, below.

(f) 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 or more of its members or to consultants retained by the DRC.

8.7 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. Such fees shall be collected by the DRC and remitted to the Association to help defray the expenses of the DRC's operation.

8.8 Other Requirements. In addition to compliance with the 2534 design review process, Owners must comply with Town building, subdivision or other regulations. Each Owner is responsible for obtaining all approvals, licenses, and permits as may be required prior to commencing construction of Improvements.

8.9 Limitation of Liability. The DRC shall use reasonable judgment in accepting or disapproving all plans and specifications submitted to it. 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 with malice or wrongful intent. The Association shall not be obligated to indemnify any member of the

DRC to the extent any such member of the DRC is adjudged to be liable for acting with malice or wrongful intent 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 that 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.

8.10 Enforcement. The DRC shall conform to the following in the performance of its duties and responsibilities:

(a) 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 developed or under development on the Lot to determine whether the Improvements have been or are in compliance with the 2534 Documents and the plans and specifications approved by the Design Review Committee.

(b) Deemed Nuisances. Every violation of this Declaration, the 2534 Design Guidelines and 2534 Documents 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.

(i) Fines for Violations. The DRC may adopt a schedule of fines for failure to abide by the 2534 Design Guidelines, including fines for failure to obtain any required approval from the DRC.

(ii) 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, modified or maintained in violation of this Declaration, the 2534 Design Guidelines or other Documents. 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 XII.

8.11 Reconstruction of Common Element. The reconstruction by the Association after destruction by casualty or otherwise of any part of the Common Element that is accomplished in

substantial compliance with "as built" plans for such Common Element shall not require compliance with the provisions of this article or the 2534 Design Guidelines.

8.12 Variances. The DRC may authorize limited variances from compliance with this Declaration and the 2534 Design Guidelines. Such variances must be evidenced in writing and shall be stated with specificity in the certification of approval issued by the DRC. If any such variance is granted, no violation of the provisions of this Declaration and the 2534 Design Guidelines 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, the 2534 Design Guidelines, and other 2534 Documents 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. In no event may a variance amend or expand the permitted uses except as provided in the 2534 Design Guidelines.

ARTICLE IX. PROPERTY USE RESTRICTIONS

9.1 General Restriction. The Property shall be used only for the purposes set forth in Article VII and the 2534 Design Guidelines.

9.2 Use of Lots. Each Lot may be used only for authorized purposes and developed by the construction of an appropriate building.

9.3 Signage. No signs or advertising of any character shall be erected, placed or permitted or maintained within the 2534 except those which are approved and installed in conformity with the 2534 Design Guidelines. This provision shall not apply to permanent signs identifying the 2534 or the Commercial Center which are installed by the Declarant as part of the development of the 2534, nor shall this provision preclude Declarant or its agents, as long as Declarant are the Owners of any Lot within the 2534, from placing such signs as Declarant deem appropriate, without limitation on size or location, offering the Property or Lots for sale. The DRC may adopt rules and regulations permitting signs advertising Lots for sale at such location and of such character as the DRC shall designate, provided that in no event shall individual Lot Owners be entitled to place advertising signs on the Common Element, nor shall any such Lot Owner be allowed to use more than one sign to advertise such Owner's Lot for sale.

9.4 Storage of Inoperative Vehicles. Inoperative vehicles shall not be stored, parked or permitted to remain upon or adjacent to a Lot, except within a fully enclosed building on the Lot. For purposes of this provision, any disassembled or partially disassembled car or other vehicle or any car or other vehicle which does not comply with the Colorado Uniform Motor Vehicle Law, as amended, or is not capable of moving under its own propulsion shall be considered an "inoperative vehicle" subject to the terms of this section.

9.5 **Repair.** No activities such as, but not necessarily limited to, maintenance, repair, rebuilding, dismantling, repainting or servicing of any vehicle, trailer, or boat may be performed on any Lot unless performed entirely within a completely enclosed building attached or associated with the commercial business located on such Lot. Without limiting the foregoing, no such activity shall be performed upon any part of the Common Element.

9.6 **Parking.** Parking shall be permitted on the Common Element and public and private parking facilities and driveways specifically designated and approved for that purpose by the Declarant or the DRC. Parking shall be permitted only on public streets within 2534 to the extent permitted by the Town and on those parts of the Common Element, if any, specifically designated for such purpose by this Declaration or the 2534 Documents for such purpose.

9.7 **Trash.** All Owners shall maintain their Lots in a clean and well-maintained condition. No storage of garbage, trash, recycling material, debris, or waste material will be permitted on any Lot in a manner which may permit the spread of fire, odors, seepage or encouragement of vermin. The Association or DRC may adopt rules and regulations further defining the deposit of trash, garbage, recycling materials, debris, waste material, and other matters related thereto. Without limiting the foregoing, the Association, acting through the Executive Board, shall have the right to require that the trash collection within the 2534 be performed by one company and that trash collected from all Lots by such company be on the same day(s) of each week. 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 shall not apply where a Member Community has a similar provision in the declaration governing the community and the executive board of the Member Association determines on behalf of its Members that the Member Community does not wish to participate in an arrangement for trash collection by a single company.

This section shall not apply to a contractor during construction of a building or other improvements within the 2534. Such contractor may dispose of trash, debris and other construction materials either personally or by contracting with a trash collection company.

9.8 **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, 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.

9.9 **Antennae or Electrical or Cooling Devices.** No exterior television antenna, radio antenna or satellite transmitting or receiving devices shall be placed, allowed or maintained upon any portion of any Lot without the written approval of the DRC. No electronic devices or systems causing unreasonable electrical interference with wireless communications, radio or television

receivers located and operated within the 2534 shall be placed or maintained on any Lot. The DRC may grant relief from the provisions of this section for good cause shown.

9.10 Electrical, Television, Natural Gas and Telephone Service. All electrical, television, telephone, fiber optics, data transmission lines, natural gas and telecommunications lines shall be placed underground, except that existing high voltage transmission lines shall be permitted to continue in operation without modification. If the existing lines are rebuilt or additional transmission lines are constructed, the company owning the lines shall design and construct the new lines to be compatible with the character of the development and minimize the impact of the lines on Properties within 2534.

9.11 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, the Thompson Crossing Metropolitan District or any other approved utility supplier.

9.12 Wells. No well from which water, oil, or gas is produced shall be installed, nor shall storage tanks, reservoirs, or any installation of power, telephone or other utility lines (wire, pipe, or conduit) be made or operated anywhere on the Property except in connection with water wells and works operated by the Water Company, a public agency, or duly certified public utility companies; provided, however, that the foregoing shall not prevent the drilling of or installation of water wells by the Master Association or the Declarant or its assigns, provided further that all required approval from appropriate governmental authorities shall first be obtained.

9.13 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.

9.14 Outside Burning. There shall be no exterior fires, except 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.

9.15 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.

9.16 Lighting. All exterior lighting of the Improvements and grounds on the Property shall be subject to regulation by the 2534 Design Guidelines and DRC.

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

9.18 Regulation of Use of Facilities. The Common Element and related facilities and any other common facilities provided by the Master Association for the use and benefit of Owners and Occupants of Lots within 2534 shall be subject to such reasonable rules and regulations as may be adopted from time to time by the Association or the Master Association. No Owner or Occupant or their employees, guests, invitees or tenants shall engage in any activity which violates any such rules and regulations.

9.19 Enforcement. The Association may take such action as it deems advisable to enforce this Declaration, the 2534 Design Guidelines and 2534 Documents as provided in this Declaration. 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 XII.

ARTICLE X. MAINTENANCE

10.1 Maintenance of Lots and Landscaping. All onsite maintenance of Landscaping on Lots and the Common Element within 2534 shall be conducted by the Association except: (i) on Lots used for single family residential purposes; (ii) where a Member Association elects to assume onsite maintenance of Landscaping on Lots and the Common Element within its common interest community; (iii) where an Owner elects to assume onsite maintenance on his Lot; or (iv) if the Executive Board, in its sole and exclusive discretion, determines that onsite maintenance on any one or more Lots is uneconomical, unduly burdensome, or is in any manner not in the best interests of the Association. In the case of 10.1 (ii) and (iii), the elections to assume maintenance shall be subject to review and approval by the Executive Board. Such approval may be revoked by the Executive Board in the event a Member Association or Owner fails to maintain the Landscaping in a manner which meets community-wide standards of 2534. The expenses of maintenance conducted on Lots shall be a Common Expense Assessment specially benefiting each Lot to be levied and assessed in accordance with Sections 12.4 and 12.8 (d) below.

Each Owner shall maintain his Lot and Improvements in accordance with the community-wide standards of the 2534. The Master Association may, in the discretion of the Board, assume the maintenance responsibilities of an Owner if, in the opinion of the Executive Board, the level and quality of maintenance being provided by such Owner does not satisfy such standards. Before assuming the maintenance responsibilities, the Executive Board shall notify the Owner in writing of its intention to do so. If the Owner has not commenced and diligently pursued remedial action within thirty (30) days after receiving 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 thirty (30) day period shall bear interest at the Default Rate from the date of the expenditure until payment in full. Such charges shall be a Default Assessment enforceable as provided in Article XII.

In addition to the foregoing, the Master Association may levy fines against any Owner failing to maintain his Lot and Improvements in accordance with the community-wide standards of the 2534 in such amounts as the Executive Board may establish from time to time

10.2 Owner's Negligence. If the need for maintenance, repair or replacement of any portion of the Common Element (including Improvements located on it) arises because of the negligent or willful act or omission of an Owner or Occupant then the expenses incurred by the Association for the maintenance, repair or replacement shall be a personal obligation of that Owner. If the Owner fails to repay the expenses incurred by the Association within thirty (30) days after the notice to the Owner of the amount owed, then those expenses shall bear interest at the Default Rate from the date of the advance by the Association until payment by the responsible Owner in full, and all such expenses and interest shall become a Default Assessment enforceable as provided in Article XII.

10.3 Association's Easement to Perform Work. The Association shall have an easement across each Lot permitting the Association, its employees, agents, and independent contractors, to enter upon the Lot as reasonably necessary in order to perform the work to be performed on the Lot by the Association pursuant to this Declaration. All Persons performing such work shall use their best efforts to minimize interference with the Owner's and Occupant's use and enjoyment of the Lot when performing such work.

ARTICLE XI. PROPERTY RIGHTS IN COMMON ELEMENT

11.1 Limited Purpose. The purpose for which the Master Association has been established, and the purposes for which the Master Association will hold the Common Element are limited as provided by Article IV. All provisions of this Declaration, including, without limitation, the provisions of this article, shall be construed in light of, and with due consideration to, such limited purposes.

11.2 Dedication of Common Element. Declarants hereby dedicate the Common Element to the common use and enjoyment of the Members and Owners, as hereinafter provided.

11.3 Owner's Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Element and such easement shall be appurtenant to and shall pass with title to every Lot, subject to the following provisions:

(a) The right of the Master Association to promulgate and publish reasonable Rules and Regulations as provided in this Declaration.

(b) The right of the Master Association to suspend rights to use the Common Element by an Owner for any period during which any Assessment against the Owner's Lot remains unpaid to the Master Association or a Member Association, as applicable, and for a period not to exceed sixty (60) days for any infraction of the Master Association's published Rules and Regulations.

(c) The right of the Master Association, acting through the Executive Board, to dedicate or transfer all or any part of the Common Element to any municipality, county, state or public entity or utility for such purposes and subject to such condition as may be agreed to by the Members, provided: (i) written notice of the proposed agreement and action is sent to every Owner at least thirty (30) days in advance of any action taken by the Executive Board, and, (ii) no such dedication or transfer shall be effective unless sixty-seven percent (67%) of the Owner's Membership Interests present and voting at a meeting duly called for that purpose shall agree; the foregoing meeting and vote shall require a quorum to be present as provided in Section 12.5 below. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Element shall not be deemed a transfer within the meaning of this clause.

(d) The right of the Master Association to close or limit use of the Common Element while maintaining, repairing and making replacements in the Common Element.

11.4 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, the Owner's right of enjoyment to the Common Element and facilities to the members of his or her family, tenants, employees, guests or invitees who reside on or lawfully occupy the Owner's Lot.

11.5 Reservation of Easements, Exceptions, and Exclusions for Utilities, Infrastructure and Access. Declarants reserve for themselves and their successors and assigns and hereby grant to the Master Association, acting through the Executive Board, the concurrent right to establish from time to time, by Declaration or otherwise, easements, permits, or licenses over the Common Element, 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 Members, the Owners or the Master Association.

Declarants also reserve for themselves and their successors and assigns and grant to the Master Association the concurrent right to establish from time to time by an instrument recorded in Larimer County, Colorado, such easements, permits or licenses over the Common Element for access by certain persons (other than Owners and Owners' families and guests) who may be

permitted to use designated portions of the Common Element as contemplated under this Declaration.

Declarants further reserve for themselves and their successors and assigns the right to create temporary or permanent easements for access, drainage, water and other purposes incidental to the development and sale of 2534, located in, on, under, over and across any sites presently owned by Declarants, or any Common Element; provided that such easements do not create a permanent, unreasonable interference of the rights of any Member or Owners.

11.6 Utilities. There is hereby created an easement upon, across, over and under the Common Element for the limited purposes of installation, operation, replacement, repair and maintenance of utility lines and/or facilities, including, but not limited to, water, sewer, gas, telephone, telecommunications, electricity, computer cable, data transmission lines and master television antenna or cable or satellite television systems, if any, subject to strict compliance with the following conditions by the Person installing, or upon completion of installation, owning or providing the utility service:

- (a) Written notice to the Declarants of the planned installation with a copy of the plans showing the location and installation of the lines and facilities attached.
- (b) Compliance with all requirements and instructions of the Declarants concerning the proposed installation in order to eliminate or minimize disruption, damages, or interference with existing utilities and ensure an orderly, efficient occupancy of easements.
- (c) Upon completion of the installation of lines and facilities, a complete set of "as built" drawings shall be delivered to the Declarants in addition to those required by any public entity.
- (d) All reasonable care shall be taken by the installer to protect existing installations, whether above or below ground. Upon completion, the Person installing and/or owning the utility lines and/or facilities shall repair all damages to existing installations to the satisfaction of the owner of said installation(s) and shall restore the surface of easement to the same condition as before work commenced including, but not limited to, landscaping, sod, lighting, irrigation systems, and concrete and asphalt surfaces

Notwithstanding the foregoing provisions, the Declarants reserve the right to require any person intending to install utility lines and/or facilities upon, across, over or under the Common Element to obtain a specific easement for the applicant's occupancy prior to commencement of installation. In the event any person furnishing a service covered by this section requests a specific easement by separate recordable document, Declarants reserve and are hereby given the right and authority to grant such easement upon, across, over or under any part or all of the

Common Element without conflicting with the terms hereof. The foregoing rights and authority of the Declarants shall cease ten (10) years after recordation of this Declaration in the records of the County of Larimer, Colorado, at which time said reserved rights shall vest in the Master Association.

11.7 Emergency Access Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and all other similar emergency and public safety agencies or services to enter upon the Common Element in the lawful and proper performance of their duties.

11.8 Declarants' Rights Incident to Construction. Declarants, for themselves and their successors and assigns, hereby retain a right and easement of ingress and egress over, in, upon, under, and across the Common Element 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 in 2534 or other real property owned by Declarants; provided that no such rights shall be exercised by Declarants 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.

11.9 Water System Easement. Declarants, for themselves and their successors and assigns, hereby retain the right and easement of ingress and egress over, in, upon and across the Common Element, as necessary, for the construction, installation, operation, maintenance, repair and replacement of the Water System, which right and easement shall also inure to the benefit of the Water Company.

ARTICLE XII. COVENANT FOR MAINTENANCE ASSESSMENTS

12.1 Assessment Against Members. Declarants, for each Member of the Master Association, shall be deemed to covenant and agree to pay to the Master Association all Assessments, together with interest thereon and cost of collection therefor, as provided in this Declaration. Notwithstanding that Assessments by the Master Association shall be made against its Members, in the event of failure of a Member to pay such Assessments (or inability to pay such Assessments due to failure of any Owner to pay its share of such Assessments to such Member, each of the respective Owners of Lots within a Member community shall be directly and personally obligated to the Master Association for the payment of their proportionate shares of such Assessments except as provided elsewhere in this article.

12.2 Creation of Lien and Personal Obligation of Assessments. Declarants, for each Lot owned within 2534, shall be deemed to covenant and agree, and each Owner of any Lot, except those exempt under Section 12.16 of this article, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the respective Association with jurisdiction over such Owner's Lot, or failing such payment, directly to the Master Association, all Assessments and fines, together with interest

thereon and costs of collection therefor as hereinafter provided. Said Assessments, fines, interest and costs of collection, including reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon each Lot to which each such Assessment or Fine is applicable. Such Assessments and fines, including reasonable attorneys' fees, shall be the personal obligation of the Person who was the Owner of each such Lot at the time when the Assessment or fine is levied. The personal obligation for any delinquent Assessment or fine shall not pass to his or her successors in title unless expressly assumed by them. No Owner may become exempt from liability for payment of Assessments or fines by waiver of the use or enjoyment of the Common Element or by abandonment of the Lot against which Assessments are made or fines are assessed.

Assessments on Lots within 2534 may be levied directly against each Lot, but the Member Associations, upon creation, are hereby designated as the agents of each such Owner for receipt of notices of Assessments and the collection of Assessments and remittance to the Master Association.

12.3 Purpose of Assessments. The Assessments levied by the Master Association through its Executive Board shall be used exclusively for the ownership, development, management, operation, maintenance, repair and replacement of the Common Element, and for any other obligations or common services which may be deemed prudent or necessary for the Master Association for the common benefit of its Members and Owners, or the maintenance of property values, or for the payment of expenses which may be incurred by virtue of an agreement with or requirement of any association or municipal, county, state, or public entity or utility. The Assessments shall further be used to provide insurance of various types and in such amounts as are required by this Declaration and the Act or deemed prudent and necessary by the Executive Board. The Assessments shall be used to provide an adequate reserve fund for replacement, repair and maintenance of the Common Element and Improvements (including those located outside 2534) on a periodic basis as the Executive Board determines in its discretion is necessary and prudent.

12.4 Annual Common Expense Assessment. The total annual Common Expense Assessment shall be based upon the Master Association's advance budget of the cash requirements needed by it to provide for the administration and performance of its duties during such Common Expense Assessment year, which estimates may include, among other things:

- (a) Expenses of management.
- (b) Premiums for all insurance which the Master Association is required or permitted to maintain.
- (c) Repairs and maintenance.
- (d) Wages for Association employees, if any.
- (e) Legal and accounting fees.

- (f) Any deficit remaining from a previous Assessment year.
- (g) The creation of reasonable contingency and capital reserves.
- (h) Taxes, fees, and other similar charges.
- (i) Any other costs, expenses and fees, which may be incurred or reasonably be expected to be incurred by the Master Association for the benefit of the Members or Owners under or by reason of this Declaration.

Such Common Expense Assessments shall be collected at such intervals as may be determined by the Executive Board, but not less frequently than on an annual basis. In the absence of a duly adopted resolution of the Executive Board to the contrary, such Common Expense Assessments shall be collected in quarterly installments.

Because the Common Element and Improvements are intended to benefit the commercial and retail uses within 2534, the Lots within Member Communities which are used for residential purposes shall not be subject an Annual Common Expense Assessment

12.5 Special Assessments.

(a) In addition to the Assessments authorized elsewhere in this Declaration, the Master Association may at any time, from time to time, determine, levy and assess a Special Assessment for the purpose of defraying in whole or in part, payments for any operating deficit and/or unbudgeted costs, fees and expenses of any construction, repair, maintenance, replacement, demolition, or replacement of the Common Element, Improvements or related facilities. Any such Special Assessments made by the Master Association must be approved by sixty-seven percent (67%) of the Owner's Membership Interests present and voting at a meeting duly called for that purpose; provided a quorum is present as provided below. No Special Assessment for legal action pursued by the Master Association shall be required of Declarants without written approval by Declarants. The amounts determined, levied and assessed pursuant hereto shall be assessed equally against each Lot in the same manner as Annual Assessments.

(b) Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized under this section shall be sent to all Members not less than five (5) nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies, if permitted, entitled to cast votes representing not less than fifty percent (50%) of the Owner's Membership Interests of the membership shall constitute a quorum. If the required quorum is not present, the meeting shall be continued to another date to be decided by the voting Members at the first meeting, subject to the same notice requirements. The required

quorum at the subsequent meeting shall be Members representing not less than thirty-five percent (35%) of the Owner's Membership Interests. Any such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

12.6 Owner's Negligence and Individual Assessments. Notwithstanding anything to the contrary contained in this Declaration, or in the event that the need for maintenance or repair of the Common Element 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 an employee, guest or invitee of such Owner, or any tenant or tenant's employee, guest, invitee, or any member of such Tenant's family, the costs of such repair and maintenance shall be the personal obligation of such Owner. Any costs, expenses and fees incurred by the Master Association for such maintenance, repair or reconstruction shall constitute an "Individual 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 resulting in an Individual Assessment, and the amount of the Owner's liability to be paid, shall be determined by the Master Association after written notice to the Owner and the right to be heard before the Executive Board; provided that any such determination which assigns liability to any Owner pursuant to the terms of this section may be appealed by said Owner to a court of law. In the event of such an appeal, the attorney's fees and expenses and court costs of the prevailing party shall be taxed to the other party.

12.7 Date of Commencement of Annual Common Expense Assessments. Provided the Master Association has been established and is prepared to commence its responsibilities pursuant to this Declaration, Common Expense Assessments shall begin on the first day of the month in which conveyance of the first Lot to an Owner other than Declarants occurs. The first Common Expense Assessment shall be prorated according to the number of days remaining in the assessment period established by the Executive Board. The Executive Board shall fix the amount of the Common Expense Assessment against each Lot annually. Written notice of the Common Expense Assessment shall be sent to every Owner subject thereto.

12.8 Common Expenses Attributable to Fewer than All Lots.

(a) An Assessment to pay a judgment against the Master Association may be made only against the Lots in 2534 at the time the judgment was entered, in proportion to their liability for Common Expenses.

(b) If a Common Expense is caused by the misconduct of an Owner as provided by Section 12.6, the Master Association may assess that expense exclusively against that Owner's Lot.

(c) Fees, charges, taxes, impositions, late charges, fines, collection costs and interest charged against an Owner pursuant to the 2534 Documents are enforceable as Common Expense Assessments.

(d) Any Common Expense or portion thereof specially benefiting fewer than all of the Lots must be assessed exclusively against only the Lots benefited in the proportions determined by the Executive Board after considering the relative size and value that the Lots being benefited and the special benefits, if any, received by each lot.

12.9 Collection. Assessments shall be collected on a periodic basis as the Executive Board may determine from time to time, but until the Executive Board directs otherwise, Assessments shall be due and payable quarterly in advance on the first day of each calendar quarter. Member Associations may contract with the Master Association to collect regular Annual or Special Assessments of the Master Association as part of their regular Assessments and remit same to the Master Association on a timely basis. Collection of the Master Association's Assessments in this manner shall not prevent the creation of the Master Association's lien against any Lot or impair the Master Association's ability to enforce or collect its Assessments as provided under this Declaration if they are not remitted to the Master Association in a timely manner. The omission or failure of the Master Association to fix Assessments for any Assessment period will not be deemed a waiver, modification, or release of the Members or Owners from their obligation to pay the same. The Master 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 credited to the next installment(s) of Assessments due.

12.10 Default Assessments. All delinquent water charges, monetary fines, penalties, interest or other charges or fees assessed against an Owner pursuant to the 2534 Documents, or any expense of the Master Association which is the obligation of an Owner or which is incurred by the Master Association on behalf of the Owner pursuant to the 2534 Documents and any expense (including, without limitation, attorneys' and legal assistants' fees) incurred by the Master Association as a result of the failure of an Owner to abide by the 2534 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, if applicable.

12.11 Association Lien and Effect of Non-Payment of Assessments. The Assessments, charges, fees, fines, impositions, interest, costs, late charges, expenses and reasonable attorneys' fees which may arise under the provisions of this Declaration, shall be burdens running with, and perpetual liens in favor of the Master Association upon, the specific Lot to which such Assessments apply. Recording of the Declaration constitutes record notice and perfection of the Master Association's lien. Further recording of a claim of lien for any Assessment under this section is not required. Any Assessment, charge, fine or fee provided for in this Declaration, or any installment thereof, which is not fully paid within ten (10) days after the due date thereof shall bear interest at

the rate of eighteen percent (18%) per annum from the date due, and the Master Association may assess a late charge thereon.

In the event of default in which any Owner does not make payment of any Assessment levied against his or her Lot within ten (10) days of the due date, the Executive Board shall have the right to declare all unpaid Assessments for the pertinent fiscal year immediately due and payable. Further, the Master Association may bring an action at law or in equity, or both, against any Owner personally obligated to pay such overdue Assessments, charges, fines or fees, or installments thereof, and may also proceed to foreclose its lien against such Owner's Lot.

An action at law or in equity by the Master Association against an Owner to recover a money judgment for unpaid assessments, charges or fees, or installments thereof, may be commenced and pursued by the Master Association without foreclosing or in any way waiving, the Master Association's lien therefor. In the event that any such Assessment, charge, fine or fee, or installment thereof, is not fully paid when due and the Master Association shall commence such action (or shall counterclaim or cross-claim for such relief in any action) against any Owner personally obligated to pay the same, or shall proceed to foreclose its lien against the particular Lot, then all unpaid Assessments, charges, Fines and fees, and all unpaid installments thereof, and any and all late charges and accrued interest under this section, the Master Association's costs, expenses and reasonable attorneys' fees incurred in preparing and recording any lien notice, and the Master Association's costs of suit, expenses and reasonable attorneys' fees incurred for any such action and/or foreclosure proceedings shall be taxed by the court as a part of the cost of any such action or foreclosure proceeding and shall be recoverable by the Master Association from the Owner personally obligated to pay the same and from the proceeds of the foreclosure sale of such Owner's Lot.

Foreclosure or attempted foreclosure by the Master Association of its lien shall not be deemed to estop or otherwise preclude the Master Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent Assessment, charge, Fine or fee, or installment thereof, which is not fully paid when due. The Master Association shall have the power and right to bid on or purchase any Lot at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, vote the Master Association votes appurtenant to ownership thereof, convey or otherwise deal with the same. A lien for an unpaid Assessment is extinguished unless proceedings to enforce the lien are instituted within six (6) years after the full amount of the Assessments become due, except that if an Owner of a Lot subject to a lien under this section filed a petition for relief under the United States Bankruptcy Code, the time period for instituting proceedings to enforce the Master Association's lien shall be tolled until ninety (90) days after the automatic stay of proceedings under § 362 of the Bankruptcy Code is lifted.

In any action by the Master Association to collect Assessments or to foreclose a lien for unpaid Assessments, the court may appoint a receiver for the Lot to collect all sums alleged to be due from the Owner or a tenant of the Owner prior to or during the pendency of the action, or during any period of redemption. The court may order the receiver to pay any sums held by the

receiver to the Master Association during the pendency of the action and during any period of redemption to the extent of the Master Association's Assessments, based on a periodic budget adopted by the Master Association.

12.12 Subordination of Lien to Security Interests. A lien under this section is prior to all other liens and encumbrances on a Lot except:

- (a) Liens and encumbrances recorded before the recordation of this Declaration.
- (b) A First Security Interest on the Lot recorded before the date on which the Assessment sought to be enforced became delinquent.
- (c) Liens for real estate taxes and other governmental assessments or charges against the Lot.
- (d) Previously recorded liens on the Lot recorded by a Member Association for an assessment pursuant to a declaration.

A lien under this section is also prior to all Security Interests to the extent that the Assessments are based on the periodic budget adopted by the Master 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 Master Association's lien or a Security Interest, and statutory liens recognized under Colorado law. If a holder of a First Security Interest in a Lot forecloses that Security Interest, 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 Security Interest under this section of the Declaration. Any unpaid Assessments not satisfied from all the proceeds of sale become Common Expenses collectible from all Owners, including the Purchaser. Sale or transfer of any Lot shall not affect the lien for said Assessment charges except that a sale or transfer of any Lot pursuant to foreclosure of any First Security Interest, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract, shall only extinguish the lien of Assessment charges which become due more than six (6) months immediately preceding institution of an action to enforce either the Master Association's lien or a Security Interest, and statutory liens recognized under Colorado law. No such sale, transfer, foreclosure or other proceeding in lieu thereof, including deed in lieu of foreclosure, shall relieve any Lot from liability for any Assessment charges thereafter becoming due, nor from the lien thereof. This section does not affect the priority of mechanic's or materialmen's liens.

12.13 Record of Receipts and Expenditures. The Master Association shall keep detailed and accurate records in chronological order of all of its receipts and expenditures, specifying and itemizing the maintenance and repair expenses of the Common Element and any other expenses incurred. Such records and the vouchers authorizing the payments shall be maintained by and retained in the possession of the Executive Board at such location as the board may designate from

time to time by resolution and shall be available on request, with reasonable advance notice, for examination, during regular business hours, by the Owners and others with an appropriate interest, such as prospective lenders.

12.14 Certificate of Status of Assessments. The Master Association, upon written request to the Master Association's registered agent, personally delivered or delivered by certified mail, first class postage prepaid, return receipt requested, and upon payment of reasonable fee, but in no event less than Ten Dollars (\$10.00), shall furnish to an Owner or such Owner's designee or to a holder of a Security Interest or its designee, a statement, in recordable form, setting out the amount of the unpaid Assessments against the Lot. The statement must be furnished within fourteen (14) business days after receipt of the request and is binding on the Master Association, the Executive Board and each Owner. A properly executed certificate of the Master Association as to the status of Assessments on a Lot is binding upon the Master Association as of the date of its issuance. Omission or failure to fix an Assessment or deliver or mail a statement for any period shall not be deemed a waiver, modification or release of an Owner from his or her obligation to pay the same.

12.15 Homestead. The lien of the Master Association's 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 land subject to this Declaration shall constitute a waiver of the homestead exemption as against said lien.

12.16 Exempt Property. The only property subject to the Declaration which is exempt from the Assessments, charges and liens created herein is the Common Element.

ARTICLE XIII. RAW WATER IRRIGATION SYSTEM

13.1 Water System. Declarants or the Water Company, as the Declarants' assignee, shall design, construct, operate, maintain, repair, and replace (or cause to be designed, constructed, operated, maintained, repaired, or replaced) within 2534, a raw water irrigation system, referred to herein as the Water System to be supplied with raw water provided by the Declarants or the Water Company. The Water System shall be so designed as to provide adequate raw water to irrigate Landscaping on all Lots (to the extent the Master Association or Member Associations are responsible for providing raw irrigation water), the Common Element, and all other property served by the water system. The Water System shall include such facilities, equipment, improvements and water rights as are determined to be necessary or appropriate by the Declarants or the Water Company. The Declarants intend to convey the Water System to the Water Company to be formed by the Declarants for the purpose of owning and operating the Water System. The Water Company shall contract with the Master Association to provide raw irrigation water to the Lots, Common Element and any other property served by the Water System within 2534. Provisions for paying all expenses incurred or assumed by the Water Company in the ownership, operation, maintenance, repair and replacement of the Water System and delivering the raw irrigation water shall be set forth in the written contract.

13.2 Water Rate Schedule. It shall be the obligation of the Master Association to establish a rate schedule sufficient to recover all said expenses, the cost of water, administration, billing, collection and related charges, and to establish reasonable reserves for unanticipated expenses and future capital expenditures from Members and Owners. Any charges for water service not paid timely shall be deemed a Default Assessment as provided by Section 12.10, subject to levy and collection in the manner provided by Article XII.

13.3 Rules and Regulations. The Water System and use of water supplied by same shall be subject not only to the provisions of the contract with the Water Company, but to such Rules and Regulations as may be adopted by the Master Association from time to time governing design and operation of irrigation systems, scheduling and use restrictions considered by the Executive Board to be prudent and appropriate and in the best interests of the Master Association, Members, and Owners.

13.4 Transfer of Water System. In the event the Water Company elects to no longer provide irrigation water to 2534, the Water Company shall convey the Water System to the Master Association at no cost to the Master Association, free and clear of all liens and encumbrances other than general property taxes for the then current year. The Master Association will thereafter be responsible for owning, operating, maintaining, repairing and replacing the Water System and providing raw irrigation water to 2534 via the Water System.

13.5 No Domestic Treated Water. The Master Association, Members, or Owners shall not use treated domestic water to provide irrigation water for any Landscaping on any Lot, Common Element, or any other area within 2534, unless it is impractical or unduly expensive for the Water Company to provide irrigation water. The Executive Board shall review and approve all irrigation in 2534 which is not provided by the Water Company. No Person shall connect any domestic water line or potable water source within 2534 to any part of the Water System.

In the event any Member or Owner is found to be in violation of this section, the Master Association shall have the authority to forthwith order that the Water Company terminate service to the property found to be in violation, may obtain an order of a court to enjoin the further violation of this article, and shall be entitled to recover all costs, including attorneys fees, of enforcing this section from any Member or Owner committing such violation.

Each new Owner in 2534 shall be given a copy of the then existing Rules and Regulations adopted by the Master Association governing design and operation of irrigation systems, scheduling and use restrictions, if any, adopted and approved by the Executive Board. Each Owner in 2534 shall be given a copy of all subsequent amendments to the Rules and Regulations adopted from time to time and such use restrictions adopted by the Executive Board. The Member Associations shall provide the Master Association with the registered names and address of new Owners as they become available in order to carry out the provisions of this section.

13.6 Easement. The Water Company shall have and enjoy the use and benefit of the easement provided by Section 11.9 above, over the Common Element as necessary to install, construct, operate, maintain, repair and replace the Water System.

13.7 Protection of Water Quality. The Master Association and Water Company shall adopt such rules and regulations as are reasonable and prudent to ensure that the Water System is in compliance with the Safe Drinking Water Act of 1974 (SDWA), as amended.

13.8 Ownership of Water Rights. The Declarants shall convey the water rights to the Water Company for the raw irrigation water to be supplied by the Water Company to 2534. In the event the water rights conveyed by the Declarants to the Water Company are insufficient to meet the demand for raw irrigation water, the Water Company shall have the duty to acquire, lease, and/or purchase on a temporary basis, additional raw irrigation water to meet said demand. In the event sufficient additional raw water is not available, the Water Company and Master Association shall contract with any water company or the Town of Johnstown to purchase raw or treated domestic water to be used to meet unfulfilled irrigation demand, provided such water is available. All costs of purchasing water pursuant to this section shall be subject to rate setting, billing and collection by the Master Association as provided by Section 13.2 above.

ARTICLE XIV. DAMAGE OR DESTRUCTION

14.1 Estimate of Damage or Destruction. As soon as practical after an event causing damage to or destruction of any part of the Common Element, the Master 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 Element 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.

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

14.3 Funds for Repair and Reconstruction. The proceeds received by the Master 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 Master Association may, pursuant to Section 12.5 above, levy, assess, and collect in advance from all Owners, subject to the special vote of the Members as

provided in said Section 12.5, 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.

14.4 Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Master Association and the amounts received from the Special Assessments provided for in Section 14.3, 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 Members in proportion to the contributions each Member made as a Special Assessment to the Master Association under Section 14.3, above, or, if no Special Assessments were made, then on the basis of the allocation to the Members of Common Expenses under Section 6.4, above.

14.5 Decision Not to Rebuild. Provided: (i) written notice of the proposed action is sent to every Owner at least thirty (30) days in advance of any action taken by the Executive Board, and, (ii) sixty-seven percent (67%) of the Owner's Membership Interests present and voting at a meeting duly called for that purpose agree; the Executive Board may elect to not repair and reconstruct the damaged or destroyed Improvements. In the event no alternative Improvements are authorized, the Common Element shall be restored to its natural state and maintained as an undeveloped portion of the Common Element by the Master Association in a neat and attractive condition. The foregoing meeting and vote of Members shall require a quorum to be present as provided in Section 12.5 above. Any remaining insurance proceeds shall be distributed in accordance with this Declaration and the Act, to the extent applicable.

14.6 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 thirty (30) days, then the Master 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 Executive Board in compliance with the Act (if applicable), charged against the Owner of the Lot until repair and reconstruction is commenced, unless the Owner can prove to the satisfaction of the Master 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 12.10, above.

ARTICLE XV. CONDEMNATION

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

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

If the taking involves a portion of the Common Element on which Improvements have been constructed, unless within sixty (60) days after such taking sixty-seven percent (67%) of the Owner's Membership Interests present and voting at a meeting duly called for that purpose shall otherwise agree, the Master Association shall restore or replace such Improvements so taken on the remaining land included in the Common Element to the extent lands are available therefor, in accordance with plans approved by the Executive Board, the Town, if required, and any other authority having jurisdiction in such matters. The foregoing meeting and vote shall require a quorum to be present as provided in Section 12.5 above. If such Improvements are to be repaired or restored, the provisions in Article XIV, 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 Element, 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 Members under Section 6.4, above.

15.3 Complete Condemnation. If all of the Common Element 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 Element shall be distributed as provided in Section 14.4, above.

ARTICLE XVI. INSURANCE

16.1 General Insurance Provisions. All insurance coverage obtained by the Executive Board shall conform to any minimum requirements of the Act.

16.2 Authority to Purchase. All insurance policies relating to the Common Element shall be purchased by the Executive Board or its duly authorized agent. The Executive Board, the Manager, and Declarants shall not be liable for failure to obtain any coverage required by this article or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverage from reputable insurance companies, or if such coverage is

available only at demonstrably unreasonable costs. Notwithstanding the foregoing, if the insurance described in Sections 16.3 and 16.4, below, is not reasonably available, or if any policy of such insurance is cancelled or not renewed without a replacement policy having been obtained, the Master Association promptly shall cause notice of that fact to be delivered to Members and Owners by such methods as required by the Act.

16.3 Physical Damage Insurance on Common Element. The Master Association shall obtain insurance for all insurable Improvements, if any, owned by it on the Common Element in an amount equal to the full replacement value (i.e., one hundred percent [100%] of the current "replacement cost" exclusive of land, foundation, excavation, depreciation on personal property, and other items normally excluded from coverage), which shall include all building service equipment and the like, common personal property and supplies, and any fixtures or equipment upon the Common Element. In addition, such policy shall provide the following:

- (a) Loss or damage by fire and other hazards covered by the standard extended coverage endorsement with the standard "all-risk" endorsement covering sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, and water damage.
- (b) Such other risks as shall customarily be covered with respect to projects similar in construction, location, and use to the Common Element.
- (c) A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made pursuant to this Declaration not to do so.
- (d) The following endorsements (or equivalent): cost of demolition; contingent liability from operation of building laws or codes; increased cost of construction; agreed amount or elimination of co-insurance clause; and inflation guard (if available).
- (e) The deductible, if any, on any insurance policy purchased by the Executive Board may be treated as a Common Expense payable from Annual Assessments or Special Assessments allocable to all of the Lots or to only some of the Lots, if the claims or damages arise from the negligence of particular Owners (if the repairs benefit only particular Owners), or as an item to be paid from any working capital reserves established by the Executive Board. Except as otherwise set forth in this article, the maximum deductible amount shall be the lesser of Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the policy face amount.

Prior to obtaining or renewing any policy of physical damage insurance, the Executive Board shall review or obtain an appraisal of the then current replacement cost of Improvements (exclusive of the land, excavations, foundations and other items normally excluded from such

coverage) for the purpose of determining the amount of physical damage insurance to be secured pursuant to this article.

16.4 Liability Insurance. The Master Association shall obtain a comprehensive policy of commercial general liability insurance and property damage insurance as provided by the Act with such limits as the Executive Board may from time to time determine, insuring each Member of the Executive Board, the Master Association, the Manager, and the respective employees, agents and all persons acting as agents of the Master Association against any claims and liability in connection with the ownership, existence, use, operation, maintenance, or management of the Common Element and alleys, sidewalks, streets and roads within 2534 and any other areas under the control of the Master Association. Declarants shall be included as an additional insured in Declarants' capacity as an Owner. The Members and Owners shall be included as additional insureds, but only for claims and liabilities arising in connection with the ownership, existence, use, operation, maintenance, or management of the Common Element.

Such comprehensive policy of public liability insurance shall include the following:

- (a) Coverage for contractual liability, liability for non-owned and hired automobiles, and, if applicable, host liquor liability, employer's liability, and such other risks as shall customarily be covered with respect to developments similar to 2534 in construction, location, and use.
- (b) A cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to an action against another insured.

The Executive Board shall review the coverage and limits from time to time, but, generally, the Executive Board shall carry such amounts of insurance usually required by private institutional mortgage lenders on projects similar to 2534, and in no event shall such coverage be less than One Million Dollars (\$1,000,000.00) for all claims for bodily injury or property damage arising out of one (1) occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than Two Million Dollars (\$2,000,000.00).

16.5 Fidelity Insurance. Fidelity bonds shall be maintained by the Master Association to protect against dishonest acts on the part of its officers, directors, employees, and all others who handle or are responsible for handling the funds of or administered by the Master Association. If responsibility for handling funds is delegated to a Manager, such bonds shall be required for the Manager and its officers, employees, and agents, as applicable. Such bonds shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. Such bonds shall name the Master Association as an obligee and cover the maximum funds that will be in the custody of the Master Association or any management agent at any time while the bond is in force.

16.6 Flood Insurance. If any part of the Improvements, if any, on the Common Element are located in a Special Flood Hazard Area, which is designated A, AE, AH, AO, A1-30, A-99, V, VE or V1-30 on a Flood Insurance Rate Map, the Master Association shall obtain a policy of flood insurance in an amount equal to one hundred percent (100%) of the insurable value of the Improvements or the maximum coverage available under the appropriate National Flood Insurance Administration program.

16.7 Provisions Common to Physical Damage Insurance, Liability Insurance, Fidelity Insurance and Flood Insurance. Any insurance coverage obtained by the Master Association under the provisions of this article shall be subject to the following provisions and limitations:

(a) The named insured under any such policies shall include Declarants, until all of the Lots have been conveyed, and the Master Association, as attorney-in-fact for the use and benefit of the Members and Owners, or the authorized representative of the Master Association (including any trustee with whom the Master Association may enter into an insurance trust agreement, or any successor trustee, each of which is sometimes referred to in this Declaration as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under such policies.

(b) Each Owner shall be an insured person with respect to liability arising out of the Owner's interest in the Common Element or membership in the Master Association.

(c) In no event shall the insurance coverage obtained and maintained pursuant to this article be brought into contribution with insurance purchased by the Owners or their Security Interest Holders.

(d) The policies shall provide that coverage shall not be prejudiced by: any act or neglect of any Owner (including an Owner's family, tenants, servants, agents, invitees, and guests) when such act or neglect is not within the control of the Master Association; any act or neglect or failure of the Master Association to comply with any warranty or condition with regard to any portion of 2534 over which the Master Association has no control; or, conduct of any kind on the part of an Owner (including the Owner's family, tenants, servants, agents and guests) or any Director, officer, employer, or Manager of the Master Association, without prior demand to the Master Association and a reasonable opportunity to cure.

(e) The policies shall contain the standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which 2534 is located, and provide that coverage may not be cancelled in the middle or at the end of any policy year or other period of coverage or substantially modified or reduced (including cancellation for nonpayment of premiums) without at least thirty (30) days' prior written notice mailed to the Master Association and to each Person to

whom a certificate of insurance has been issued, at their respective last known addresses.

(f) The policies shall contain a waiver by the insurer of any right to claim by way of subrogation against Declarants, the Executive Board, the Master Association, the Members, the Manager, and any Owner and their respective agents, employees, or tenants, and in the case of Owners, members of their households, and of any defenses based upon co-insurance.

(g) The policies described in Sections 16.3 and 16.4, above, shall provide that any "no other insurance" clause shall expressly exclude individual Owners' policies from its operation so that the physical damage policy or policies purchased by the Executive Board shall be deemed primary coverage, and any individual owners' policies shall be deemed excess coverage.

16.8 Personal Liability Insurance of Officers and Directors. To the extent obtainable at reasonable cost, appropriate officers' and directors' personal liability insurance may be obtained by the Master Association to protect the officers and Directors from personal liability in relation to their duties and responsibilities in acting as such officers and Directors on behalf of the Master Association.

16.9 Workmen's Compensation Insurance. The Master Association shall obtain workmen's compensation or similar insurance with respect to its employees, if any, in the amounts and forms as may now or hereafter be required by law.

16.10 Other Insurance. The Master Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it deems prudent and appropriate with respect to the Master Association's responsibilities and duties.

16.11 Insurance Obtained by Owners. No insurance coverage obtained by an Owner covering the Owner's personal property and personal liability shall operate to decrease the amount which the Executive Board, on behalf of all Owners, may realize under any policy maintained by the Executive Board or otherwise affect any insurance coverage obtained by the Master 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 Master Association and other Owners.

ARTICLE XVII. INDEMNIFICATION

To the full extent permitted by law, each officer and Member of the Executive Board of the Master Association shall be and is hereby indemnified by the Members and Owners and the Master Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or

imposed upon him or her in any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of his or her being or having been an officer or Director on the Executive Board of the Master Association, or any settlement thereof, whether or not he or she is an officer or a Member of the Executive Board of the Master Association at the time such expenses are incurred, except in such cases where such officer or Member of the Executive Board 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 Executive Board approves such settlement and reimbursement as being in the best interests of the Master Association.

ARTICLE XVIII. SPECIAL DECLARANT RIGHTS AND ADDITIONAL RESERVED RIGHTS

18.1 Special Declarant Rights. Declarants hereby expressly reserve the right, for a period of ten (10) years following the recordation of this Declaration in the Office of the Clerk and Recorder of Larimer County, Colorado, to perform the acts and exercise the rights hereinafter specified ("Special Declarant Rights"). The Special Declarant Rights include the following:

- (a) Control of Association and Executive Board. The right to appoint and remove any officer or Director on the Executive Board during the Period of Declarant Control and to determine the number of Directors.
- (b) Completion of Improvements. The right to complete Improvements indicated on Plats filed with Larimer County, Colorado, as they may be amended from time to time.
- (c) Construction and Access Easements. The right to use easements through the Common Element for the purpose of making Improvements and to provide access. The right to construct, and complete the construction of, Improvements on the Common Element.
- (d) Merger. The right to merge or consolidate 2534 with another developed property of the same form of ownership and to merge or consolidate the Master Association with any Association or Associations governing all or any part of a Member Community in 2534.

18.2 Additional Reserved Rights. In addition to the Special Declarant Rights set forth in Section 18.1, above, Declarants also reserve the following additional rights ("Additional Reserved Rights"):

- (a) 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 the Improvements and other facilities constructed or to be constructed on the Common Element.

(b) 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.

(c) Executive Board Votes and Common Expense Allocations. The right to determine the Owner's Membership Interests of Members and Owners and allocations of Common Expenses to Members as provided by Sections 2.28, 6.2 and 6.4.

(d) Other Rights. The right to exercise any Additional Reserved Right created by any other provision of this Declaration.

18.3 Rights Transferable. Any Special Declarant Right or Additional Reserved Right created or reserved under this article for the benefit of Declarants may be transferred to any Person by an instrument describing the rights transferred and recorded in Larimer County, Colorado. Such instrument shall be executed by Declarants and the transferee.

ARTICLE XIX. EXPANSION

19.1 Reservation of Right to Expand. Declarants reserve the right to, and the effect of this Declaration shall be expanded, to include all or any part of any and all Lots created within or annexed to 2534 as Lots under this Declaration. The consent of the existing Members, Owners or Mortgagees shall not be required for any such expansion, and Declarants may proceed with expansion without limitation at its sole option. Declarants shall have the unilateral right to transfer to any other Person this right to expand by an instrument duly recorded. Declarants shall pay all taxes and other governmental assessments relating to the expansion property as long as Declarants own such property.

19.2 Declaration of Annexation. Any such expansion shall be accomplished automatically, upon recording by a Declarants of a declaration creating a Member Community as defined by this Declaration and the Act or a Declaration of Annexation pertaining to an existing common interest community as set forth in the relevant declaration. Upon recording of any declaration or Declaration of Annexation in compliance with the terms of the respective declaration, this Declaration shall automatically, and without further documentation, be deemed amended to include the expansion property described in such Declaration of Annexation as being subject to the terms of this Declaration.

Upon recordation of any such declaration or Declaration of Annexation, the definitions used in this Declaration shall be expanded automatically to encompass and refer to the new or expanded common interest community.

In addition, an expansion of this Declaration to include additional Common Element may be accomplished upon recording, by Declarants, of a Declaration of Annexation on or before the expiration of the period of Special Declarant Rights. The Declaration of Annexation shall describe the real property to be added to the Common Element and submit the same to the covenants, conditions, restrictions and easements contained in this Declaration. Such Declaration of Annexation shall not require the consent of the Members or Owners. Any such expansion shall be effective upon the filing for record of such Declaration of Annexation unless otherwise provided therein. Any such expansion may be accomplished in stages by successive supplements or in any one supplemental expansion.

ARTICLE XX. SECURITY INTEREST HOLDERS

20.1 Special Rights of Security Interest Holders. Any Holder of a Security Interest encumbering any Lot, upon filing a written request therefor with the Master Association, shall be entitled to:

- (a) written notice from the Master Association of any default by the Owners of such Lot in the performance of the Owner's obligations under this Declaration, the Articles of Incorporation, by Bylaws or the Rules and Regulations, which default is not cured within sixty (60) days after the Master Association learns of such default;
- (b) examine the books and records of the Master Association upon reasonable advance notice and during normal business hours;
- (c) receive a copy of financial statements of the Master Association, including any annual audited financial statement;
- (d) receive written notice of all meetings of the Executive Board or Members of the Master Association;
- (e) receive written notice of abandonment or termination of the Master Association;
- (f) receive thirty (30) days' written notice prior to the effective date of any proposed, material amendment to this Declaration, the Articles of Incorporation, or the Bylaws; and,

(g) receive thirty (30) days' written notice prior to the effective date of termination of any agreement for professional management of the Master Association or the Common Element following a decision of the Master Association to assume self-management of the Common Element.

20.2 Security Interest Holders Right to Pay Taxes, Rental and Insurance Premiums. Any one (1) or more Security Interest Holder, jointly or singly, shall be entitled to pay (a) any taxes or other charges which are in default and which may or have become a lien against any of the Common Element or (b) any overdue premiums on hazard insurance policies or secure a new hazard insurance coverage for the Common Element or Lots, and the Security Interest Holder(s) making such payments shall be entitled to immediate reimbursement therefor from the Master Association.

20.3 Master Association Right to Security Interest Information. Each Owner hereby authorizes any Security Interest Holder on such Owner's Lot to furnish information to the Master Association concerning the status of such Security Interest and the loan which it secures.

20.4 Special Approvals by Security Interest Holders. Unless at least fifty percent (50%) of the Security Interest Holders based on one [1] vote for each Security Interest owned) of Lots within 2534 have given their written approval, either the Master Association nor any Member may:

- (a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Element or any improvements thereon which are owned, directly or indirectly, by the Master Association (except that the granting of easements consistent with the intended use of such property by the Master Association shall not be deemed within the meaning of this provision);
- (b) change the method of determining the obligations, assessments or other charges which may be levied against Members or Owners;
- (c) amend any material provision of this Declaration; and,
- (d) establish self-management by the Association when professional management has previously been required by any Security Interest or insurer or guarantor of a Security Interest on a Lot. An amendment shall not be deemed material unless it affects the value or lien priority of the Security Interest or if it is for the purpose of correcting technical errors, or for clarification only. If a Security Interest Holders who receives a written request for approval of the proposed act, omission, change or amendment does not deliver or post to the requesting party a negative response within thirty (30) days, it shall be deemed to have approved such request. To be eligible either to approve or object to any written request for approval, a Security Interest Holder must have previously given the Master Association written notice of the existence of its Security Interest.

ARTICLE XXI. GENERAL PROVISIONS

21.1 Enforcement. The Master Association, any Member Association, or the Owner or Owners of any of the Lots may enforce the restrictions, conditions, covenants and reservations imposed by the provisions of this Declaration, the Articles of Incorporation, or any Bylaws or Rules or Regulations promulgated by the Master Association which are consistent with this Declaration by proceedings at law or in equity against any Person or against the Master Association violating or attempting to violate any of the said Articles, Bylaws or Rules and Regulations, or restrictions and limitations of this Declaration, either to recover damages for such violation, including reasonable attorneys' fees incurred in enforcing this Declaration, or to restrain such violation or attempted violation or to modify or remove structures fully or partially completed in violation hereof, or both. Failure of the Master Association, any Member, or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Master Association shall not be liable to reimburse any Member or Owner for attorneys' fees or costs incurred in any suit brought by a Member or Owner to enforce or attempt to enforce this Declaration.

21.2 Enforcement by Governmental Entity. The Town of Johnstown (the "Town") is intended to be a third party beneficiary of this Declaration and may, at its discretion, enforce the covenants it deems appropriate. Except in the case of an immediate need when the Town is authorized to act on behalf of and at the expense of the Master Association, the Town shall proceed only after notice and hearing. In the event that the Master Association or any successor to the Master Association fails to maintain the Common Element in reasonably good order and condition or to enforce this Declaration which the Town determines to be appropriate and necessary, the Town may serve written notice upon such organization or upon the residents of 2534 setting forth the manner in which the organization has failed to maintain the Common Element in reasonable condition or to enforce this Declaration. The notice shall include a demand that such deficiencies be cured within thirty (30) days thereof and shall state the date and place of a hearing thereon which shall be held before the Town governing body or its designee within fourteen (14) days of the notice. At such hearing, the Town may modify the terms of the original notice as to deficiencies and may give an extension of time within which they shall be cured. If the deficiencies set forth in the original notice or in the modifications thereof are not cured within said thirty (30) days or any extension thereof, the Town, in order to preserve the taxable values of the properties within 2534 and to prevent the Common Element from becoming a public nuisance or to prevent or cure a violation of this Declaration, may enter upon said Common Element and maintain, improve if necessary, and enforce this Declaration.

The cost of such maintenance by the Town shall be paid by the Master Association within four (4) weeks and if not, then by the Owners of Lots within 2534. Any unpaid assessments may be collected by the initiation of litigation or may become a lien on said properties at the Town's discretion. To enforce the lien, the Town shall file a notice of such lien in the Office of the County

Clerk and Recorder upon the properties affected by such lien within 2534. The Town is authorized to recover all its legal costs, filing and recording fees and interest at twelve percent (12%) per annum with respect to all assessments which are not paid when due and covenants for which it deems enforcement is appropriate.

21.3 Term of Declaration. This Declaration shall run with the land, shall be binding upon the Members and upon all Persons owning Lots and any Persons hereafter acquiring said Lots, and shall be in effect in perpetuity unless amended or terminated as provided herein or in the Act (to the extent applicable).

21.4 Amendment of Declaration. Except as otherwise provided in the Act and this Declaration, and subject to provisions elsewhere contained in this Declaration requiring the consent of Declarants 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 vote of Members of the Master Association holding at least sixty-seven percent (67%) of the voting power of the Master Association present in person or by proxy at a duly constituted meeting of the Members. The approval of any such amendment or repeal shall be evidenced by the certification by the Executive Board of the Master Association of the vote of Members. The amendment or repeal shall be effective upon the recordation in the Office of the Clerk and Recorder of Larimer County, Colorado, of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Master 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 Executive Board as set forth above.

No amendment of this Declaration which permits an Annual Common Expense Assessment to be levied on the Lots within the Member Community consisting of residential uses may be approved and adopted unless the amendment is approved by the Executive Board of the Member Association representing said Member Community.

21.5 Captions. The captions contained in the 2534 Documents are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the 2534 Documents or the intent of any provision thereof.

21.6 Gender. The use of the masculine gender refers to the feminine gender, and vice versa, and the use of the singular includes the plural, and vice versa, whenever the context of the 2534 Documents so require.

21.7 Waiver. No provision contained in the 2534 Documents is abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

21.8 Invalidity and Severability. The invalidity of any provision of the 2534 Documents does not impair or affect in any manner the validity, enforceability or effect of the remainder, and if

a provision is invalid, all of the other provisions of the 2534 Documents shall continue in full force and effect.

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

21.10 Conflict. If there is any conflict between the 2534 Documents and the provisions of the Act, the provisions of the Act, to the extent applicable, shall control. In the event of any conflict between this Declaration and any other document, this Declaration shall control.

21.11 Notices. Any notices or other communications required or permitted under this Declaration or the 2534 Documents shall be sufficiently given if sent by First Class U.S. Mail, postage prepaid, certified mail, return receipt requested, postage prepaid, facsimile transmission, if a telephone number is provided, or electronic mail, if an e-mail address is provided. Notices sent by first class mail shall be deemed delivered two business days after being deposited with the U.S. Post Office.

SIGNATURES APPEAR ON NEXT PAGE

IN WITNESS WHEREOF, Declarants have caused this Declaration to be executed as of the day and year first above written.

THOMPSON RANCH, LLLP,
a Colorado Limited Liability
Limited Partnership

By: Dale L. Bochner
Dale L. Bochner, General Partner

By: Steven H. Wyatt
Steven H. Wyatt, General Partner

GERRARD FAMILY LIMITED PARTNERSHIP, LLLP
a Colorado Limited Liability
Limited Partnership

By: Gary M. Gerrard
Gary M. Gerrard, General Partner

By: Mary E. Gerrard
Mary E. Gerrard, General Partner

NORTHERN COLORADO REHABILITATION
HOSPITAL, INC., a Colorado Corporation,

By: _____
Darby Brockette, President

Charles D. Attwood
CHARLES D. ATTWOOD

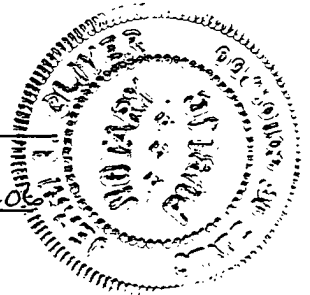
Gary Hoover
GARY HOOVER

STATE OF COLORADO)
)
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this 9th day of February, 2005, by Dale L. Boehner and Steven H. Wyatt as General Partners of THOMPSON RANCH, LLLP, a Colorado Limited Liability Limited Partnership.

WITNESS my hand and official seal.

Jenni L. Oliver
Notary Public
My Commission Expires: 11-16-06

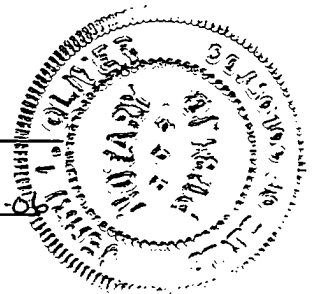


STATE OF COLORADO)
)
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this 9th day of February, 2005, by Gary M. Gerrard and Mary E. Gerrard as General Partners of GERRARD FAMILY LIMITED PARTNERSHIP, LLLP, a Colorado Limited Liability Limited Partnership.

WITNESS my hand and official seal.

Jenni L. Oliver
Notary Public
My Commission Expires: 11-16-06



STATE OF _____)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2005, by Darby Brockette as President of NORTHERN COLORADO REHABILITATION HOSPITAL, INC., a Colorado Corporation,

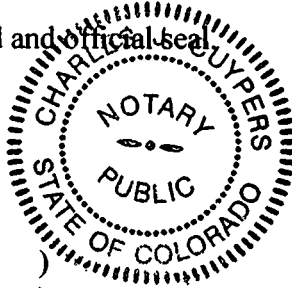
WITNESS my hand and official seal.

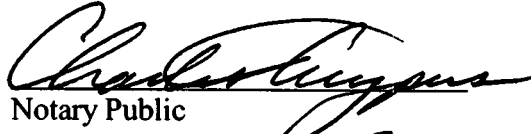
Notary Public
My Commission Expires: _____

STATE OF COLORADO)
)
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this 16th day of February, 2005, by CHARLES D. ATTWOOD.

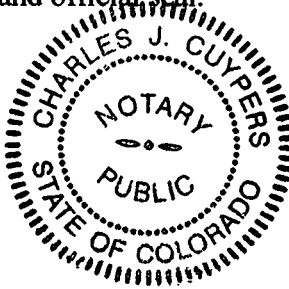
WITNESS my hand and official seal.





Notary Public
My Commission Expires: 5-7-2007

STATE OF COLORADO)
)
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this 16th day of February, 2005, by GARY HOOVER.
WITNESS my hand and official seal.




Notary Public
My Commission Expires: 5-7-2007

IN WITNESS WHEREOF, Declarants have caused this Declaration to be executed as of the day and year first above written.

THOMPSON RANCH, LLLP,
a Colorado Limited Liability
Limited Partnership

By: _____
Dale L. Boehner, General Partner


By: _____
Steven H. Wyatt, General Partner

GERRARD FAMILY LIMITED PARTNERSHIP, LLLP
a Colorado Limited Liability
Limited Partnership

By: _____
Gary M. Gerrard, General Partner

By: _____
Mary E. Gerrard, General Partner

NORTHERN COLORADO REHABILITATION
HOSPITAL, INC., a Colorado Corporation,

By:  _____
Darby Brockette, President

CHARLES D. ATTWOOD

GARY HOOVER

STATE OF COLORADO)
)
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this _____ day of _____, 2005, by Dale L. Boehner and Steven H. Wyatt as General Partners of THOMPSON RANCH, LLLP, a Colorado Limited Liability Limited Partnership.

WITNESS my hand and official seal.

Notary Public
My Commission Expires: _____

STATE OF COLORADO)
)
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this _____ day of _____, 2005, by Gary M. Gerrard and Mary E. Gerrard as General Partners of GERRARD FAMILY LIMITED PARTNERSHIP, LLLP, a Colorado Limited Liability Limited Partnership.

WITNESS my hand and official seal.

Notary Public
My Commission Expires: _____

STATE OF New Mexico)
)
COUNTY OF Bernalillo)

The foregoing instrument was acknowledged before me this 4th day of March, 2005, by Darby Brockette as President of NORTHERN COLORADO REHABILITATION HOSPITAL, INC., a Colorado Corporation,

WITNESS my hand and official seal.



OFFICIAL SEAL
JERRI L. McCANN
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires _____

Jerri L. McCann

Notary Public
My Commission Expires: 12-22-2008

Todd Williams

TODD WILLIAMS

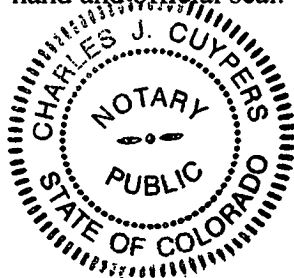
Heather Williams

HEATHER WILLIAMS

STATE OF COLORADO)
)
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this 30TH day of MARCH, 2005, by TODD WILLIAMS and HEATHER WILLIAMS.

WITNESS my hand and official seal.



Charles J. Cuypers

Notary Public

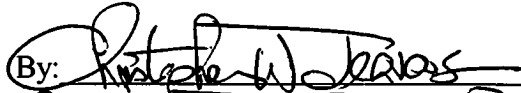
My Commission Expires: 5-7-2007

APPROVAL, RATIFICATION AND CONFIRMATION

The undersigned, having a security interest in the real property described on Exhibit "A" attached hereto and incorporated herein by reference, hereby approves, ratifies, confirms and consents to the foregoing Declaration of Covenants, Conditions, Restrictions and Easements for 2534 Master Association.

IN WITNESS WHEREOF, the undersigned has caused its name to be hereunto subscribed this 31st day of March, 2005.

CENTENNIAL BANK OF THE WEST,
a Chartered State Bank

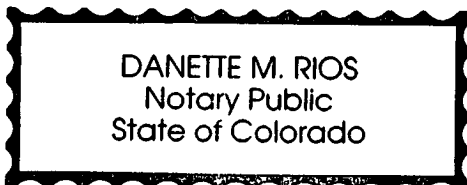
By: 
CHRISTOPHER W. JEAVONS REGIONAL PRESIDENT

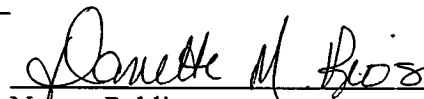
STATE OF COLORADO)
)
COUNTY OF WELD)

The foregoing instrument was acknowledged before me this 31st day of March, 2005, by Christopher W. Jeavons, as Regional President of Centennial Bank of the West, a chartered state bank.

WITNESS my hand and official seal.

My commission expires: 10-1-06




Notary Public

APPROVAL, RATIFICATION AND CONFIRMATION

The undersigned, having a security interest in the real property described on Exhibit "A" attached hereto and incorporated herein by reference, hereby approves, ratifies, confirms and consents to the foregoing Declaration of Covenants, Conditions, Restrictions and Easements for 2534 Master Association.

IN WITNESS WHEREOF, the undersigned has caused its name to be hereunto subscribed this 8th day of March, 2005.
April

HOME STATE BANK,
a Chartered State Bank

By: W. Gamble
William Gamble, Vice President

STATE OF COLORADO)
)
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this 8th day of April, 2005, by William Gamble, as Vice President of Home State Bank, a chartered state bank.

WITNESS my hand and official seal.

My commission expires: 10-1-06

Danette M. Rios
Notary Public

DANETTE M. RIOS
Notary Public
State of Colorado

99
64

EXHIBIT "A"

Legal Description of Lands Subject to 2534 Master Association Declaration

2534 being a Subdivision of a portion of the Northeast ¼ of Section 15, the North ½ of Section 14 and the Southwest ¼ of Section 14, Township 5 North, Range 68 West of the 6th Principal Meridian, and being a replat of Lot 2, Kness MRD S-30-88, Lots 1 and 2, Thompson Ranch M.L.D. No. 99-S1425, Lot 1, Block 1, Thompson Crossing Filing No. 1, and Lot 2, Frank M.L.D. No. 96-EX0838, Town of Johnstown, County of Larimer, State of Colorado

EXHIBIT "B"

Legal Description of the Common Element

Outlots A, B, C, D, E and F, 2534 Subdivision, Town of Johnstown, County of Larimer, State of Colorado. Additional lands may be added.