

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OF

**HARVEST GOLD VILLAGE PUD
(A COMMON INTEREST COMMUNITY)**

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OF
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(A COMMON INTEREST COMMUNITY)

PREAMBLE

THIS DECLARATION, made on the date hereinafter set forth by Scenic Range, LLC, a Colorado limited liability company hereinafter referred to as "Declarant."

W I T N E S S E T H:

WHEREAS, Declarant is the owner of the following described property, located in the City of Loveland, Larimer County, State of Colorado, more particularly described as follows:

See Exhibit A attached hereto and incorporated herein by reference.

WHEREAS, this Declaration is executed pursuant to and in furtherance of a common and general plan as a common interest community (a) to protect and enhance the quality, value, desirability and attractiveness of all property which may be subject to this Declaration; (b) to provide for an association as a vehicle to perform certain functions for the benefit of owners of property which may become subject to this Declaration; (c) to define duties, powers and rights of the association; and (d) to define certain duties, powers and rights of owners of property which may become subject to this Declaration with respect to the association and with respect to the functions undertaken by the association; and

WHEREAS, Declarant, for itself, its successors and assigns, hereby declares that all property herein or hereafter made 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 thereof, all of which shall run with the title to such property and be binding upon all parties having any right, title or interest in said property or any part thereof and upon their heirs, personal, representatives, successors and assigns and shall inure to the benefit of each party having any such right, title or interest in said property or any part thereof;

NOW, THEREFORE, the Declarant with this Declaration states that the real property described in the Preamble is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges, and liens hereinafter set forth.

ARTICLE I

DEFINITIONS

Section 1. "Architectural Review Committee" shall mean the committee(s) that is formed under and pursuant to Article IV and X of this Declaration.

Section 2. "Articles of Incorporation" shall mean the Articles of Incorporation of the Association, as the same may from time to time be amended.

Section 3. "Association" shall mean and refer to Harvest Gold Village Association, Inc., a Colorado non-profit corporation, its successors and assigns.

Section 4. "Assessment" shall mean and refer to any assessment levied, charged, or assessed against an Owner in accordance with the provisions of this Declaration.

Section 5. "Assessable Unit" shall mean and refer to any real property within the Properties which is subject to assessments.

Section 6. "Board" shall mean the executive board of the Association.

Section 7. "Bylaws" shall mean and refer to the duly adopted Bylaws of the Association, as the same may from time to time be amended.

Section 8. "Common Area" shall mean and refer to all real property and improvements thereon which are now or hereafter owned or leased by the Association and any additional tracts that may be conveyed to the Association by warranty deed from the Declarant, together with any irrigation sprinkling systems installed to provide irrigation to those common areas. "Common Area" shall also mean the entryway treatment landscape walls and signage areas located at the southeast and southwest corners of intersection of 50th Street and Lucerne Avenue and at the southeast and southwest corners of intersection of 50th Street and Glen Isle Drive. The Common Areas are intended to be devoted to the common use and enjoyment of owners (subject to the provisions hereof) and are not dedicated for use by the general public.

Section 9. "Declaration" shall mean the covenants, conditions, and restrictions, and all other provisions herein set forth in this document, as the same may be amended from time to time.

Section 10. "Developer" or Declarant shall mean and refer to Scenic Range, LLC, a Colorado limited liability company, its successors and assigns; provided, however, that no successor or assignee of the Developer shall have any rights or obligations as the Developer hereunder unless such rights and obligations are specifically set forth in the instrument of succession or assignment or which pass by operation of law.

Section 11. "Federal Mortgage Agencies" shall mean and refer to those Federal Agencies who have an interest in the properties, such as the Federal Housing Administration, the Veteran's Administration, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation, or successors to their interest.

Section 12. "First Mortgage" shall mean and refer to any unpaid mortgage, deed of trust or other security instrument recorded in the records of the office of the Clerk and Recorder of Larimer County, Colorado, having priority of record over all other recorded liens except those governmental liens made superior by statute (such as general ad valorem tax liens and special assessments). "First Mortgage" shall also mean and refer to any executory land sales contract wherein the Administrator of Veterans Affairs, an Officer of the United States of America is the original seller, whether such contract is recorded or not, and whether such contract is owned by the said Administrator or has been assigned by said Administrator and is owned by the Administrator's assignee, or a remote assignee, and the land records in the Office of the Clerk and Recorder of Larimer County, Colorado, show the said Administrator as having the record title to the Lot.

Section 13. "First Mortgagee" shall mean and refer to an institutional lender who holds either a first deed of trust or a first mortgage on a Lot or Residential Home.

Section 14. "Improvements" shall mean and refer to all improvements now or hereafter constructed including, without limitation, Dwelling Units and appurtenances on Lots, and exterior lighting, benches, walks, parking areas, tot lots, gazebos, volleyball areas, basketball courts, volleyball areas, tennis courts, softball fields, soccer fields, and other recreational facilities or homeowner amenities constructed on Common Area within the Project.

Section 15. "Institutional Mortgagee" or "Institutional Lender" shall mean and refer to a First Mortgagee which is a federally or state chartered bank, a federal or state savings bank, or savings and loan institution, a real estate investment trust, or any corporation whose primary business is the making, purchasing, or placing of mortgage loans, who shall perfect a first priority security position as to any Lot or Residential Home constructed within the Project.

Section 16. "Living Unit" or "Dwelling Unit" or "Residential Home" shall mean and refer to any structure situated upon the properties designed and intended for use and occupancy as a residence by a single family.

Section 17. "Lot" shall mean and refer to any numbered or lettered area of land shown as such upon any recorded final filing plat required by the City of Loveland, Colorado, with the exception of Common Area as heretofore defined. "Lot" shall also mean a "Unit" as defined in C.R.S. §38.33-103(30).

Section 18. "Map" shall mean and refer to the final P.U.D. Plat for Harvest Gold Village P.U.D., which was recorded in the real property records of Larimer County, Colorado, on 8-23-2000, under Reception No. 2000057580

Section 19. "Member" shall mean and refer to the Person designated to exercise the Class A Member vote for a Lot within the Project pursuant to Article III.

Section 20. "Mortgage" shall mean and refer to a mortgage, deed of trust, or other similar security instrument held or owned by a Mortgagee which encumbers any Lot and/or Residential Home, Dwelling, Unit or Living Unit.

Section 21. "Mortgagee" shall mean and refer only to a Mortgagee under a Mortgage or a beneficiary under a deed of trust or similar security instrument. For the purpose of this Declaration and the Bylaws, no Person shall be deemed a Mortgagee until written notice of such interest has been given to the Association together with the name and address of the Mortgagee.

Section 22. "Notice" shall mean and refer to (i) written notice delivered personally or mailed to the last known address of the intended recipient, or (ii) notice through an Association publication which is delivered to the Residential Homes, or (iii) notice delivered by electronic mail or facsimile to any Owner. "Notice to Mortgagee" shall mean and refer to only written notice delivered personally or mailed to the last known address of the intended recipient and not notice through an Association publication.

Section 23. "Notice and Hearing" is the right of an Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to be heard thereon.

Section 24. "Owner" means any person, corporation, partnership, association, contract seller or other legal entity or any combination thereof, including Declarant, who owns the record fee simple interest in one or more Lots and shall include the purchaser under any executory land sales contract wherein the Administrator of Veteran's Affairs is seller, whether recorded or not, and whether owned by said Administrator or his assigns. The term "Owner" shall include any grantee, transferee, heir, successor, personal representative, executor, administrator, devisee, and assign of any Owner but shall not refer to any Mortgagee as herein defined, or other person or entity having an ownership interest in any Lot merely

as security for the performance of an obligation, unless such Mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

Section 25. “Person” shall mean an individual, corporation, limited liability company, limited liability partnership, partnership, association, trust, or other legal entity, or any combination thereof.

Section 26. “Project” or “Property” shall mean and refer to all real property which is subject to the Declaration, as identified in Exhibit A.

Section 27. “Quorum of Owners” shall mean the representation by presence or proxy of Members who hold twenty percent (20%) of the outstanding votes entitled to be cast on any issue.

Section 28. “Registered Notice” shall mean and refer to any notice which has been signed for by a recipient or has been certified by the U.S. Postal Service or other entity as having been delivered to the address of the intended recipient. Failure by refusal of an intended recipient to acknowledge such Notice shall nevertheless constitute receipt when such refusal is witnessed by one other person.

Section 29. “Related User” shall mean any member of the family of an Owner who resides with such Owner; guests and invitees of an Owner; employees and agents of an Owner; and occupants, tenants and contract purchasers residing in a Residential Home of an Owner who claim by, or through an Owner. “Related User” shall also mean, with respect to Dwelling Units located in Area E., all residents, any member of the family of such resident, guests and invitees of such resident, and employees and agents of such resident.

Section 30. “Single Family” shall have the same meaning as that term is defined in the zoning ordinance of the City of Loveland, County of Larimer, Colorado, as of the date of the recording of this Declaration or as amended in the future by the governing body of the City of Loveland, County of Larimer, Colorado.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

Section 1 - Existing Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Larimer County, State of Colorado and is more particularly described in the Preamble.

Section 2 - Project Description Harvest Gold Village PUD (“Harvest Gold Village”) is a planned residential development to be located east of and adjacent to North Wilson Avenue and north of West 43rd Street and the Lucile Erwin Middle School, and consisting of 64.5 gross acres. The development mix is

intended to consist of single family residential development areas containing 224 Lots, a multifamily development area containing 141 Units, and open space. The Declarant has not reserved the right to expand the Project by adding additional property to the Project or by creating additional Units within the Project. The Project will consist of five distinctive development areas or villages. Each development area will be characterized by a unique housing type, complete with its own entry feature, landscaped greenbelts, streetscapes, and open space designed to provide privacy and spaciousness while unifying the distinctive development areas into a cohesive neighborhood theme. The development areas or villages, which are hereinafter referred to as "Development Area(s)", are described as follows:

Area A - Detached Single Family Homes - This Development Area is located in the central portion of the Project, directly north of the Lucile Erwin Middle School. The area includes 30.9 acres and is zoned exclusively for 132 single family detached Dwelling Units. A 2.6 acre Village Green open space will be located in the center of Area A, along with a tot-lot and a Park Gazebo. The use of these facilities will be open to all Owners of Harvest Gold Village and their Related Users.

Area B - Traditional Paired Single Family Homes - This Development Area is located directly to the east of the Lucile Erwin Middle School. The area includes 4.5 acres and would be zoned exclusively for 30 attached single family Dwelling Units.

Area C - Maintenance Free Lifestyle Paired Homes - This Development Area includes 6.35 acres and is located along the eastern boundary of the Project. The area is zoned for 26 attached single family dwelling units. Approximately 60% of this area is designated as open space. Access within this Development Area is by means of private drives. The Association will provide for road maintenance, landscaping and maintenance, and exterior home maintenance. The costs for such services will be a special assessment applicable to owners of Lots in Area C.

Area D - Neo-Traditional Detached Single Family Homes - This Development Area is located in the southwest corner of the Project. This Development Area consists of approximately 8 acres and is zoned for 36 single-family dwellings. Neo-traditional elements to be incorporated into this Development Area include garage access from alleyways, reduced front yard setbacks, and architectural elements such as front porches that promote neighborhood interaction.

Area E - Multifamily Homes - This Development Area is located at the northwest corner of the Project adjacent to North Wilson Avenue. This Development Unit consists of 8.9 acres, is zoned for seven 12 unit and four 15 unit buildings, and contains a site approximating 2.25 acres for open space. This Development Area is also intended to include a clubhouse with a multipurpose fitness center for use by all Owners and their Related Users.

ARTICLE III

ASSOCIATION STRUCTURE AND FORMAT

Section 1-Governing Documents. The business affairs and administration of the Association shall be governed by this Declaration, the Colorado Common Interest Ownership Act, and the Articles of Incorporation, Bylaws and Rules and Regulations of the Association.

Section 2 - Organization. The Association is a nonprofit, nonstock corporation organized and existing under the laws of Colorado, charged with the duties and vested with the powers prescribed by law and set forth in the Articles of Incorporation and Bylaws, as such may be amended from time to time, provided that the Articles of Incorporation and Bylaws shall not for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

Section 3 - Membership.

(a) Basis. Membership shall be appurtenant to ownership of the Lot giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except as provided in the Declaration, Articles of Incorporation or Bylaws.

(b) Member's Rights and Duties. Each Member shall have the rights, duties and obligations set forth in this Declaration, the Articles of Incorporation or Bylaws.

(c) Voting Rights. The Association shall have one (1) class of voting membership as follows:

Class A: Class A members shall be all Owners as defined in Article I, Section 24. Class A Members shall be entitled to one (1) vote for each Lot owned; provided, however, that the Owner(s) of Area E shall be entitled to one(1) vote for each Dwelling Unit within Area E prior to completion of construction, or the total number of Dwelling Units constructed within Area E at full buildout, whichever is less. In the event any Assessment for a Lot is delinquent, the voting right of the Member for that Lot shall be suspended until such time as the delinquency has been cured..

(d) Exercise of Vote. Class A Membership shall be appurtenant to and may not be separated from record ownership of a Lot, and such membership shall automatically transfer to the new Owner(s) upon any sale, transfer, or other disposition of a Lot subject to the provisions of this Declaration and any supplements thereto. There shall not be more than one (1) Class A Member vote for any Lot within the Project, except as above provided for Dwelling Units in Area E. The vote for any Membership, which is held by more than one (1) person may only be exercised by one (1) person, or if the Owner is a corporation, by an officer of such corporation. A written notice subscribed to by all of such persons or by such corporation, as the case may be, designating one

(1) of such persons or an officer of such corporation as the person entitled to cast the vote with respect to such Lot shall be delivered to the Secretary of the Association prior to the start of any annual or special meeting of the Association. Without this written notice, the vote for the Membership shall not be counted.

Section 4 - Executive Board.

(a) Composition. The number of Directors of the Association's Executive Board shall be as provided in the Articles of Incorporation and Bylaws.

(b) Extent of Power.

(1) The Executive Board shall have all powers for the conduct of the affairs of the Association which are provided for by law, this Declaration or the Articles of Incorporation and Bylaws of the Association, which are not specifically reserved to Members, the Declarant or the Architectural Review Committee by said documents.

(2) The Executive Board shall exercise its powers in accordance with this Declaration, the Articles of Incorporation and Bylaws.

ARTICLE IV

DUTIES AND POWERS OF THE HARVEST GOLD VILLAGE ASSOCIATION

Section 1 - General Duties and Powers of Association. The Association has been or will be formed to manage the business affairs of the common interest community, to maintain and repair the Common Area, and to provide other services set forth herein or in its Articles of Incorporation and Bylaws. In addition, the Association shall govern architectural review procedures for each of the Development Areas created within the Project. The Association, acting through its Executive Board or Persons to whom the Executive Board has delegated such powers, shall have the duties and powers hereinafter set forth 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 Association Common Areas and to improve and enhance the attractiveness, desirability and safety of the Association Common Areas and Lots located within the Project.

Section 2 - Duty to Accept Property and Facilities Transferred by Declarant. The Association shall accept the title to any Common Area, including any Improvements thereon, personal property or equipment transferred to the Association by Declarant, together with the responsibility to perform any and all of the functions set forth in this Declaration in connection therewith, provided that such property and functions are not inconsistent with the terms of this Declaration. Real property interests transferred by Declarant to the

Association shall consist of fee simple title to the Common Area. Except as otherwise specifically approved by resolution of the Executive Board of the Association, no real property or personal property transferred to the Association by Declarant shall impose upon the Association any obligation to make monetary payments to Declarant nor any affiliate of Declarant, including, but not limited to, any purchase price, rent, charge or fee. The interest in property transferred to the Association by Declarant shall not impose any unreasonable or special burden on the Association other than the duties set forth hereinafter.

Section 3 - Duty to Manage and Care for Common Area. The Association shall manage, operate, care for, maintain and repair all of the Common Area and keep the same in a safe, attractive and desirable condition for the use and enjoyment of the Owners.

Section 4 - Duty to Pay Taxes and Assessments. The Association shall be obligated to pay all taxes and assessments levied on any property or facilities transferred to or acquired and owned by the Association except taxes and assessments applicable to the period prior to transfer of such property or facilities by Declarant which shall be prorated as of the time of such transfer and paid by Declarant. The Association may contest the validity or applicability of any such taxes, assessments or impositions so long as such contest does not jeopardize the title of the Association to any such property or facilities.

Section 5 - Duty to Prepare Budgets. The Association shall prepare budgets for the Association as elsewhere provided in this Declaration.

Section 6 - Duty to Levy and Collect Assessments. The Association shall levy and collect Assessments as elsewhere provided in this Declaration.

Section 7 - Power to Provide Audit. The Association may provide for an annual audit of the accounts of the Association. If required by a Federal Mortgage Agency such audit may be an independent audit. Copies of the report of the audit will be made available to any Member who requests a copy of the same upon payment of such Member of the reasonable cost of copying the same.

Section 8 - 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, and the use of any property within the Project. Any such Rules and Regulations shall be reasonable and uniformly applied. Such Rules and Regulations shall be effective only upon adoption by resolution of the Executive Board of the Association. Notice of the adoption, amendment or repeal of any Rule or Regulation shall be given in writing to each Member of the Association at the address for notices to Members as elsewhere provided in this Declaration or the Bylaws of the Association, and copies of the currently effective Rules and Regulations will be made available to each Member upon request and payment of the reasonable expense of copying the same. Each Owner shall comply with such Rules and Regulations and shall be responsible for compliance with such Rules and Regulations by their Related Users. 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.

Section 9 - Power to Enforce Declaration and Rules and Regulations. The Association shall have the power to enforce the provisions of this Declaration and of its Rules and Regulations and shall take such action as the Executive Board of the Association deems necessary or desirable to cause such compliance by each Owner and each Related User. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and of the Rules and Regulations of the Association by any one or more of the following means: (a) by entry upon any Lot in the event a bona fide emergency exists, without liability to the Owner thereof, for the purpose of enforcement or causing compliance with this Declaration or rules and Regulations of the Association; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules and Regulations of the Association, by mandatory injunction or otherwise; (c) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of this Declaration or the Rules and Regulations of the Association; (d) by suspension, after notice and hearing of the voting rights of a Member of the Association during and for up to sixty (60) days following any breach of this Declaration or the Rules and Regulations by such Member, Owner, or their Related Users, unless the breach is a continuing breach, in which case such suspension shall continue for so long as such breach continues; (e) by levying and collecting, after Notice and Hearing, a reimbursement Assessment against any Owner for breach of this Declaration or such Rules and Regulations by such Owner or their Related Users; and (f) by levying and collecting, after Notice and Hearing, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any Owner or their Related Users for breach of or failure to comply with this Declaration or such Rules and Regulations by such Member, Owner, or their Related Users.

Section 10 - Power to Provide Special Services for Members. The Association shall maintain, repair and replace, as the Executive Board deems necessary, the private drives, Lot landscaping and exterior dwelling improvements for property located within Area C. The Association shall also have the power to provide other services to an Owner or group of Owners requesting same. Any service or services to an Owner or group of Owners provided hereunder shall be compensated for by payment to the Association by such Owner or group of Owners of a special Assessment which consists of the reasonably estimated costs and expenses of the Association in providing such services, including a fair share of the overhead expenses of the Association. The payment for such services shall be secured by a lien on the property of the Owner or group of Owners receiving such services.

Section 11 - Power to Employ Managers. The Association shall have the power to retain and pay for the services of a Manager or Managers to undertake any of the management or functions for which the Association has responsibility under this Declaration to the extent deemed advisable by the Association, and may delegate any of its duties, powers or functions to any such Manager. Any contract or agreement with any such Manager shall be terminable by the Association for cause on no more than thirty (30) days' prior written notice, and shall be terminable by the Association without cause and without payment of a

termination fee on no more than ninety (90) days' prior written notice. Any such contract or agreement shall be for a term of no more than one (1) year but may be subject to renewal for succeeding terms of no more than one (1) year each. Notwithstanding any delegation to a Manager of any duties, powers or functions of the Association, the Association and its Executive Board shall remain ultimately responsible for the performance and exercise of such duties, powers and functions. Any agreement or contract with a Manager may contain any other provisions which are required to be contained therein by any Federal Mortgage Agency.

Section 12 - 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 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.

Section 13 - General Corporate Powers. The Association shall have all of the powers provided by the Colorado Common Interest Ownership Act and ordinary powers and rights of a Colorado corporation formed under the Colorado Nonprofit 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 Bylaws of the Association. 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 and Bylaws of the Association 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 and Bylaws of the Association.

ARTICLE V

COMMUNITY ASSOCIATION PROPERTIES

Section 1 - Right of Association to Regulate Use. The Association, acting through the Executive Board, shall have the power to regulate use of the Association Common Areas by Owners and their Related Users for the purpose of enhancing the overall rights of use and enjoyment of all Owners, including imposing reasonable limits on the times of use and numbers of guests permitted to use Association Common Areas.

Section 2 - No Partition of Association Common Areas. No Owner shall have the right to partition or seek to partition the Association Common Areas or any part thereof.

Section 3 - Liability- of Owners for Damage by Member. Each Owner shall be liable to the Association for any damage to Association Common Areas 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 Owner, their Related Users, and any person using the Association Common Areas through such Owner, and for any violation of this Declaration or any Rule or Regulation adopted by the Association by such Owner or any such person. The Association shall have the power, as elsewhere provided in this Declaration, to levy and collect a reimbursement Assessment against a Owner, after Notice and Hearing, to recover 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.

Section 4 - Association Duties Regarding Damage, Destruction or Required Improvements. In the event of damage to Association Common Areas by fire or other casualty or in the event any governmental authority shall require any repair, reconstruction or replacement of any Common Areas, the Association shall have the duty to repair, reconstruct or replace the same. Any insurance proceeds payable by reason of damage or destruction of Common Areas by fire or other casualty shall be paid to the Association and shall be used, to the extent necessary, to pay the costs of repair, reconstruction or replacement. If funds from insurance proceeds or from reserves for replacement are insufficient to pay all costs of repair, reconstruction or replacement of Improvements damaged or destroyed, or if the Association is required to make repairs, replacements or Improvements by governmental authorities, the Association may, in order to make up any deficiency in the insurance proceeds or to pay for the required repair, replacement or improvement, levy a Special Assessment in accordance with Article VI Section 7, or if an Owner or group of Owners or their Related Users is liable for such damage, levy a reimbursement Assessment against the Owner or group of Owners responsible therefor in accordance with Article VI Section 8. Repair, reconstruction and replacement of Common Areas shall be done under such contracting and bidding procedures as the Association shall determine are appropriate.

Section 5 - Association Powers in the Event of Condemnation. If any Common Areas 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 therein. Any award or funds received by the Association shall be held subject to the provisions of C.R.S. §38-33-107, regarding the distribution of eminent domain awards as that section was originally enacted or subsequently amended by the Colorado Legislature.

Section 6 - Title to Common Areas on Dissolution of Association. In the event of dissolution of the Association, the Common Areas shall, to the extent reasonably possible, be conveyed or transferred to an appropriate public or governmental agency or agencies or to a nonprofit corporation, association, trust or other organization to be used, in any such event, for the common benefit of Owners for similar purposes for which the particular Property was held by the Association.

ARTICLE VI

COVENANT FOR ASSESSMENTS

Section 1 - General. The Association shall have the power to levy Assessments against the Lots and the Owners thereof, and, if more than one (1) Person, all such Persons, jointly and severally, by acceptance of the deed to a Lot, whether or not it shall be expressed in any such deed, shall be deemed to covenant and agree expressly in any such deed to pay all such Assessments in the manner and for the purposes provided herein. Subject to the provisions hereof, the Executive Board shall have the power and authority to determine all matters in connection with Assessments, including the power and authority to determine where, when, and how Assessments shall be paid to the Association, and each Owner shall comply with such determination.

Section 2 - Method of Assessment. All Assessments shall be levied by the Association against Lots and collected and disbursed by the Association. The Executive Board shall fix the amount of the Assessments as provided hereinafter and set the date or dates such Assessments shall become due.

Section 3 - Relationship of the Association Lien to Mortgages. Except as provided in C.R.S. §38-33.3-316, the lien of the assessments provided for herein shall be subordinate to the lien of any First Mortgage, including any executory land sales contract wherein the Administrator of Veterans Affairs (Veterans Administration) is the seller, whether such contract is owned by the Veterans Administration or its assigns, and whether such contract is recorded or not. The lien of such assessments shall be superior to any homestead exemption or other exemption as is now or may hereafter be provided by Colorado or Federal law. The acceptance of a deed to property subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said assessment lien. Sale or transfer of any Lot shall not affect the liens for said charges except that sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, including a deed in lieu of foreclosure or cancellation or forfeiture of an executory land sales contract shall extinguish the lien of such charges as to payments which became due prior to such sale, transfer, cancellation or forfeiture of executory land sales contract. No sale, transfer, cancellation or forfeiture of executory land sales contract shall relieve such Lot from liability for any such charges thereafter becoming due or from the lien thereof; provided, however, that in the event of foreclosure of a First Mortgage or the taking of a deed in lieu thereof, such First Mortgagee shall not be liable for unpaid assessments or other charges which accrue prior to the acquisition of title to the Lot in question by such First Mortgagee except to the extent C.R.S. §38-33.3-316 grants a superior priority to liens of the Association in relationship to a first mortgage.

Section 4 - General Assessments.

(a) Purpose. The General Assessment shall be used to: (a) promote the welfare of the Owners and in particular to improve, maintain and operate the Common Areas, and any improvements located thereon, including funding of an adequate reserve fund for maintenance,

repair, and replacement of those elements of the Common Areas that must be replaced on a periodic basis; (b) to maintain the landscaping of the Common Areas; (c) to pay annual insurance costs necessary to the Association and all tax liabilities assessed by any federal, state or local tax authority relating to the Common Areas; (d) to carry out all activities necessary to enforce these Covenants as they relate to architectural control issues; (e) to pay any professional fees incurred by the Association; and (f) to fund the operations of the Association..

(b) Basis for Assessment. For General Assessment purposes, all Lots in the Project shall be treated equally, except that as to Dwelling Units in Area E, each of such Dwelling Units, for assessment purposes only, shall also be treated as a Lot.

(c) Initial Monthly Assessment. An initial monthly assessment has not been determined by the Declarant for Lots as of the date of this Declaration.

(d) Increase in Lot Assessment. The Executive Board, shall have the ability to increase General Assessments by vote of a majority of the Executive Board in an amount which shall be sufficient to meet the obligations imposed by the Declaration. In the event the Executive Board fails to fix an assessment for any fiscal year, then the General Assessment established for the prior year shall automatically be continued until such time as the Executive Board acts.

(e) Date of Commencement of General Assessments. The Declarant shall determine when the General Assessment shall begin. Prior to the imposition of General Assessments, the Declarant shall pay all costs of the Association. At such time as the Declarant determines that the General Assessment shall begin, each Lot and each Dwelling Unit in Area E shall be subject to equal assessment.

Section 5 - Budget Process. To determine the amount required to be raised by General Assessments for any fiscal year, the Executive Board shall prepare an annual budget ("Budget") for such fiscal year showing, in reasonable detail, (i) the various matters proposed to be covered by the Budget, (ii) the estimated costs and expenses which will be payable, (iii) the estimated income and the funds which will be available in that fiscal year, and (iv) the estimated total amount of money required to be raised by the General Assessment to cover such costs and expenses and to provide a reasonable reserve. The total amount of money required to be raised by the General Assessment for such fiscal year shall be the amount as determined by the Executive Board necessary to satisfy the costs and expenses of fulfilling such functions and obligations of the Association in the coming fiscal year, including the payment of debts from prior fiscal years, providing reasonable reserves, and providing a reasonable carry-over reserve for the following fiscal year. Within thirty (30) days after adoption of any proposed Budget, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the Budget to all Members and shall set a date for a meeting of the Members to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the Budget summary. Unless at that meeting a majority of Members present at the meeting, in person or by proxy, rejects the Budget, the Budget is ratified,

whether or not a quorum is present. In the event the proposed Budget is rejected, the periodic budget last ratified by the Members must be continued until such time as the Members ratify a subsequent Budget proposed by the Executive Board.

Section 6 - Supplementary- Assessments. In the event that the Board shall determine, at any time or from time to time, that the amount of the General Assessment is not adequate to pay for the costs and expenses of fulfilling the Association's obligations hereunder, one or more supplementary assessments may be made for the purpose of providing the additional funds required. To determine the amount required to be raised by each supplementary assessment, the Board shall revise the annual budget for such fiscal year. Within thirty (30) days after adoption of any proposed supplementary budget for the Association, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the supplementary budget to all Members and shall set a date for a meeting of the Members to consider ratification of the supplementary budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the supplementary budget summary. Unless at that meeting a majority of all Members present at the meeting, in person or by proxy, rejects the supplementary budget, the supplementary budget is ratified, whether or not a quorum is present. In the event the proposed supplementary budget is rejected, the periodic budget last ratified by the Members must be continued for the balance of the fiscal year for which the budget applies unless the Members ratify a subsequent supplementary budget that is proposed by the Executive Board. Based on such revised budget, the Executive Board may make a supplementary assessment for such fiscal year against each Lot, the amount of which shall be determined by the Executive Board.

Section 7 - Special Assessments. Special assessments may be made: (1) for the purposes of providing the services to Area C, as set forth in Article IV Section 10 hereof; or (2) raising funds for capital improvements and for any other Association purpose for which General Assessments may not or have not been made. Except as to special assessments made for the services provided to Area C, as set forth in Article IV Section 10 hereof, whether to make a special assessment and the amount thereof per Lot shall be determined by the Executive Board; provided that no such special assessment shall be valid unless approved by a majority vote of the Members present and voting in person or by proxy at any Annual Meeting of the Owners or at any special meeting thereof called for the purpose of considering such special assessment.

Section 8 - Reimbursement Assessments. The Executive Board may, subject to the provisions hereof, levy an assessment against any Member if (a) the willful or negligent failure of the Member or Related User of the Member to comply with this Declaration, the Articles of Incorporation, the Bylaws of the Association, rules and regulations adopted by the Association or Architectural Review Committee have resulted in the expenditure of funds to cause such compliance, or (b) if a Member or a Related User of the Member shall fail to pay any fines or penalties established in the rules and regulations of the Association for breach of or failure to comply with this Declaration or such rules and regulations. Such assessments shall be known as "reimbursement assessments". The amount of the reimbursement assessments shall be due and payable to the Association thirty (30) days after notice to the Member of the decision of the Executive Board of the Association that the reimbursement assessment is owing.

Section 9 - Differential Assessments. Each Owner, including the Declarant, shall have the obligation to pay the General Assessment for each Lot, or in the case of Dwelling Units in Area E, each such Dwelling Unit that Owner owns within the Project. The General Assessment shall include those costs incurred by the Association for: general liability insurance costs, Common Area maintenance costs, Common Area sprinkler system operation and maintenance costs, and general administrative overhead necessary to operate the Association. The identification of costs in this Section 9 is not meant to be exhaustive, and the Executive Board may identify additional costs to be included as costs to be paid as part of the General Assessment. No Owner, including the Declarant/Developer, shall be exempt from General Assessments for Lots.

Section 10 - Time for Payments. The General Assessment for each Lot shall be payable in twelve equal monthly installments due on the first day of each month and shall become delinquent if not paid by the tenth (10th) day of each month. Special and supplementary assessments shall be payable as provided in the resolutions authorizing the same. All installments of general, supplementary, and special assessments shall be due and payable without notice or demand, and all Assessments shall be paid without any setoff or diminution of any kind. Any Assessment or installment thereof or other amount payable pursuant to this Section or under the Articles of Incorporation or its Bylaws which is not paid when due shall bear interest from the delinquency date until paid at the maximum rate permitted by law for interest as provided in Colorado Revised Statutes §38-33.3-315(2) or any subsequent amendment thereto or such lesser rate as the Executive Board shall determine and/or may be subject to a late charge as may be set and uniformly applied by the Executive Board. All payments on account shall be first applied to interest and late charges and then to the Assessment payment due.

Section 11 - Lien for Assessments and Other Amounts. The Association shall have a lien against each Lot to secure payment of any Assessment and other amounts due and owing to the Association with respect to that Lot which shall be created and enforced as provided in Colorado Revised Statutes §38-33.3-316 or any subsequent amendment thereto.

Section 12 - Estoppel Certificate. Upon payment of a reasonable fee and upon written request of any Member, or First Mortgagee, or any person with any right, title or interest in a Lot or intending to acquire any right, title, or interest in a Lot, the Association shall furnish a written statement setting forth the amendment of any Assessments, if any, due or accrued and then unpaid with respect to such Lot and the amount of the Assessments for the current fiscal period of the Association payable with respect to the Lot, which statement shall, with respect to the party to whom it is issued, be conclusive against the Association, for all purposes, that no greater or other amounts were then due or accrued and unpaid.

Section 13 - No Abatement. No diminution or abatement of Assessments shall be allowed or claimed for any reason including, without limitation, from the making of repairs or improvements to the Common Areas or from any action taken to comply with any law, ordinance, or order of a governmental authority.

Section 14 - Rights of First Mortgagees. Any First Mortgagee of a Lot within the Project may jointly or severally pay any tax or other charge which is in default and which may have become a charge or a lien against any Common Area of the Association, and any First Mortgagee may jointly or severally pay any overdue premium on hazard insurance policies or secure new hazard insurance coverage on the lapse of any such policy, upon Common Areas of the Association, and any First Mortgagee(s) making such payments shall be entitled to immediate reimbursement therefor from the Association.

Section 15 - Exempt Property. The following property subject to this Declaration shall be exempted from the Assessments, a charge and lien created herein: (a) all properties to the extent of any easement or other interest therein dedicated and accepted by a public authority and devoted to public use; (b) all Association Properties; and (c) all properties exempted from taxation by the State or County Government on the terms and to the extent of such legal exemption.

ARTICLE VII

USE AND OTHER RESTRICTIONS

Section 1 - Nuisances. No nuisance shall be permitted to exist or operate upon any property so as to jeopardize property values or to be detrimental to the well being of any other Member of the Association.

Section 2 - Restriction on Further Subdivision. No Lot upon which a Residential Home has been constructed shall be further subdivided or separated into smaller lots by any Owner, and no portion less than all of any such Lot, nor any easement or other interest herein shall be conveyed or transferred by an Owner, provided that this shall not prohibit deeds of correction, deeds to resolve boundary line disputes, and similar corrective instruments.

Section 3 - Single-Family Residence. No Residential Home shall be used for any other purpose other than as a single-family residence, and no business or commercial activity shall be carried on or within the Project other than those home occupations permitted by the City of Loveland Zoning Code.

Section 4 - Common Area Restriction. All use and occupancy of the Common Area shall be subject to and governed by the Rules and Regulations adopted by the Association. No damage or waste shall be committed to the Common Area or Improvements located thereon.

Section 5 - No Imperiling of Insurance. Nothing shall be done or kept in or on any portion of the Project which might result in an increase in the premiums with respect to insurance obtained for all or any portion of the Project or which might cause cancellation of such insurance except with the prior written consent of the Association.

Section 6 - No Violation of Law. Nothing shall be done or kept in or on any portion of the Project which would be in violation of any Statute, Rule, Ordinance, Regulations, Permit, or validly imposed requirement of any governmental body.

Section 7 - Appearance. All parts of the Project shall be kept in a clean, safe, and attractive condition, and no rubbish, refuse, or garbage shall be allowed to accumulate.

Section 8 - Restrictions on Signs. No signs or advertising devices of any nature shall be erected or maintained on any part of the Project (including, without limitation, any Lot) without the prior written approval of the Architectural Review Committee; provided, however, that "For Sale" or "For Rent" signs not exceeding six (6) square feet shall be allowed without first obtaining prior written approval from the Architectural Review Committee.

Section 9 - Conditions for Architectural Control. No improvements, alterations, repairs, change of paint colors, excavations, changes in grade or other work which in any way alters the exterior of any Lot, Residential Home, Common Area or the Improvements located thereon from its natural or improved state existing on the date such property was first subject to this Declaration shall be made or done without compliance with the procedures set forth in Article X of this Declaration regarding architectural control.

Section 10 - Rules and Regulations. Every Owner and their Related Users shall strictly adhere to the Rules and Regulations adopted from time to time by the Association. The Board may adopt general rules, including but not limited to, rules to regulate potential problems relating to the use of the Property and the well being of the Members and Owners, such as keeping of animals, storage items, and the use of all vehicles, storage and use of machinery, use of outdoor drying lines, antennas, signs, trash, trash containers, maintenance, and removal of vegetation on the properties.

Section 11 - Mineral Exploration. No portion of the Project including, without limitation, any area within a Lot shall be used to explore for or to remove any water, soil, hydrocarbons, or other minerals of any kind.

Section 12 - Restrictions on Parking and Storage. Except as expressly heretofore provided, no Lot, including the private drives or parking areas, unless specifically designated by the Association therefore, shall be used as a storage or display area for any type of house trailer, camping trailer, boat trailer, hauling trailer, running gear, boat or accessories thereto, motordriven cycle, truck, self-contained motorized vehicle or any type of business vehicle used in any business of the Owner or any family member of the Owner except as a temporary expedience for loading, delivery or emergency. The same shall be stored, parked or maintained within the garage area of the Residential Home. This restriction, however, shall not restrict commercial vehicles within the properties which are necessary for the construction of residential dwellings, or for the maintenance of the Common Area or Lots within the Project.

Section 13 - Animals Within the Project. No animals shall be kept or harbored within the Project except that any Owner may keep a reasonable number of household pets, subject to existing ordinances of the City of Loveland, Colorado. It shall be the obligation of each Owner owning a pet to control it in accordance with the existing ordinances of the City of Loveland, Colorado. It shall be the responsibility of each Owner to maintain any Lot or Common Area used in any manner by any pet to avoid any noise, odor or nuisance to any other Owner within the Association. The Executive Board may, at any time, create Rules and Regulations regarding the keeping of animals within the Project, and all Owners shall be subject to this covenant which requires that the Owners comply with the terms and conditions of those Rules and Regulations regarding animals within the Project. Dog runs shall be allowed only with the approval of the Architectural Review Committee.

Section 14 - Antennas, Satellite Dishes and Solar Panels. Exterior mounted Antennas are prohibited. One Satellite Dish per Dwelling Unit is allowed, subject to the approval of size and location of same by the Architectural Review Committee. Solar panels are subject to approval of the Architectural Review Committee as to size and location.

Section 15 - Underground Electric Lines. All electric, television, radio, telephone line installations and connections from any property line of a Lot to a residence or other structures shall be placed underground, except that during the construction of a residence the contractor or builder may install a temporary overhead utility line which shall be promptly removed upon completion of construction.

Section 16 - Hazardous Activities. No activities shall be conducted on the Project and on improvements constructed on the Project which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged within the Project and no open fires shall be lighted or permitted within the Project, except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior fireplace.

Section 17 - Light, Sound or Odors. No light shall be emitted from any Lot which is unreasonably bright or causes unreasonable glare. Exterior lighting, other than that provided by the homebuilder, shall not be allowed unless approved by the Architectural Review Committee; except seasonal decoration and lighting is allowed without approval of the Architectural Review Committee. No sound shall be emitted on any Lot which is unreasonably loud or annoying; and no odor shall be emitted on any Lot which is noxious or offensive to others.

Section 18 - Clotheslines and Storage Areas. No clothesline, drying yards, storage areas or wood piles shall be constructed or located on any Lot within the Project.

Section 19 - Garbage and Refuse Disposal. No garbage, refuse, rubbish, or cuttings shall be deposited on any street or on any Lots unless placed in a container suitably located, solely for the purpose of garbage pickup. All equipment for the storage or disposal of such materials shall be kept in clean and sanitary condition.

Section 20 - Repair. No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting, or servicing of any kind of vehicles, trailers, or boats, may be performed on any Lot unless it is done within completely enclosed structures located in the Dwelling Unit which screen the sight and sound of the activity from the street and from adjoining property, nor shall any such activity be performed on the Common Area. The foregoing restriction shall not be deemed to prevent washing and polishing of any motor vehicle, boat, trailer, or motorcycle together with those activities normally incident and necessary to such washing and polishing.

Section 21 - Storage. No tanks for the storage of gas, fuel, oil, or other materials shall be erected, placed, or permitted above or below the surface of the Lot.

Section 22 - Trash Burning. Trash, leaves, and other similar materials shall not be burned within the Project.

Section 23 - Fencing. No fencing of any type shall be constructed by any Owner on any Lot subject to this Declaration without the prior written approval of the Architectural Review Committee. Any Lot upon which fencing has been constructed as a part of the final development plan and conditions of approval adopted by the City of Loveland for Harvest Gold Village PUD shall be maintained by the Owner of the Lot, unless otherwise provided for herein.

ARTICLE VIII

INSURANCE

Section 1 - Insurance. All insurance, other than title insurance, carried in connection with the Common Area, Lots, Residential Homes, Improvements, and Project shall be governed by the provisions of this Article VIII.

Section 2 - Insurance Requirements Generally. The Association shall obtain and maintain in full force and effect at all times certain casualty, liability, and other insurance as hereinafter provided. All such insurance shall be obtained, to the extent possible, from responsible companies duly authorized and licensed to do insurance business in the State of Colorado.

To the extent possible, the casualty, property, and liability insurance shall: (i) provide for a waiver of subrogation by the insurer as to claims against the Association, its directors, officers, employees, agents, and members; (ii) provide that the insurance cannot be canceled, invalidated, or suspended on account of the conduct of the Association, its officers, directors, employees, and agents; (iii) provide that the policy of insurance shall not be terminated, canceled, or substantially modified without at least thirty (30) days' prior written notice to the Association; and (iv) provide for a standard Mortgagee's clause in favor of all First Mortgagees who have an interest within Harvest Gold Villages.

Any insurance policy may contain such deductible provisions as the Association deems consistent with good business practice and which shall be consistent with the requirements of any First Mortgagees. Any loss falling within the deductible portion of a policy shall be borne by the Association. The cost and expense of all insurance obtained by the Association shall be paid out of Association funds collected by Assessments and otherwise as elsewhere provided in this Declaration.

Section 3 - Insurance for Common Area and Fidelity Insurance. The Association shall maintain insurance covering all insurable improvements located or constructed upon the Common Area. The Association shall maintain the following types of insurance, to the extent that such insurance is reasonably available from a carrier with a Best's Insurance Rating of Class X-B or better:

(a) A policy of property insurance covering all insurable improvements located on the Common Area, with coverage sufficient to obtain a replacement cost endorsement providing that any claim will be settled on a full replacement cost basis without deduction for depreciation, and including an "Inflation Guard Endorsement" and an "Agreed Amount Endorsement". The Association may also purchase a "Demolition Endorsement", an "Increased Cost of Construction Endorsement", a "Contingent Liability from Operation of Building Laws Endorsement" or the equivalent, and/or coverage on personal property owned by the Association. Such insurance as maintained by the Association pursuant to this subsection shall afford protection against at least the following:

(1) loss or damage by fire and other hazards covered by the standard all risk form;
and

(2) such other risks as shall customarily be covered with respect to projects similar in construction, location and use.

(b) A comprehensive policy of public liability insurance covering all of the Common Area, insuring the Association in an amount not less than \$1,000,000 covering bodily injury, personal injury and property damage liability arising out of a single occurrence, such coverage to include protection against liability for non-owned and hired automobile and, if applicable, garage keeper's liability, water damage liability, contractual liability, workmen's compensation insurance for employees of the Association, and such other risks as shall customarily be covered with respect to projects similar in construction, location, and use.

(c) A policy providing adequate fidelity coverage or fidelity bonds to protect against dishonest acts on the part of officers, directors, trustees and employees of the Association and all others who handle or are responsible for handling funds of the Association. Such fidelity coverage or bonds shall meet the following requirements:

(1) all such fidelity coverage or bonds shall name the Association as an obligee.

(2) such fidelity coverage or bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

(3) the amount of coverage shall not be less in aggregate than two (2) months current assessments plus reserves, as calculated from the current budget of the Association or such amount that is subsequently required by legislative amendment to C.R.S. §38-33.3-313.

All policies of insurance in this Section 3 shall contain waivers of subrogation and waivers of any defense based on invalidity arising from any acts of a Member of the Association and shall provide that the policies may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the insured, as well as to the First Mortgagees of Dwellings who have requested notice of cancellation or modification from the Association. Duplicate originals of all policies and renewals thereof, together with proof of payment of premiums, shall be delivered to any First Mortgagee of any Dwelling upon written request. The insurance shall be carried in blanket form naming the Association, as the insured, as trustee and attorney in fact for all Owners, and their respective First Mortgagees and each Owner shall be an insured person under such policies with respect to liability arising out of any such Owner's membership in the Association, and the amount of coverage to be provided shall be one and one half times the Association's estimated annual operating expenses and reserves.

Section 4 - Insurance on Residential Homes. Each Owner shall be responsible for obtaining general liability and property insurance for any Residential Home owned without participation of the Association. Insurance coverage on the furnishings and other items of personal property belonging to an Owner shall be the Owner's responsibility as well. Any insurance policy obtained by an Owner shall, to the extent possible at reasonable cost, contain a waiver of the right of subrogation by the insurer as to any claims against Harvest Gold Village Association, its officers, directors, agents and employees.

Section 5 - Association Insurance as Primary Coverage. If at the time of any loss under any policy which is in the name of the Association, there is other insurance in the name of any Owner and such Owner's policy covers the same property or loss, or any portion thereof, which is covered by such Association policy, such Association policy shall be primary insurance not contributing with any other insurance.

Section 6 - Workmen's Compensation and Employer's Liability Insurance. The Association may obtain and maintain workman's compensation and employer's liability insurance as may be necessary to comply with applicable laws.

Section 7 - Notice of Loss to First Mortgagees. Provided that a First Mortgagee has, in writing, requested the following information and has furnished the Association with the address to which said First Mortgagee wants the information sent, then in the event there shall be any damage to or destruction of the Common Area which shall be in excess of Ten Thousand Dollars (\$10,000.00), timely written notice of any such damage or destruction shall be given by the Association to such First Mortgagee.

Section 8 - Annual Review of Insurance Policies. All insurance policies carried by the Association shall be reviewed at least annually by the Executive Board to ascertain that the coverage provided by such policies adequately covers those risks insured by the Association.

Section 9 - Distribution of Insurance Proceeds by the Association. In the event that the Association is required to distribute any insurance proceeds directly to an Owner for losses to property, any such distribution shall be made jointly payable to the Owner and any First Mortgagee of record, as defined in Article 1 of this Declaration.

Section 10 - Other Insurance. The Association may obtain insurance coverage against such additional risks as it shall determine to be appropriate.

ARTICLE IX

VARIOUS RIGHTS AND EASEMENTS

Section 1 - Association Easements. Declarant hereby expressly creates and reserves for the benefit of Harvest Gold Village Association, its designees, successors and assigns easements over and across Lots as may be necessary or appropriate for the Harvest Gold Village Association to perform duties and functions which it is obligated or permitted to perform under this Declaration, including the use, enjoyment, maintenance, repair, and replacement of any portion of Common Area, or Improvements thereon, and for access, ingress and egress necessary for such use, enjoyment, maintenance, repair and replacement.

Section 2 - Owner Easements. Declarant hereby expressly creates and reserves for the benefit of each Lot, and for the benefit of the Owner of such Lot, the following easements:

(a) Easements for Encroachments. A valid, currently existing easement for any encroachment, and for the maintenance of the same, which results from any portion of any Residential Home on a Lot encroaching upon an adjoining Lot or adjoining Common Area, whether as a result of errors in construction of any Improvements by Declarant, or reconstruction, repair, shifting, settlement, or movement of such Improvements, which easement shall exist for so long as such Residential Home exists.

(b) Easements Over Common Area for Use and Maintenance of Residential Homes.

Easements over Common Area as may be necessary or appropriate for the use, enjoyment, maintenance, repair and replacement of the residential home constructed on such Lot, and for access, ingress and egress necessary for such use, enjoyment, maintenance, repair and replacement.

(c) Easements Over Common Area for Utilities. An easement over, across, under and through Common Area, in the location where such utilities and related facilities are originally installed by Declarant or in such other location as may be designated from time to time by the Association, for the purpose of installation, operation, maintenance, repair and replacement of underground utilities and related surface facilities necessary for the use, enjoyment and operation of the residential home constructed on such Lot, including, but not limited to, water lines, sewer lines, gas lines, telephone lines, television cable lines, and all equipment and facilities incidental thereto, and for access, ingress and egress necessary for such installation, operation, maintenance, repair and replacement.

Section 3 - Easements Deemed Appurtenant. The easements and rights hereinabove created shall be binding upon and inure to the benefit of the Association or each Lot in the Project and the Owner of each such Lot, as the case may be, and all conveyances of and other instruments affecting title to any such Lot or Common Area shall be deemed to grant and reserve the easements and rights as are provided for herein, even though no specific reference to such easements appears in any such conveyance.

Section 4 - Title to Common Area. Title to the Common Area shall be conveyed to the Association by the Developer, free and clear of financial encumbrances, in the first phase or in any subsequent phases, prior to conveyance of the first Lot to an Owner within that phase who is not the Developer.

ARTICLE X

ARCHITECTURAL REVIEW

Section 1 - Membership of Architectural Review Committee. The Association shall appoint an Architectural Review Committee for purposes of deciding architectural issues within the Project. The Association may appoint an Architectural Review Committee for any or all of the Development Areas in lieu of having a single Architectural Review Committee for the entire Project. The initial Architectural Review Committee shall be composed of the Declarant or its designee, successor, or assign, who shall continue to perform the functions of the Architectural Review Committee as to new construction until the construction period exception defined in Section 25 of this Article X has been concluded by the construction of all Residential Homes which can be built within the Project, or until the Declarant expressly assigns Architectural Review Committee functions to a committee appointed by the Association.

Section 2 - Improvement to Property Defined. "Improvement to Property," requiring approval of Architectural Review Committee, shall mean and include, without limitation: (a) the construction, installation, erection or expansion of any building, structure or other Improvements, including utility facilities; (b) the demolition or destruction, by voluntary action, of any building, structure or other Improvements; (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) landscaping, planting, clearing or removing of trees, shrubs, grass or plants; and (e) any change or alteration of any previously approved Improvement to Property including any change of exterior appearance, color or texture.

Section 3 - Approval of Improvements Required The approval of the Architectural Review Committee shall be required for any Improvement to Property on any Lot within the Harvest Gold Village, except for any Improvement to Property made by Declarant or the Association, and except as prior approval may be waived or certain Improvements to Property may be exempted in writing or under written guidelines or rules promulgated by the Architectural Review Committee because approval in such case or cases is not reasonably required to carry out the purposes of this Declaration.

Section 4 - Committee Guidelines or Rules. The Architectural Review Committee may issue guidelines or rules relating to the procedures, materials to be submitted and additional factors which will be taken into consideration in connection with the approval of any proposed Improvement to Property. Such guidelines or rules 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. Such guidelines or rules may waive the requirement for approval of certain Improvements to Property or exempt certain Improvements to Property from the requirement for approval, if such approval is not reasonably required to carry out the purposes of this Declaration. Such guidelines or rules may elaborate or expand upon the provisions herein relating to procedures and criteria for approval. Such guidelines or rules may specify rules and restrictions pertaining to the construction of Improvements on property, including, for example, the storage of construction materials and hours of construction operations. Such guidelines or rules shall have the same force and effect as if they were set forth in and were a part of this Declaration.

Section 5 - Submission of Plans. Prior to commencement of work to accomplish any proposed Improvement to Property, the Owner or its duly authorized representative proposing to make such Improvement to Property ("Applicant") shall submit to the Architectural Review Committee at its offices such descriptions, surveys, plot plans, drainage plans, elevation drawings, construction plans, specifications and samples of materials and colors as the Architectural Review Committee shall reasonably request showing the nature, kind, shape, height, width, color, materials and location of the proposed Improvement to Property ("Plans"). The Architectural Review Committee may require submission of additional Plans or other information prior to approving or disapproving the proposed Improvement to Property. Until receipt by the Architectural Review Committee of all required materials in connection with the proposed

Improvement to Property, the Architectural Review Committee may postpone review of any materials submitted for approval.

Section 6 - Criteria for Approval. The Architectural Review Committee shall approve any proposed Improvement to Property only if it deems in its reasonable discretion that the Improvement to Property in the location indicated meets the criteria set forth herein. Approval shall be based upon, among other things, compatibility and harmony of exterior design, colors, and materials with natural surroundings and neighboring structures; relation of the proposed Improvements to the natural topography, grade and finished ground elevation of neighboring structures; effect on privacy or security; and conformity of the plans and specifications to the purposes and general plan and intent of the limitations and restrictions imposed by the Declaration and the Rules and Regulations. All subsequent additions to or changes or alterations in any Improvement to Property, including exterior color scheme, and all subsequent additions to or changes or alterations in any grading or landscaping plans shall be subject to the prior approval of the Architectural Review Committee. The Architectural Review Committee may condition its approval of any proposed Improvement to Property upon the making of such changes therein as the Architectural Review Committee may deem appropriate.

The Architectural Review Committee shall have the right to disapprove any Plans and specifications submitted hereunder based upon any of the following:

- (a) Failure to comply with the terms and conditions set forth in this Declaration;
- (b) Failure to comply with the terms and conditions set forth in the Rules and Regulations;
- (c) Failure to include information in such Plans and specifications as may have been reasonably requested;
- (d) Objection to the exterior design, appearance or materials of any proposed Improvement;
- (e) Incompatibility of any proposed Improvement to Property or use with existing Improvements to Property or uses upon other land in the vicinity;
- (f) Objection to the location of any proposed Improvement to Property upon any Lot to other land in the vicinity;
- (g) Objection to the grading plan;
- (h) Objection to the color scheme, finish, proportions, style of architecture, height, bulk or appropriateness of any proposed Improvement to Property;
- (i) Any other matter which, in the judgment of the Architectural Review Committee, would render the proposed Improvement or use inharmonious with the general plan of development of Harvest Gold Village or with Improvements to Property or uses located upon other land in the vicinity.

In any case where the Architectural Review Committee shall disapprove any plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified conditions, such disapproval or qualified approval shall be accompanied by a statement of the grounds upon which such action was based. In any such case, the Architectural Review Committee shall, if requested,

make reasonable efforts to assist and advise the Applicant in order that an acceptable proposal can be prepared and submitted for approval.

Section 7 - Architectural Review Fee. The Architectural Review Committee may, in its guidelines or rules, provide for the payment of a fee to accompany each request for approval of any proposed Improvement to Property. The Architectural Review Committee 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 determine in any other reasonable manner, such as based upon the estimated cost of the proposed Improvement to Property.

Section 8 - Decision of Committee. The decision of the Architectural Review Committee shall be made within thirty (30) days after receipt by the Architectural Review Committee of all materials required by the Architectural Review Committee unless such time period is extended by mutual agreement. The decision shall be in writing and, if the decision is not to approve a proposed Improvement to Property, the reasons therefor shall be stated. The decision of the Architectural Review Committee shall be promptly transmitted to the Applicant at the address furnished by the Applicant to the Architectural Review Committee.

Section 9 - Appeal to Association Board. If the Architectural Review Committee for each Village denies, imposes conditions on, or refuses approval of a proposed Improvement to Property, the Applicant may appeal to the Executive Board of the Association by giving written notice of such appeal to the Architectural Review Committee within twenty (20) days after such denial or refusal. The Executive Board of the Association shall hear the appeal in accordance with the provisions of the Bylaws of the Association for Notice and Hearing. The Executive Board shall decide whether the proposed Improvement to Property or the conditions imposed by the Architectural Review Committee shall be approved, disapproved or modified.

Section 10 - Failure of the Architectural Review 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 Architectural Review Committee within thirty (30) days after the date of receipt by the Architectural Review Committee of all required materials including, in the case of initial Improvements, final working drawings.

Section 11 - Obtaining Governmental Approvals. Applicant shall obtain, prior to commencement of construction of any Improvements to Property, all permits, licenses, certificates, consents and any other approvals necessary or required pursuant to any law, ordinance, resolution, order, rule or regulation of any governmental authority having jurisdiction ("Governmental Approvals") in order for Applicant to construct, operate and maintain the Improvements to Property. The Governmental Approvals shall be deemed to include, but not be limited to, building approvals by the City of Loveland, Colorado.

Section 12 - Prosecution of Work After Approval. After approval of any proposed Improvement to Property, the proposed Improvement to Property shall be accomplished as promptly and diligently as possible in complete conformity with the description of the proposed Improvement of Property, any materials submitted to the Architectural Review Committee in connection with the proposed Improvement to Property, any conditions imposed by the Architectural Review Committee, and in compliance with the conditions and restrictions of this Declaration.

Section 13 - Notice of Completion. Upon completion of any Improvement of Property, the Applicant may give written notice of completion to the Architectural Review Committee. Until the date of receipt of such a notice of completion, the Architectural Review Committee shall not be deemed to have notice of completion of such initial Improvements or Improvement to Property.

Section 14 - Inspection of Work. The Architectural Review Committee or its duly authorized representative shall have the right to inspect any Improvement to Property prior to or after completion, provided that the right of inspection shall terminate thirty (30) days after the Architectural Review Committee shall have received a notice of completion from the Applicant.

Section 15 - Notice of Noncompliance. If, as a result of inspections or otherwise, the Architectural Review Committee finds that any Improvement to Property has been initiated or completed without obtaining the approval of the Architectural Review Committee or was not done in substantial compliance with the approved Plans or other materials furnished to, and any conditions imposed by, the Architectural Review Committee or has not been accomplished as promptly and diligently as possible, then the Architectural Review Committee shall notify the Applicant in writing of the noncompliance; which notice shall be given, in any event, within thirty (30) days after the Architectural Review Committee receives a notice of completion from the Applicant. The notice shall specify the particulars of the noncompliance and shall require the Applicant to take such action as may be necessary to remedy the noncompliance.

Section 16 - Failure of Committee to Act After Completion. If, for any reason other than the Applicant's act or neglect, the Architectural Review Committee fails to notify the Applicant of any noncompliance within thirty (30) days after receipt by the Architectural Review Committee of written notice of completion from the Applicant, the Improvement to Property shall be deemed in compliance if the Improvement to Property was, in fact, completed as of the date of the notice of completion.

Section 17 - Appeal to Association Board of Finding of Noncompliance. If the Architectural Review Committee gives any notice of noncompliance, the Applicant may appeal to the Executive Board of the Association by giving written notice of such appeal to the Executive Board and the Architectural Review Committee within thirty (30) days after receipt of the notice of noncompliance by the Applicant. If, after a notice of noncompliance, the Applicant fails to commence diligently to remedy such noncompliance, the Architectural Review Committee shall request a finding of noncompliance by the Executive Board by giving written notice of such request to the Association and the Applicant within thirty (30) days after delivery to the Applicant of a notice of noncompliance from the Architectural Review

Committee. In either event, the Executive Board shall hear the matter. The Executive Board shall decide whether there has been such noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same.

Section 18 - Correction of Noncompliance. If the Executive Board determines that a noncompliance exists, the Applicant shall remedy or remove the same within a period of not more than forty-five (45) days from the date of receipt by the Applicant of the ruling of the Executive Board. If the Applicant does not comply with the Executive Board ruling within such period the Executive Board, may, at its option, record a Notice of Noncompliance against the real property on which the noncompliance exists, may remove the noncomplying initial Improvements or other Improvement to Property or may otherwise remedy the noncompliance, and the Applicant shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Applicant, the Executive Board may levy a reimbursement Assessment against the Owner of the for such costs and expenses. The right of the Association to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Association may have at law, in equity, or under this Declaration.

Section 19 - No Implied Waiver or Estoppel. No action or failure to act by the Architectural Review Committee or the Association shall constitute a waiver or estoppel with respect to future action by the Architectural Review Committee with respect to any Improvement to Property. Specifically, the approval by the Architectural Review Committee or 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.

Section 20- Compensation of Members. Members of the Architectural Review Committee may receive reimbursement of out-of-pocket expenses incurred by them in the performance of their duties hereunder as compensation for the performance of such duties if approved by the Executive Board of the Association.

Section 21 - Meetings of Committee. The Architectural Review Committee shall meet from time to time as necessary to perform its duties hereunder.

Section 22 - Records of Actions. The Architectural Review Committee shall report in writing to the Executive Board all final action of the Architectural Review Committee, and the Executive Board shall keep a permanent record of such reported action.

Section 23 - Estoppel Certificates. The Association shall, upon the reasonable request of any interested party and after confirming any necessary facts with the Architectural Review Committee, furnish a certificate with respect to the approval or disapproval of any Improvement to Property or with respect

to whether any Improvement to Property was made in compliance herewith. Any Person, without actual notice to the contrary, shall be entitled to rely on said certificate with respect to all matters set forth therein.

Section 24 - Nonliability for Committee Action. There shall be no liability imposed on the Architectural Review Committee, any member of the Architectural Review Committee, any Committee representative, the Association, any member of the Executive Board or Declarant for any loss, damage or injury arising out of or in any way connected with the performance of the duties of the Architectural Review Committee unless due to the willful misconduct or bad faith of the party to be held liable. In reviewing any matter, the Architectural Review Committee 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.

Section 25 - Construction Period Exception. Until such time as all Dwelling Units are built upon all Lots within the Project, all actions regarding architectural control shall be decided by the Declarant or its successor or assign, acting as the Architectural Review Committee, without participation by the Executive Board of the Association. The Declarant or its successor or assign shall utilize the provisions of this Article X in the administration of architectural review matters. The Declarant or its successor or assign may also ask the Executive Board to appoint an additional Architectural Review Committee prior to completion of construction of all Dwelling Units upon all Lots within the Project, in which event the Declarant's or its successor or assign's ability to control architectural decisions shall be exclusive as to new residential construction and shall not include decisions relating to modifications to completed residential construction, which shall be determined by the additional Architectural Review Committee appointed hereunder.

ARTICLE XI

TERMINATION AND AMENDMENT OF DECLARATION

Section 1 - Termination. This Declaration shall continue in effect until and unless terminated as provided in accordance with the provisions of C.R.S. §38-33.3-218 as originally enacted or as subsequently amended by Colorado Legislature.

Section 2 - Amendment. Unless terminated as provided in Section 1, each and every provision of this Declaration shall run with and bind the land for a term of twenty (20) years from the date recording of this Declaration, after which time this Declaration shall be automatically extended for successive periods often (10) years each except for provisions stated in Article XII, Section 2, which identify specific voting requirements for those actions to be authorized. This Declaration may be amended during the first twenty (20) year period in accordance with the provisions of C.R.S. §38-33.3-217 as originally enacted or subsequently amended by the Colorado Legislature. Notwithstanding any other provisions in this

Declaration to the contrary, any proposed amendment or repeal of any provision of this Declaration shall not be effective unless Declarant has given its written consent to such amendment or repeal, which consent may be evidenced by the execution by Declarant of any Certificate of amendment or repeal. The foregoing requirement for consent of Declarant to any amendment or repeal shall terminate upon conveyance of 100% of the Units to non-Declarant Owners.

Section 3. Amendment by Declarant. The Declarant may amend its Declaration or the Map or any plat subdividing a part of the Project to correct clerical, typographical or technical errors. The Declarant may also amend this Declaration to comply with requirements, standards or guidelines of recognized secondary mortgage markets or the governmental agencies in C.R.S. §38-33.3-205(5).

ARTICLE XII

MORTGAGEE'S RIGHTS

Section 1 - Notice to Mortgagee. Each holder of a first deed of trust on any Lot shall, upon written request by such holder to the Executive Board, receive any of the following:

(a) Copies of budgets, notices of assessments, insurance certificates, or any other notices or statements provided under this Declaration by the Association to the Owner of the Lot covered by the deed of trust;

(b) Copies of any audited or unaudited financial statements of the Association within ninety (90) days following the end of any fiscal year, which are prepared for the Association and distributed to the Owners;

(c) Copies of notices of meetings of the Owners and the right to be represented at any such meetings by designated representative;

(d) Copies of any notice of the decision of the Owners or the Association to make any material amendment to this Declaration (as defined in Federal National Mortgage Association Lending Guide), the Bylaws, or the Articles of Incorporation of the Association;

(e) Copies of any notice of substantial damage to or destruction of any Dwelling Unit or Residential Home, or any part of the Common Area;

(f) Copies of any notice of commencement of any condemnation or eminent domain proceedings with respect to any part of the Common Area or any Lot within the Project;

(g) Copies of any notice of any default of the holder's Owner which is not cured by the Owner within thirty (30) days after the giving of notice by the Association to the Owner of the existence of the default;

(h) The right to examine the books and records of the Association during normal business hours and upon reasonable advance notice;

(i) Copies of any notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

Section 2 - Actions Requiring Both Member and First Mortgagee Approval. Notwithstanding anything to the contrary set forth in this Declaration, the Association shall not:

(a) unless it has obtained the prior written consent of all Members:

(1) by act or omission, change, waive, or abandon any scheme of architectural control, or enforcement thereof, as set forth in this Declaration, regarding the design or maintenance of the Lots, improvements thereon or the Common Area;

(2) fail to maintain full current replacement cost fire and extended insurance coverage on the Common Area; or

(3) use hazard insurance proceeds for Common Area property losses for purposes other than to repair, replace, or reconstruct such property; or

(4) by act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer any common property owned, directly or indirectly, by the Association for the benefit of the Owners (excluding the granting of easements for public utilities or other purposes consistent with the intended use of such common property); or

(5) effectuate any decision to terminate professional management and assume self-management of the Properties;

(6) any change in the voting method;

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

(8) change the method of determining or the amount of reserves for maintenance, repair and replacement of the common areas;

(9) change or alter in any respect the required insurance coverages or fidelity bonds;

(10) change the Association or Owner responsibility for maintenance and repair of the Common Area, Lots, Lot Improvements or Residential Homes;

(11) Seek to expand or contract the Project subject, however, to the Declarant's right of expansion and special amendment set forth within this Declaration;

(12) change the boundaries of any lot;

(13) change the interests in the general common areas;

(14) alter this Declaration with respect to leasing of Residential Homes or the composition of any right of first refusal or similar restructure or the right of any Lot Owner to sell, transfer, or convey a lot;

(15) alter any provision within the Declaration, Articles of Incorporation, or Bylaws which is for the express benefit of a first mortgage holder or eligible insurer or guarantor of first mortgage of a Lot within the project.

(16) make a decision by the owners Association to establish self management when professional management had been required previously by an eligible mortgage holder;

(17) attempt restoration or repair of the Project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents;

(18) take any action to terminate the legal status of the Project after substantial destruction or condemnation occurs;

(19) attempt a termination for reasons other than substantial destruction or condemnation.

Section 3 - Rights of First Mortgagees to Pay Assessments, Etc. Any First Mortgagee of a Lot within the Project may jointly or severally pay any tax or other charge which is in default and which may have become a charge or a lien against any common property of the Association, and any First Mortgagee may jointly or severally pay any overdue premium on hazard insurance policies or secure new hazard insurance coverage on the lapse of any such policy upon any common area of the Association, and any First Mortgagee(s) making such payments shall be entitled to immediate reimbursement therefor from the Association.

ARTICLE XIII

RIGHTS RESERVED BY DECLARANT

Section 1 - Special Declarant Rights. Declarant hereby reserves the right from time to time until the Turnover Date (as defined below), to perform the acts and exercise the rights hereinafter specified with respect to the Property (the "Special Declarant Rights"). Declarant's Special Declarant Rights include the following:

(a) **Completion of Improvements.** The right to complete improvements indicated on Plats and Maps filed by the Declarant.

(b) **Exercise of Development Rights.** The right to exercise any Development Right reserved in Article XIII of this Declaration.

(c) **Sales Management and Marketing.** The right to maintain sales offices, management offices, models and signs advertising the Project, without reference to signage limitations set forth herein, together with the right to conduct general sales activities in a manner which will not unreasonably disturb the rights of other Owners.

(d) **Construction Easements.** The right to use easements through the Common Area for the purpose of making improvements within the Project.

(e) **Control of Association and Executive Board.** The right to appoint or remove an Executive Board member or officer of the Association during the period of Declarant control. The period of Declarant control terminates (the "Turnover Date") no later than the earlier of: (i) 60 days after conveyance of 75% of the Units that may be created to Owners other than a Declarant; or (ii) two years after the Declarant has ceased to offer Units for sale in the ordinary course of business.

The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before the Turnover Date. In that event, the Declarant may require, for the duration of the period of Declarant control, that specified actions of the Association or Executive Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

Not later than 60 days after conveyance of 25% of the Units that may be created to Owners other than a Declarant, at least one Member and not less than 25% of the Members of the Executive Board shall be elected by Owners other than the Declarant. Not later than 60 days after conveyance of 50% of the Units that may be created to Owners other than a Declarant, not less

than 33-1/3% of the Members of the Executive Board shall be elected by Owners other than the Declarant.

(f) Amendment of Declaration. The right to amend this Declaration in connection with the exercise of any Development Rights.

(g) Amendment of Map. The right to amend the Map in connection with the exercise of any Development Rights.

Section 2 - Additional Reserved Rights. In addition to the Special Declarant Rights set forth in Section 1 above, Declarant also reserves, for the same period of time, the following additional rights applicable to the Property (the "Additional Reserved Rights"):

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

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

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

Section 3- Maximum Number of Lots. The maximum number of Lots in the Project shall not exceed 372, which is the maximum number of Lots allowed by governmental entities having jurisdiction over the Property.

Section 4 - Construction Easement. Declarant expressly reserves the right to perform warranty work, repairs and construction work and to store materials in secure areas in Lots and in Common Areas, and the future right to control such work and repairs, and the right of access thereto, until its completion. All work may be performed by Declarant without the consent or approval of any Owner or Mortgagee. Declarant has such an easement through the Common Area as may be reasonably necessary for the purpose of discharging Declarant's obligations and exercising Declarant's reserved rights in this Declaration. Such easement includes the right to construct underground utility lines, pipes, wires, conduits and other facilities for the purpose of furnishing utility and other services to buildings and improvements to be constructed on the Property. Declarant's reserved construction easement includes the right to grant easements to public utility companies and to convey improvements within those easements anywhere in the Common Area not occupied by an improvement containing Residential Homes.

Section 5 - Rights Transferable. Any Special Declarant Right or Additional Reserved Right created or reserved under this Article for the benefit of Declarant may be transferred to any Person by an instrument describing the rights transferred and recorded in Larimer County. Such instrument shall be executed by the transferor Declarant and the transferee.

ARTICLE XIV

REQUIRED ALLOCATION OF INTERESTS

Section 1 - Allocated Interests. The common expense liability and voting in the Association allocated to each Lot are as follows:

(a) Each Lot, excluding Area E Lots and including in place of Area E Lots the number of Dwelling Units permitted within Area E prior to completion of construction, or the total number of Dwelling Units constructed within Area E at full buildout, whichever is less, shall be subject to an equal common expense liability assessment for such Lot or Dwelling Unit.

(b) The Owner of each Lot, excluding Area E Lots shall be entitled to one (1) vote on all matters submitted to vote by the Association. The Owner(s) of Area E shall be entitled to one (1) vote on all matters submitted to vote by the Association for each Dwelling Unit permitted within Area E prior to completion of construction, or the total number of Dwellings Units constructed within Area E at full buildout, whichever is less.

ARTICLE XV

GENERAL PROVISIONS

Section 1 - Enforcement. The Declaration and the restrictions, covenants, and conditions contained herein are for the benefit of the Owners, jointly and severally, and for the benefit of the Association and Architectural Review Committee, and may be enforced by an action for damages, suit for injunction, mandatory or prohibitive, or such other appropriate legal remedy as may be available, instituted by one or more Owners, the Association, the Architectural Review Committee, or any combination thereof; provided, however, that prior to the commencement of any enforcement proceedings by an Owner, that Owner shall advise the Executive Board in writing of the claimed violation, and the Executive Board shall thereafter have a period of thirty (30) days in which to attempt to compel compliance or commence enforcement proceedings in its name. In the event the Executive Board fails or refuses to act to remedy the claimed violation within the time period above-specified, then and only then may an Owner, separately, and at his sole cost and expense, attempt to enforce the Declaration. No action shall be brought or maintained against

the Executive Board or members thereof in the event the Executive Board elects to take no action with respect to alleged violations of the Association.

Section 2 - Violation Deemed Nuisance. Any act or omission whereby any covenant, condition or restriction of the Declaration or any rule or regulation promulgated under authority granted herein is violated in whole or in part is hereby declared to be and to constitute a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by the Association, or by any Owner, subject to the provisions of Article XV Section 1 hereof.

Section 3 - Severability. Each of the provisions of this Declaration shall be deemed independent and severable. If any provision of this Declaration or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Declaration which can be given effect without the invalid provision or application.

Section 4 - Right to Notice and Hearing. Whenever the Declaration or the Act requires that an action be taken after "Notice and Hearing," the following procedure shall be observed: The party proposing to take the action (e.g., the Executive Board, a committee, an officer, the Manager, etc.) shall give written notice of the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the meeting to assure a prompt and orderly resolution of the issues. Any evidence shall be duly considered, but is not binding in making the decision. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

Section 5 - Appeals. Any person having a right to Notice and Hearing shall have the right to appeal to the Executive Board from a decision of persons other than the Executive Board by filing a written notice of appeal with the Executive Board within 10 days after being notified of the decision. The Executive Board shall conduct a hearing within 60 days thereafter, giving the same notice and observing the same procedures as were required for the original meeting.

Section 6 - Variances. Recognizing that the Declaration has not nor cannot address all conceivable situations which may arise, and further, recognizing the need for flexibility in administration of the Declaration so as not to create unnecessary hardship, the Executive Board may, in its sole discretion, and on behalf of all of the Owners grant variances from any of the terms and conditions contained within the Declaration and Rules and regulations adopted thereunder in compliance with such procedures as are established by the Rules and Regulations. Any variances so granted shall be binding upon the Association and all Owners.

In granting variances hereunder, the following shall be applicable:

- (a) Any variance granted hereunder shall run with the Unit for which granted;
- (b) If a variance is denied, another application for a variance for the same property may not be made for a period of one (1) year;
- (c) A variance shall not be granted unless at least two-thirds of the then constituted Executive Board finds that all of the following conditions exist:
 - (1) Owing to unusual circumstances, literal enforcement of the Declaration will result in unnecessary hardship;
 - (2) The variance will not substantially or permanently injure the use of other property in Harvest Gold Village PUD;
 - (3) The variance will not alter the essential character of Harvest Gold Village PUD;
 - (4) The variance will not weaken the general purposes of the Declaration;
 - (5) The variance will be in harmony with the spirit and purpose of the Declaration; and
 - (6) The circumstances leading the applicant to seek a variance are unique or peculiar to the property or its Owner and are not applicable generally to property in Harvest Gold Village PUD or its Owners.

Section 7 - Sale of a Unit. The right of an Owner to sell, transfer, or otherwise convey a Unit shall not be subject to any right of first refusal or similar restriction and such Unit may be sold free of any such restrictions.

Section 8 - No Restrictions on Mortgaging of a Unit. There are no restrictions on the right of an Owner to mortgage or otherwise encumber a Unit. There is no requirement for the use of a specific lending institution or particular type of lender.

Section 9 - No Time Shares. A Unit may not be conveyed pursuant to a timesharing arrangement described in Sections 38-33-110 to 113, Colorado Revised Statutes, without the written consent of Declarant for seven years from the date of recording of this Declaration and, thereafter, without the consent of the Association.

Section 10 - Notices. Any notice permitted or required to be given under this Declaration shall be in writing and may be given either personally or by mail. Each notice shall be sent postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the Unit of such person if no address has been given to the Association, and shall be deemed given, if not actually received earlier, at 5:00 p.m. on the second business day after it is deposited in a regular depository of the United States Postal Service. Such address may be changed from time to time by notice in writing to the Association.

Section 11 - Compliance with Documents. All Owners, tenants, mortgagees and occupants of Units shall comply with the Declaration and Rules and Regulations adopted pursuant thereto. The acceptance of a deed or the exercise of any incident of ownership or the entering into of a lease or the

occupancy of a Unit constitutes agreement that the provisions of the Declaration and Rules and Regulations are accepted and ratified by that Owner, tenant, mortgagee or occupant.

Section 12 - Interpretation. The provisions of the Declaration shall be liberally construed to effectuate their purposes of creating a uniform plan for the development of the Units and of promoting and effectuating the fundamental concepts as set forth in the recitals of this Declaration. This Declaration shall be construed and governed under the laws of the State of Colorado.

Section 13 - Captions. The captions contained in this Declaration are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Declaration or the intent of any provision.

Section 14 - Gender. The use of the masculine gender refers to the feminine gender, and vice versa, and the use of the singular includes the plural, and vice versa, whenever the context of the Declaration so requires.

Section 15 - Conflict. The Declaration is intended to comply with the requirements of the the Colorado Common Interest Ownership Act. If there is any conflict between the Declaration and the provisions of that Act, the provisions of such Act shall control. In the event of any conflict between this Declaration and any other document, this Declaration shall control.

Section 16 - Declaration Deemed to Run With Property. This Declaration and the covenants, conditions and restrictions contained herein shall be deemed to run with the Property and shall inure to and be binding upon the Property and each person or entity who now owns or who hereafter acquires ownership of any right, title or interest in any of the Property.

Section 17 - Waiver. No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 18 - Owners' Right to Examine. Each Owner shall have the right to examine the books and records of the Association at any reasonable time.

Section 19 - Registration by Owner of Mailing Address. Each Owner shall register a mailing address with the Association, and except for monthly statements and other routine notices, all other notices or demands intended to be served upon an Owner shall be sent by either registered or certified mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. All notices, demands, or other notices intended to be served upon the Executive Board of the Association shall be sent by certified mail, postage prepaid, to the office of The Harvest Gold Village Community Association at such address as is identified by the Association in writing to each owner.

IN WITNESS WHEREOF, Declarant has executed this Declaration on the _____ day of _____, 2001.

By: _____
Name: _____, Manager
Title: _____

The foregoing instrument was acknowledged before me this _____ day of _____, 2001,
by _____ known to me to be the Manager of SCENIC RANGE, LLC,
a Colorado limited liability company.

Notary Public
My Commission Expires:

EXHIBIT A

LEGAL DESCRIPTION OF PROJECT

**AMENDMENT NO. 1
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
HARVEST GOLD VILLAGE PUD
(A Common Interest Community)**

THIS AMENDMENT NO. 1 TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF HARVEST GOLD VILLAGE PUD (hereinafter "Amendment") amends that certain Declaration of Covenants, Conditions and Restrictions of Harvest Gold Village PUD recorded with the Larimer County Clerk and Recorder on July 31, 2001.

Recitals

WHEREAS, on July 31, 2001, Scenic Range LLC, as Declarant, recorded a Declaration of Covenants, Conditions and Restrictions (hereinafter "Declaration") with the Larimer County Clerk and Recorder under Reception No. 2001063624 of the real property records of Larimer County, Colorado;

WHEREAS, the Harvest Gold Village Homeowners Association, Inc., has been formed as a Colorado non-profit corporation for the purposes set forth in the Declaration;

WHEREAS, the Declarant has submitted this Amendment to the Owners of Lots in Harvest Gold Village PUD for their review and consideration;

WHEREAS, a majority of the Owners of Lots in Harvest Gold Village PUD have voted to amend the Declaration in the manner set forth in this Amendment, as evidenced by the Certificate of the Association's Secretary, which is attached hereto as Exhibit A and incorporated herein by reference;

NOW THEREFORE, the Declaration is hereby amended, modified and revised as set forth hereinafter, said amendment, modification and revision to become effective upon recordation of this Amendment with the Larimer County Clerk and Recorder.

1. Article III Section 3(c) is hereby amended, modified and revised in its entirety and as amended, modified and revised reads as follows:

(c) Voting Rights. The Association shall have one (1) class of voting membership as follows:

Class A: Class A members shall be all Owners as defined in Article I, Section 24. Class A Members shall be all Owners as defined in Article I, Section 24. Class A Members shall be entitled to one (1) vote for each Lot owned; provided, however, that the Owner of a Lot within Area E shall be entitled

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210 E. 29th St. Loveland, CO 80538

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to one (1) vote for such Lot prior to construction of Dwelling Units thereon, and one (1) vote for each Dwelling Unit constructed on that Lot after completion of construction. In the event any Assessment for a Lot, or Dwelling Units as to Area E, is delinquent, the voting right of the Member for that Lot, or Dwelling Units, as appropriate, shall be suspended until such time as the delinquency has been cured.

2. The first two sentences of Article IV. Section 10 of the Declaration are hereby amended, modified and revised in their entirety, and as hereby amended, modified and revised read as follows:

The Association shall maintain, repair and replace, as the Executive Board deems necessary, the private drives, Lot landscaping and exterior dwelling improvements for property located within Area C, and shall provide landscape irrigation and snow removal services for the alleyways in Area D. The Association shall also have the power to provide other services to an Owner or group of Owners requesting same upon such terms and conditions as may be imposed in the sole discretion of the Association.

3. A new Section 14 is hereby added to Article IV of the Declaration, and provides as follows:

Section 14 - Sub-Associations and Sub-Association Declarations. The Association may delegate, from time to time and in its sole discretion, any of its rights, obligations, powers and duties to a Sub-Association formed for purposes of administering a Declaration of Covenants, Conditions and Restrictions subordinate to the Declaration (hereinafter "Subordinate Declaration") for property located in Harvest Gold Village PUD. The rights, obligations, powers and duties so delegated shall be in addition to such rights, obligations, powers and duties provided for the executive board of the Sub-Association in the Subordinate Declaration. The acceptance of such delegation shall be evidenced in writing, and thereafter, the Association shall have no further liability as to the delegated matters and for any acts or omissions of the Sub-Association with respect thereto. Sub-Associations shall also have full right and power to initiate, at the expense of the Sub-Association, whatever legal or equitable proceedings may be deemed appropriate in their sole discretion in order to enforce compliance with the Sub-Association's Subordinate Declaration. Such proceedings may be initiated or continued even in cases where the Association has decided not to take similar action against an Owner. The Declarant, for itself and for all future owners hereby waives the right to require a Sub-Association to post a bond before securing a temporary injunction or restraining order with respect to the enforcement of a Sub-Association's Subordinate Declaration

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4. The first sentence of Article VI Section 4 (c) of the Declaration is hereby amended, modified and revised in its entirety, and as hereby amended, modified and revised reads as follows:

(c) Initial Assessment. An initial assessment for Lots, covering such time period as is determined by the Association's Executive Board, has not been determined by the Declarant as of the date of this Declaration.

5. Article VI Section 7 of the Declaration is hereby amended, modified and revised in its entirety, and as hereby amended, modified and revised reads as follows:

Section - 7 Special Assessments. Special assessments may be made: (1) for the purpose of providing the services to Area C and Area D, as set forth in Article IV Section 10 hereof; (2) for the purpose of providing services to an Owner or group of Owners, as set forth in Article IV Section 10 hereof; or (3) for the purpose of raising funds for capital improvements and for any other Association purpose for which General Assessments may not or have not been made. As to Special Assessments made for the purpose of raising funds for capital improvements and for any other Association purpose for which General Assessments may not or have not been made, no such assessment shall be valid unless approved by a majority vote of the Members present and voting in person or by proxy at any Annual Meeting of the Owners or at any special meeting thereof called for the purpose of considering the imposition of such special assessment.

6. The first sentence of Article VI Section 10 of the Declaration is hereby amended, modified and revised in its entirety, and as so amended, modified and revised reads as follows:

The General Assessment for each Lot shall be payable in four equal quarterly installments due on the first day of each quarter and shall become delinquent if not paid by the tenth (10th) day of each quarter.

7. Article VI Section 11 of the Declaration is hereby amended, modified and revised in its entirety, and as so amended, modified and revised reads as follows:

Section 11 - Lien for Assessments and Other Amounts and Enforcement. The Association shall have a lien against each Lot to secure payment of any assessment levied hereunder against a Lot, together with fines imposed against the Lot's Owner, fees, charges, late charges, attorney's fees and interest incurred in connection with collection of such assessment, and other amounts due by the Owner under the provisions of this Declaration. The Association's lien has the priority provided for in C.R.S. § 38-33.3-316 and may be foreclosed in like manner as a mortgage on real estate.

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8. A new Section 21 is hereby added to Article XV of the Declaration, and provides as follows:

Section 21 - Waiver of Bond Requirement in Equitable Proceedings. The Declarant, for itself and all future owners, hereby waives the right of an Owner to require the Association to post a bond as a condition to being entitled to obtain any relief requested in connection with the attempts of the Association to restrain or enjoin any breach or threatened breach of the provisions of the Declaration or the Rules and Regulations of the Association, by mandatory injunction or otherwise.

9. Except as otherwise provided herein, the Declaration remains in full force and effect according to its terms.

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