

TABLE OF CONTENTS

ARTICLE 1: GENERAL	Page 1
1.1 Community Area	Page 1
1.2 Purposes of Declaration	Page 1
1.3 Declaration	Page 1
1.4 Applicability of Colorado Common Interest Ownership Act	Page 1
ARTICLE 2: DEFINITIONS	Page 1
2.1 Act	Page 1
2.2 Administrative Functions	Page 1
2.3 Articles of Incorporation	Page 2
2.4 Assessment	Page 2
2.5 Association	Page 2
2.6 Association Properties	Page 2
2.7 Board of Directors	Page 2
2.8 Budget	Page 2
2.9 By-Laws	Page 2
2.10 Common Area	Page 2
2.11 Common Assessment	Page 2
2.12 Community Area	Page 2
2.13 County	Page 2
2.14 Declaration	Page 2
2.15 Declarant	Page 2
2.16 Declarant's Control Period	Page 3
2.17 Deed of Trust	Page 3
2.18 Design Review Committee	Page 3
2.19 Improvement	Page 3
2.20 Improvement to Property	Page 3
2.21 Leases	Page 3
2.22 Maintenance Funds	Page 3
2.23 Member	Page 3
2.24 Mortgage	Page 3
2.25 Mortgagee	Page 3
2.26 Mortgagor	Page 3
2.27 Non-Disturbance Areas	Page 3
2.28 Notice of Completion	Page 3
2.29 Owner	Page 4
2.30 Person	Page 4
2.31 Planned Community	Page 4
2.32 Plat	Page 4
2.33 Principal Builder	Page 4
2.34 Record or Recorded	Page 4
2.35 Reimbursement Assessment	Page 4
2.36 Rules and Regulations	Page 4
2.37 Site	Page 4
2.38 Special Assessment	Page 4
2.39 Unfinished Site	Page 4
ARTICLE 3: GENERAL RESTRICTIONS APPLICABLE TO COMMUNITY AREA	Page 4
3.1 Landscaping and Maintenance of Community Area	Page 4
3.2 Property Uses	Page 5
3.3 Home Occupations	Page 5
3.4 Construction Type	Page 6
3.5 Outbuildings are allowed only upon approval from the DRC	Page 6
3.6 Garages & Temporary Structures	Page 6
3.7 Continuity of Construction	Page 6
3.8 No Noxious or Offensive Activity	Page 6
3.9 Annoying Sounds or Odors	Page 6
3.10 No Hazardous Activities	Page 6

3.11	No Unsightliness	Page 7
3.12	Weeds	Page 7
3.13	Restrictions on Garbage and Trash	Page 7
3.14	Animals	Page 7
3.15	No Temporary Structures	Page 7
3.16	Restriction on Antennae, Satellite Dishes, and Transmitters	Page 7
3.17	Restrictions on Signs and Advertising	Page 7
3.18	Restrictions on Mining or Drilling	Page 7
3.19	Maintenance of Drainage	Page 8
3.20	Compliance with Insurance Requirements	Page 8
3.21	Compliance with Laws	Page 8
3.22	Further Subdivision of Sites	Page 8
3.23	Restrictions on Sewage Disposal Systems	Page 8
3.24	Restrictions on Water Wells	Page 8
3.25	Restoration in the Event of Damage or Destruction	Page 8
3.26	Storage	Page 9
3.27	Vehicle Repairs	Page 9
3.28	Storage of Materials on Sites	Page 9
3.29	Parking Within Community Area	Page 9
3.30	Fences Prohibited	Page 9
3.31	Maintenance of Private Roads and Driveways	Page 9
3.32	Construction Activities	Page 9
3.33	Setbacks; Placement of Structure on Lots	Page 9
3.34	Fire Prevention	Page 9
3.35	Tree Removal	Page 10
ARTICLE 4: ARCHITECTURAL APPROVAL		Page 11
4.1	Approval of Improvements Required	Page 11
4.2	Improvement to Property Defined	Page 12
4.3	Membership of Committee	Page 12
4.4	Address of DRC	Page 12
4.5	Submission of Plans	Page 12
4.6	Criteria for Approval	Page 12
4.7	Design Standards	Page 13
4.8	Design Review Fee	Page 13
4.9	Decision of Committee	Page 13
4.10	Failure of Committee to Act on Plans	Page 13
4.11	Prosecution of Work After Approval	Page 13
4.12	Failure of Committee to Act After Completion	Page 13
4.13	Correction of Non-Compliance	Page 13
4.14	No Implied Waiver or Estoppel	Page 13
4.15	Committee Power to Grant Variances	Page 13
4.16	Non-Liability of Committee Action	Page 14
4.17	Construction Period Exception	Page 14
4.18	Exterior Colors	Page 14
4.19	Minimum Building Size	Page 14
4.20	Additional Building Permit Requirements	Page 14
4.21	Lighting Plans	Page 14
4.22	Security Deposit	Page 14
ARTICLE 5: ASSOCIATION PROPERTIES		Page 15
5.1	Member's Rights of Use and Enjoyment Generally	Page 15
5.2	Right of Association to Regulate Use	Page 15
5.3	Liability of Owners for Damage by Member	Page 15
5.4	Association Powers in the Event of Condemnation	Page 15
5.5	Easement for Encroachment and Maintenance of Association Properties	Page 15
5.6	Easements Deemed Created	Page 16
ARTICLE 6: DECLARANT'S RIGHTS AND RESERVATIONS		Page 16
6.1	Period of Declarant's Rights and Reservations	Page 16

6.2	Right to Construct Additional Improvements on Association Properties	Page 16
6.3	Declarant's Rights to Use Sites in Promotion and Marketing of Community Area	Page 16
6.4	Right to Complete Development of Community Area	Page 16
6.5	Declarant's Rights to Grant and Create Easements	Page 17
6.6	Successor Declarant	Page 17
6.7	Water Storage and Ponds	Page 17
ARTICLE 7: ASSOCIATION OPERATION		Page 17
7.1	Association	Page 17
7.2	Association Board of Directors	Page 17
7.3	Membership in Association	Page 17
7.4	Voting Rights of Members	Page 17
7.5	Appointment and Election of Directors	Page 18
7.6	Directors and Officers Appointed by the Declarant	Page 18
ARTICLE 8: DUTIES AND POWERS OF ASSOCIATION		Page 18
8.1	General Duties and Powers of Association	Page 18
8.2	Power to Manage and Care for Association Properties	Page 18
8.3	Power to Maintain Insurance	Page 19
8.4	Power to Adopt Rules and Regulations	Page 19
8.5	Power to Enforce Declaration and Rules and	Page 19
8.6	Power to Grant Easements	Page 19
8.7	Power to Engage Employees, Agents and Consultants	Page 19
8.8	General Corporate Powers	Page 19
ARTICLE 9: ASSESSMENTS		Page 20
9.1	Obligation and Lien for Assessments	Page 20
9.2	Allocation of Assessments/Working Capital	Page 20
9.3	Common Assessments and Initial Assessment	Page 20
9.4	Supplemental Common Assessments	Page 20
9.5	Annual Budgets	Page 20
9.6	Ratification of Budget	Page 21
9.7	Payment of Assessment	Page 21
9.8	Failure to Fix Assessment	Page 21
9.9	Special Assessments for Capital Expenditures	Page 21
9.10	Reimbursement Assessments	Page 21
9.11	Late Charges and Interest	Page 21
9.12	Notice of Default and Acceleration of Assessments	Page 21
9.13	Remedies to Enforce Assessments	Page 22
9.14	Lawsuit to Enforce Assessments	Page 22
9.15	Lien to Enforce Assessments	Page 22
9.16	Limited Priority Over First Mortgagees	Page 22
9.17	Notice of Lien	Page 22
9.18	No Offsets	Page 22
9.19	Other Liens	Page 23
9.20	Estoppel Certificates	Page 23
ARTICLE 10: MISCELLANEOUS		Page 23
10.1	Term of Declaration	Page 23
10.2	Amendment of Declaration by Members	Page 23
10.3	Required Consent to Amendments Affecting Rights of Declarant	Page 23
10.4	Special Rights of First Mortgagees	Page 23
10.5	Priority of First Mortgage Over Assessments	Page 24
10.6	First Mortgagee Right to Pay Taxes and Insurance Premiums	Page 24
10.7	Amendment Required by Government Mortgage Agencies	Page 24
10.8	Persons Entitled to Enforce Declaration	Page 24
10.9	Violations of Law	Page 24
10.10	Remedies Cumulative	Page 24
10.11	Costs and Attorneys' Fees	Page 25
10.12	Limitation on Liability	Page 25

10.13	Liberal Interpretation	Page 25
10.14	Governing Law	Page 25
10.15	Recorded Easements	Page 25
10.16.	Easement for Satellite Reception	Page 25
ARTICLE 11: FIRST MORTGAGEES.....		Page 25
11.1	Member and First Mortgagee Approval	Page 25
11.2	Notice of Action	Page 26
11.3	First Mortgagee Approval Deemed Obtained	Page 27
11.4	Association Books and Records	Page 27
11.5	Statement of Unpaid Assessments	Page 27
11.6	Consent to Combination of Lots	Page 27
EXHIBIT ALEGAL DESCRIPTION OF COMMUNITY AREA		Page 29
EXHIBIT BINITIAL ASSOCIATION PROPERTIES		Page 29
EXHIBIT CRECORDED EASEMENTS, LICENSES, AND OTHER DOCUMENTSNOT SHOWN ON PLAT		Page 29

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
STAGECOACH MEADOWS

This declaration of Covenants, Conditions, and Restrictions for Stagecoach Meadows (the "Declaration"), is made as of the date of recordation by Summerset Land Group, Inc., a Colorado Corporation ("Declarant").

ARTICLE 1: GENERAL

1.1 **Community Area.** Declarant is the owner of that certain parcel of land in the County of Grand, Colorado, more particularly described on Exhibit A attached hereto and incorporated herein by reference, which is defined in this Declaration as the "Community Area." Declarant intends to develop the Community Area, including any property which may be annexed to the Community Area as provided herein, as a planned community of single family residential homes.

1.2 **Purposes of Declaration.** Property which is subject to this Declaration in the manner hereinafter provided shall be referred to as the Community Area. This Declaration is executed (a) in furtherance of a common and general plan for the Community Area; (b) to protect and enhance the quality, value, aesthetic, desirability, and attractiveness of the Community Area; (c) to provide for an Association as a vehicle to hold, maintain, care for, and manage Association Properties, including internal landscaped areas to benefit all Owners of Sites; (d) to define the duties, powers, and rights of the Association; and (e) to define certain duties, powers and rights of Owners of Sites within the Community Area.

1.3 **Declaration.** Declarant, for itself, its successors and assigns, hereby declares that the entire Community Area and all other property which becomes subject to this Declaration in the manner hereinafter provided, and each part thereof, shall, from the date the same becomes subject to this Declaration, be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered and improved subject to the covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes and other provisions set forth in this Declaration, for the duration hereof, all of which are declared to be part of, pursuant to, and in furtherance of a common and general plan of development, improvement, enhancement and protection of the Community Area. The provisions of this Declaration are intended to and shall run with the land and, until their expiration in accordance with the terms hereof, shall bind, be a charge upon and inure to the mutual benefit of: (a) all of the property which is now or becomes part of the Community Area and each part or parcel thereof, (b) Declarant and its successors and assigns, (c) the Association and its successors and assigns, and (d) all Persons having or acquiring any right, title or interest in any property which becomes part of the Community Area or any part or parcel thereof or any Improvement thereon and their heirs, personal representatives, successors and assigns.

1.4 **Applicability of Colorado Common Interest Ownership Act.** The Community Area constitutes a Planned Community under the Act. In accordance with the provisions of the Act and the terms and conditions contained herein Declarant expressly declares that the Planned Community created by this Declaration shall be subject to the applicable terms and provisions of the Act.

ARTICLE 2: DEFINITIONS

Unless otherwise expressly provided herein, the following words and phrases when used in this Declaration shall have the meanings hereinafter specified.

2.1 **Act.** "Act" shall mean the Colorado Common Interest Ownership Act as provided in C.R.S. § 38-33.3-101, et seq., as the same may be from time to time amended.

2.2 **Administrative Functions.** "Administrative Functions" shall mean all functions as are necessary and proper under this Declaration and shall include, without limitation, providing management and administration of the Association; providing architectural review services under Article 4 hereof; incurring reasonable attorneys' fees and accountants' fees; obtaining errors and omissions insurance for officers, directors, and agents of the Association; obtaining fidelity bonds for any Person handling funds of the Association; paying taxes levied against the Association Properties; incurring filing fees, recording costs, and bookkeeping fees; obtaining and maintaining offices and office furniture and equipment; and performing other such reasonable and ordinary administration tasks associated with operating the Association.

2.3 **Articles of Incorporation.** "Articles of Incorporation" shall mean the Articles of Incorporation of Stagecoach Meadows Owners Association, which have been or will be filed in the office of the Secretary of State of the State of Colorado, as the same may be amended from time to time.

2.4 **Assessment.** "Assessment" shall mean a Common Assessment, Special Assessment, or a Reimbursement Assessment.

2.5 **Association.** "Association" shall mean Stagecoach Meadows Owners Association, a Colorado non-profit corporation, its successors and assigns.

2.6 **Association Properties.** "Association Properties" shall mean all the real property described in Exhibit B and all other real and personal property, if any, including Improvements, water rights and water stock transferred or conveyed to the Association and all Common Areas, now or hereafter owned by the Association or with respect to which the Association holds an easement for the use, care, or maintenance thereof, or for which the Association has a right to maintain, held for the common use and enjoyment of certain of its Members as provided herein, and for other purposes as may be permitted by this Declaration. Association Properties shall include any ponds and water wells constructed on any part of the Common Area.

2.7 **Board of Directors.** "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

2.8 **Budget.** "Budget" shall mean a written itemized estimate of the expenses to be incurred by the Association in performing its functions under this Declaration and prepared pursuant to Section 9.5 of this Declaration.

2.9 **By-Laws.** "By-Laws" shall mean the By-Laws of the Association which have been or will be adopted by the Board of Directors of the Association, as the same may be amended from time to time.

2.10 **Common Area.** "Common Area" shall mean any portions of the Community Area designated as Common Area on Exhibit B, including all Open Space Tracts as shown on the Plat (as defined below), and any other property conveyed to the Association by the Declarant, which areas are owned or maintained by the Association for the common use and enjoyment of the Owners, including, but not limited to, open space areas along roadways, signs for the Community Area, and easements for the use and benefit of the Owners as may be provided in this Declaration. Such Common Area shall be owned by the Association.

2.11 **Common Assessment.** "Common Assessment" shall mean the assessments made for the purpose of covering the portion of the annual costs of operating the Association, including expenses incurred in connection with repair, maintenance and operation of Association Properties and any other authorized function of the Association, which are to be paid by each Owner to the Association for purposes provided herein and charged to such Owner and to the Site of such Owner.

2.12 **Community Area.** "Community Area" shall mean the real property which is subject to this Declaration.

2.13 **County.** "County" shall mean and refer to the County of Grand, State of Colorado.

2.14 **Declaration.** "Declaration" shall mean this instrument as it may be amended from time.

2.15 **Declarant.** "Declarant" shall mean Summerset Land Group, Inc., a Colorado corporation, its successors and assigns. A Person shall be deemed to be a "successor and assign" of Declarant only if specifically designated in a duly Recorded instrument as a successor or assign of Declarant under this Declaration and shall be deemed a successor and assign of Declarant only as to the particular rights or interests of Declarant under this Declaration which are specifically designated in the written instrument. However, a successor to Summerset Land Group, Inc. by consolidation or merger shall automatically be deemed a successor or assign of Summerset Land Group, Inc. as Declarant under this Declaration.

2.16 **Declarant's Control Period.** "Declarant's Control Period" shall mean the period of time from the date of recordation of this Declaration to the first to occur of sixty (60) days after conveyance of seventy-five percent (75%) of the total number of Sites that may be created pursuant to this Declaration, as provided in Section 6.4 below, to Owners other than a Successor Declarant (as hereafter defined) or Principal Builder, two (2) years after the last conveyance of a Site by a Declarant in the ordinary course of business, or two (2) years after any right to add new Sites was last exercised.

2.17 **Deed of Trust.** "Deed of Trust" shall mean a Mortgage.

2.18 **Design Review Committee.** "Design Review Committee" or "DRC" shall mean the Committee provided for in Article 4 of this Declaration.

2.19 **Improvement.** "Improvement" shall mean all structures and any appurtenances thereto of every type or kind, including, but not limited to, buildings, outbuildings, patio covers, awnings, painting of any exterior surfaces of any visible structure, additions, walkways, outdoor sculptures or artwork, sprinkler pipes, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, fixtures, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior tanks, solar equipment, exterior air conditioning and water softener fixtures.

2.20 **Improvement to Property.** "Improvement to Property" shall mean any Improvement, change, alteration, or addition to any property within the Community Area. "Improvement to Property" is more particularly defined in Section 4.2 of this Declaration.

2.21 **Leases.** "Lease" shall mean and refer to any agreement for the leasing or rental of a Site, and shall specifically include, without limitation, a month-to-month rental.

2.22 **Maintenance Funds.** "Maintenance Funds" shall mean the accounts into which the Board shall deposit monies paid to the Association and from which disbursements shall be made in the performance of the functions of the Association pursuant to Article 8 hereof.

2.23 **Member.** "Member" shall mean the Person or, if more than one, all Persons collectively who constitute the Owner of a Site.

2.24 **Mortgage.** "Mortgage" shall mean any mortgage or deed of trust or other such instrument, given voluntarily by the Owner of a Site, encumbering the Site to secure the performance of an obligation or the payment of a debt and which is required to be released upon performance of the obligation or payment of the debt. The term "Deed of Trust" when used herein shall be synonymous with the term "Mortgage."

2.25 **Mortgagee.** "Mortgagee" shall mean a mortgagee under a Mortgage or a beneficiary under a Deed of Trust, as the case may be, and the assignees of such Mortgagee.

2.26 **Mortgagor.** "Mortgagor" shall mean the Person who mortgages his or its property to another (i.e., the maker or grantor of a Mortgage). The term "Mortgagor" shall include a trustor or grantor under a Deed of Trust.

2.27 **Non-Disturbance Areas.** "Non-Disturbance Areas" shall mean all wetlands, as defined pursuant to federal and state law, located on any part of the Community Area, including any Sites, and those areas identified as "Non-Disturbance Areas" on any subdivision plat or development plan for the Community Area approved by the County Commissioners of Grand County, Colorado.

2.28 **Notice of Completion.** "Notice of Completion" shall mean written notice to the DRC of the completion of any Improvement to Property pursuant to Article 4 of this Declaration.

2.29 **Owner.** "Owner" shall mean the Person, including Declarant, or, if more than one, all Persons collectively, who hold fee simple title of Record to a Site, including sellers under executory contracts of sale and excluding buyers thereunder.

2.30 **Person.** "Person" shall mean a natural person, a corporation, a partnership, or any other entity.

2.31 **Planned Community.** "Planned Community" shall have the same meaning as set forth in the Act.

2.32 **Plat.** "Plat" or "Final Plat" shall mean the Final Plat for Stagecoach Meadows approved by the Board of County Commissioners for Grand County, Colorado, and recorded in the records of the Clerk and Recorder for Grand County, Colorado, on _____, 2000, at Reception No. 2000-_____, as it may be amended from time to time.

2.33 **Principal Builder.** "Principal Builder" shall mean an Owner which acquires one (1) or more vacant Sites for the purpose of developing infrastructure on such Sites for sale to another Principal Builder and/or construction of a principal residence thereon and resale to the ultimate purchaser thereof. Principal Builder shall include all homebuilders designated as a Principal Builder by Declarant. Such writing also may assign to the Principal Builder designated therein some or all of the rights of the Declarant which may be exercised in connection with the development of Sites acquired by such Principal Builder.

2.34 **Record or Recorded.** "Record" or "Recorded" shall mean the filing for record of any document in the office of the Clerk and Recorder of the County of Grand, Colorado.

2.35 **Reimbursement Assessment.** "Reimbursement Assessment" shall mean a charge against a particular Owner and his Site for the purpose of reimbursing the Association for expenditures and other costs of the Association (i) for providing services or facilities to fewer than all of the Owners or upon the request of Owners, or (ii) incurred in curing any violation, directly attributable to the Owner, of the Declaration or the Rules and Regulations, pursuant to Section 9.9 hereof, together with late charges and interest as provided for herein.

2.36 **Rules and Regulations.** "Rules and Regulations" shall mean rules and regulations adopted by the Board of Directors as provided in Section 8.14 of this Declaration.

2.37 **Site.** "Site" shall mean any lot or parcel of land within the Community Area which is shown upon any Recorded plat map or any other parcel of land which may be sold or conveyed without violation of the provisions of Colorado law pertaining to the subdivision of land and which is occupied by a single residential unit. "Site" shall not include: (a) any property owned by a public body, (b) the Association Properties, or (c) any Common Area as defined herein.

2.38 **Special Assessment.** "Special Assessment" shall mean a charge against each Owner and his Site representing a portion of the costs of the Association for the purpose of funding major capital repairs, maintenance, replacements, and Improvements, pursuant to Section 9.8 hereof.

2.39 **Unfinished Site.** "Unfinished Site" shall mean those Sites on which a Certificate of Occupancy has not been issued for all structures intended for human occupancy now or hereafter located on such Site.

ARTICLE 3: GENERAL RESTRICTIONS APPLICABLE TO COMMUNITY AREA

All real property within the Community Area shall be held, used and enjoyed subject to the following limitations and restrictions, and subject to exemptions of Declarant set forth in this Declaration. The strict application of the following limitations and restrictions in any specific case may be modified or waived in whole or in part by the DRC if such strict application would be unreasonably or unduly harsh under the circumstances. Any such modification or waiver must be in writing or be contained in written guidelines or rules promulgated by the DRC.

3.1 **Landscaping and Maintenance of Community Area.** Landscaping may be installed by the Owner only on the part of each Site where landscaping is permitted pursuant to the plat or other development approvals or limitations imposed on the Community Area by any Water Court Decree. The size of any landscaped area requiring irrigation shall be in conformance with the approved Augmentation Plan for the Community Area and shall not exceed 1,000 square feet in area, and shall be approved by the DRC. Any such landscaping shall be limited

to bushes, trees and flowers or low-lying plants that do not require substantial quantities of water to survive. Xeriscape landscaping is preferred, but not required. Any landscaping to be planted on a Site shall be set forth on a landscape plan which must first be approved by the DRC. The DRC may restrict or prohibit irrigation of Sites or Common Area in order to comply with any Water Court Decree, Augmentation Plan, or State Engineer requirements applicable to water use on the Community Area

No property within the Community Area shall be permitted to fall into disrepair, and all property within the Community Area, including any fences, Improvements and landscaping thereon, shall be kept and maintained in a clean, attractive, and slightly condition and in good repair. Maintenance, repair, and upkeep of each Site shall be the responsibility of the Owner of the Site. Maintenance, repair, and upkeep of Association Properties shall be the responsibility of the Association. Dead or dying landscape materials shall be replaced as soon as possible, taking into account weather conditions affecting the planting of replacement landscaping, and all landscaping shall be regularly maintained in a neat and trim manner. Noxious weeds, as determined from time to time by the DRC, shall be removed from all Sites as soon as possible in order to prevent the spread of noxious weeds to Common Areas or adjacent properties or public rights-of-way.

Each Owner of a Site shall be responsible for maintaining, repairing and replacing, in a reasonably attractive manner, any fence located on such Owner's Site. If a fence, or portion thereof, is located on a lot line separating a Site from an adjoining public right-of-way, street, open space area, Association Properties or other property which is not an adjoining Site, then the Owner of such Site shall be responsible for maintaining, repairing and replacing, in a reasonably attractive manner, such fence or portion thereof. The Association shall maintain any fence located on Association Properties, public rights-of-way or elsewhere when required by applicable city approvals or requirements. Any Owner constructing, installing, erecting, modifying or replacing a fence shall obtain the prior approval of the DRC in accordance with the provisions of this Declaration.

Violation of this Section 3.1 by an Owner shall permit the Association to enter on the Site of the Owner and cure the violation or cause compliance with this provision and to levy and collect a Reimbursement Assessment for the costs and expenses of the Association in so doing; provided, however, that there shall be no entry into the interior of an Improvement intended for human occupancy without the consent of the Owner thereof unless a clear emergency exists.

3.2 Property Uses. All Sites shall be used for such residential purposes as may be allowed under the applicable county zoning regulations, but not including any mobile or modular homes or structures designed to be used with axles and wheels, except in connection with temporary construction and sales trailers as permitted below. The foregoing restriction shall not prohibit the use of modular construction techniques and building elements in the construction of structures within the Community Area, if approved by the DRC. No dwelling erected or maintained within Community Area shall be used or occupied for any purpose other than for those uses permitted under the applicable county zoning regulations, unless prohibited in this Declaration. Business activities associated with the sale of Sites or residences constructed thereon shall be allowed, including construction trailers, sales offices and model homes used by Declarant or a Principal Builder only in those portions of the Community Area which are zoned to permit such uses.

3.3 Home Occupations. Permissible Home Occupations shall be limited to those which:

- 3.3.1 Are carried on by the inhabitants living on the premises and no others, with the exception of child care services, which are **prohibited**.
- 3.3.2 Are clearly incidental and secondary to the use of the dwelling for dwelling purposes and shall not change the character thereof.
- 3.3.3 Do NOT result in the physical presence of clients or customers at the Site. (This does not prohibit the use of a Site for a business where contact with clients or customers is by electronic means and does not result in their physical presence at the Site.)
- 3.3.4 Comply with all requirement of Grand County with respect to same.

There shall be no exterior advertising or other permanent evidence outside of the home, visible or audible, that a home occupation is being conducted therein.

3.4 Construction Type. All construction shall be new. No building previously used at another location nor any building or structure originally constructed as a mobile dwelling or structure designed to be used with axles and wheels may be moved onto a Site, except as expressly hereinafter provided for temporary buildings. No building or improvement shall be approved by the DRC which is to be constructed of materials other than an exterior surface of natural wood, stone, brick, stucco, textured concrete or glass. The exteriors of all buildings must be finished in earthen tone colors (including but not limited to facades of all sides, roofs, doors and trim.) Wood may have a clear finish or stain, but shall not be painted. Stains shall be muted greens, browns, gray tones or earth tones. White stucco and wood shake roofs are prohibited. Glass must be non-reflective. Roof lines of homes may not be of a continuous unbroken nature; they must be varied in design. Roof pitches shall be a minimum of 6/12. Log homes which use full-length dimensionally-cut logs are acceptable. Other Structures shall not be so limited. Roof surfaces shall be three (3) tab composition shingles, artificial shake shingles or metal roof with prebaked enamel finish, provided they are of earth tone colors. The Association may allow the use of other materials for wall and roof surfaces, provided such

materials are designed and located in harmony with surrounding structures and natural land features, and shall not be offensive in color in the opinion of the Committee.

3.5 **Outbuildings are allowed only upon approval from the DRC.** In making a determination to approve or deny an outbuilding, the DRC shall assess the impacts to neighboring lots as to size, location and design consistent with the dwelling. If allowed, all outbuildings shall be constructed of the same exterior siding and roofing materials of the dwelling. All structures on any Site shall be properly maintained.

3.6 **Garages & Temporary Structures.** Garages shall be attached to or part of the main dwelling. The DRC may permit a detached garage if it finds same to be reasonably required by site conditions. Trailers, tents, shacks, or any temporary buildings or structures are prohibited except that actual construction trailer(s) may be permitted by the DRC in connection with ongoing construction.

3.7 **Continuity of Construction.** The entire exterior of any building shall be completed within twelve months from ground breaking. In the event there is a violation of this requirement, or if construction is abandoned for a period in excess of 90 days, the DRC may assess a non-compliance assessment against the Owner in an amount **not less than \$100 per day** which may be enforced as in the case of any other assessment. Such an assessment may only be made after notice and hearing. At such hearing the only defense shall be that the failure to complete construction on a timely basis, or the abandonment, was caused by a circumstance beyond the Owner's control. The primary residential structure on a lot must be under a completed roof with siding and windows installed prior to any use of an outbuilding.

3.8 **No Noxious or Offensive Activity.** No noxious or offensive activity shall be carried on upon any property within the Community Area, nor shall anything be done or placed thereon which is or may become a nuisance or cause an unreasonable embarrassment, disturbance, or annoyance to others.

3.9 **Annoying Sounds or Odors.** No sound or odor shall be emitted from any property within the Community Area which is noxious or unreasonably offensive to others. Without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells, or other sound devices, other than security devices used exclusively for security purposes, shall be located or used on any property except with the prior written approval of the DRC. All materials located upon a Site, including animal wastes, which create or cause an odor shall be disposed of by the Owner of the Site in such a manner as will eliminate such odor.

3.10 **No Hazardous Activities.** No activity shall be conducted on and no Improvement shall be constructed on any property within the Community Area which is or might be unsafe or hazardous to any Person or property. Without limiting the generality of the foregoing, no open fires shall be lighted or permitted on any property within the Community Area except in a contained barbecue unit while attended and in use for cooking purposes. Only one interior or exterior wood burning fireplace shall be allowed, but gas-burning fireplaces are permitted.

3.11 **No Unsightliness.** All large or unsightly objects, facilities, equipment, and conditions, including, but not limited to, boats, snowmobiles, lawn mowers, off-the-road vehicles, recreational vehicles, motorcycles, snow removal equipment and garden or maintenance equipment shall be kept within a structure or screened from view when required by the DRC, except when in actual use. The Board may specify what conditions and other objects constitute "unsightliness" by Rules and Regulations duly adopted by the Board. No disabled, junked, or abandoned vehicles may be stored or parked on any Site or street within the Community Area, unless within a garage or other completely enclosed structure.

3.12 **Weeds.** Each Site shall be kept free from noxious weeds, dead brush or other growth or trash which, in the opinion of the DRC, is unsightly or causes undue danger of fire. Should noxious weeds be found on a Site, the Owner of that Site shall contact the local soil conservation service for advice on eradication of such weeds. The Owners of all Sites shall comply with the requirements of the Noxious Weed Control Plan recorded at Reception Number 96003640 in the records of the Clerk and Recorder of Grand County, Colorado.

3.13 **Restrictions on Garbage and Trash.** No refuse, garbage, trash, lumber, grass, shrub, or tree clippings, plant waste, compost, metal, bulk materials, scrap, refuse, or debris of any kind shall be kept, stored, or allowed to accumulate on any Site except within an enclosed structure or appropriately screened from view and shall be disposed of at a landfill outside of the Community Area on a regular basis. Trash shall be stored in bear-proof containers while stored on a Site prior to disposal at a landfill outside the Community Area.

3.14 **Animals.** No animals, livestock or poultry of any kind shall be raised, bred or kept on any Site, except that not more than two (2) domesticated dogs, cats or other outdoor household pets (which must be restrained while unattended on a Site or kept inside) and indoor pets such as domesticated birds or fish, will be permitted on a Site. No horses may be kept on a Site. No animals may be bred, boarded or cared for on a commercial basis within the Community Area. No animal of any kind shall be permitted on a Site which, in the opinion of the Board of Directors, causes an unreasonable amount of noise or odor or is a nuisance. All animals shall be controlled by their Owner and shall not be allowed off the Owner's Site except when properly leashed and accompanied by the Owner or his representative. Each Owner of an animal kept on a Site shall be financially responsible and liable for any damage caused by said animal to any Association Properties, to Sites owned by any other Persons, injuries to any Persons, or otherwise. Animal waste shall be cleaned up regularly and damaged landscaping shall be replaced as soon as the

landscaping is visually unattractive, dead or dying. The Board of Directors may adopt rules which limit the numbers and types of animals that may be kept on Sites.

3.15 **No Temporary Structures.** No shack, storage shed, playhouse, satellite dish, temporary structure, or temporary building other than those placed within the Community Area by Declarant or a Principal Builder in connection with the sale of Sites or construction and sale of Improvements on Sites shall be placed upon any property within the Community Area except with the prior written consent of the DRC obtained in each instance, subject to such conditions or restrictions as may be required by the DRC. With respect to satellite dishes, the authority of the DRC shall be subject to applicable requirements of state and federal law.

3.16 **Restriction on Antennae, Satellite Dishes, and Transmitters.** Aerials, antennae, satellite dishes and other facilities for the transmission or reception of audio or visual signals shall be screened from view. No exterior radio antenna, television antenna, satellite dish or other antenna of any type shall be erected or maintained in the Community Area without the prior approval of the DRC.

3.17 **Restrictions on Signs and Advertising.** No sign, poster, billboard, advertising device, or display of any kind shall be erected or maintained anywhere within the Community Area so as to be evident to public view, except signs as may be approved in writing by the DRC. A standard Stagecoach Meadows sign, available through the Association, advertising a Site for sale or for lease may be placed on such Site. All signs shall comply with the applicable requirements of the Grand County Zoning Regulations.

3.18 **Restrictions on Mining or Drilling.** No property within the Community Area shall be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing oil, gas, or other hydrocarbons, minerals, rocks, stones, gravel, or earth, except drilling a domestic water well by Declarant or the Owner of a Site. Any such well shall meet the requirements imposed by the State Engineer or under any Water Court Decree affecting the Community Area. Only the Declarant or the Association may drill a water well on any part of the Common Area.

3.19 **Maintenance of Drainage.** There shall be no interference with Non-Disturbance Areas or the existing drainage pattern over any property within the Community Area, except as approved in writing by the DRC. Approval shall not be granted unless provision is made for adequate drainage and unless changes in a drainage pattern will not adversely affect any down gradient property. The Association and Owners shall not dam or otherwise redirect any water historically flowing through the Community Area without the prior approval of the DRC and no construction within the Community Area shall violate any federal or state laws or regulations applicable to wetlands. No fill materials may be placed or discharged onto any wetlands, unless in compliance with federal and state laws and regulations and approved by the DRC. There is hereby created a drainage easement across all of the Community Area for the benefit of each Site, all Common Areas and private and public streets and roads as may be necessary to permit drainage to flow off a Site in accordance with historic drainage patterns within the Community Area. Any construction on a Site shall not interfere with such drainage flows, except to the extent the DRC allows an Owner to redirect flows around the developed portion of a Site. No structures may be constructed or placed within the 100-year flood plain as designated on the Plat.

3.20 **Compliance with Insurance Requirements.** Except as may be approved in writing by the Board of Directors, nothing shall be done or kept on property within the Community Area which may result in a material increase in the rates of insurance or would result in the cancellation of any insurance maintained by the Association.

3.21 **Compliance with Laws.** Nothing shall be done or kept on any property within the Community Area in violation of any law, ordinance, rule, or regulation of any governmental authority having jurisdiction.

3.22 **Further Subdivision of Sites.** The Owner of a Site may not further subdivide that Site.

3.23 **Restrictions on Sewage Disposal Systems.** No cesspool, septic tank or other sewage disposal system shall be installed within the Community Area without the prior written consent of the DRC. Any Sewage disposal system installed for property within the Community Area shall be subject to applicable laws, rules, and regulations of any governmental authority having jurisdiction, including conditions set forth on the Plat. Septic systems may require additional design and construction costs for Sites. Each Owner shall be required to obtain a soils report regarding the adequacy of the soils on such Owner's Site for a leach field and to determine whether an engineered septic system is required. All Septic systems shall be approved by the DRC and governmental agencies prior to installation.

3.24 **Restrictions on Water Wells.** All individual water wells on a Site shall be installed by the Owner of that Site at the time the principal building is constructed on the Site and shall be designed, located, constructed, maintained and equipped in accordance with the requirements, standards, and recommendations of any applicable water and sanitation district, Water Court Decree, Grand County subdivision regulations, the state engineer or other governmental authority having jurisdiction. Water wells placed on any Site shall conform to the provisions and requirements of the approved water augmentation plan of the Community Area, including the requirement that all wells be metered, and shall provide sufficient water to meet the in-house water use requirements and any permitted outside watering requirements for such Site. The first well drilled within Group A, consisting of lots 6–9, and within Group B, consisting of lots 22–26, will be subject to water quality monitoring by the East Grand

Water Quality Board and an easement for that purpose over and across that portion of the lots needed to access the wells has been granted to said Board.

3.25 **Restoration in the Event of Damage or Destruction.** In the event of damage or destruction of any Improvement on any Site, the Owner thereof shall cause the damaged or destroyed Improvement to be restored or replaced in a timely manner to its original condition or such other condition as may be approved in writing by the DRC, or the Owner shall cause the damaged or destroyed Improvement to be demolished and the Site to be suitably landscaped, subject to the approval of the DRC, so as to present a pleasing and attractive appearance.

3.26 **Storage.** No building materials, construction equipment or vehicles, or equipment or vehicles used for business purposes shall be stored or parked on any Site or street, except temporarily during continuous construction of an Improvement.

3.27 **Vehicle Repairs.** No maintenance, servicing, repair, dismantling, or repainting of any type of vehicle, boat, trailer, machine, or device may be carried on, except within a completely enclosed structure which screens the sight and sound of the activity from the street and from other Sites.

3.28 **Storage of Materials on Sites.** No Site shall be used as storage of explosives, gasoline, or other volatile and/or incendiary materials or devices. Gasoline or fuel for Owner's lawn mower, snowblower, and the like may be maintained on an incidental basis on the Site in an amount not to exceed twenty-five (25) gallons.

3.29 **Parking Within Community Area.** Parking and storage of motor vehicles, recreational vehicles and various types of equipment, including those items described in Section 3.7 above, on public and private streets, driveways or on Sites within the Community Area may be regulated by the Association pursuant to duly-adopted Rules and Regulations. Such Rules and Regulations shall require parking and storage of certain types of motor vehicles and equipment inside a structure or screened from view and shall prohibit parking on streets or on portions of Sites outside of driveways.

3.30 **Fences Prohibited.** Except for fences which may be installed by Declarant or by a Principal Builder with the approval of the Declarant, no fences shall be constructed along or adjacent to the boundary or lot line of any Site without the prior approval of the DRC. Fences may not exceed forty-two (42) inches in height, except where installed for screening purposes in locations abutting a structure. Security fences and fences for screening purposes shall also be approved by the DRC. Each site may have one fenced area, not to exceed 200 square feet, adjacent to the primary residence within which pets may be maintained. Any such area shall be regularly cleaned and maintained in a sanitary and odor free condition.

3.31 **Maintenance of Private Roads and Driveways.** Any private roads construction on Sites shall be maintained by the Owners of the Sites on which the roads are located. The Association shall have the right to contract for and supervise such maintenance on behalf of the Owners of the Site and assess the costs thereof to such Owners. Any private roads constructed on Common Area shall be maintained by the Association. The Association is hereby granted an easement upon and across such Sites for the purpose of maintaining such private roads and driveways. All driveways shall be regularly plowed by the Owner and at all times after the issuance of a building permit for a Site, no accumulation of snow in excess of twelve inches in driveways shall be permitted. In the event the accumulation exceeds that amount in any driveway the Association may plow or contract to plow same and may charge the Owner a reimbursement assessment equal to 150% of the cost incurred by the Association.

3.32 **Construction Activities.** Normal construction activities carried out by a Declarant or a Principal Builder within the Community Area shall not be deemed a violation of any of the provisions of Article 3. No fill material may be placed in any jurisdictional wetlands within the Community Area unless appropriate permits have been issued authorizing such work and the DRC has approved such work.

3.33 **Setbacks; Placement of Structure on Lots.** All structures, including decks and patios, must be located within the building envelope shown on this plat. Irrespective of any building envelope shown no structure may be located within thirty feet of an irrigation ditch or other waterway or within fifty feet of a wetland and no septic system or leach field may be located within fifty feet thereof. The provisions of this section shall not preclude the placement or installation of a driveway or landscaping any place on a Site if approved by the DRC.

3.34 **Fire Prevention.** The Association and all Owners shall be responsible for implementing measures on the Common Area or the Sites, as appropriate, to minimize wildfire hazards, including the following to the extent appropriate for the particular portion of the Community Area, and shall comply with any adopted Wildfire Mitigation or Forest Management Plan:

3.34.1 Implement minimum defensible space standards on forested Sites as recommended by the Colorado State Forest Service in Action bulletin entitled, Creating Fire Safe Zones and the following forestry management practices in forested portions of the Community Area:

3.34.2 Forested areas should be thinned from below by removing smaller suppressed trees, diseased trees, and poorly-formed trees, with approximately 1/3 to 1/2 of the existing trees being removed over time;

3.34.3 Dominant trees, with straight cylindrical tops and deep green color should be maintained to the maximum extent feasible;

3.34.4 Leave trees should be pruned by removing lower branches; and

- 3.34.5 Such work shall be performed by the Owner of a Site which contains a forested area at the time a building site and driveway are cleared.
- 3.34.6 Create firebreaks in appropriate locations as specified in Colorado State Forest Service publication entitled, Firebreak Guidelines for Forested Subdivisions.
- 3.34.7 Regularly dispose of slash and other dead and dying trees, tree limbs and plant materials which may create a fire hazard resulting from tree thinning, right-of-way clearing and construction. All slash and other dead or dying trees, tree limbs and other plant materials which may create a fire danger shall be cleared from a Site by the Owner thereof within six (6) months after conveyance of the Site to the Owner by the Declarant. Acceptable disposal methods include, but are not limited to, piling and burning (with adequate snow cover) or chipping.
- 3.34.8 Driveway grades shall be limited to five percent (5%) for the first fifty (50) feet, and to ten percent (10%) thereafter and driveways shall enter public roads approximately at a ninety degree (90°) angle for at least twenty-five (25) feet from the edge of the public road. Driveways shall comply with the applicable requirements of the Grand County Road and Bridge Standards and may not be constructed until a Driveway Cut Permit has been issued by the Grand County Road and Bridge Department.
- 3.34.9 Buildings shall not be constructed in drainages or on top of slopes with a grade of thirty percent (30%) or greater, unless a Building is set back at least thirty (30) feet from the top of a slope which exceeds a grade of thirty percent (30%) or greater. No Buildings may be constructed on any slope with a grade of thirty percent (30%) or greater.
- 3.34.10 The Colorado State Forest Service in Action bulletin entitled, Creating Fire Safe Zones may be replaced by the recommendations of any appropriate governmental agency if such recommendations are adopted by the Association by resolution in lieu of the named bulletin. In such event such resolution shall be recorded in the records of Grand County, Colorado, and section 3.34 of this Declaration shall be deemed amended by such resolution without compliance with section 10.2 hereof.
- 3.34.11 The provisions of this section 3.34 relating to trees are subordinate to the provisions of section 3.35.

3.35 Tree Removal.

- 3.35.1 No trees or brush growing on the Property shall be felled or trimmed, nor shall any natural area be cleared or landscaping performed which changes the character of the land on any Site without the prior written permission of the DRC. No view corridors can be cut for any reason without first obtaining the written approval of the DRC. In the event any trees or brush are felled or trimmed, the Owner shall be required to remove all portions of the tree or brush from the Site, including the slash. The cutting of trees into firewood and the same stacked neatly on a Site shall be deemed to meet the requirement of removal from the Site. Stumps may be left if cut off to ground level; otherwise they shall be removed and disposed of.
- 3.35.2 In the event an Owner does not properly remove and clean up any residual debris after tree removal, the DRC is hereby authorized to cause the clean up to be done at the Site Owner's expense and, if not timely paid, the Board may collect such unpaid sums in the same manner as an annual or special assessment.
- 3.35.3 Subject to the written approval of the DRC, trees may usually be removed on any Site as follows:
 - 3.35.3.1 Actual land occupied for buildings, plus a twenty (20) foot clearance strip adjacent to the perimeter thereof;
 - 3.35.3.2 One (1) entrance driveway not more than thirty (30) feet in width, and an off-street parking area no larger than required to accommodate eight (8) parking spaces;
 - 3.35.3.3 A recreational area not to exceed ten percent (10%) of the total area of the Site;
 - 3.35.3.4 An owner may apply to the DRC for removal of trees to allow sunlight to reach the improvements, provided such tree removal does not make the improvements or planned improvements more visible to the residential building site of an adjacent Site Owner. However, such tree removal between Lots may be permitted by the DRC pursuant to a mutually executed written agreement between the adjoining property Owners which agreement shall be recorded. Any other tree removal shall only be allowed for good cause shown after application to and approval by the DRC.

- 3.35.3.5 Owners are permitted to remove dead trees, brush or lifeless limbs without DRC approval. Diseased trees may not be removed without DRC approval which will not be granted absent some proof by an appropriate professional that the trees are actually diseased and should be removed. When notified in writing by the DRC of diseased trees, fallen trees or trees damaged by natural causes, an Owner shall remove such trees within a reasonable time and at Owner's expense. If an Owner fails to comply, the DRC shall be authorized to remove or cause such trees to be removed and charge the Owner for the cost. If the costs are not timely paid, the Board may collect such unpaid sums in the same manner as an annual or special assessment. Other trees which interfere with utility lines may be removed by authorization of the DRC.
- 3.35.3.6 Notwithstanding the limitations of tree removal as provided above, Owners shall comply with any wildfire mitigation requirements as promulgated from time to time by the Colorado State Forest Service.

ARTICLE 4: ARCHITECTURAL APPROVAL

4.1 **Approval of Improvements Required.** The approval of the DRC shall be required for any Improvement to Property on any Site, except (a) for any Improvement to Property made by Declarant or by a homebuilder which is designated a "Principal Builder" by Declarant and which has received written approval for such Improvement from the Declarant, and (b) where prior approval of an Improvement to Property may be waived or certain Improvements to Property may be exempted in writing or under written guidelines or rules promulgated by the DRC. The DRC may delegate some or all of its authority under this Declaration to such subcommittee or subcommittees as the DRC may elect to establish from time to time. Membership on any subcommittee may include Owners and non-Owners and need not include members of the DRC. Procedures governing the operations of the DRC and such subcommittees shall be adopted by the DRC and any delegation of authority to a subcommittee may be revoked at any time by the DRC.

4.2 **Improvement to Property Defined.** "Improvement to Property" requiring approval of the DRC shall mean and include, without limitation: (a) the construction, installation, erection, or expansion of any building, structure, or other Improvement, including utility facilities and fences; (b) the demolition or destruction, by voluntary action, of any building, structure, or other Improvement; (c) the grading, excavation, filling, or similar disturbance to the surface of the land including, without limitation, change of grade, change of ground level, change of drainage pattern, or change of stream bed; (d) installation of landscaping on a Site; and (e) any change or alteration of any previously approved Improvement to Property, including any change of location, exterior appearance, color, or texture.

4.3 **Membership of Committee.** The DRC shall consist of three (3) members, all of whom shall be initially appointed by Declarant. Declarant shall have the continuing right to appoint all three (3) members during the Appointment Period (as hereinafter defined). The Board of Directors of the Association shall have the right to appoint such members after the expiration of the Appointment Period. The "Appointment Period" shall mean the period of time commencing as of the date of Recordation of this Declaration and continuing until the earliest to occur of the following events: (a) when all Sites have been conveyed to Persons other than Declarant, a Successor Declarant or a Principal Builder and certificates of occupancy have been issued for the residences constructed thereon; (b) ten (10) years after the date of this Declaration; or (c) when, in its discretion, Declarant voluntarily relinquishes such right. Members of the DRC appointed by the Board of Directors may be removed at any time by the Board, and shall serve for such term as may be designated by the Board or until resignation or removal by the Board. After the expiration of the Appointment Period, the Association may at any time and from time to time change the authorized number of members of the DRC, but the number of members of the DRC shall not be less than three (3).

4.4 **Address of DRC.** The address of the DRC shall be at the principal office of the Association.

4.5 **Submission of Plans.** Prior to commencement of work to accomplish any proposed Improvement to Property, the Person proposing to make such Improvement to Property ("Applicant") shall submit to the DRC at its offices such descriptions, plans, and other materials as the DRC shall reasonably request showing the nature, kind, shape, height, width, color, materials, and location of the proposed Improvement to Property and proposed fire prevention measures to be implemented on the Site as described in Section 3.30 above. The Applicant shall submit a soils and foundation report and erosion control plan prepared by a qualified engineer for the Applicant's Site. Until receipt by the DRC of all required materials in connection with the proposed Improvement to Property, the DRC may postpone review of any materials submitted for approval.

4.6 **Criteria for Approval.** The DRC shall approve any proposed Improvement to Property only if it deems in its reasonable discretion that the Improvement to Property in the location indicated will not be detrimental to the appearance of the surrounding areas of the Community Area as a whole; that the appearance, exterior design, materials and colors of the proposed Improvement to Property will be in harmony with the surrounding areas of the

Community Area; that the Improvement to Property will not detract from the beauty, wholesomeness, and attractiveness of the Community Area or the enjoyment thereof by Owners; that the proposed construction is appropriate in light of the soils, slopes and other physical aspects or conditions of the Site; that the design and location of the Improvement to Property will minimize the visibility of such Improvement to Property from CR 5; and that the proposed changes in topography, if any, do not adversely impact adjacent Sites and the Community Area as a whole. The DRC may condition its approval of any proposed Improvement to Property upon the making of such changes therein or satisfaction of such conditions as the DRC may deem appropriate.

4.7 Design Standards. The DRC may issue standards or rules (“Design Standards”) relating to approval criteria, recommended materials and designs, submittal and approval procedures, materials to be submitted, fees, and additional factors which will be taken into consideration in connection with the approval of any proposed Improvement to Property. The Design Standards may specify circumstances under which the strict application of limitations or restrictions under this Declaration will be waived or deemed waived in whole or in part because strict application of such limitations or restrictions would be unreasonable or unduly harsh under the circumstances.

4.8 Design Review Fee. The DRC may, in the Design Standards, provide for the payment of a fee to accompany each request for approval of any proposed Improvement to Property. The DRC may provide that the amount of such fee shall be uniform for similar types of any proposed Improvement to Property or that the fee shall be determined in any other reasonable manner, such as based upon the estimated cost of the proposed Improvement to Property.

4.9 Decision of Committee. Any decision of the DRC shall be made within forty-five (45) days after receipt by the DRC of all materials required by the DRC, unless such time period is extended by mutual agreement. The decision shall be in writing. The decision of the DRC shall be promptly transmitted to the Applicant at the address furnished by the Applicant to the DRC.

4.10 Failure of Committee to Act on Plans. Any request for approval of a proposed Improvement to Property shall be deemed approved, unless disapproval or a request for additional information or materials is transmitted to the Applicant by the DRC within forty-five (45) days after the date of receipt by the DRC of all required materials.

4.11 Prosecution of Work After Approval. After approval of any proposed Improvement to Property, the proposed Improvement to Property shall be accomplished in complete conformity with the description of the proposed Improvement to Property, any materials submitted to the DRC in connection with the proposed Improvement to Property, and any conditions imposed by the DRC. All Improvements to Property shall be completed within one (1) year after issuance of a building permit, or the Association may complete such Improvements to Property at the Owner’s expense, including interest on all sums expended by the Association at the rate of eighteen percent (18%) per annum until paid in full. Such funds shall be deemed a Reimbursement Assessment as provided in Section 9.9 below.

4.12 Failure of Committee to Act After Completion. Failure of the DRC to inspect the work shall not relieve the Applicant from its obligations to comply with this Declaration or all conditions of approval or prevent the DRC from pursuing all remedies available to it in the event of any non-compliance.

4.13 Correction of Non-Compliance. If the DRC determines that an Owner has constructed Improvements that do not comply with the Improvements approved by the DRC, or any conditions of such approval, the Applicant shall remedy or remove the same within a period of not more than forty-five (45) days from the date of mailing to the Owner of notice of non-compliance from the DRC. If the Applicant does not comply with the Committee ruling within such period, the Committee may commence an action at law or in equity to require correction of such non-compliance or removal of the non-complying Improvement.

4.14 No Implied Waiver or Estoppel. No action or failure to act by the DRC shall constitute a waiver or estoppel with respect to future action by the DRC with respect to any Improvement to Property. Specifically, the approval of the DRC of any Improvement to Property shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for any similar Improvement to Property or any similar proposals, plans, specifications, or other materials submitted with respect to any other Improvement to Property.

4.15 Committee Power to Grant Variances. The DRC may authorize variances from compliance with any of the provisions of this Declaration, including restrictions upon height, size, floor area, or placement of structures or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing and shall become effective when signed by at least a majority of the members of the DRC. If any such variance is granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall the granting of a variance affect in any way the Owner’s obligation to comply with all governmental laws and regulations affecting the property concerned, including, but not limited to, zoning ordinances and setback lines or requirements imposed by any governmental authority having jurisdiction.

4.16 **Non-Liability of Committee Action.** There shall be no liability imposed on the DRC, any member of the DRC or any subcommittee appointed by the DRC, any Committee or subcommittee Representative, the Association, any member of the Board of Directors, or Declarant for any loss, damage, or injury arising out of or in any way connected with the performance of the duties of the DRC unless due to the willful misconduct of the party to be held liable. In reviewing any matter, the DRC shall not be responsible for reviewing, nor shall its approval of an Improvement to Property be deemed approval of the Improvement to Property from the standpoint of safety, whether structural or otherwise, or conformance with building codes or other governmental laws or regulations. Members of the DRC shall be indemnified by the Association to the same extent as the Board of Directors of the Association, as set forth in the Articles of Incorporation or By-Laws of the Association.

4.17 **Construction Period Exception.** During the course of actual construction of any permitted structure or Improvement to Property, and provided construction is proceeding with due diligence, the DRC shall temporarily suspend the provisions contained in this Declaration as to the property upon which the construction is taking place to the extent necessary to permit such construction, provided that, during the course of any such construction, nothing is done which will result in a violation of any of the provisions of this Declaration upon completion of construction and nothing is done which will constitute a nuisance or unreasonable interference with the use and enjoyment of other property.

4.18 **Exterior Colors.** The exterior colors of any Improvements shall be limited to earthen tones and similar muted colors as approved in writing by the DRC. No exterior color may be changed from the original approved color without the prior written approval of the DRC.

4.19 **Minimum Building Size.** Primary residential structures built on all Lots in the Community Area shall have a minimum first floor building footprint of 1600 square feet (excluding garage and porches) and a minimum total living area of 2000 square feet (excluding garage, porches, unfinished basements and attics).

4.20 **Additional Building Permit Requirements.** The following materials must be submitted to Grand County with any application for a building permit:

420.1 An individual soils report, engineered foundation plan and an underdrain plan. In addition all foundation excavations must be inspected by the engineer prior to any footing structures being placed within the excavation and the engineer must certify that the foundation has been correctly designed for the existing soils. If the inspection indicates that the foundation plans should be revised then the engineer shall provide a modified foundation plan and an amended building permit shall be obtained. No request for a Footing Inspection shall be made to the Grand County Building Department until such certification has been made.

420.2 A site specific survey depicting, at a minimum, the lot, the intended driveway access to a public road, the building envelope, the intended location of the home, well and septic system, any waterways or irrigation ditches within the lot and the natural water drainage channels.

4.21 **Lighting Plans.** All lighting plans shall be submitted to the DRC for approval. All exterior lighting shall be designed and installed to direct light inward and downward onto the Site and away from adjoining properties. This can be accomplished by installing lighting fixtures designed to direct the light down or by installing shields in combination with angled lighting directing the light downward.

4.22. **Security Deposit.** Prior to the commencement of any work approved by the DRC, the person wishing to commence such work shall pay a security deposit to the DRC to assure that such improvement is completed according to the plans approved by the DRC and to assure that any damage done to the roads, easements or common areas has been properly repaired and revegetated, if required. In the event such damage or revegetation has not been accomplished within 30 days following the issuance of a Certificate of Occupancy for the dwelling or, in the event there is no dwelling involved, within 30 days after substantial completion, as determined by the DRC, then the deposited funds may be used by the DRC to repair the damage or complete the revegetation. Prior to the use of such funds, however, the DRC shall give the person making the deposit ten days notice of its intention to make use of the security deposit. Notice shall be given by certified mail to the address or any address shown on the plans and shall be posted on the Site. Should the deficiency be remedied during the ensuing ten days, then the deposit shall be refunded. Such deposit shall initially be in the amount of \$2,000.00 but the DRC may, by rule, adopt a greater or lesser amount, or may adopt a formula to determine an amount, as experience dictates. The DRC may also provide for different amounts for different types of projects and may provide for retention of the deposit for a period not to exceed one year after substantial completion in the event revegetation is required.

ARTICLE 5: ASSOCIATION PROPERTIES

5.1 **Member's Rights of Use and Enjoyment Generally.** Unless otherwise provided in this Declaration, all Members may use the Association Properties, if there are any such properties. Underground utilities may be placed within any Association Property only with the prior written approval of the DRC.

5.2 **Right of Association to Regulate Use.** The Association, acting through the Board, shall have the power to regulate use of Association Properties by Members and the public to further enhance the overall rights of use and enjoyment of all Members and to do all things necessary or appropriate to maintain, repair, or replace Association Properties and all Improvements located thereon.

5.3 **Liability of Owners for Damage by Member.** Each Member shall be liable to the Association for any damage to Association Properties or for any expense or liability incurred by the Association, to the extent not covered by insurance, which may be sustained by reason of the negligence or willful misconduct of such Member or any Person using the Association Properties through such Member and for any violation by such Member or any such Person of this Declaration or any Rule and Regulation adopted by the Association. The Association shall have the power, as elsewhere provided in this Declaration, to levy and collect a Reimbursement Assessment against a Member, to cover the costs and expenses incurred by the Association on account of any such damage or any such violation of this Declaration or of such Rules and Regulations or for any increase in insurance premiums directly attributable to any such damage or any such violation.

5.4 **Association Powers in the Event of Condemnation.** If any Association Properties or interests therein are taken under exercise of the power of eminent domain or by private purchase in lieu thereof, the award in condemnation or the price payable shall be paid to the Association, except to the extent payable to any other Person with an interest in such property, including any Mortgagee of such property. The Association shall have the exclusive right to participate in such condemnation proceedings and to represent the interests of all Owners or other Persons therein. Any award or funds received by the Association shall be held by the Association in the Maintenance Fund as determined by the Board, as a reserve for future maintenance, repair, reconstruction, or replacement of Association Properties or may be used for Improvements or additions to or operation of Association Properties. No Owner shall be entitled to participate as a party or otherwise in any condemnation proceedings.

5.5 **Easement for Encroachment and Maintenance of Association Properties.** There is hereby created a blanket easement across all Sites for the benefit of the Association for the purpose of entering upon the portion of any Site not within an enclosed structure to maintain, repair, replace, or remove any Association Properties, drainage facilities, or private roads; to inspect and read well meters and inspect septic systems for proper operation. In the event any fence or other Association Properties encroach upon any Site, a valid easement is hereby created and does exist for the encroachment and for the maintenance, repair, replacement, or removal of such encroachment as long as it exists. Such encroachments or easements shall not be considered or determined to be encumbrances on any Site for the purposes of marketability of title.

5.6 **Easements Deemed Created.** All conveyances of Sites or Association Properties hereafter made, whether by Declarant or otherwise, shall be construed to grant and reserve the easements, reservations, and rights of Declarant and Owners contained in this Declaration, even though no specific reference to such easements or to this Declaration appears in the instrument for such conveyance.

ARTICLE 6: DECLARANT'S RIGHTS AND RESERVATIONS

6.1 **Period of Declarant's Rights and Reservations.** Declarant shall have, retain, and reserve certain rights as hereinafter set forth with respect to the Sites, the Association and the Association Properties from the date hereof, until (a) the time that the last Site within the Community Area has been sold and conveyed by Declarant to persons other than Declarant, a Successor Declarant or a Principal Builder and a certificate of occupancy has been issued for the residence constructed thereon; or (b) the date which is ten (10) years from the execution hereof, whichever event occurs first. Such rights may be assigned to a Successor Declarant and Principal Builders.

6.2 **Right to Construct Additional Improvements on Association Properties.** Declarant shall have and hereby reserves the right, but shall not be obligated to, construct additional Improvements, including irrigation or augmentation storage ponds and associated devices on Association Properties at any time and from time to time in accordance with this Declaration for the improvement and enhancement thereof and for the benefit of the Association and Owners. Declarant reserves the right to convey or transfer to the Association such Improvements (if Declarant has elected to construct such Improvements) and the Association shall be obligated to accept title to, care for, and maintain the same as Association Properties as elsewhere provided in this Declaration. The Declarant shall convey to the Association the Open Space Tracts described on Exhibit B at the time the Final Plat is recorded.

6.3 **Declarant's Rights to Use Sites in Promotion and Marketing of Community Area.** Declarant shall have and hereby reserves the right to reasonable use of Sites owned by Declarant or a Principal Builder in connection with the promotion and marketing of the Community Area. Without limiting the generality of the foregoing, Declarant and, with Declarant's written consent, a Principal Builder may erect and maintain on any Site owned by Declarant or a Principal Builder such signs, temporary buildings, and other structures as Declarant may reasonably deem necessary or proper in connection with the promotion, development, and marketing of real property within the Community Area; may use vehicles and equipment on Sites owned by Declarant or a Principal Builder for promotional purposes; may permit prospective purchasers of property within the boundaries of the Community Area who are not Owners or Members of the Association to go upon Association Properties at reasonable times and in reasonable numbers; and may refer to the Association Properties and to the Association and services offered by the Association in connection with the development, promotion, and marketing of property within the boundaries of the Community Area. Notwithstanding the foregoing provisions of this Section 6.3, all uses of the Community Area for promotional and marketing purposes shall comply with the applicable requirements of the Grand County Zoning Regulations.

6.4 Right to Complete Development of Community Area. No provision of this Declaration shall be construed to prevent or limit the rights of Declarant or a Principal Builder to complete development of property within the boundaries of the Community Area or elect not to complete development of any part of the Community Area; to construct or alter Improvements on any property owned by Declarant or a Principal Builder within the Community Area; to maintain model homes, offices for construction, sales purposes, or similar facilities on any property owned by Declarant, a Principal Builder, or owned by the Association within the Community Area; or to post signs or do any other act or thing incidental to development, construction office, promotion, marketing, or sales of property within the boundaries of the Community Area. Nothing contained in this Declaration shall limit the right of Declarant or a Principal Builder or require Declarant or a Principal Builder to obtain approvals from the Association, the DRC or any other Owners: (a) to excavate, cut, fill, or grade any property owned by Declarant or a Principal Builder or to construct, alter, demolish, or replace any Improvements on any property owned by Declarant or a Principal Builder; (b) to use any structure on any property owned by Declarant or a Principal Builder as a construction office, model home, or real estate sales office in connection with the sale of any property within the boundaries of the Community Area; (c) to store construction materials, supplies, equipment, tools, waste, or other items on property within the Community Area that is owned by Declarant or a Principal Builder; or (d) to require Declarant or a Principal Builder to seek or obtain the approval of the DRC or of the Association for any such activity or Improvement to Property on any property owned by Declarant or a Principal Builder. Nothing in this Declaration shall limit or impair the reserved rights of Declarant or the rights granted to Principal Builders as provided in this Declaration.

6.5 Declarant's Rights to Grant and Create Easements. Declarant shall have and hereby reserves the right to grant or create temporary or permanent easements for access, private and public bike and hiking trails, utilities, drainage, water, water storage structures, and other purposes located in, on, under, over, and across (a) Sites owned by Declarant, (b) public and private roads, and (c) Association Properties. Such right may be exercised incident to development and sale of the Community Area or otherwise.

6.6 Successor Declarant. Declarant may designate as a Successor Declarant any person which acquires some or all of the Declarant's then remaining interest in the Community Area by an instrument which may be recorded. Upon execution and delivery of such instrument by Declarant, the person designated as Successor Declarant therein shall accede to all of the rights and obligations of Declarant under this Declaration with respect to the property conveyed to such Successor Declarant, and all references to Declarant contained herein shall be deemed to refer to such Successor Declarant with respect to the property conveyed to such Successor Declarant.

6.7 Water Storage and Ponds. Declarant, its successors and assigns, has reserved the right to store water for use outside the Stagecoach Meadows Subdivision on ponds located within open space tracts B, D and E. Such water will be owned by Declarant or by others who will have the responsibility to maintain and repair the ponds. The owner(s) of such rights is granted a non-exclusive easement for water storage rights within the ponds and for access from the roadways within the subdivision and over and across Open Space for repair, maintenance, reconfiguration, reconstruction and implementation of water releases and storage, as needed. Non-exclusive recreational rights are hereby dedicated to the Stagecoach Meadows Homeowners Association for use by owners of real property within the subdivision. The Association shall maintain appropriate liability insurance to protect against loss or damage relating to the ponds.

ARTICLE 7: ASSOCIATION OPERATION

7.1 Association. The Stagecoach Meadows Owners Association has been or will be formed as a Colorado corporation under the Colorado Non-Profit Corporation Act. The Association has been or shall be organized prior to the date the first Site located in the Community Area is conveyed to a Purchaser, as that term is defined in the Act. The Association shall have the duties, powers, and rights set forth in this Declaration and in its Articles of Incorporation and By-Laws. As more specifically set forth hereinafter, the Association shall have a Board of Directors to manage its affairs.

7.2 Association Board of Directors. The affairs of the Association shall be managed by a Board of Directors. The number, term, and qualifications of the Board of Directors shall be fixed in the Articles of Incorporation and By-Laws.

7.3 Membership in Association. Each Owner of a Site within the Community Area, including Declarant, shall be a Member of the Association. There shall be one Membership in the Association for each Site within the Community Area. The Person or Persons who constitute the Owner of a Site shall automatically be the holder of the Membership appurtenant to that Site, and the Membership appurtenant thereto shall automatically pass with fee simple title to the Site.

7.4 Voting Rights of Members. There shall be one (1) class of Members, comprised of all Members. Except as specifically provided otherwise in this Declaration, the Articles, or the By-Laws, all matters voted on by the Members shall be voted on by the Members voting as a single class. Each Member shall have the right to cast one (1) vote for each Site owned by such Member. The By-Laws shall provide for the manner, time, place, conduct, and voting procedures for Member meetings.

7.5 **Appointment and Election of Directors.** From the date of formation of the Association until the termination of Declarant's Control Period, Declarant shall have the right to appoint and remove all members of the Board of Directors and all officers of the Association. Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of the Declarant's Control Period, but, in that event, Declarant may require, for the duration of the Declarant's Control Period, that specified actions of the Association or Board of Directors, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective. Not later than sixty (60) days after the conveyance of twenty-five percent (25%) of the Sites to Owners other than a Successor Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board of Directors will be elected by Owners other than a Declarant. Not later than sixty (60) days after the conveyance of fifty percent (50%) of the Sites to Owners other than a Successor Declarant, not less than 33-1/3% of the members of the Board of Directors will be elected by Owners other than a Declarant. Not later than the termination of the Declarant's Control Period as provided above, the Owners (including Declarant if the Declarant is still an Owner) shall elect the Board of Directors of at least three (3) members, at least a majority of whom must be Owners other than Declarant or designated representatives of Owners other than Declarant, and the Board of Directors shall elect the officers, with such Board members and officers to take office upon termination of the Declarant's Control Period. Members of the Board of Directors and officers elected by the Declarant need not be Owners or employees of Declarant.

7.6 **Directors and Officers Appointed by the Declarant.** Notwithstanding anything contained herein to the contrary, the Declarant shall have the right to appoint all of the Directors and officers of the Association during the Declarant's Control Period. All Directors and officers appointed by the Declarant shall serve at the pleasure of the Declarant, and the Declarant shall have the absolute right, at any time, and in its sole discretion, to remove any Director or officer appointed by it, and to replace such Director or officer with another person to serve on the Board or as an officer. Replacement of any Director or officer appointed by the Declarant shall be made by written instrument delivered to any officer or any other Director, which instrument shall specify the name of the person designated as successor Director or officer. The removal of any Director or officer and the designation of his successor by the Declarant shall become effective immediately upon delivery of such written instrument by the Declarant.

ARTICLE 8: DUTIES AND POWERS OF ASSOCIATION

8.1 **General Duties and Powers of Association.** The Association has been formed to further the common interests of the Members. The Association, acting through the Board or Persons to whom the Board has delegated such powers, shall have the duties and powers hereinafter set forth and set forth elsewhere in this Declaration and, in general, the power to do anything that may be necessary or desirable to further the common interests of the Members, to maintain, improve, and enhance the common interests of the Members, to maintain, improve, and enhance Association Properties, and to improve and enhance the attractiveness, aesthetics, recreational use, and desirability of the Community Area, including recreational use of the reservoir located on Open Space Tract B. The Association shall maintain all portions of the Community Area required to be maintained by the Association under any plat, site plan, or other development approval granted by government officials, including, but not limited to, all Association Properties and landscaping, the traffic island within Stagecoach Drive and other improvements on public rights-of-way. The Association shall pay all fees, expenses, charges and other obligations incurred in connection with any and all water rights or water stock transferred or conveyed to the Association. The Association is responsible for the execution and implementation of the annual obligations of Scott C. Shirley set forth in the plan for augmentation decreed by the District Court for Water Division 5 in case number 99CW046 on June 5, 2000.

8.2 **Power to Manage and Care for Association Properties.** The Association shall have the power to manage, operate, care for, maintain, pay taxes on, pay utility expenses incurred in connection with, and repair all Association Properties and to keep the same in an attractive and desirable condition for the use and enjoyment of the Members.

8.3 **Power to Maintain Insurance.** The Association shall have the power to obtain and keep in full force and effect, property insurance on all insurable Improvements and personal property owned by the Association. The Association also shall have the power and the obligation to obtain and keep in full force and effect general liability insurance against claims and liabilities arising in connection with the ownership, existence, use, or management of the Association Properties, including, but not limited to, the reservoir located on Open Space Tract B, and administration and enforcement of this Declaration and covering public liability for bodily injury and property damage and, if the Association owns or operates motor vehicles, public liability for bodily injury and property damage arising as a result of the ownership and operation of motor vehicles. The Association shall obtain such other insurance as may be required by law, including workmen's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Association shall deem necessary or desirable.

8.4 **Power to Adopt Rules and Regulations.** The Association may adopt, amend, repeal, and enforce Rules and Regulations as may be deemed necessary or desirable with respect to the interpretation and

implementation of this Declaration, the operation of the Association, the use and enjoyment of Association Properties, and the use of any other property within the Community Area, including Sites. Each Member shall comply with such Rules and Regulations and shall see that Persons claiming through such Member comply with such Rules and Regulations. No motorized vehicles may be driven on Association Properties unless specifically permitted by the Association or in connection with an access road to a Site permitted by the Association. Such Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of conflict between the Rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall prevail.

8.5 Power to Enforce Declaration and Rules and Regulations. The Association shall have the power to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as the Board deems necessary or desirable to cause such compliance by each member and each Person claiming by, through, or under such Member.

8.6 Power to Grant Easements. The Association shall have the power to grant access, utility, drainage, water facility, water storage and other easements in, on, over, or under Association Properties, including access roads to individual Sites, including, but not limited to, easements for bus shelters.

8.7 Power to Engage Employees, Agents and Consultants. The Association shall have the power to hire and discharge employees and agents and to retain and pay for legal, management, and accounting services as may be necessary or desirable in connection with the performance of any duties or the exercise of any powers of the Association under this Declaration.

8.8 General Corporate Powers. The Association shall have all of the ordinary powers and rights of an Association created pursuant to the Act and of a Colorado corporation formed under the Colorado Non-Profit Corporation Act, including, without limitation, entering into partnership and other agreements, subject only to such limitations upon such powers as may be set forth in this Declaration or in the Articles of Incorporation or By-Laws. The Association shall also have the power to do any and all lawful things which may be authorized, required, or permitted to be done under this Declaration or the Articles of Incorporation or By-Laws and to do and perform any and all acts which may be necessary or desirable for, or incidental to, the exercise of any of the express powers or rights of the Association under this Declaration and the Articles of Incorporation or By-Laws.

ARTICLE 9: ASSESSMENTS

9.1 Obligation and Lien for Assessments. Each Owner, by acceptance of a Deed, agrees to pay to the Association, Assessments, together with interest, late charges, cost of collection, and attorneys' fees as provided herein. Such Assessments, interest, late charges, cost of collection, and attorneys' fees shall also be a continuing lien upon the Site against which each Assessment is made in the event of delinquency in payment. Such Assessments, interest, late charges, cost of collection, and attorneys' fees shall also be the personal obligation of the person who was the Owner, or the persons, jointly and severally, who were the Owners at the time the Assessment was made. Assessments may consist of Common Assessments, Special Assessments, and Reimbursement Assessments.

9.2 Allocation of Assessments/Working Capital. Upon the Closing of the initial sale of each Site to a purchaser other than a Principal Builder or a Successor Declarant, the purchaser shall pay the remaining portion of the annual assessment prorated for the Site purchased as set forth in a pro forma budget adopted by the Association. Such assessment payment may be used by the Association for proper Association purposes and shall not be returned to an Owner upon sale of the Owner's Site. Under no circumstances may an Owner obtain repayment of such contribution from the Association. However, each Owner shall be given a credit for such deposit upon the sale of such Owner's Site.

9.3 Common Assessments and Initial Assessment. For each calendar year, the Association shall levy Common Assessments against Owners of the Sites. The Association shall assess a sufficient amount to maintain a separate Road Fund set aside in an interest bearing account for the specific purpose of maintaining, repairing and resurfacing the private roads within the Common Areas. The initial amount allocated to the Road Fund is \$125.00 per lot per year. Each Owner shall be obligated to pay the Common Assessments levied against and allocated to such Owner and the Site of such Owner, as hereinafter provided. Until the association makes the initial common expense assessment, the declarant shall pay all common expenses. The initial common expense assessment, when made, shall be in the amount of \$300.00 per year and may not be increased prior to January 1, 2002. The initial assessment shall be payable by the Owner of any Site at such time as the Owner of such Site takes title to the Site or on the first day of the first month assessments have commenced, whichever occurs last. The Declarant and Principal Builder(s) shall commence payment of partial assessments on the commencement date of the initial assessment. The initial assessment paid by the Owner of a Site, including Declarant and Principal Builders, shall be prorated to reflect the time that the Owner took title to the Site.

9.4 **Supplemental Common Assessments.** If the estimated sums required for Common Assessments prove inadequate for any reason, including nonpayment of any Owner's Common Assessment, the Board may, from time to time, levy a Supplemental Common Assessment. Such Supplemental Common Assessments shall be allocated among the Sites in the same manner Common Assessments are allocated. Written notice of any change in the amount of any annual Common Assessment shall be sent to every Owner subject thereto, not less than thirty (30) days prior to the effective date of such change, and shall be submitted to the Members as part of a supplemental budget.

9.5 **Annual Budgets.** The Board of Directors shall cause to be prepared, prior to imposing any assessments, commencing not later than calendar year 2002, a Budget for such calendar year. The Budget shall include an amount for contingencies and amounts deemed necessary or desirable for deposits to create, replenish, or add to the reserve fund for major capital repairs, replacements, and improvements to the Association Properties in such amounts as the Board of Directors deems appropriate. Copies of the Budget shall be made available by the Association to any Members requesting a copy of the same upon payment of the reasonable expenses of copying the same.

9.6 **Ratification of Budget.** Within thirty (30) days after adoption of any proposed budget, the Board of Directors shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all Owners and shall set a date for a meeting of Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting the budget is rejected by the Owners of at least two-thirds (2/3) of the Sites then subject to the Declaration, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued and assessments shall be based thereon until such time as the Owners ratify or fail to reject a subsequent budget proposed by the Board of Directors.

9.7 **Payment of Assessment.** Common Assessments shall be due and payable in advance to the Association by the assessed Member during the calendar year in one installment, on or before January 31st of each calendar year, or in such other manner and on such other dates as the Board of Directors may designate in its sole and absolute discretion. Notice of the amount of the Common Assessments shall be given to each Member prior to December 15th of each year.

9.8 **Failure to Fix Assessment.** The failure by the Board of Directors to levy an Assessment for any year shall be deemed to be a continuation of the Assessment previously levied by the Association and shall not be deemed a waiver or modification with respect to any of the provisions of this Declaration or a release of the liability of any Member to pay Assessments, or any installment thereof, for that or any subsequent year. No abatement of the Common Assessment or any other Assessment shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or Improvements to Association Properties or from any action taken to comply with any law or any determination of the Board of Directors or for any other reason.

9.9 **Special Assessments for Capital Expenditures.** After termination of the Declarant's Control Period, in addition to Common Assessments, the Board of Directors may, subject to the provisions of this Section, levy Special Assessments for the purpose of raising funds not otherwise provided under the Budget from Common Assessments to construct or reconstruct, repair, or replace capital Improvements upon Association Properties, including necessary personal property related thereto; to add to the Association Properties; to provide for necessary facilities and equipment to offer the services authorized in this Declaration; or to repay any loan made to the Association to enable it to perform the duties and functions authorized in this Declaration. The Board of Directors shall not levy Special Assessments without the vote of the Members representing at least sixty-seven percent (67%) of the voting power of all Members, including Declarant's votes, at a meeting of Members held in accordance with the provisions of the Act. Special Assessments shall be allocated in the same manner as Common Assessments. The Association shall notify Members in writing of the amount of any Special Assessment and of the manner in which, and the dates on which, any such Special Assessment is payable and the Members shall pay any such Special Assessment in the manner so specified.

9.10 **Reimbursement Assessments.** The Board of Directors may levy a Reimbursement Assessment against any Member if the failure of the Member or a Person claiming through the Member to comply with this Declaration, the Articles of Incorporation, the By-Laws, or the Rules and Regulations shall have resulted in the expenditure of funds by the Association to cause such compliance. The Board of Directors may also levy a Reimbursement Assessment against any Member for the provision of services and/or facilities (including transportation facilities and services) provided to fewer than all of the Owners or provided at the request of such Owners. The amount of the Reimbursement Assessment shall be due and payable to the Association thirty (30) days after notice to the Member of the decision of the Board of Directors that the Reimbursement Assessment is owing.

9.11 **Late Charges and Interest.** If any Common Assessment, Special Assessment, or Reimbursement Assessment or any installment thereof is not paid within thirty (30) days after it is due, the Member obligated to pay the Assessment may be required to pay a reasonable late charge to be determined by the Board. Any Assessment or installment of an Assessment which is not paid within thirty (30) days after it is due shall bear interest

from the due date at the rate of 18% per annum, or such other rate as may be established by the Board from time to time.

9.12 Notice of Default and Acceleration of Assessments. If any Common Assessment, Special Assessment, or Reimbursement Assessment or any installment thereof is not paid within thirty (30) days after its due date, the Board of Directors may mail a notice of default ("Notice of Default") to the Owner and to each Mortgagee of the Site who has requested a copy of the notice. If the delinquent Assessment or installment and any late charges, legal fees or interest thereon are not paid in full on or before the date specified in the notice, the Board, at its option, may declare all of the unpaid balance of the Assessment to be immediately due and payable without further demand and may enforce the collection of the full Assessment and all charges and interest thereon in any manner authorized by law or by this Declaration, subject to the protection afforded to the Mortgagees under this Declaration.

9.13 Remedies to Enforce Assessments. Each Assessment levied hereunder shall be a separate, distinct, and personal debt and obligation of the Owner or Member against whom the same is assessed. In the event of a default in payment of any Assessment or installment thereof, whether Common, Special, or Reimbursement, the Board may, in addition to any other remedies provided under this Declaration or by law, enforce such obligation on behalf of the Association by suit or by filing and foreclosure of a lien as hereinafter provided.

9.14 Lawsuit to Enforce Assessments. The Board may bring suit at law to enforce any Assessment obligation. Any judgment rendered in such action shall include any late charges, interest, and other costs of enforcement, including reasonable attorneys' fees in the amount as the court may adjudge, against the defaulting Owner or Member.

9.15 Lien to Enforce Assessments. As provided in the Act, all Assessments against a Site (including late fees, interest, cost of collection and attorneys' fees) shall constitute a lien on such Site superior to all other liens and encumbrances, except: (a) tax and special assessment liens in favor of any assessing authority; (b) liens and encumbrances recorded prior to recordation of this Declaration; and (c) all sums unpaid under a Mortgage encumbering a Site ("First Mortgage") that has first priority over any other Mortgage encumbering such Site to the extent the Assessments were assessed after the First Mortgage is recorded. Fees, charges, late charges, attorney fees, fines, and interest charged pursuant to this Declaration or the Act are enforceable as assessments. By acceptance of a deed for a Site, the Owner or Owners agree that the Assessment lien shall be prior to any homestead exemption or right and irrevocably waive any and all rights they may have to claim a homestead exemption against enforcement of the Assessment lien.

9.16 Limited Priority Over First Mortgagees. Notwithstanding the foregoing, the statutory lien for Assessments is also prior to the lien of a First Mortgage to the extent of an amount equal to the Assessments based on a periodic budget adopted by the Association which would have become due, in the absence of any acceleration, during the six (6) months immediately preceding institution of an action to enforce or extinguish the statutory lien or the lien of the First Mortgage.

9.17 Notice of Lien. The recording of this Declaration constitutes record notice and perfection of the Assessment lien, and no further recordation of any claim of lien or assessment is required. However, to evidence such lien, the Association may Record a written notice setting forth the amount of such unpaid Assessments, the name of the Owner of the Site and the identification of the Site. Such notice shall be signed by one of the Board of Directors, an officer of the Association or an agent appointed by the Board and shall be recorded. The recording of a notice of lien shall not be a condition precedent to nor delay the attachment of a lien which shall attach as of the first day of any period for which any Assessment is levied. Such lien may be enforced by foreclosure on the defaulting Owner's Site by the Association in the same manner as a mortgage on real property and shall encumber all rents and profits issuing from the Site, which lien on rents and profits shall be subordinate to the matters described in subparagraphs (a) and (b) above. The Association shall have the power to bid at the foreclosure sale and to acquire and hold, lease, mortgage and convey the Site.

9.18 No Offsets. The payment of Assessments is an independent covenant and all Assessments shall be payable in the amounts specified in the levy thereof without notice or demand (except as may be specifically required in this Declaration), and no offsets or reduction thereof shall be permitted for any reason including, without limitation, any claim that the Association or the Board of Directors is not properly exercising its duties and powers under this Declaration.

9.19 Other Liens. It is possible that liens other than mechanics' liens and Assessment liens may be obtained against Association Properties, including, without limitation, judgment liens and purchase money mortgage liens.

9.20 **Estoppel Certificates.** Upon payment of a reasonable fee and upon written request of any Owner or any person with any right, title or interest in a Site, the Association shall furnish a written statement. Such statement shall set forth the amount of all Assessments, charges, fines or penalties, if any, due or accrued and then unpaid and the amount of the Assessments for the current fiscal period of the Association payable with respect to the Site. This statement shall, with respect to the party to whom it is issued, be conclusive against the Association and all parties, for all purposes, that no greater or other amounts were then due or accrued and unpaid. If a prospective purchaser of a Unit wishes to obtain such information, the request to the Association must be made by or on behalf of the Owner or other person with an existing right, title or interest in such Unit.]

Such statement shall, with respect to the Person to whom it is issued, be sent to the requesting person within fourteen (14) days after receipt of the written request and, if sent within such time period, shall be conclusive against the Association and all Persons for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other Assessments have been levied.

ARTICLE 10: MISCELLANEOUS

10.1 **Term of Declaration.** Unless amended as herein provided, each provision contained in this Declaration shall continue and remain in full force and effect until December 31, 2050, and thereafter shall be automatically extended for successive periods of ten (10) years each unless terminated by the vote, by written ballot, of Members holding at least sixty-seven percent (67%) of the voting power of Members of the Association at duly constituted meetings of the Members.

10.2 **Amendment of Declaration by Members.** Except as otherwise provided in this Declaration and subject to provisions elsewhere contained in this Declaration requiring the consent of Declarant or others, any provisions, covenant, condition, restriction, or equitable servitude contained in this Declaration may be amended or repealed at any time and from time to time upon approval of the amendment or repeal by Members of the Association holding at least sixty-seven percent (67%) of the voting power of the Association present in person or by proxy at duly constituted meetings of the Members. The approval of any such amendment or repeal shall be evidenced by the certification by the Board of Directors of the Association of the votes of Members. The amendment or repeal shall be effective upon the Recordation of a document, executed by the President or a Vice-President and the Secretary or an Assistant Secretary of the Association setting forth the amendment or repeal in full and certifying that the amendment or repeal has been approved by the required vote of the Members. Any Amendment to the Declaration made hereunder shall be effective only when Recorded.

10.3 **Required Consent to Amendments Affecting Rights of Declarant.** Notwithstanding any other provision in this Declaration to the contrary, any proposed amendment or repeal of any provisions of this Declaration affecting the rights, powers and privileges of Declarant shall not be effective unless such amendment or repeal has been approved by the Owners of at least ninety percent (90%) of the Sites, including Sites owned by Declarant. The foregoing requirement shall terminate at such time as all property in the Community Area and the last Site within the Community Area has been sold and conveyed by Declarant to an Owner other than a Principal Builder or a Successor Declarant and a certificate of occupancy has been issued for each residence within the Community Area or within ten (10) years after the execution of this Agreement. Thereafter, all amendments shall be governed by Section 10.2 above.

10.4 **Special Rights of First Mortgagees.** Any Mortgagee ("First Mortgagee") of a First Mortgage encumbering any Site in the Community Area, upon filing a written request therefor with the Association, shall be entitled to (a) written notice from the Association of any default by the Mortgagor of such Site in the performance of the Mortgagor's obligations under this Declaration, the Articles of Incorporation, the By-Laws, or the Rules and Regulations, which default is not cured within sixty (60) days after the Association learns of such default; (b) examine the books and records of the Association during normal business hours; (c) receive a copy of financial statements of the Association including any annual financial statement within ninety (90) days following the end of any fiscal year of the Association; (d) receive written notice of all meetings of Members; and (e) designate a representative to attend any meeting of Members; (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 By-Laws; and (g) receive immediate written notice as soon as the Association receives notice or otherwise learns of any damage to the Association Properties, if the cost of reconstruction exceeds Ten Thousand Dollars (\$10,000) and as soon as the Association receives notice or otherwise learns of any condemnation or eminent domain proceedings or other proposed acquisition with respect to any portion of the Association Properties.

10.5 **Priority of First Mortgage Over Assessments.** Each First Mortgagee of a Mortgage encumbering a Site who obtains title to such Site pursuant to the remedies provided in the Mortgage, by judicial foreclosure, or by deed or assignment in lieu of foreclosure shall take title to the Site free and clear of any claims for unpaid Assessments or charges against such Site which accrued prior to the time such holder acquires title to such Site, except as provided otherwise above.

10.6 First Mortgagee Right to Pay Taxes and Insurance Premiums. Any such First Mortgagee or any such First Mortgagees, jointly or singly, shall be entitled to pay any taxes or other charges which are in default and which may or have become a charge against any of the Association Properties and may pay any overdue premiums on hazard insurance policies for any Association Properties, and the First Mortgagees making such payments shall be entitled to immediate reimbursement therefor from the Association.

10.7 Amendment Required by Government Mortgage Agencies. Notwithstanding the provisions of Article 10 hereof, any provision, covenant, condition, restriction, or equitable servitude contained in this Declaration which any Government Mortgage Agency requires to be amended or repealed may be amended or repealed solely by Declarant and no approval, consent, or vote of any other person or entity shall be required. Any such amendment or repeal shall be effective upon the Recordation of a certificate, executed by Declarant, setting forth the amendment or repeal in full. "Governmental Mortgage Agency" shall mean the FHA, the VA, the FHLMC, the GNMA, the FNMA, or any similar entity, public or private, authorized, approved, or sponsored by any governmental agency to insure, guarantee, make, or purchase Mortgage loans. "FHA" shall mean the Federal Housing Administration of the United States Department of Housing and Urban Development, including such department or agency of the United States Government as shall succeed to the FHA in insuring notes secured by mortgages and deeds of trust on residential real estate. "VA" shall mean the Veterans Administration of the United States of America, including such department or agency of the United States Government as shall succeed to the VA in its present function of issuing guarantees with respect to notes secured by Mortgages on Residential Sites. "FHLMC" shall mean the Federal Home Loan Mortgage Corporation or The Mortgage Corporation created by Title III of the Emergency Home Finance Act of 1970, including any successors thereto. "FNMA" shall mean the Federal National Mortgage Association, a governmental-sponsored private corporation established as such pursuant to Title VIII of the Housing and Urban Development Act of 1968, including any successor thereto. "GNMA" shall mean the Government National Mortgage Association administered by the United States Department of Urban Development, including any successor thereto.

10.8 Persons Entitled to Enforce Declaration. The Association, acting by authority of the Board, and any Member of the Association shall have the right to enforce any or all of the provisions, covenants, conditions, restrictions, and equitable servitudes contained in this Declaration against any property within the Community Area and the Owner thereof. The right of enforcement shall include the right to bring an action for damages as well as an action to enjoin any violation of any provision of this Declaration.

10.9 Violations of Law. Any violation of any federal, state, municipal, or local law, ordinance, rule, or regulation, pertaining to the ownership, occupation, or use of any property within the Community Area is hereby declared to be a violation of this Declaration and shall be subject to any and all enforcement procedures set forth in this Declaration.

10.10 Remedies Cumulative. Each remedy provided under this Declaration is cumulative and not exclusive.

10.11 Costs and Attorneys' Fees. In any action or proceeding under this Declaration, the prevailing party shall be entitled to recover its costs and expenses in connection therewith including reasonable attorneys' fees.

10.12 Limitation on Liability. The Association, the Board of Directors, the DRC, Declarant, and any Member, agent, or employee of any of the same shall not be liable to any Person for any action or for any failure to act if the action or failure to act was in good faith and without malice.

10.13 Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purpose of this Declaration.

10.14 Governing Law. This Declaration shall be construed and governed under the laws of the State of Colorado.

10.15 Recorded Easements. In addition to all easements and rights-of-way of record at or before recordation of this Declaration, the Community Area, and all portions thereof, shall be subject to the easements shown on any Recorded plat or map of the Community Area, or any portion thereof. Further, the Community Area, or portions thereof, is now or may hereafter be subject to the easements, licenses, and other recorded documents, or any of them, set forth on Exhibit C attached hereto and incorporated herein by this reference.

10.16 Easement for Satellite Reception. Each Site shall have an easement over the lands of any one adjoining Site for the purpose of establishing a clear line of sight from a television satellite reception dish to the location of the desired satellite in the sky. This easement shall only exist if the Owner is unable, after the exertion of reasonable efforts, to establish such line of sight over his own property. The DRC is empowered to enforce this provision by (a) acting as an arbitrator if both sides to the dispute agree in writing that it may do so; or (b) appointing an outside arbitrator. Prior to requesting the DRC to enforce such an easement the Owner shall make reasonable efforts to acquire a consensual easement from the adjacent owner. The DRC may establish additional rules for dealing with and enforcing this article including, but not limited to, provisions for the removal of intervening trees, maintenance of the easement, payment of reasonable compensation and protection against mechanics' liens.

ARTICLE 11: FIRST MORTGAGEES

11.1 **Member and First Mortgagee Approval.** Notwithstanding any other provisions of this Declaration to the contrary, the Association shall not:

- 11.1.1 Unless it has obtained the prior written consent of at least sixty-seven percent (67%) of the Members and the consent, as provided in Section 11.3 below, of sixty-seven percent (67%) of the First Mortgagees of Sites (based on one vote for each First Mortgage held):
 - 11.1.1.1. seek to abandon or terminate the Declaration, whether by act or omission;
 - 11.1.1.2. change the pro rata interest or obligations of any individual Site for the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards;
 - 11.1.1.3. by act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer the Association Properties (excluding the granting of permits, licenses, and easements for public utilities, roads, or other purposes reasonably necessary or useful for the proper maintenance or operation of the Association Properties);
 - 11.1.1.4. partition or subdivide any Site; or
 - 11.1.1.5. use hazard insurance proceeds for losses to any part of the Association Properties for other than the repair, replacement, or reconstruction of such part of the Association Properties.
- 11.1.2 Unless it has obtained the prior written consent of at least sixty-seven percent (67%) of the Members and the consent, as provided in Section 11.3 below, of fifty-one percent (51%) of the First Mortgagees of Sites (based upon one vote for each First Mortgage owned):
 - 11.1.2.1 add or amend any material provisions of this Declaration, the Articles of Incorporation or By-Laws of the Association, which establish, provide for, govern, or regulate any of the following, provided that such additions or amendments shall not be considered material if they are for the purpose of correcting technical errors or for clarification only:
 - 11.1.2.2. voting rights;
 - 11.1.2.3. Assessments, Assessment liens, or priority of such liens;
 - 11.1.2.4. reserves for maintenance, repair, and replacement of those elements of the Association Properties which must be maintained, repaired, or replaced on a periodic basis;
 - 11.1.2.5. insurance, including but not limited to fidelity bonds;
 - 11.1.2.6. right to use of the Association Properties;
 - 11.1.2.7. responsibility for maintenance and repair of any portion of the Community Area;
 - 11.1.2.8. expansion or contraction of the Community Area or the addition, annexation or withdrawal of property to or from the Community Area;
 - 11.1.2.9. boundaries of any Site;
 - 11.1.2.10. any action to terminate the legal status of the Community Area after substantial destruction or condemnation occurs;
 - 11.1.2.11. leasing of Sites;
 - 11.1.2.12. imposition of any right of first refusal or similar restriction on the right of any Owner to sell, transfer, or otherwise convey its Site;
 - 11.1.2.13. insurance, including, but not limited to, fidelity bonds;
 - 11.1.2.14. any provisions which are for the express benefit of First Mortgagees, or insurers or guarantors of First Mortgages; or
 - 11.1.2.15. effectuate any decision to terminate professional management and assume self-management of the Association, when professional management has previously been required by any First Mortgagee or any insurer or guarantor of a First Mortgage.
 - 11.1.2.16. any action to terminate the legal status of the Community Area after substantial destruction or condemnation occurs;
 - 11.1.2.17. leasing of Sites;
 - 11.1.2.18. imposition of any right of first refusal or similar restriction on the right of any Owner to sell, transfer, or otherwise convey its Site;
 - 11.1.2.19. insurance, including, but not limited to, fidelity bonds;
 - 11.1.2.20. any provisions which are for the express benefit of First Mortgagees, or insurers or guarantors of First Mortgages; or
 - 11.1.2.21. effectuate any decision to terminate professional management and assume self-management of the Association, when professional management has previously been required by any First Mortgagee or any insurer or guarantor of a First Mortgage.
- 11.1.3. Unless it has obtained the consent, as provided in Section 11.3 below, of at least fifty-one percent (51%) of the First Mortgagees of Sites (based upon one vote for each First Mortgage owned):
 - 11.1.3.1. restore or repair the Association Properties, or any portion thereof, including but not limited to improvements located thereon, after a partial condemnation or damage due to an insurable hazard, other than substantially in accordance with this Declaration and the most recent plans and specifications for the Community Area and the construction of improvements thereon;
 - 11.1.3.2. terminate the legal status of the Community Area after substantial destruction or a substantial taking in condemnation of Association Properties.
- 11.2 **Notice of Action.**

- 11.2.1. A First Mortgagee or insurer or guarantor of a First Mortgage shall be entitled to timely written notice of:
- 11.2.1.1. any condemnation loss or casualty loss which affects a material portion of the Community Area or any Site subject to a First Mortgage held, insured, or guaranteed by such First Mortgagee, insurer, or guarantor of a First Mortgage;
 - 11.2.1.2. any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;
 - 11.2.1.3. any proposed action which would require the consent of a specified percentage of First Mortgagees as provided in this Article 11 or elsewhere in this Declaration.

Upon request of a First Mortgagee, the Association shall report to the Mortgagee of a Site any unpaid Common Assessment or other charges remaining unpaid for longer than sixty days after the same is due; provided however, that a Mortgagee shall have furnished to the Association written notice of such encumbrance and registered an address.

11.3 **First Mortgagee Approval Deemed Obtained.** Unless, within thirty (30) days after mailing or fax transmittal of written notice, a First Mortgagee or insurer or guarantor of a First Mortgage notifies the Association of its disapproval of any of the matters requiring their approval as provided herein, the approval of such First Mortgagee or insurer or guarantor of a First Mortgage shall be deemed to have been given.

11.4 **Association Books and Records.** The Association shall make available to Owners, First Mortgagees of Sites and insurers or guarantors of any such First Mortgage, current copies of this Declaration, and the Articles of Incorporation, By-Laws, Rules and Regulations, books, records, and financial statements of the Association, copies of which shall be maintained by the Association. The Association shall make available to prospective purchasers of Sites current copies of this Declaration, and the Articles of Incorporation, By-Laws, Rules and Regulations, and the most recent annual financial statement, if such is prepared, of the Association. The Association shall not be required to prepare audited financial statements. However, if there is no audited financial statement available, any First Mortgagee shall be allowed to have an audited financial statement prepared, at its expense, three (3) copies of which shall be provided to the Association. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances. The Association may charge a fee for the reasonable copying costs of any materials provided pursuant to this Section.

11.5 **Statement of Unpaid Assessments.** The Association shall provide to an Owner or its designee or to a holder of a security interest or its designee, upon written request, a statement setting forth the amount of unpaid assessments currently levied against such owner's Site.

11.6 **Consent to Combination of Lots.** Subject to approval by Grand County, Declarant reserves the right to record an amended plat combining any adjacent lots, eliminating any lot line easements from the common boundary and combining the building envelopes shown on the final plat. Declarant also reserves the right to execute any and all instruments required to bring about the recording of an Amended Final Plat or Plats for the property in connection with the exercise of this right. These rights shall run with the land and will automatically be deemed to have been transferred or assigned if any adjacent lots are acquired by a single purchaser whether or not such lots were acquired directly from Declarant. All Owners and the Association shall be bound by this reservation and shall have no right to oppose such an amended plat before the Grand County Planning Commission, County Commissioners or otherwise.

[No additional text on this page]

IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first above written.
Summerset Land Group, Inc. , a Colorado Corporation

By: _____
Scott C. Shirley, President

STATE OF COLORADO

ss.

COUNTY OF GRAND

This declaration of Covenants, Conditions, and Restrictions for Stagecoach Meadows acknowledged before me this 11th day of August, 2000, by Scott C. Shirley as President of Summerset Land Group, Inc.

Witness my hand and official seal:
My commission expires:

(SEAL)

Notary Public

C:\Working\Stagecoach Meadows Dec of Covenants 82500.wpd

EXHIBIT A
LEGAL DESCRIPTION OF COMMUNITY AREA

The following-described real property located in Section 11, Township 1 South, Range 76 West of the 6th Principal Meridian, Grand County, Colorado:

Stagecoach Meadows subdivision, according to the Final Plat thereof recorded on _____, 2000, at Reception Number _____, in the records of the Clerk and Recorder for Grand County, Colorado.

EXHIBIT B
INITIAL ASSOCIATION PROPERTIES

The following-described real property as shown on the Final Plat of Stagecoach Meadows subdivision:

Tracts A–Q
Stagecoach Drive
Strongbox Drive
Buckboard Court
Shotgun Drive

EXHIBIT C
RECORDED EASEMENTS, LICENSES, AND OTHER DOCUMENTS
NOT SHOWN ON PLAT

None