

Coal Creek Ranch

DECLARATION OF COVENANTS

CONDITIONS AND RESTRICTIONS

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MASTER DECLARATION
FOR
COAL CREEK RANCH

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FOR
COAL CREEK RANCH

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MASTER DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
COAL CREEK RANCH

This Declaration is made and entered into by Coal Creek Associates, a Colorado general partnership ("Declarant"), and by the other signatories hereof, on the date and year hereinafter set forth.

ARTICLE 1
GENERAL

Section 1.1. Project Area. Declarant and the other signatories hereof are the owners of certain parcels of land in Boulder County, Colorado, which are defined in this Declaration as the "Project Area." Declarant intends to develop the Project Area as a balanced, planned community accommodating a mix of residential, and other land uses, including open space.

Section 1.2. Purposes of Declaration. Property which becomes subject to this Declaration in the manner hereinafter provided shall be referred to as the Master Association Area. This Declaration is executed (a) in furtherance of a common and general plan for those portions of the Project Area which may become part of the Master Association Area; (b) to protect and enhance the quality, value, desirability and attractiveness of all property which becomes part of the Master Association Area; (c) to provide for a Master Association as a vehicle to hold, maintain, care for and manage Master Association Properties and to perform functions for the benefit of Owners of Privately Owned Sites within the Master Association Area; (d) to define the duties, powers and rights of the Master Association; and (e) to define certain duties, powers and rights of Owners.

Section 1.3. Declaration. Declarant and the other signatories hereof, for themselves, their heirs, personal representatives, successors and assigns, hereby declares that all property which becomes subject to this Declaration in the manner herein provided, and each part thereof, shall, from the date the same becomes subject to this Declaration, be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered and improved subject to the covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes and other provisions set forth in this Declaration, for the duration hereof, all of which are declared to be part of, pursuant to, and in furtherance of a common and general plan of development, improvement, enhancement and protection of the Project Area. The provisions of this Declaration are intended to and shall run with the land and, until their expiration in accordance with Section

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13.1 hereof, shall bind, be a charge upon and inure to the mutual benefit of (a) all of the property which becomes part of the Master Association Area and each part or parcel thereof, (b) Declarant and its successors and assigns, (c) the Master Association and its successors and assigns, and (d) all Persons having or acquiring any right, title or interest in any property which becomes part of the Master Association Area or any part or parcel thereof or any Improvement thereon, and their heirs, personal representatives, successors and assigns.

ARTICLE 2 DEFINITIONS

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

Section 2.1. Administrative Functions. "Administrative Functions" shall mean all functions which are necessary and proper under this Declaration for the administration and management of the Master Association, and shall include, without limitation, collecting assessments, providing management and administration of the Association, providing architectural review services under Article 10 hereof, incurring attorneys' fees, Manager fees, and accountants' fees, obtaining insurance, obtaining fidelity bonds for any Person handling funds of the Association, paying taxes levied against the Master Association Properties, incurring filing fees, recording costs and book-keeping fees, obtaining and maintaining offices and office furniture and equipment, and performing other such reasonable and ordinary administrative tasks associated with operating the Association.

Section 2.2. Agencies. "Agencies" shall mean and collectively refer to the Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Department of Housing and Urban Development (HUD), the Veterans Administration (VA), the Colorado Housing Finance Authority ("CHFA") or any other public, quasi-public or private agency or entity which performs (or may in the future perform) functions similar to those currently performed by the entities specifically listed herein.

Section 2.3. Annexable Area. "Annexable Area" shall mean all of the real property described on Exhibit "B" attached hereto, all or any portion of which may from time to time be made subject to this Declaration pursuant to the provisions of Section 3.2 hereof. The Annexable Area may be expanded as provided in Section 3.6 of this Declaration.

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Section 2.4. Architectural Committee. "Architectural Committee" or "Master Architectural Committee" shall mean the Committee provided for in Article 10 of this Declaration.

Section 2.5. Articles of Incorporation. "Articles of Incorporation" shall mean the Articles of Incorporation of Coal Creek Ranch Master Association Inc., a Colorado nonprofit corporation, which have been or will be filed in the office of the Secretary of State of the State of Colorado.

Section 2.6. Assessment. "Assessment" shall mean a Common Assessment, a Special Assessment or a Reimbursement Assessment as hereinafter defined.

Section 2.7. Assessment Area. "Assessment Area" shall be a portion of the Master Association Area designated in a Supplemental Declaration which specifies when Common Assessments shall commence against the Privately Owned Sites located in such portion of the Master Association Area and against the Owners thereof.

Section 2.8. Association. "Association" or "Master Association" shall mean Coal Creek Ranch Master Association Inc., a Colorado nonprofit corporation, its successors and assigns.

Section 2.9. Board of Directors. "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

Section 2.10. Budget. "Budget" shall mean a written, itemized estimate of the expenses to be incurred by the Association in performing its functions under this Declaration.

Section 2.11. Bylaws. "Bylaws" shall mean the Bylaws of the Association which have been or will be adopted by the Board of Directors of the Association, as the same may be amended from time to time.

Section 2.12. Commercial Site. "Commercial Site" shall mean a Privately Owned Site within the Master Association Area which is designated for commercial uses in a Supplemental Declaration covering that Site.

Section 2.13. Common Area. "Common Area" shall mean any portion of the Master Association Area designated as Common Area which is for the primary use and benefit of the Owners of certain Privately Owned Sites, but less than all of the Sites, as may be provided in a Supplemental Declaration covering such portion of the Master Association Area. Such Common Area may be owned (a) by a Subassociation in which all such Owners shall be entitled to membership, or (b) in undivided interests by such Owners, or (c) separately by individual Owners over which a

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Subassociation may have an easement for maintenance purposes, or (d) by a cooperative housing corporation as defined in Section 216 of the Internal Revenue Code.

Section 2.14. Common Assessment. "Common Assessment" shall mean the assessments made for the purpose of covering the portion of the annual costs of operating the Association, including expenses incurred in connection with any authorized function of the Association, which are to be paid by each Owner to the Association for purposes provided herein and charged to such Owner and to the Privately Owned Site of such Owner. Each Common Assessment includes an Administrative Functions Common Assessment ("AFCA"), a Public Functions Common Assessment ("PFCA") and may or may not include a Recreation Functions Common Assessment ("RFCA"), as further provided in Article 8 of this Declaration.

Section 2.15. Condominium. "Condominium" shall mean (a) a "condominium unit" as defined in Section 38-33-103 of the Colorado Condominium Ownership Act, C.R.S. 1973, as amended, or as may hereafter be defined in any future Colorado statute or statutes; or (b) that portion of real property owned by a cooperative housing corporation, as defined in Section 216 of the Internal Revenue Code, to which a shareholder is entitled to exclusive occupancy; or (c) a unit in a project in which an undivided interest in land is coupled with the right of exclusive occupancy of any space located thereon.

Section 2.16. Declarant. "Declarant" shall mean Coal Creek Associates, a Colorado general partnership, its successors and assigns. A Person shall be deemed a "successor and assign" of Coal Creek Associates as Declarant only if specifically designated, in a duly Recorded instrument as a successor or assign of Declarant under this Declaration, and shall be deemed a successor and assign of Declarant only as to the particular rights or interests of Declarant under this Declaration which are specifically designated in the written instrument. Notwithstanding the foregoing, a successor to Coal Creek Associates by consolidation or merger shall automatically be deemed a successor or assign of Coal Creek Associates as Declarant under this Declaration.

Section 2.17. Declaration. "Declaration" shall mean this instrument as it may be amended from time to time.

Section 2.18. Delegate. "Delegate" shall mean the natural Person selected by Members within a Delegate District pursuant to Section 4.5 hereof to represent such Delegate District and to cast votes on behalf of Members within such Delegate District as provided in this Declaration.

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Section 2.19. Delegate District. "Delegate District" shall mean a geographical area which may constitute any portion or portions of the Master Association Area and from which all Members in that geographic area shall elect a single Delegate to represent their collective voting power, as further provided in Article 4 hereof. Parts of a Delegate District need not be contiguous. No Delegate District containing Owner Occupied Sites may contain any other type of Privately Owned Site.

Section 2.20. Dwelling Unit. "Dwelling Unit" shall mean the smallest part of an Improvement on a Privately Owned Site which is legally habitable for residential occupancy and for which a final certificate of occupancy for residential use has been issued, including any individual single family attached or detached unit, Condominium or apartment unit.

Section 2.21. First Mortgage. "First Mortgage" shall mean and refer to any unpaid and outstanding mortgage, deed of trust or other security instrument Recorded in the records of the office of the Clerk and Recorder of the County of Boulder, Colorado, pertaining to a Residential Site and 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).

Section 2.22. First Mortgagee. "First Mortgagee" shall mean and refer to any Person named as a mortgagee or beneficiary under any First Mortgage, including, for purposes of Section 11.2 hereof, with respect to notice of cancellation or substantial modification of certain insurance policies, and for purposes of Section 13.7 hereof, the Administrator of Veterans Affairs, an Officer of the United States of America, and his assigns, under any executory land sales contract wherein the said Administrator is identified as the seller, whether such contract is Recorded or not, and the land records in the Office of the Clerk and Recorder of the County of Boulder, Colorado show the said Administrator as having the Record title to the Residential Site, or any successor to the interest of any such Person under such First Mortgage.

Section 2.23. First Subdivision. "First Subdivision" shall mean all of the real property described on Exhibit A, attached hereto and incorporated herein by this reference.

Section 2.24. Improvements. "Improvements" shall mean all structures and any appurtenances thereto or components thereof of every type or kind, including, but not limited to, buildings, outbuildings, swimming pools, patio covers, awnings, painting or other finish material of any exterior surfaces of any visible structure, additions, walkways, bicycle and/or equestrian trails, sprinkler pipes, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs,

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decks, fixtures, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior tanks, solar equipment, and exterior air conditioning and water softener fixtures.

Section 2.25. Maintenance Funds. "Maintenance Funds" shall mean the accounts into which the Board shall deposit monies paid to the Association and from which disbursements shall be made in the performance of the functions of the Association pursuant to Article 8 hereof.

Section 2.26. Manager. "Manager" shall mean any one or more Persons employed by the Association as hereinafter provided in this Declaration who is engaged to perform any of the duties, powers or functions of the Association. The term "Manager" shall not include the Master Association itself.

Section 2.27. Master Association Area. "Master Association Area" shall mean any real property which is or hereafter becomes subject to this Declaration.

Section 2.28. Master Association Properties. "Master Association Properties" or "Master Association Property" shall mean all real and personal property, including Improvements, now or hereafter owned by the Association or which the Association has a contractual right to use or which the Association maintains, holds or uses for the common use and enjoyment of all or certain of the Members as provided herein and for other purposes as may be permitted by this Declaration.

Section 2.29. Member. "Member" shall mean an Owner; membership in the Association shall be appurtenant to, and may not be severed from, ownership of a Privately Owned Site.

Section 2.30. Miscellaneous Use Site. "Miscellaneous Use Site" shall mean any Privately Owned Site within the Master Association Area designated for greenbelt, mixed residential and commercial or other uses in the Supplemental Declaration covering that Site (except any Residential Site or Commercial Site). The manner in which the Owner of any Miscellaneous Use Site will use any Master Association Properties and contribute to the cost of operating the Association shall be set forth in the Supplemental Declaration covering such Miscellaneous Use Site.

Section 2.31. Notice and Hearing. "Notice and Hearing" shall mean a written notice and a public hearing before the Board of Directors in the manner provided in the Bylaws.

Section 2.32. Notice of Completion. "Notice of Completion" shall mean written notice to the Architectural Committee of the completion of any Improvement to Property pursuant to Article 10 of this Declaration.

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Section 2.33. Owner. "Owner" shall mean the Record title holder, including Declarant, whether one or more Persons, of fee simple title to a Privately Owned Site, including sellers under executory contracts of sale and excluding buyers thereunder. The Owner of a Privately Owned Site developed as rental apartments and the Owner of a Commercial Site or Miscellaneous Use Site shall be the Owner for purposes of this Declaration, and not the lessees or tenants of the apartments, Commercial Site, or Miscellaneous Use Site.

Section 2.34. Owner Occupied Site. "Owner Occupied Site" shall mean any Residential Site except a Site which is or, according to any Supplemental Declaration covering that Residential Site, is intended to be, improved with Dwelling Units which at the time of their construction are intended to be rented to, rather than owned by, the occupants thereof. Nothing in this Section shall be construed to limit or prohibit the leasing of Owner Occupied Sites.

Section 2.35. Person. "Person" shall mean a natural person, a corporation, a partnership or any other entity recognized as being capable of owning real property under Colorado law.

Section 2.36. Privately Owned Site. "Privately Owned Site" or "Site" shall mean any Condominium or any lot or parcel of land within the Master Association Area which is shown upon any Recorded plat map, or any other parcel of land which may be sold or conveyed without violation of the provisions of Colorado law pertaining to the subdivision of land. "Privately Owned Site" or "Site" shall include, without limitation, any lot or parcel developed as rental apartments containing one or more apartment buildings, but shall not include: (a) the Master Association Properties, or (b) any Common Area or, (c) any Publicly Owned Site.

Section 2.37. Publicly Owned Site. "Publicly Owned Site" shall mean any lot or parcel of land within the Master Association Area which at any time is dedicated by Declarant to any governmental body. Publicly Owned Sites shall be subject to the provisions of Article 9, Article 10 and Article 12 hereof but shall not be subject to Assessments, nor shall the Owners thereof be Members of the Association.

Section 2.38. Project Area. "Project Area" shall mean the aggregate of the Master Association Area which is subject to this Declaration at any point in time, and the Annexable Area.

Section 2.39. Public Functions. "Public Functions" shall mean all of the functions performed by the Association except Administrative Functions and Recreation Functions,

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including, without limitation, providing maintenance of entry ways and outdoor lighting, maintenance of greenbelt areas and other services. The foregoing list shall not be deemed to be a representation by Declarant as to services or facilities which will be available for use of the Owners, nor is it intended to limit the scope of Public Functions as defined herein.

Section 2.40. Record or Recorded. "Record" or "Recorded" shall mean the filing for record of any document in the real estate records in the office of the Clerk and Recorder of Boulder County, Colorado.

Section 2.41. Recreation Cost Center. "Recreation Cost Center" shall mean one or more recreational Improvements on a portion or portions of the Master Association Properties. There may be one or more Recreation Cost Centers established pursuant to Section 8.9 of this Declaration.

Section 2.42. Recreation Functions. "Recreation Functions" shall mean providing for active and passive recreational activities in connection with a Recreation Cost Center, including any and all facilities associated therewith; provided, however, that the foregoing shall not be deemed to be a representation by Declarant as to services or facilities which will be available for the use of the Owners.

Section 2.43. Reconstruction Assessment. "Reconstruction Assessment" shall mean a Special Assessment levied pursuant to Section 8.19 hereof for the purpose of repair or reconstruction of damaged or destroyed Improvements.

Section 2.44. Reimbursement Assessment. "Reimbursement Assessment" shall mean a charge against a particular Owner and such Owner's Privately Owned Site for the purpose of reimbursing the Master Association for expenditures and other costs of the Master Association in curing any violation of this Declaration or the Rules and Regulations by the Owner or a Related User of such Owner, pursuant to Section 8.18 hereof, together with late charges and interest as provided for herein.

Section 2.45. Related User. "Related User" shall mean: (a) any Person who resides with an Owner within the Master Association Properties; (b) a guest or invitee of an Owner; or (c) an occupant, tenant or contract purchaser of Improvements on a Privately Owned Site, and any family member, guest, invitee or cohabitant of any such Person.

Section 2.46. Residential Site. "Residential Site" shall mean any Privately Owned Site within the Master Association Area designated for residential use in the Supplemental Declaration covering that Site.

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Section 2.47. Rules and Regulations. "Rules and Regulations" shall mean rules and regulations adopted by the Board of Directors as provided in Section 5.10 of this Declaration.

Section 2.48. Special Assessment. "Special Assessment" shall mean a charge against each Owner and such Owner's Privately Owned Site representing a portion of the costs to the Association for the purpose of funding such functions as the Association may determine, including, without limitation, reconstruction, major capital repairs, maintenance, correction of Budget deficits, replacements and Improvements.

Section 2.49. Subassociation. "Subassociation" shall mean any Colorado corporation and its successors and assigns, organized and established or authorized pursuant to, or in connection with, one or more Supplemental Declarations, the membership of which is composed of Owners of Privately Owned Sites within the area covered by a Supplemental Declaration.

Section 2.50. Supplemental Declaration. "Supplemental Declaration" shall mean a written Recorded instrument including, without limitation, a condominium declaration, containing covenants, conditions, restrictions, reservations, easements or equitable servitudes, or any combination thereof, which affects any portion of the Project Area, including the First Subdivision, in accordance with Section 3.3 and, if applicable, Section 3.4 of this Declaration.

ARTICLE 3 ANNEXATION TO MASTER ASSOCIATION AREA

Section 3.1. Property Hereby Made Subject. Declarant hereby declares that the First Subdivision is hereby made subject to this Declaration. The First Subdivision shall constitute one Assessment Area, and, as further provided in the Supplemental Declaration applicable thereto, it shall be developed as Residential Sites.

Section 3.2. Property Which May Be Annexed. Within twenty-five (25) years after the date this Declaration is Recorded, Declarant may, but shall in no way be required to, from time to time, unilaterally, add to the Master Association Area all or any portion of the Annexable Area while Declarant owns an interest in any portion of the Master Association Area. Upon the consent of the Board of Directors, any real property may be added to the Master Association Area at any time.

Section 3.3. Manner of Annexation. Real property ("Annexed Property") within the Annexable Area shall become part of the Master Association Area and subject to this Declaration

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upon the Recordation of a Supplemental Declaration meeting the requirements hereinafter set forth. A Supplemental Declaration, including the Supplemental Declaration for the First Subdivision, (a) shall be executed and acknowledged by the Owner or Owners of the Annexed Property described therein; (b) shall, if the Annexed Property is not then owned by Declarant, contain the executed and acknowledged written consent of Declarant for so long as Declarant owns any property in the Project Area and has the power to annex additional property to the Master Association Area; (c) shall contain an adequate legal description of the Annexed Property; (d) shall contain a reference to this Declaration and the fact of its Recordation in the records of the Clerk and Recorder of Boulder County, Colorado; (e) shall state the land classification (Residential Site, Commercial Site, Miscellaneous Use Site, Master Association Properties, Common Area or Publicly Owned Site, and whether the Annexed Property is or is not Owner Occupied) of the Annexed Property; (f) shall designate the Assessment Area; (g) shall contain a statement that the Annexed Property is declared to be part of the Master Association Area under this Declaration and that the Annexed Property shall be subject to this Declaration; (h) shall state when Assessments against the Annexed Property commence; (i) shall state whether the Owners of any Privately Owned Sites therein or other Persons shall be authorized to use any Recreation Cost Center and assign a number of RFCA's to any of such Sites which are not Residential Sites; (j) shall designate in which Delegate District the Annexed Property is located; and (k) shall state whether or not Sites therein shall be subject to the jurisdiction of a Subassociation and shall enumerate the powers and duties of any Subassociation. A Supplemental Declaration may provide for phased annexation so that real property may be made subject to the Supplemental Declaration and this Declaration at different times. A deed by which Declarant conveys a parcel of property to another Person may constitute a Supplemental Declaration if it meets the foregoing requirements. A Supplemental Declaration may impose on the Annexed Property described therein covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes and other provisions in addition to those set forth in this Declaration, taking into account the unique and particular aspects of the proposed development of the Annexed Property covered thereby. A Supplemental Declaration may provide for a Subassociation of Owners within the property described in the Supplemental Declaration and for the right of the Subassociation to assess such Owners. Upon Recordation of a Supplemental Declaration, the Annexed Property shall be subject to all of the covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes and other provisions set forth in this Declaration, except to the extent specifically stated in the Supplemental Declaration.

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Section 3.4. Annexation of Condominiums. In order to add Annexed Property which will be developed as Condominiums, Declarant, in addition to meeting the requirements of Section 3.3., shall take both of the following steps: (a) Declarant shall Record a Statement of Intention to Annex, which shall state the number of Condominiums which Declarant intends to annex to this Declaration, shall provide that, upon Recordation, each Condominium described therein shall become subject to this Declaration, but only for purposes of voting and for payment of Assessments, and shall further provide that, upon Recording of a condominium map or supplemental condominium map ("Map") which depicts the Condominiums described in the Statement of Intention to Annex, all of the property described on the Map shall be annexed to this Declaration for all purposes; and (b) Declarant shall Record the Map. Upon Recording of the Statement of Intention to Annex, the Supplemental Declaration and the Map, all of the property described therein shall be annexed to this Declaration and be subject to the provisions hereof.

Section 3.5. Withdrawal of Annexed Property by Declarant. Annexed Property for which a Supplemental Declaration has been Recorded may be withdrawn from the Master Association Area and from this Declaration for any reason, including correction of a surveyor error or other technical or clerical error. Such withdrawal may be accomplished by the execution, acknowledgment and Recordation of a notice of withdrawal; provided that no vote has then been exercised with respect to the Annexed Property to be withdrawn, and no Assessments to the Association have then commenced with respect to the Annexed Property to be withdrawn. The notice of withdrawal (a) shall be executed and acknowledged by the Owner or Owners of the Annexed Property; (b) shall, if the Annexed Property is not then owned by Declarant, contain the executed and acknowledged written consent of Declarant for so long as Declarant owns any property in the Project Area and has the power to annex additional property to the Master Association Area; (c) shall contain an adequate legal description of the Annexed Property; (d) shall contain a reference to the Supplemental Declaration for the Annexed Property, which reference shall state the date thereof, the date of Recordation thereof and the book and page of the records in the office of the Clerk and Recorder of Boulder County, Colorado, where the Supplemental Declaration was Recorded; and (e) shall contain a statement and declaration that the Annexed Property is withdrawn from the Master Association Area. The withdrawal shall be effective upon filing for Record of the notice of withdrawal. Nothing herein shall be interpreted to prohibit later annexation of Annexed Property so withdrawn.

Section 3.6. Expansion of Annexable Area. At any time within fifteen (15) years after this Declaration is Recorded, the Annexable Area may be expanded to add real property, effective

upon the Recordation of a written instrument, executed by Declarant, describing such real property and declaring that such real property shall thereafter be added to the Annexable Area.

ARTICLE 4
MASTER ASSOCIATION OPERATION

Section 4.1. Master Association. The Association has been or will be formed as a Colorado corporation under the Colorado Nonprofit Corporation Act. The Association shall have the duties, powers and rights set forth in this Declaration and in its Articles of Incorporation and Bylaws. As more specifically set forth hereinafter, the Association shall have a Board of Directors to manage its affairs. The Board of Directors shall be elected by Delegates representing Delegate Districts within the Master Association Area; provided, however, that the Declarant shall have the sole right to appoint a majority of the members of the Board of Directors for the period of time provided in Section 4.9 hereinbelow. Delegates shall be elected by Owners within each Delegate District, acting in their capacity as Members of the Master Association.

Section 4.2. Board of Directors. The affairs of the Association shall be managed by a Board of Directors. The number, term and qualifications of the Board of Directors shall be fixed in the Articles of Incorporation and Bylaws. The Board of Directors may, by resolution, delegate portions of its authority to an executive committee or to other committees, to officers of the Association or to agents and employees of the Association, but such delegation of authority shall not relieve the Board of Directors of the ultimate responsibility for management of the affairs of the Association. Action by or on behalf of the Association may be taken by the Board of Directors or any duly authorized executive committee, officer, agent or employee without a vote of Members or Delegates, except as otherwise specifically provided in this Declaration.

Section 4.3. Membership in Master Association. Each Owner shall be a Member of the Association. An Owner shall automatically be the holder of the membership appurtenant to such Owner's Privately Owned Site, and the membership shall automatically pass with fee simple title to the Privately Owned Site. Declarant shall hold one membership in the Association for each Privately Owned Site owned by Declarant. Membership in the Association shall not be assignable separate and apart from fee simple title to a Privately Owned Site, except that an Owner may assign some or all of the Owner's rights as an Owner and as Member of the Association to a tenant or First Mortgagee, and may arrange for a tenant to perform some or all of such Owner's obligations as provided in this Declaration, but no such delegation or assignment shall relieve an Owner from the

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responsibility for fulfillment of the obligations of Owners under this Declaration. The rights acquired by any such tenant or First Mortgagee shall be extinguished automatically upon termination of the First Mortgage or tenancy. The assignment of rights by an Owner pursuant to this Section shall not be subject to any present or future statutory time limit for the duration of proxy rights.

Section 4.4. Establishment of Delegate Districts. The Master Association Area shall be divided into Delegate Districts, as hereinafter described, and each Delegate District shall elect one (1) Delegate to the Association to exercise the voting power of all the Members in such Delegate District. A Delegate District containing Owner Occupied Sites shall not contain any other type of Privately Owned Site. If a Subassociation is created, then all of the Annexed Property within the jurisdiction of the Subassociation shall constitute a Delegate District. In the event that no Subassociation is created for any portion of the Project Area, then the Delegate Districts for such portion shall be established by the Supplemental Declarations for such property. Such Supplemental Declarations or other instruments shall contain legal descriptions of the portions of the Project Area which shall be or become part of a Delegate District and a statement that such real property described therein shall be or become part of a designated Delegate District for purposes of this Declaration.

Section 4.5. Voting Rights of Members.

(a) Each Member shall have the right to cast votes for the election of the Delegate to the Association to exercise the voting power of the Delegate District in which the Member's Privately Owned Site is located. If such Delegate District is within the jurisdiction of a Subassociation, then the Member shall have the same voting rights for the election of the Delegate from that Delegate District as are provided for the election of the Board of Directors of the Subassociation. If such Delegate District is not subject to the jurisdiction of a Subassociation, and consists of Residential Sites, then the Members shall have voting rights for the election of a Delegate to represent the Delegate District as follows: within any such Delegate District without a Subassociation there shall be Class A Members and Class B Members. Initially, Class A Members shall be all Members with the exception of Declarant, and each Class A Member shall be entitled to one (1) vote for each Dwelling Unit within the Delegate District owned by such Member. Declarant shall be the sole Class B Member. The Class B Member shall be entitled to three (3) times the number of votes per Dwelling Unit as an Owner other than Declarant would be entitled to exercise in any Delegate District with no Subassociation. The Class B Membership in any Delegate District with no Subassociation shall

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cease as to that Delegate District and be converted to a Class A Membership upon the happening of any of the following events, whichever occurs first: (i) when the total votes outstanding in the Class A Membership for that Delegate District equal the total votes outstanding in the Class B Membership for that Delegate District; provided, however, that if within one hundred twenty (120) days after the occurrence of this event, additional real property is annexed to this Declaration pursuant to Article 3 hereof, such that after annexation there are once again more Class B votes than Class A votes, then the Class B Membership shall not terminate; (ii) fifteen (15) years from the date of Recordation of the Supplemental Declaration or other written instrument creating the Delegate District; or (iii) upon delivery to the Secretary of the Association of written notice of termination of the Class B Membership, signed by all Declarants. In Delegate Districts containing Commercial Sites or Miscellaneous Use Sites, or both, the voting rights of the Members shall be specified in the Supplemental Declarations for such Delegate Districts. There may be Class A and Class B Members in such non-residential Delegate Districts.

(b) The Class A and Class B Memberships shall each be further divided into two Subclasses. Subclass 1 shall consist of all Owners of Owner Occupied Sites. Subclass 2 shall consist of the Owners of all Privately Owned Sites other than Owner Occupied Sites. Delegates representing the Subclass 2 Members shall elect one member of the Board of Directors of the Association, and all other members of the Board of Directors of the Association shall be elected by the Delegates representing the Subclass 1 Members. The number of Directors elected by Subclass 1 shall not ever be less than a majority of the Board of Directors. The Delegate from any Delegate District without a Subassociation shall be elected by Members holding a majority of the voting power in such Delegate District. The Bylaws of the Association shall provide for the manner, time, place, conduct, and voting procedures for Member meetings for the purpose of electing a Delegate or other purposes in any such Delegate District which is not governed by a Subassociation.

Section 4.6. Voting Rights of Delegates. Each Delegate may cast one (1) vote for each Dwelling Unit which is subject to this Declaration and located in the Delegate District represented by such Delegate. For Delegate Districts containing Commercial Sites and Miscellaneous Use Sites, the voting rights of the Delegates shall be specified in the Supplemental Declarations for such Sites. A Delegate may cast votes with respect to each Privately Owned Site only during such periods as the Owner of such Privately Owned Site is entitled to cast votes for the election of a Delegate as provided in the Bylaws for the Subassociation or in any Supplemental Declaration, whichever is applicable.

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Section 4.7. Manner of Voting. Each Delegate shall cast the votes which he or she represents in such manner as the Delegate, in his or her sole discretion, deems appropriate, acting on behalf of all the Owners in the Delegate District; provided, however, that in the event that at least a majority in interest of the Owners in any Delegate District shall determine at any duly constituted meeting to instruct their Delegate as to the manner in which he or she is to vote on any issue, then the Delegate representing such Delegate District shall cast all of the voting power in such Delegate District in the same proportion, as nearly as possible without counting fractional votes, as the Owners in such Delegate District shall have cast their votes "for" and "against" such issue in person or by proxy. A Delegate shall have the authority, in his or her sole discretion, to call a special meeting of the Members of the Delegate's Delegate District in the manner provided in the Bylaws, for the purpose of obtaining instructions as to the manner in which to vote on any issue to be voted on by the Delegates. When a Delegate is voting without instruction from the Members represented by such Delegate, then all of the votes may be cast as a unit, or the Delegate may apportion some of such votes in favor of a given proposition and some of such votes in opposition to such proposition. It will be presumed for all purposes of Association business that any Delegate casting votes will have acted with the authority and consent of all of the Members of the Delegate District of such Delegate. All agreements and determinations lawfully made by the Association in accordance with the voting procedures established herein, and in the Bylaws, shall be binding on all Members, and their successors and assigns.

Section 4.8. Delegates As Advisory Committee for Recreation Cost Center. The Delegates representing those Members who are entitled to use any Recreation Cost Center may act as an advisory committee to the Board and may give the Board advice (which shall not be binding on the Board), with respect to the operation and maintenance of such Recreation Cost Center. Such Delegates may propose to the Board (a) rules and regulations respecting the use and operation of the Recreation Cost Center, (b) increases or reductions in RFCA's (as defined in Section 2.14 and Article 8 hereof) attributable to the Recreation Cost Center, (c) repairs, restoration, maintenance or enhancement of the Recreation Cost Center, or (d) any other authorized action under this Declaration pertaining to such Recreation Cost Center.

Section 4.9. Declarant's Reserved Right to Appoint a Majority of the Board of Directors. The foregoing provisions to the contrary notwithstanding, the Declarant hereby reserves the right to appoint a majority of the members of the Board of Directors of the Master Association at all times subsequent to the date of recordation of this Master Declaration, which right shall terminate upon the occurrence of the first of the following events:

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(i) December 31, 2013;

(ii) by written notice from the Declarant to the President or Secretary of the Master Association of the Declarant's intent to terminate its right to appoint the majority of the members of the Board of Directors;

(iii) upon that date when the right to build 75% of the total number of Dwelling Units allowed to be built under the zoning in force on the property described in Exhibits A and B of the Master Declaration has been allocated and conveyed to purchasers, other than Declarant, of portions of said property.

ARTICLE 5 DUTIES AND POWERS OF ASSOCIATION

Section 5.1. General Duties and Powers of Association. The Association has been formed to further the common interests of the Members. The Association, acting through the Board or Persons to whom the Board has delegated such powers, shall have the duties and powers hereinafter set forth and, 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 Master Association Properties, and to improve and enhance the attractiveness, desirability and safety of the Master Association Area.

Section 5.2. Duty to Accept Property and Facilities Transferred by Declarant. The Master Association shall accept title to any property, including any Improvements thereon, and personal property transferred to the Association by Declarant or by any third party, and equipment related thereto, together with the responsibility to perform any and all Administrative Functions, Recreation Functions and Public Functions associated therewith, provided that such property and functions are not inconsistent with the terms of this Declaration. Property interests transferred to the Association by Declarant may include fee simple title, easements, leasehold interests and contractual rights or licenses to use property. Any property or interest in property transferred to the Association by Declarant shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Association free and clear of all liens (other than the lien of property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration and of the Supplemental Declaration annexing the property to the Master Association Area.

Section 5.3. Duty to Manage and Care for Property; Hold Harmless for City of Louisville. To the extent owned by the Association, the Association shall manage, operate, care for, maintain and repair all Master Association Property and keep the

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same in a safe, attractive and desirable condition for the use and enjoyment of the Members. In addition, the Association may operate, maintain and repair property other than Master Association Property, if some or all of the Members will benefit thereby or if such is required by the applicable governmental authority, including, without limitation, maintenance of private access ways from the Master Association Area to the adjacent golf course and landscaping on public rights of way adjacent to the Master Association Area. The duties of the Association contained in this Section shall include street cul de sacs and improvements on such cul de sacs, whether public or private, and the Association and Owners hereby hold the City of Louisville (herein the "City") harmless from and against any and all damages that may be caused to any such cul de sacs or improvements thereon by the City in the lawful exercise of its responsibilities.

Section 5.4. Duty to Pay Taxes. The Association shall pay all taxes and assessments levied upon the Master Association Properties owned by the Association and all other taxes and assessments payable by the Association. The Association shall have the right to contest any such taxes or assessments provided that the Association shall contest the same by appropriate legal proceedings which shall have the effect of preventing the collection of the tax or assessment and the sale or foreclosure of any lien for such tax or assessment, and provided that the Association shall keep and hold sufficient funds to pay and discharge the taxes and assessments, together with any interest and penalties which may accrue with respect thereto, if the contest of such taxes is unsuccessful. The Association may maintain a Tax Reserve Fund for payment of any taxes, including additional taxes which could be incurred as a result of an adverse ruling on any reporting position taken by the Association.

Section 5.5. Duty to Maintain Insurance. The Association shall obtain and keep in full force and effect at all times insurance coverage in accordance with Article 11 of this Declaration.

Section 5.6. Duty to Levy and Collect Assessments. The Association shall levy and collect Assessments as elsewhere provided in this Declaration.

Section 5.7. Duty to Provide Annual Report. The Association shall provide an audited financial statement for the immediately preceding fiscal year within a reasonable time after written request by, and free of charge to, any First Mortgagee or insurer or guarantor of a First Mortgage.

Section 5.8. Duties with Respect to Architectural Approvals. The Association shall perform functions to assist the

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Architectural Committee as elsewhere provided in Article 10 of this Declaration.

Section 5.9. Power to Acquire and Maintain Property and Construct Improvements. The Association may acquire property or interests in property for the common benefit of Owners, including Improvements and personal property. The Association may construct Improvements on property and may demolish existing Improvements. The Association shall have the power to maintain public or private rights of way, and Improvements thereon, and to perform maintenance on any portion of the Project Area, whether or not owned by the Association.

Section 5.10. Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal and enforce such Rules and Regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of Master Association Properties, and the use of any other property within the Master Association Area, including Privately Owned Sites. Any such Rules and Regulations shall be reasonable and uniformly applied. Rules and Regulations shall be effective only upon adoption by resolution of the Board of Directors. Written notice of the adoption, amendment or repeal of any Rule or Regulation shall be posted at the Master Association office, and copies of the currently effective Rules and Regulations shall be made available to each Member upon request and payment of the copying cost. Each Member shall comply with such Rules and Regulations and shall see that Related Users of such Member comply with the Rules and Regulations. 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 5.11. Power to Enforce Declaration; Rules and Regulations and Design Guidelines. The Association shall have the power to enforce the provisions of this Declaration, the Rules and Regulations, and the Design Guidelines, and shall take such action as the Board deems necessary or desirable to cause compliance by each Member and the Related Users of each Member. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration, the Rules and Regulations, and the Design Guidelines by any one or more of the following means: (a) by entry upon any property within the Master Association Area after Notice and Hearing (unless a bona fide emergency exists), without liability to the Owner or occupants thereof, for the purpose of enforcement of or causing compliance with any of the aforesaid documents; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of any

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of the aforesaid documents, by mandatory injunction or otherwise; (c) by commencing and maintaining actions and suits to recover damages for breach of any of any of the aforesaid documents; (d) by exclusion, after Notice and Hearing, of any Member or Related User from use of any Recreation Cost Center for a period not to exceed sixty (60) days as a penalty for any breach of any of the aforesaid documents by a Member or Related User; (e) by suspension, after Notice and Hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or a Related User of such Member of any of the aforesaid documents, unless the breach is a continuing breach, in which case such suspension shall continue for so long as such breach continues; (f) by levying and collecting, after Notice and Hearing unless the violation consists of failure to pay any Common Assessment or Special Assessment, in which case Notice and Hearing shall not be required, a Reimbursement Assessment against any Member for breach by a Member or a Related User of such Member of any of the aforesaid documents; and (g) 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 Member or Related User, for breach by such Member or Related User of any of the aforesaid documents.

Section 5.12. Power to Provide Services to Subassociations. The Association shall have the power to provide services to Subassociations. Such services to any Subassociation shall be provided pursuant to an agreement in writing between the Association and such Subassociation which shall provide for the payment by such Subassociation to the Association of the reasonably estimated expenses which the Association will incur in providing such services to the Subassociation, including a fair share of the overhead expenses of the Association. Services which may be provided to a Subassociation may include, without limitation, (a) the construction, care, operation, management, maintenance, repair and replacement of Improvements owned by the Subassociation; (b) the provision of any or all of the Public Functions, Recreation Functions, and Administrative Functions to the area covered by the Subassociation; (c) the enforcement of the provisions of any Supplemental Declaration for, on behalf of, and in the name of the Subassociation; (d) the collection of assessments for, in the name of, and on behalf of a Subassociation; (e) the payment of taxes for a Subassociation with funds of the Subassociation; (f) the procurement of insurance for a Subassociation; (g) the collection of charges for use of facilities of a Subassociation; and (h) the appointment and supervision of a Manager or Managers for a Subassociation. In lieu of collecting the expenses for such services from the Subassociation, the Association shall have the right, but not the obligation, to collect them directly from the Members of the Subassociation in monthly installments as part of the monthly Common Assessments.

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Section 5.13. Power to Provide Special Services for Members. The Association shall have the power to provide services to a Member or group of Members. Any service or services to a Member or group of Members shall be provided pursuant to an agreement in writing, or through one or more Supplemental Declarations, which shall provide for payment to the Association by such Member or group of Members of the costs and expenses which the Association estimates it will incur in providing such services, including a fair share of the overhead expenses of the Association, and shall contain provisions assuring that the obligation to pay for such services shall be binding upon any heirs, personal representatives, successors and assigns of the Member or group of Members, and that the payment for such services shall be secured by a lien on the Privately Owned Site or Sites of the Member or group of Members and may be collected in the same manner as a Reimbursement Assessment, or, if the written agreement so provides, in installments as part of the monthly Common Assessments.

Section 5.14. Power to Operate and Charge for Facilities and Services. The Association shall have the power to acquire, create, own and operate any and all such facilities and services as it deems appropriate, including, without limitation, landscape maintenance and refuse collection, or any other similar or dissimilar function, and to establish charges for the use of facilities and services. The charges may include admission, rental or other fees and charges for any use of property, facilities or services of the Association. Such charges or fees shall be as determined from time to time by the Board of Directors.

Section 5.15. Power to Grant Easements. The Association shall have the power to grant access, utility, drainage, water facility and any other easements in, on, over or under Master Association Area for any lawful purpose, including, without limitation, the provision of emergency services, utilities, telephone, television, or other uses or services to some or all of the Members.

Section 5.16. Power to Convey and Dedicate Property. The Association, with the approval of Delegates representing at least two thirds (2/3) of each class of Members of the Association, shall have the power to grant, convey, dedicate or transfer any Master Association Properties or facilities owned by the Association to any public or governmental agency or authority for such purposes and subject to such terms and conditions as the Association shall deem appropriate, subject to the provisions located elsewhere in this Declaration for approval of the same by the Agencies, by Declarant with respect to property transferred to the Association by Declarant, and by Delegates representing the Owners of Privately Owned Sites within any particular Recreation Cost Center directly affected by such transfer.

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Section 5.17. Power to Borrow Money and Mortgage Property. The Association shall have the power to borrow money, and, with the approval of Delegates representing at least two thirds (2/3) of each class of Members of the Association, to encumber Master Association Properties as security for such borrowing, subject to provisions located elsewhere in this Declaration with respect to required approvals and consents to such action by Declarant and the Agencies. Notwithstanding the foregoing approval requirement, the Association shall be authorized to borrow money for the acquisition of a Dwelling Unit to be used by each resident Manager, and may encumber any such Dwelling Unit with a First Mortgage without Member, Agency or First Mortgage approval.

Section 5.18. 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 Administrative Functions, Recreation Functions or Public 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 the Manager. Any contract or agreement with a Manager shall be terminable by either party for cause on no more than thirty (30) days' prior written notice, and shall be terminable by either party without cause and without payment of a termination fee on no more than ninety (90) days' prior written notice. No such contract or agreement shall be for a term of more than one (1) year. Notwithstanding any delegation to a Manager of any duties, powers or functions of the Association, the Association and its Board of Directors shall remain ultimately responsible for the performance and exercise of such duties, powers and functions. In addition to a Manager, the Association may employ and pay a consultant, which may be Declarant, an affiliate of Declarant, or a third party, to assist in operating and managing the Association after the Class B Membership terminates.

Section 5.19. 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 such 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 5.20. General Corporate Powers. The Association shall have all of the ordinary powers and rights of a Colorado corporation formed under the Colorado Nonprofit Corporation Act.

Section 5.21. Powers as to Trash Collection. The Association shall have the power to regulate the days and hours during which trash and solid waste may be collected or put out

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for collection in any portion of the Master Association Area. The Association shall also have the power to provide services for the collection of trash and solid waste within all or any portions of the Master Association Area.

ARTICLE 6 MASTER ASSOCIATION PROPERTIES

Section 6.1. Right of Association to Regulate Use. The Association, acting through the Board, shall have the power to regulate use of Master Association Properties by Members to enhance further the overall rights of use and enjoyment of all Members, including imposing limits on the times of use and numbers of guests permitted to use Master Association Properties.

Section 6.2. Right of Association to Allow Public Use. The Association, acting through the Board, shall have the right to allow members of the general public to use Master Association Properties, including any Recreation Cost Center, provided that use by the general public does not unreasonably interfere with or impair the rights of use and enjoyment of Owners. Public use of a Recreation Cost Center may include the sale by the Association of memberships for a lump-sum amount or monthly or other periodic fee, or both.

Section 6.3. No Partition of Master Association Properties. No Owner shall have the right to partition or seek partition of the Master Association Properties or any part thereof.

Section 6.4. Liability of Owners for Damage. Each Owner shall be liable to the Association for any damage to Master Association Properties or for any expense or liability incurred by the Association, to the extent not covered by insurance, which may be sustained by reason of the negligence or willful misconduct of such Owner or a Related User of the Owner, and for any violation by such Owner or Related User of this Declaration or any Rule or Regulation adopted by the Association. The Association shall have the power, as elsewhere provided in this Declaration, to levy and collect a Reimbursement Assessment against a Member to cover the costs and expenses incurred by the Association on account of any such damage or any such violation of this Declaration or of the Rules and Regulations, including interest and attorneys' fees, or for any increase in insurance premiums directly attributable to any such damage or violation.

Section 6.5. Damage to Master Association Properties. In the event of damage to or destruction of all or a portion of the Master Association Properties due to fire or other adversity or disaster, the insurance proceeds, if sufficient to reconstruct or repair the damage, shall be applied by the Association to such reconstruction and repair. If the insurance proceeds with

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respect to such damage or destruction are insufficient to repair and reconstruct the damage or destruction, then the Association shall levy a Reconstruction Assessment in the aggregate amount of such insufficiency pursuant to Section 8.19 hereof, and shall proceed to make such repairs or reconstruction, unless the Owners and First Mortgagees agree not to repair and reconstruct such damage in accordance with the terms and provisions of Article 12 hereof. No distributions of insurance proceeds shall be made to the Owners, unless made jointly payable to Owners and their First Mortgagees, if any. If insurance proceeds available to the Association on account of damage or destruction exceed the cost of repair, reconstruction or replacement, the Association may use the excess for future maintenance, repair, and operation of and improvements to Master Association Properties; provided, however, that such excess shall be applied solely to a Recreation Cost Center if the insurance was paid for damage to or destruction of such Recreation Cost Center.

Section 6.6. Association Powers in the Event of Condemnation.

(a) If proceedings are initiated by any government or agency thereof seeking to take the Master Association Properties or any interests therein or part thereof, including any Improvements, the Association shall give prompt notice thereof, including a description of the part of or interest in the Master Association Properties or Improvements thereon sought to be so condemned, to all Owners. The Association shall have full power and authority to defend in said proceedings, and to represent the Owners in any negotiations, settlements and agreements with a condemning authority for acquisition of the Master Association Properties, any part thereof, or any interest therein, and each Owner hereby appoints the Association as the Owner's attorney-in-fact for such purposes. Any award or proceeds of settlement shall be payable to the Association for the use and benefit of the Owners and their mortgagees as their interests may appear. If an award is attributable to a Recreation Cost Center, then the award shall be used solely for the benefit of the Improvements in the Recreation Cost Center. No Owner shall be entitled to participate as a party or otherwise in any condemnation proceedings.

(b) If all of the Master Association Properties are taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance of condemnation, any award or settlement shall be apportioned by the Association on such a fair and equitable basis as the Association determines to be appropriate in the circumstances, or as determined by judicial decree. If the allocation of the condemnation award is already established in the negotiations, judicial decree, or otherwise, then in allocating the condemnation award the Association shall employ such allocation to the extent that it is relevant and applicable.

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(c) If less than all of the Master Association Properties are taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance of condemnation, the condemnation award shall first be applied by the Association to the rebuilding and replacement of those Improvements on the Master Association Properties which are damaged or taken by the condemning public authority, unless Delegates representing at least sixty-seven percent (67%) of the Members of each class and unless sixty-seven percent (67%) of the First Mortgagees (based upon one vote for each First Mortgage held) agree otherwise. Any surplus of the replacement shall be distributed by the Master Association on the same basis as indicated in subparagraph (b) of this Section. No provision of this Declaration or any other document relating to the Master Association Properties shall be deemed to give an Owner or any other party priority over the rights of a First Mortgagee, pursuant to a First Mortgage, regarding distribution of insurance proceeds or condemnation awards for losses to or taking of Master Association Properties.

Section 6.7. Title to Master Association Properties on Dissolution of Master Association. In the event of dissolution of the Association, the Master Association Properties shall, to the extent reasonably possible, and after obtaining any approvals required by Article 13 of this Declaration, 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 for the common benefit of Owners for similar purposes for which the particular Master Association Property was held by the Association. To the extent that the foregoing is not possible, the Master Association Properties shall be sold or disposed of and the proceeds from the sale or disposition shall be distributed to Members in such fair and equitable manner as the Association determines to be appropriate under the circumstances; provided, however, that the proceeds from any sale or disposition of a Recreation Cost Center shall be distributed only to those Owners entitled to use the Recreation Cost Center.

ARTICLE 7 DECLARANT'S RIGHTS AND RESERVATIONS

Section 7.1. Period of Declarant's Rights and Reservations. Declarant shall have, retain and reserve certain rights as hereinafter set forth with respect to the Association and the Master Association Properties from the date hereof, until the time that the last Privately Owned Site within the Master Association Area which was annexed within the twenty-five (25) year time limit specified in Article 3 hereof has been sold and conveyed by Declarant to an Owner other than Declarant. The rights and reservations hereinafter set forth shall be deemed

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excepted and reserved in each conveyance of property by Declarant, whether or not specifically stated therein, and in each deed or other instrument by which any property within the Master Association Area is conveyed by Declarant. The rights, reservations and easements hereinafter set forth shall be prior and superior to any other provisions of this Declaration and may not, without each and every Declarant's prior written consent, be modified, amended, rescinded, or affected by any amendment of this Declaration. Declarant's consent to any one such amendment shall not be construed as a consent to any other amendment.

Section 7.2. Right to Construct Additional Improvements on Master Association Properties. Declarant shall have and hereby reserves the right, but shall not be obligated to, construct additional Improvements on Master Association Properties at any time and from time to time in accordance with this Declaration for the improvement and enhancement of the Master Association Properties and for the benefit of the Association and the Owners.

Section 7.3. Declarant's Rights to Use Master Association Properties in Promotion and Marketing of Master Association Area. Declarant shall have and hereby reserves the right to use the Master Association Properties and to use services offered by the Master Association in connection with the promotion and marketing of property within the boundaries of the Project Area. Without limiting the generality of the foregoing, Declarant may erect and maintain on any part of the Master Association Properties such signs, temporary buildings and other structures as Declarant may reasonably deem necessary or proper in connection with the promotion, development and marketing of real property within the Project Area; may use vehicles and equipment on Master Association Properties for promotional purposes; and may permit prospective purchasers of property within the boundaries of the Project Area to use Master Association Properties.

Section 7.4. Declarant's Rights to Complete Development of Project Area. No provision of this Declaration shall be construed to prevent or limit Declarant's rights to complete the development of property within the boundaries of the Project Area; to construct or alter Improvements on any property owned by Declarant within the Project Area; to maintain model homes, offices for construction, sales or leasing purposes or similar facilities on any property owned by Declarant or owned by the Association within the Project Area; or to post signs incidental to development, construction, promotion, marketing, sales or leasing of property within the boundaries of the Project Area. Nothing contained in this Declaration shall limit the right of Declarant or require Declarant to obtain approvals to excavate, cut, fill or grade any property owned by Declarant or to con-

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struct, alter, demolish or replace any Improvements on any property owned by Declarant, or to use any structure on any property owned by Declarant as a construction, model home or real estate sales or leasing office in connection with the sale of any property within the boundaries of the Project Area, nor shall anything herein be deemed to require Declarant to seek or obtain the approval of the Architectural Committee or of the Association for any such activity or Improvement to Property by Declarant on any property owned by Declarant or by the Association. Nothing in this Section shall limit or impair the reserved rights of Declarant as may be elsewhere provided in this Declaration.

Section 7.5. Declarant's Approval of Conveyances or Changes in Use of Master Association Properties. Until Declarant no longer has the right to appoint the members of the Architectural Committee, the Association shall not, without first obtaining the prior written consent of Declarant, which consent shall not be unreasonably withheld, convey, change or alter the use of Master Association Properties, mortgage the Master Association Properties, or use Master Association Properties other than for the benefit of Members.

ARTICLE 8 ASSESSMENTS, BUDGETS AND FUNDS

Section 8.1. Maintenance Funds to be Established. The Association shall establish and maintain at least the following separate Maintenance Funds: (a) an Administrative Functions Operating Fund; (b) an Administrative Functions Reserve Fund; (c) a Recreation Functions Operating Fund for each Recreation Cost Center which has been completed and is available for use by Owners entitled to use the same; (d) a Recreation Functions Reserve Fund for each such Recreation Cost Center; (e) a Public Functions Operating Fund; and (f) a Public Functions Reserve Fund. The Maintenance Funds shall be held in trust savings or trust checking accounts at any financial institution in which deposits are insured by an agency of the United States government. Notwithstanding the foregoing, so long as all of the Maintenance Funds are separately entered on the books and records of the Association, and sums used for a given purpose do not exceed the amount collected for such purpose, the actual account or accounts into which the moneys are deposited may be combined.

Section 8.2. Establishment of Other Funds. The Association may establish other funds as and when needed; for example, funds for receipts and disbursements relating to services provided by the Association for a Subassociation or Members pursuant to Section 5.12 or 5.13 of this Declaration, escrows for payment of taxes and insurance, or separate Subassociation Maintenance Funds. Nothing herein shall limit, preclude or impair the authority of the Association to establish other funds for

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Section 8.5. Disbursements from Maintenance Funds. All amounts deposited in the Maintenance Funds shall be used solely for the benefit of the Members for purposes authorized by this Declaration. Disbursements from particular Maintenance Funds shall be limited to specified purposes as follows: (a) disbursements from the Administrative Functions Operating Fund may be made for such purposes as are necessary or proper under this Declaration, except those purposes for which disbursements are to be made from other Maintenance Funds as follows; (b) disbursements from the Administrative Functions Reserve Fund shall be made for purposes of funding those Administrative Functions which do not ordinarily recur on an annual or more frequent basis; (c) disbursements from a Recreation Function Operating Fund shall be made for the purpose of operating the particular Recreation Cost Center for which the Fund was created; (d) disbursements from a Recreation Functions Reserve Fund shall be made solely for the purposes of repairs, replacements, painting and other restorative work to the particular Recreation Cost Center for which the Fund was created; (e) disbursements from the Public Functions Operating Fund shall be made solely for the purpose of providing Public Functions for Members, other than disbursements for which disbursements from the Public Functions Reserve Fund are to be used; and (f) disbursements from the Public Functions Reserve Fund shall be made solely for the purpose of repairs, replacement, painting and other restorative work to those Improvements on the Master Association Properties which are used by the Association in providing Public Functions to Members. Reserve Funds may also be used to correct temporarily any deficit in the Operating Funds to which each such Reserve Fund relates.

Section 8.6. Authority for Disbursements. The Board shall have the authority to make or to authorize an agent to make disbursements of any moneys in the Maintenance Funds.

Section 8.7. Maximum Monthly Common Assessments.

(a) Each month the Association shall levy Common Assessments against Owners of the Privately Owned Sites, based on the Budget for the fiscal year. The Common Assessments shall include: (a) the AFCAs; (b) any RPCAs; (c) the PFCAs; and (d) any assessments collectible by the Association pursuant to Section 5.12 or Section 5.13, or both. Each Owner shall be obligated to pay the Common Assessments levied against, and allocated to, such Owner and the Privately Owned Site of such Owner as hereinafter more particularly set forth.

(b) Subject to the authority of the Board of Directors of the Association to set reduced assessments for the on-time, early, or lump-sum payment of assessments, or portions thereof, the maximum monthly Common Assessment on Residential Sites in an Assessment Area, until commencement of the second

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fiscal year of the Association, shall be Ten and 00/100 Dollars (\$10.00) per Dwelling Unit per month. The Maximum Monthly Common Assessment for Commercial Sites and Miscellaneous Use Sites shall be established in the Supplemental Declarations covering those Sites.

(c) Effective with commencement of the second and each subsequent Association fiscal year, the maximum monthly Common Assessment against each Site shall be increased effective each fiscal year by the greater of: (i) the percentage increase, if any, in the Consumer Price Index published by the U.S. Department of Labor, Washington, D.C., for All Items and Major Group Figures for the Denver, Colorado Metropolitan Area (1967 = 100) ("Consumer Price Index"), for the one (1) year period ending with the preceding month of April; or (ii) fifteen percent (15%). The aforesaid annual increase in the maximum monthly Common Assessment shall occur automatically upon the commencement of each Association fiscal year without the necessity of any action being taken with respect thereto by the Association. In the event that the Consumer Price Index is not published, for whatever reason, then the increase in the maximum monthly assessment, as provided herein, shall be calculated by using a substantially comparable index designated by the Board of Directors of the Association.

(d) Effective with commencement of the second and each subsequent Association fiscal year, the maximum monthly Common Assessment may be increased for the next succeeding fiscal year and subsequent fiscal years above that established in accordance with Subsection (c) of this Section by a vote of the Delegates representing at least sixty-seven percent (67%) of the voting power of each class of Members at a meeting duly called for this purpose, written notice of which setting forth the purpose therefor shall be sent to all Delegates not less than 30 days or more than 60 days in advance of such meeting.

(e) Subject to the terms and provisions of Section 8.15 relating to the obligation of the Declarant to pay to the Association amounts sufficient to meet certain shortfalls in Common Assessments, the Board of Directors of the Association may, at any time and from time to time, after consideration of the projected maintenance costs and other financial needs of the Association, fix the actual Common Assessment against each Privately Owned Site in an amount less than the maximum; provided, however, that written notice of any change in the amount of the actual Common Assessment (whether to an amount less than or equal to the maximum) shall be sent to every Owner at least thirty (30) days in advance of the effective date of such change.

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(f) The limitations contained in this Section 8.7 shall not apply to any change in the maximum, actual and basis of the Assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

Section 8.8. Apportionment of Administrative Functions Common Assessments. The Administrative Function Common Assessments shall be proportional to the market values of the Privately Owned Sites. For the purposes of this Declaration, each Dwelling Unit in a Delegate District shall be deemed to have the same Imputed Market Value ("IMV"), as defined in Section 8.12 of this Declaration, as each other Dwelling Unit in that Delegate District. The amount of the AFCAs for any year payable by an Owner for a Privately Owned Site shall be computed by multiplying the total amount to be raised by AFCAs for that year, as shown in the Budget, by a percentage (rounded to the nearest one-tenth of one percent (0.1%)), derived from a fraction, the numerator of which is the IMV of the Privately Owned Site and the denominator of which is the aggregate of all IMVs of all Privately Owned Sites in the Master Association Area as of the first day of the fiscal year. The IMV of each Privately Owned Site shall be determined in accordance with Section 8.12.

Section 8.9. Obligation for Recreation Functions Common Assessments - How Established. If the Owner of any Privately Owned Site is to be obligated to pay an RFCA with respect to any Recreation Cost Center, the Supplemental Declaration covering the Privately Owned Site shall: (a) identify the Recreation Cost Center, if existing, or describe the same in general terms, if proposed; (b) identify the Privately Owned Sites covered by the Supplemental Declaration which are entitled to use the Recreation Cost Center and which shall be obligated to pay RFCAs with respect to such Recreation Cost Center; and (c) specify the number of RFCA Units which shall be assigned to each such Privately Owned Site. RFCA Units shall be assigned in a Supplemental Declaration in accordance with the following provisions. A Dwelling Unit shall, in all cases, be assigned one (1) RFCA Unit regardless of the size, value, location or use of the Dwelling Unit. It is not anticipated that Owners of Commercial Sites or Miscellaneous Use Sites will be entitled to use any Recreation Cost Center, but a Supplemental Declaration covering any such Site may provide otherwise, but in no case shall each such Site be assigned less than one (1) RFCA Unit.

Section 8.10. Apportionment of Recreation Functions Common Assessments. No Owner and no Privately Owned Site shall be charged with any RFCA unless the Supplemental Declaration covering such Site provides, as stated in the preceding Section of this Declaration, that the Site is entitled to use a Recreation Cost Center and specifies the number of RFCA Units assigned

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to that Site. If a Site and an Owner are to be charged with an RFCA, the amount of the RFCA for any year payable by the Owner for the Privately Owned Site shall be computed by multiplying the total amount to be raised by the RFCAs for that Recreation Cost Center for that year, as shown in the Budget for that year, by a percentage (rounded to the nearest one-tenth of one percent (0.1%)), derived from a fraction, the numerator of which is the number of RFCA Units assigned to that Site and the denominator of which is the total number of RFCA Units entitled to use that Recreation Cost Center as of the first day of that fiscal year.

Section 8.11. Apportionment of Public Functions Common Assessments. The Public Functions Common Assessments shall be proportional to the market values of the Privately Owned Sites. For the purposes of this Declaration, each Dwelling Unit in a Delegate District shall be deemed to have the same Imputed Market Value as each other Dwelling Unit in that Delegate District. The amount of the PFCAs for any year payable by an Owner for a Privately Owned Site shall be computed by multiplying the total amount to be raised by PFCAs for that year, as shown in the Budget, by a percentage (rounded to the nearest one-tenth of one percent (0.1%)), derived from a fraction, the numerator of which shall be the Imputed Market Value ("IMV") of the Privately Owned Site and the denominator of which is the aggregate of all Imputed Market Values of all Privately Owned Sites in the Master Association Area as of the first day of that fiscal year.

Section 8.12. Determination of Imputed Market Value. The IMV of each Residential Site in a Delegate District shall be determined by averaging the aggregate or sum of all the Actual Market Values ("AMV"), as hereinafter defined, of all of the Dwelling Units in such Delegate District. The aggregate AMV of all of the Residential Sites shall be divided by the number of Dwelling Units to determine the AMV per Dwelling Unit. That result shall then be multiplied by the number of Dwelling Units in the Residential Site to determine the IMV for each Residential Site. The IMV of each Commercial Site or Miscellaneous Use Site shall be equal to the AMV of such Site, unless the Supplemental Declaration covering such Site specifies a different method of determining the IMV. For purposes of this Declaration, the "Actual Market Value" of a Site shall be equal to the assessed valuation as shown in the records of the Boulder County Assessor.

Section 8.13. Funding of Reserve Funds. The Board, in budgeting and levying Assessments, shall endeavor to fund the Administrative Functions Reserve Fund, each Recreation Functions Reserve Fund and the Public Functions Reserve Fund by regularly scheduled payments, included as part of the Common Assessments, rather than by Special Assessments. Unless the Board finds and determines that it is not necessary, as to a particular Reserve Fund in a given year, the AFCA, each RFCA and the PFCAs shall include a component for funding of these Reserve Funds.

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Section 8.14. Commencement of Common Assessments. The initial monthly Common Assessment for Privately Owned Sites in the First Subdivision shall commence on the first day of the month following that date when all Privately Owned Sites have been platted and conveyed to the first Owner thereof other than Declarant. Common Assessments shall be due and payable monthly, in advance, based upon the Budget for each fiscal year. An Owner purchasing a Privately Owned Site between Common Assessment due dates shall pay a pro rata share of the payment in accordance with the provisions of Section 8.29 hereof.

Section 8.15. Payment of Assessments.

(a) Members shall pay Common Assessments monthly in advance to the Association during the fiscal year, on or before the first day of each month, or in such other manner and on such other dates as the Board of Directors may designate in its sole and absolute discretion. If there is any change in the amount of the Common Assessment payments or the due date, notice of such changed due date or amount shall be given to each Member prior to the effective date of the change. All payments of Common Assessments shall be due and payable, without notice or demand, on the due dates declared by the Board.

(b) Subject to the authority of the Board of Directors of the Association to set reduced Assessments for the on-time, early, or lump-sum payment of Assessments, or portions thereof, Common Assessments and Special Assessments shall be fixed at rates for all Privately Owned Sites sufficient to meet the expected needs of the Association. Notwithstanding anything to the contrary contained in this Declaration, however, the rate of monthly Common Assessments and Special Assessments set for the Privately Owned Sites owned by Declarant which are neither leased, rented, nor otherwise residentially occupied, shall be fixed at one-quarter (1/4) of the Common Assessment and Special Assessment rate for each such Site if it were not owned by Declarant; provided, however, that during the period(s) that any Site owned by Declarant is leased, rented, or residentially occupied, that Site shall be assessed at the rate of Assessment for Privately Owned Sites not owned by Declarant. In the event that, prior to the termination of the Class B membership, monthly Common Assessments, exclusive of those amounts held by the Association for an adequate reserve fund and for the working capital fund, fail to equal or exceed the actual expenses incurred by the Association during any particular Association fiscal year because of such partial Declarant Common Assessment, exclusive of reserves or expenses for which the Association has budgeted or set aside reserves, then Declarant shall pay a sufficient amount, up to the amount of full parity on such Common Assessments, to the Association to meet any such shortfall, which payment shall be made subsequent to the end of the fiscal year

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for which the Association seeks such payment, so long as: (i) written notice must be given by the Association to the Declarant within one hundred twenty (120) days following the termination of the Association fiscal year for which such payment is sought, and (ii) Declarant shall have no obligation for any such shortfall caused by expenditures for capital improvements or by any decrease in Common Assessments, including without limitation the levying of any Common Assessment in an amount less than the maximum for any fiscal year, unless the same has previously been approved in writing by Declarant. In the event there is more than one "Declarant," then, subject to the conditions hereinabove stated, each such Declarant shall pay a pro rata share of the aforesaid shortfall, such pro rata share to be based on the total amount of Common Assessments due from each Declarant at such reduced rate compared to the total amount of Common Assessments due from all Declarants at such reduced rate, during the applicable Association fiscal year.

Section 8.16. Failure to Fix Assessment. The failure by the Board of Directors to levy an Assessment for any period shall not be deemed a waiver or modification with respect to any of the provisions of this Declaration or a release of the liability of any Member to pay Assessments for that or any subsequent period.

Section 8.17. Special Assessments. In addition to Common Assessments, the Board of Directors may, subject to the provisions of this Section, levy Special Assessments for the purpose of raising funds to construct or reconstruct, repair or replace capital Improvements upon Master Association Properties, including personal property relating thereto; to add to the Master Association Properties; to provide for necessary facilities and equipment; to offer the services authorized in this Declaration; to correct any deficit or cost overrun; or to repay any loan made to the Association to enable it to perform the duties and functions authorized in this Declaration. Special Assessments for capital Improvements which may be used by all Members of the Association shall be levied solely on the basis of, and in proportion to, the PFCA Units attributable to the Privately Owned Sites of the Members. Special Assessments for capital Improvements relating to a Recreation Cost Center which may not be used by all Members shall be levied solely against the Owners of Privately Owned Sites entitled to use the Recreation Cost Center, and such Special Assessments shall be levied solely on the basis of, and in proportion to, the RFCA Units attributable to such Sites. The Association shall notify Members in writing of the amount of any Special Assessment and of the manner in which, and the dates on which, any such Special Assessment is payable, and the Members shall pay any such Special Assessment in the manner so specified. If the Board levies a Special Assessment, the Board shall specify whether the Special Assessment is

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to provide Public Functions, Recreation Functions or Administrative Functions, or a combination thereof, and the proceeds of the Special Assessment shall be apportioned accordingly.

Section 8.18. Reimbursement Assessments. The Board of Directors may, subject to the provisions hereof, levy a Reimbursement Assessment against any Member if the willful or negligent failure of the Member or a Related User to comply with this Declaration, the Articles of Incorporation, the Bylaws or the Rules and Regulations results in a loss of revenue or an expenditure of funds in connection with the enforcement powers of the Association. Except for a default consisting solely of a failure timely to pay any Assessment, including, without limitation, Special Assessments or Common Assessments, which shall not require Notice and Hearing, a Reimbursement Assessment shall be levied only after Notice and Hearing. The amount of the Reimbursement Assessment shall be due and payable to the Association upon notice to the Member of the decision of the Board of Directors that the Reimbursement Assessment is owing.

Section 8.19. Reconstruction Assessments. At any time that insurance proceeds are insufficient to repair or reconstruct any damaged or destroyed Improvements on the Master Association Properties, or on any other property which the Association maintains, the Association may levy Reconstruction Assessments for the purpose of repair or reconstruction of such damaged or destroyed Improvements. Reconstruction Assessments shall be treated as a type of Special Assessment. All Reconstruction Assessments shall be equal to the amount by which the cost of repair or reconstruction of Improvements exceeds the sum of insurance proceeds awarded for the damage or destruction, and shall be set in the same manner as Special Assessments. A Reconstruction Assessment shall be due and payable as provided by resolution of the Board of Directors, but not sooner than thirty (30) days after written notice thereof; provided, however, that in appropriate circumstances, the Association may proceed directly against any Owner pursuant to Section 8.18 of this Declaration.

Section 8.20. Late Charges and Interest. If any Common Assessment, Special Assessment, Reconstruction Assessment or Reimbursement Assessment is not paid within ten (10) days after it is due, the Member obligated to pay the Assessment may be required to pay a reasonable late charge to be determined by the Board. Any Assessment which is not paid within ten (10) days after the date of any Notice of Default given under Section 8.22 hereof shall bear interest from the due date at a rate determined by the Board, not to exceed twenty-one percent (21%) per annum, from the due date until paid.

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Section 8.21. Attribution of Payments. If any Assessment payment is less than the amount assessed, the sums received by the Association from that Owner shall be credited in such order of priority as the Board of Directors, in its discretion, determines.

Section 8.22. Notice of Default and Acceleration of Assessments. If any Common Assessment, Special Assessment, Reconstruction Assessment, or Reimbursement Assessment is not paid within thirty (30) days after its due date, the Board of Directors may mail a notice of default to the Owner and to each first Mortgagee of the Privately Owned Site who has requested a copy of such notices. The notice shall specify (a) the fact that the installment is delinquent; (b) the action required to cure the default; (c) a date not less than twenty (20) days from the date of mailing of the notice by which such default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in the foreclosure of the lien for the Assessment against the Privately Owned Site of the Owner. A default shall not be considered cured unless the past due sums and all sums coming due through the date of payment are paid to the Association. If the delinquent Assessment and any late charges or interest thereon, plus any other sums due as of the date of payment, are not paid in full on or before the date specified in the notice, the Board, at its option, may enforce the collection of the Assessment and all charges and interest thereon in any manner authorized by law or in this Declaration.

Section 8.23. Remedies to Enforce Assessments. Each Assessment levied hereunder shall be a separate, distinct and personal debt and obligation of the Owner against whom it is assessed. In the event of a default in payment of any Assessment, whether Common, Special, Reconstruction, or Reimbursement, the Board may, in addition to any other remedies provided under this Declaration or by law, enforce such obligation on behalf of the Association by suit or by filing and foreclosure of a lien as hereinafter provided. Each Owner, by acceptance of a deed to a Privately Owned Site, whether or not it is expressed in such deed, is deemed to covenant and agree to pay to the Association all Common Assessments, Special Assessments, Reconstruction Assessments and Reimbursement Assessments, together with interest, late charges, costs and attorneys' fees, and this covenant shall be a charge on the land and a continuing lien upon the Privately Owned Site against which the Assessment is made. The lien created hereby shall exist from the due date of each Assessment until paid, whether or not a Notice of Lien is filed. The personal obligation for delinquent Assessments shall not pass to an Owner's successors in title unless expressly assumed by them.

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Section 8.24. Lawsuit to Enforce Assessments. The Board may bring a suit at law to enforce any Assessment obligation. Any judgment rendered in such action shall include any late charge, interest, and other costs of enforcement, including reasonable attorneys' fees in such amount as the court may adjudge, against the defaulting Owner.

Section 8.25. Lien to Enforce Assessments. In addition to or in lieu of bringing suit, the Board may elect to file a claim of lien against the Privately Owned Site of the defaulting Owner by Recording a notice ("Notice of Lien") setting forth: (a) the amount of the claimed delinquency, (b) the interest and costs of collection which have accrued thereon, (c) the legal description and street address of the Privately Owned Site against which the lien is claimed, and (d) the name of the Record Owner thereof. Such Notice of Lien shall be signed and acknowledged by an officer of the Association or other duly authorized agent of the Association. The lien created by the Notice of Lien shall be prior to any declaration of homestead rights Recorded after the time that the Privately Owned Site becomes part of the Master Association Area. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien, including all court costs, recording costs and filing fees, have been fully paid or satisfied, the Association shall execute and Record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Board of Directors to cover the cost of preparing and Recording the release of the lien. Unless paid or otherwise satisfied, the lien may be foreclosed through a Colorado court of competent jurisdiction.

Section 8.26. Estoppel Certificates. Upon the payment of such reasonable fee as may be determined from time to time by the Board of Directors, and upon the written request of any Member and any Person which has, or intends to acquire, any right, title or interest in the Privately Owned Site of such Member, the Association shall furnish a written statement setting forth the amount of any Assessments or other amounts, if any, due and accrued and then unpaid with respect to a Privately Owned Site and the Owner thereof, and setting forth the amount of any Assessment levied against such Site which is not yet due and payable. Such statement shall, with respect to the Person to whom it is issued, be conclusive against the Association.

Section 8.27. No Offsets. All Assessments shall be payable in the amounts specified in the levy thereof, and no offset, abatement or reduction thereof shall be permitted for any reason whatsoever, including, without limitation, any claim that the Association or the Board of Directors is not properly exer-

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cising its duties and powers under this Declaration, or for inconvenience or discomfort arising from any activity of the Association, including the making of repairs or Improvements to Master Association Properties, or because an Owner claims that a particular function funded by the Assessment does not benefit that Owner directly, or for any other reason.

Section 8.28. Working Capital Fund. The Association or Declarant shall require the first Owner, other than Declarant, who purchases a Residential Site from Declarant, to make a non-refundable contribution to the Association of an amount equal to three times the monthly Common Assessment against the Site in effect on the date of delivery of the deed conveying the Site. All such contributions shall be maintained in a segregated Working Capital Fund Account for the use and benefit of the Association for, among other purposes, meeting unforeseen expenditures or purchasing additional equipment, property or services. The Working Capital Fund contribution shall be in addition to the Assessments, and shall not relieve the Owners from paying all Assessments as they come due. Upon transfer of a Privately Owned Site, the Owner shall be entitled to a credit from the transferee, but not from the Association, in the amount of the Working Capital Fund contribution.

Section 8.29. Closing Adjustments.

(a) On the date of the first transfer of a Privately Owned Site to the first Owner other than Declarant, the purchaser may be required to prepay the estimated monthly Common Assessments for the first two months following the closing, in order to allow the Association time to begin billing the Purchaser for the amount of the Assessment. Such prepayment shall be in addition to, and distinct from, the contribution to working capital which shall also be payable at closing.

(b) The amount of the monthly Common Assessment for the month of closing of the purchase and sale of each Privately Owned Site shall be prorated between the purchaser and seller based upon the number of days in the month falling before and after the closing date. If a purchaser who is not a Declarant purchases a Privately Owned Site which prior to such transfer was assessed at one-fourth the usual rate pursuant to Section 8.15(b), the proration of the Common Assessment for the month of the closing shall be as follows:

(i) The amount of the Assessment for the entire month shall be deemed to have been the full amount chargeable to an Owner other than Declarant (the "Payment").

(ii) The daily rate of the Payment shall be determined by dividing the Payment by the number of days in the month of the closing.

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(iii) The Purchaser shall be charged an amount equal to the daily Payment multiplied by the number of days remaining in the month of closing, including the closing date, less the daily prorata portion of the amount previously paid by Declarant for the days remaining in the month. [For example, if the Monthly Common Assessment is \$20, Declarant will have paid \$5 for the month. For a closing on April 15, the purchaser is charged \$8.00 calculated as follows: \$20 divided by 30 days, multiplied by 16 days remaining in the month, which equals \$10.67, minus the amount paid by Declarant for the remainder of the month (\$5 divided by 30 days times 16 days equals \$2.67), which equals \$8.00].

ARTICLE 9
GENERAL RESTRICTIONS APPLICABLE TO PROPERTY

Section 9.1. Limitations and Restrictions. All Publicly Owned Sites, Privately Owned Sites, Master Association Properties, and Common Area shall be held, used and enjoyed subject to the following limitations and restrictions, and subject to the exemptions for Declarant set forth in this Declaration. The strict application of the following limitations and restrictions in any specific case may be modified or waived in whole or in part by the Architectural Committee if such strict application would be unreasonable or unduly harsh under the circumstances. Any such modification or waiver must be in writing or be contained in written guidelines or rules promulgated by the Architectural Committee.

Section 9.2. Maintenance of Property. No property within the Master Association Area shall be permitted to fall into disrepair, and all property within the Master Association Area, including any Improvements and landscaping thereon, shall be kept and maintained in a clean, safe, attractive and sightly condition and in good repair. Maintenance, repair and upkeep of each Privately Owned Site or Publicly Owned Site shall be the responsibility of the Owner of the Site. Maintenance, repair and upkeep of Master Association Properties shall be the responsibility of the Association. Violation of this provision by an Owner shall permit the Association, after Notice and Hearing, to enter on the Privately Owned Site or Publicly Owned Site to cure the violation or cause compliance with this provision and to levy and collect a Reimbursement Assessment for the costs and expenses of the Association in so doing; provided, however, that there shall be no entry into the interior of an Improvement intended for human occupancy without the consent of the Owner thereof unless a clear emergency exists.

Section 9.3. No Noxious or Offensive Activity. No noxious or offensive activity shall be carried on upon any property within the Master Association Area, nor shall anything

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be done or placed thereon which is or may become a nuisance or which is or may cause an unreasonable embarrassment, disturbance or annoyance to others.

Section 9.4. No Annoying Light, Sounds or Odors. No light shall be emitted from any Publicly Owned Site or Privately Owned Site or Improvement which is unreasonably bright or causes unreasonable glare, and no sound or odor shall be emitted from any property within the Master Association Area which would reasonably be found by others to be noxious or offensive. Without limiting the generality of the foregoing, no exterior spot lights, searchlights, speakers, horns, whistles, bells or other light or sound devices, other than security devices used exclusively for security purposes, shall be located or used on any property except with the prior written approval of the Architectural Committee.

Section 9.5. No Hazardous Activities. No activity shall be conducted on and no Improvement shall be constructed on any property within the Master Association Area which is or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any property and no open fires shall be lighted or permitted on any property except in a contained barbecue unit while attended and in use for cooking purposes or within an interior or exterior fireplace designed to prevent the dispersal of burning embers.

Section 9.6. No Unsightliness. All unsightly conditions, structures, facilities, equipment, objects and conditions shall be enclosed within a structure, including snow removal equipment and garden or maintenance equipment, except when actually in use.

Section 9.7. Restrictions on Garbage and Trash. No refuse, garbage, trash, lumber, grass, shrub or tree clippings, plant waste, compost, metal, bulk materials, scrap, refuse or debris of any kind shall be kept, stored or allowed to accumulate on any part of the Master Association Area, except within an enclosed structure or appropriately screened from view, except that any container containing such materials may be placed outside at proper times for garbage or trash pickup.

Section 9.8. No Temporary Structures. No tent, shack, temporary structure or temporary building shall be placed upon any property within the Master Association Area, except with the prior written consent of the Architectural Committee obtained in each instance.

Section 9.9. Restriction on Antennae, Pipes and Utility Lines. Pipes for water, gas, sewer, drainage or other purposes,

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and wires, poles, antennae and other facilities for the transmission or reception of audio, visual or other electromagnetic signals or electricity, and utility meters or other utility facilities shall be kept and maintained underground or within an enclosed structure. No exterior radio antenna, television antenna, or other antenna of any type shall be erected or maintained in the Master Association Area, except that on Commercial Sites an Owner may erect an antenna: (a) if such antenna is necessary to carry on the business conducted by the Owner on the Site; (b) if the Architectural Committee gives its consent to the erection of such an antenna in accordance with the provisions of Article 10 hereof; (c) if the erection of such antenna is in compliance with all applicable statutes, ordinances and regulations; and (d) except that the Association or a Subassociation may erect and maintain one or more master antennae on the Master Association Properties for the use of some or all of the Members.

Section 9.10. Restrictions on Signs and Advertising Devices. No sign, poster, billboard, advertising device or display of any kind shall be erected or maintained anywhere within the Master Association Area so as to be evident to public view, except such signs as may be approved in writing by the Architectural Committee. A sign advertising a Privately Owned Site for sale or for lease may be placed on such Privately Owned Site; provided, however, that standards relating to dimensions, color, style and location of such sign shall be determined from time to time by the Architectural Committee and shall comply with the sign code of the applicable governmental jurisdiction and with all other applicable statutes, ordinances and regulations.

Section 9.11. Restrictions on Mining or Drilling. No property within the Master Association Area shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing oil, gas or other hydrocarbons, minerals, rocks, stones, gravel or earth, except drilling, exploring for or removing underground water by Declarant or any Person designated by Declarant for the purpose of providing water service to property within the boundaries of the Project Area.

Section 9.12. Maintenance of Drainage. There shall be no interference with the established drainage pattern over any property within the Master Association Area, except as approved in writing by the Architectural Committee. Approval shall not be granted unless provision is made for adequate alternate drainage. The "established drainage pattern" shall mean the drainage pattern which exists at the time the overall grading of any property is completed, and shall include any established drainage pattern shown on any plans approved by the Architectural Committee.

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Section 9.13. Compliance with Insurance Requirements. Except as may be approved in writing by the Board of Directors, nothing shall be done or kept on property within the Master Association Area which may result in a material increase in the rates of insurance or would result in the cancellation of any insurance maintained by the Association.

Section 9.14. Compliance with Laws. Nothing shall be done or kept on any property within the Master Association Area in violation of any law, ordinance, rule or regulation of any governmental authority having jurisdiction.

Section 9.15. Restrictions on Sewage Disposal Systems. No cesspool, septic tank or other sewage disposal system shall be installed within the Master Association Area without the prior written consent of the Architectural Committee, except a central sewage disposal system installed and maintained by a water and sanitation district or other governmental or quasi-governmental sanitation agency providing sewage disposal services to a significant portion of the Master Association Area. Any sewage disposal system installed for property within the Master Association Area shall be subject to applicable laws, rules and regulations of any governmental authority having jurisdiction.

Section 9.16. Restrictions on Water Systems. No individual water supply or water softener system shall be installed or maintained for any property within the Master Association Area without the prior written consent of the Architectural Committee, except a central water supply or water softener system installed and maintained by a water and sanitation district or other governmental or quasi-governmental agency providing water service to a significant portion of the Master Association Area. Any water supply system within the Master Association Area shall be subject to applicable laws and shall comply with the requirements, standards and recommendations of any water and sanitation district or other governmental authority having jurisdiction.

Section 9.17. Restoration in the Event of Damage or Destruction. In the event of damage to or destruction of any Improvement on any Privately Owned Site, the Owner thereof shall subject to the approval of the Architectural Committee, either: (i) cause the damaged or destroyed Improvement to be restored or replaced to its original condition or such other condition as may be approved in writing by the Architectural Committee; or (ii) the Owner shall cause the damaged or destroyed Improvement to be demolished and the Privately Owned Site to be suitably landscaped, so as to present a pleasing and attractive appearance.

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Section 9.18. Vehicular Parking, Storage and Repairs.

(a) No house trailer, camping trailer, boat trailer, hauling trailer, boat or boat accessories, truck larger than 3/4 ton, recreational vehicle or equipment, or commercial vehicle may be parked or stored anywhere in the Master Association Area, except in garages, designated parking or storage areas, or on such Privately Owned Sites or Publicly Owned Sites as may be specifically exempted from this restriction by any Supplementary Declaration covering such Sites, or except in emergencies or as a temporary expedience. No emergency or temporary parking or storage shall continue for more than twenty-four (24) hours.

(b) No abandoned or inoperable vehicles of any kind shall be stored or parked within the Master Association Area, except in garages, designated parking or storage areas, or on such privately Owned Sites or Publicly Owned Sites as may be specifically exempted from this restriction by any Supplementary Declaration covering such Sites, or except in emergencies. An "abandoned or inoperable vehicle" shall be defined as any automobile, truck, motorcycle, van, trailer, house trailer, camper, recreational vehicle or other device for carrying passengers, goods or equipment which has not been driven under its own propulsion for a period of two weeks or longer, or which does not have installed within it an operable propulsion system; provided, however, that any vehicle belonging to an Owner which is otherwise permitted will not be deemed to be abandoned while the Owner is ill or out of town. If the Association determines that a vehicle is abandoned or inoperable, a written notice describing the vehicle and calling for its removal shall be delivered to the owner of the vehicle, if ownership can reasonably be ascertained, or shall be placed in a conspicuous place on the vehicle if ownership is unknown and cannot reasonably be ascertained. If the abandoned or inoperable vehicle is not removed within seventy-two (72) hours after such notice is delivered or posted, the Association shall have the right to remove and store the vehicle at the sole expense of its owner, and any Owner determined after Notice and Hearing to be responsible for the vehicle shall be subject to a Reimbursement Assessment for the cost of such removal and storage.

(c) No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, painting or servicing any kind of vehicle shall take place within the Master Association Area, except within completely enclosed structures which prevent such activities from being seen or heard from the street and from adjoining property. This restriction shall not be deemed to prohibit washing and polishing of vehicles.

(d) No vehicles shall be parked overnight on any street, road, emergency access easement, or other public or private right-of-way, including without limitation any streetlets (roads less than twenty-six feet ~~20~~ width).

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Section 9.19. Household Pets. No animals, livestock, birds, poultry or insects, of any kind, shall be raised, bred, kept or boarded in or on any Owner Occupied Site; provided, however, that Owners may keep a reasonable number of dogs, cats, or other domestic animals which are bona fide household pets, so long as such pets are not kept for any commercial purpose and are not kept in such number or in such manner as to violate any zoning ordinance or other governmental requirements or to create a nuisance. The Association shall have, and is hereby given, the right and authority to determine in its sole discretion that dogs, cats or other household pets are being kept for commercial purposes or are being kept in such number or in such manner as to be unreasonable or to create a nuisance, or that an Owner is otherwise in violation of the provisions of this Section, and to take such action or actions as it deems reasonably necessary to correct the violation. An Owner's right to keep household pets shall be coupled with the responsibility to pay for any damage caused by such pets, as well as any costs incurred by the Association as a result of such pets, and any such costs and damages shall be subject to all of the Association's rights with respect to the collection and enforcement of assessments as provided in Article 8 hereof.

Section 9.20. Sites Not to be Subdivided. No Privately Owned Site shall be subdivided, except for the purpose of combining portions with an adjoining Site, provided that no additional building site is created thereby. Not less than one entire Privately Owned Site, as conveyed, shall be used as a building site.

Section 9.21. Leases. The term "lease," as used herein, shall include any agreement for the leasing or rental of an Owner Occupied Site, or any portion thereof, and shall specifically include, without limitation, month-to-month rentals and subleases, whether or not the parties thereto comply with the terms of this Section. An Owner Occupied Site, or any portion thereof, may only be leased by its Owner under the following conditions:

(a) All leases shall be in writing and a copy of the lease delivered to the Board of Directors of the Association or the Manager, if any; and

(b) All leases shall provide that the terms of the lease and the lessee's occupancy of the leased premises shall be subject in all respects to the provisions of this Declaration, and the Articles of Incorporation, Bylaws and Rules and Regulations of the Association, as well as the applicable Supplemental Declaration and the Articles of Incorporation, Bylaws, and Rules and Regulations of any Subassociation governing the Site, and that any failure by the lessee to comply with any of the

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aforesaid documents, in any respect, shall be a default under the lease; and

(c) No lease shall be for less than thirty (30) days.

Section 9.22. Minor Violations of Setback Restrictions. If, upon the erection of any Improvement, it is disclosed by survey that a minor violation or infringement of setback lines has occurred, such violation or infringement shall be deemed waived by the Owners of Improvements immediately adjoining the Improvement which is in violation of the setback requirement, and such waiver shall be binding upon all other Owners. However, nothing contained in this Section shall prevent the prosecution of a suit for any other violation of the restrictions, covenants, or other provisions contained in this Declaration or any Supplemental Declaration. A "minor violation," for the purpose of this Section, is a violation of not more than three (3) feet beyond the required setback lines. This provision shall apply only to the original Improvements and shall not be applicable to any alterations or repairs to any of such Improvements.

Section 9.23. Landscaping; Installation of Drip Lines to Cul de Sacs.

(a) Within one (1) year after the deed conveying each Publicly Owned Site or Privately Owned Site (other than a Condominium) to the first Owner other than Declarant is Recorded, the Owner of such Site shall install landscaping on at least the front yard of such Site and shall thereafter maintain the landscaping in a neat and attractive condition, including periodic and horticulturally correct watering, fertilizing, trimming, pruning and replacement when necessary. Landscaping plans shall be prepared in accordance with guidelines adopted by the Architectural Committee and shall be submitted in advance to the Architectural Committee for review and approval. A Notice of Completion from the landscape architect, contractor, or other person installing the landscaping shall be filed with the Architectural Committee upon completion of the landscaping. If any Owner fails to comply with this Section and with the guidelines of the Architectural Committee, the Board of Directors shall have the right and power to enter upon the Site and bring it into compliance, and to levy and collect a Reimbursement Assessment to recover the cost thereof all in accordance with Section 10.19 of this Declaration.

(b) The first Owner (other than Declarant) of the first Site conveyed by Declarant that is adjacent to a street cul de sac (whether public or private) shall, at the time of landscaping of such Site, install an operational drip line sprinkler from such Owner's Site to water the landscaping

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improvements to be installed on such cul de sac. Such installation shall be completed in consultation with and to the satisfaction of the Architectural Committee, and shall be deemed to be part of the landscaping requirements applicable to such Owner's Site, as provided in subsection (a) hereinabove. Within a reasonable time after approval by the Architectural Committee of installation of such operational drip line sprinkler and submission to the Association of itemized proof of payment of all costs thereof by the Owner who had such line installed, the Association shall reimburse such Owner for the reasonable costs thereof. Notwithstanding the preceding provisions of this subsection (b), the Association may at any time, in its discretion, elect to install or complete installation of any operational drip line sprinkler; in such case, the date and extent of the Association's obligation to reimburse an Owner for his payment of costs toward installation of such line shall be adjusted accordingly.

Section 9.24. Exemption for Declarant. For so long as Declarant owns Privately Owned Sites that have been annexed to this Declaration as hereinabove provided, Declarant shall be exempt from the provisions of Sections 9.8, 9.9, 9.10 and 9.18, and shall be exempt from any other restrictions in this Declaration to the extent that they may impede Declarant's development, construction and/or marketing activities.

ARTICLE 10 ARCHITECTURAL APPROVAL

Section 10.1. Approval of Improvements Required. The approval of the Architectural Committee shall be required prior to the construction, installation or alteration of any "Improvement to Property," as hereinafter defined, on any Privately Owned Site or Publicly Owned Site, 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 Committee.

Section 10.2. Improvement to Property Defined. "Improvement to Property", requiring approval of the Architectural 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 perennial plants; and (e) any change or alteration of any previously approved Improvement to

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Property, including any change of exterior appearance, finish material, color or texture.

Section 10.3. Membership of Committee. The Architectural Committee shall initially consist of five (5) members, all of whom shall be appointed by Declarant. Declarant shall have the continuing right to appoint the members of the Architectural Committee until the conveyance by Declarant to an Owner other than Declarant of the last Privately Owned Site within the Master Association Properties owned by Declarant. Thereafter, the Association shall have the right to appoint the members of the Architectural Committee. Members of the Architectural Committee may, but shall not necessarily, be Members of the Association. Members of the Architectural Committee to be appointed by the Association shall be appointed at the organizational meeting of the Board of Directors. Members of the Architectural Committee appointed by Declarant may be removed at any time by Declarant and shall serve until resignation or removal by Declarant. Members of the Architectural Committee appointed by the Board of Directors may be removed at any time by the Board, and shall serve for such term as may be designated by the Board or until resignation or removal by the Board.

Section 10.4. Address of Committee. The address of the Architectural Committee shall be that of the principal office of the Association.

Section 10.5. Required Approval by Any Subassociation Architectural Committee. In addition to approval of Improvements to Property by the Architectural Committee of the Association, approval of Improvements to Property shall also be required by the Architectural Committee of any Subassociation if and to the extent set forth in the Supplemental Declaration creating such Subassociation.

Section 10.6. Submission of Plans. Prior to commencement of work to accomplish any proposed Improvement to Property, the Person proposing to make such Improvement to Property ("Applicant") shall submit to the Architectural 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 Committee shall reasonably request, showing the nature, kind, shape, height, width, color, materials, and location of the proposed Improvement to Property. The Applicant shall be entitled to receive a receipt for the same from the Architectural Committee or its authorized agent. The Architectural Committee may require submission of additional plans, specifications or other information prior to approving or disapproving the proposed Improvement to Property. Until receipt by the Architectural Committee of all required materials in connection with the proposed Improvement to

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Property, the Architectural Committee may postpone review of any materials submitted for approval by a particular Applicant.

Section 10.7. Criteria for Approval. The Architectural 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 will not be detrimental to the appearance of the surrounding areas of the Project Area as a whole; that the appearance of the proposed Improvement to Property will be in harmony with the surrounding areas of the Project Area; that the Improvement to Property will not detract from the beauty, wholesomeness and attractiveness of the Master Association Area or the enjoyment thereof by Owners; and that the upkeep and maintenance of the proposed Improvement to Property will not become a burden on the Association. The Architectural Committee may condition its approval of any proposed Improvement to Property upon the making of such changes therein as the Architectural Committee may deem appropriate.

Section 10.8. Coal Creek Ranch Design Guidelines; Committee Rules. The Architectural Committee shall, from time to time, enact, issue, modify, amend, repeal, re-enact and enforce Coal Creek Ranch Design Guidelines or other guidelines or rules (collectively herein referred to as the "Design Guidelines"), 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 Design Guidelines may, without limitation: 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; and 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.

Section 10.9. Architectural Review Fee. The Architectural Committee may require the applicant of any proposed Improvement to Property to pay directly, or to reimburse the Association for payment of, any fees of outside consultants or any costs incurred by the Association in its research, review or consideration of such application.

Section 10.10. Decision of Committee. The decision of the Architectural Committee shall be made within thirty (30) days after the date the Architectural Committee receives all materials required by the Architectural Committee, unless such time period is extended by mutual agreement. The decision shall be in writing and, if the decision is to disapprove a proposed Improvement to Property, the reasons therefor shall be stated. The decision of the Architectural Committee shall be promptly trans-

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mitted to the Applicant at the address furnished by the Applicant to the Architectural Committee.

Section 10.11. Appeal to Association Board. If the Architectural Committee approves, denies, imposes conditions on, or disapproves a proposed Improvement to Property, the Applicant, or any affected Owner, may appeal to the Board of Directors by giving written notice of such appeal to the Association and the Architectural Committee within twenty (20) days after notice of such denial or refusal is given to the Applicant. The Board of Directors shall hear the appeal in accordance with the provisions of the Bylaws for Notice and Hearing, and the Board shall decide whether or not the proposed Improvement to Property or the conditions imposed by the Architectural Committee shall be approved, disapproved or modified.

Section 10.12. Failure of Committee to Act on Plans. Any request for approval of a proposed Improvement to Property shall be deemed approved unless disapproval or a request for additional information or materials is transmitted to the Applicant by the Architectural Committee within thirty (30) days after the date the Architectural Committee receives all required materials.

Section 10.13. 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 and in complete conformity with the description of the proposed Improvement to Property, any materials submitted to the Architectural Committee in connection with the proposed Improvement to Property and any conditions imposed by the Architectural Committee. Failure to complete any proposed Improvement to Property within one (1) year after the date work is commenced or to complete the Improvement to Property in accordance with the description and materials furnished to, and the conditions imposed by, the Architectural Committee, shall constitute a violation of this Article.

Section 10.14. Notice of Completion. Upon completion of the Improvement to Property, the Applicant shall give written Notice of Completion to the Architectural Committee. Until the date of receipt of a Notice of Completion, the Architectural Committee shall not be deemed to have notice of completion of any Improvement to Property.

Section 10.15. Inspection of Work. The Architectural 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 sixty (60) days after the Architectural Committee receives a Notice of Completion from the Applicant.

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Section 10.16. Notice of Noncompliance. If, as a result of inspections or otherwise, the Architectural Committee finds that any Improvement to Property has been done without obtaining the approval of the Architectural Committee, or was not done in substantial compliance with the description and materials furnished to, and any conditions imposed by, the Architectural Committee, or was not completed within one (1) year after the date of commencement of work, the Architectural Committee shall notify the Applicant in writing of the noncompliance; which notice shall be given, in any event, within sixty (60) days after the Architectural Committee receives any Notice of Completion from the Applicant. The notice shall specify the particulars of the noncompliance, shall require the Applicant to take such action as may be necessary to remedy the noncompliance, and such notice (or a memorandum thereof) may be recorded against the property on which the noncompliance exists.

Section 10.17. Failure of Committee to Act After Completion. If, for any reason other than the Applicant's act or neglect, the Architectural Committee fails to notify the Applicant of any noncompliance within sixty (60) days after receipt by the Architectural Committee of written Notice of Completion from the Applicant, the Improvement to Property shall be deemed to be in compliance if the Improvement to Property was, in fact, completed as of the date of Notice of Completion.

Section 10.18. Appeal to Association Board of Finding of Noncompliance. If the Architectural Committee gives any notice of noncompliance, the Applicant may appeal to the Board of Directors by giving written notice of such appeal to the Board and the Architectural Committee within thirty (30) days after receipt by the Applicant of the notice of noncompliance. If, after a notice of noncompliance, the Applicant fails to commence diligently to remedy such noncompliance, the Architectural Committee shall request a finding of noncompliance by the Board of Directors 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. In either event, the Board of Directors shall hear the matter in accordance with the provisions of the Bylaws for Notice and Hearing, and the Board shall decide whether or not there has been such noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same.

Section 10.19. Correction of Noncompliance. If the Board of Directors 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 the Board of Directors gives its ruling. If the Applicant does not comply with the Board ruling within such period, the Board may, at its option, record a notice of noncompliance against the real

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property on which the noncompliance exists (if such notice was not recorded earlier), may itself or by its agent remove the noncompliant Improvement to Property without liability to the Owner or occupant thereof, 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 or Owner to the Association, the Board may levy a Reimbursement Assessment against the Owner of the Site for reimbursement of 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 10.20. No Implied Waiver or Estoppel. No action or failure to act by the Architectural Committee or by the Board of Directors shall constitute a waiver or estoppel with respect to future action by the Architectural Committee or the Board of Directors. Specifically, the approval by the Architectural Committee of any Improvement to Property shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for any similar Improvement to Property or any similar proposals, plans, specifications or other materials submitted with respect to any other Improvement to Property.

Section 10.21. Committee Power to Grant Variances. The Architectural Committee may authorize variances from compliance with any of the provisions of this Declaration or any Supplemental Declaration, including restrictions upon height, size, floor area or placement of structures or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be evidenced in writing and shall become effective when signed by at least a majority of the members of the Architectural Committee or by its Authorized Representative. If any such variance is granted, no violation of the provisions of this Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted; provided, however, that no variance shall operate to waive any of the provisions of this Declaration or any Supplemental Declaration for any purpose except as to the particular property and particular provision covered by the variance, nor shall the granting of any variance affect the jurisdiction of any architectural control committee of a Subassociation or committee created by a Supplemental Declaration, nor shall the granting of a variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned, including, but not limited to, zoning ordinances and setback lines or other requirements imposed by any governmental authority having jurisdiction.

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Section 10.22. Authorized Representative. The powers and duties of the Architectural Committee may be delegated to one or more Authorized Representatives, who shall have the power to review and approve or disapprove proposed Improvements to Property and to grant variances and exemptions. Notwithstanding the foregoing, the Authorized Representative shall not have the authority to change the policies and guidelines of the Architectural Committee. The Architectural Committee may, from time to time, by resolution in writing adopted by a majority of the members, designate an Authorized Representative or Representatives (who may, but need not, be members of the Architectural Committee). The action of such Authorized Representative or the written consent or the vote of a majority of the members of the Architectural Committee shall constitute the action of the Architectural Committee.

Section 10.23. Meetings of Committee. The Architectural Committee shall meet from time to time as necessary to perform its duties hereunder.

Section 10.24. Records of Actions. The Architectural Committee shall report in writing to the Board of Directors all final action of the Architectural Committee, and the Board shall keep a permanent record of such reported action.

Section 10.25. Estoppel Certificates. The Board of Directors shall, upon the request of any interested party and after confirming any necessary facts with the Architectural Committee, furnish a certificate with respect to the approval or disapproval of any Improvement to Property or regarding 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 10.26. No Liability for Committee Action. There shall be no liability imposed on the Architectural Committee, any member of the Committee, any Authorized Committee Representative, the Association, any member of the Board of Directors or Declarant for any loss, damage or injury arising out of or in any way connected with the performance or non-performance of the duties of the Architectural Committee, if such party acted in good faith and without malice. In reviewing any matter, the Committee shall not be responsible for passing on safety, whether structural or otherwise, or conformance with building codes or other governmental laws or regulations, nor shall its approval of an Improvement to Property be deemed approval of such matters.

Section 10.27. Construction Period Exception. During the course of actual construction of any permitted structure or

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Improvement to Property, and provided that construction is proceeding with due diligence, the Architectural Committee shall temporarily suspend the provisions contained in this Section 10 as to the property upon which the construction is taking place to the extent necessary to permit such construction; provided, however, that, during the course of any such construction, nothing is done which will result in a violation of any of the provisions of this Declaration upon completion of construction, and nothing is done which will constitute a nuisance or unreasonable interference with the use and enjoyment of other property.

ARTICLE 11 INSURANCE

Section 11.1. Insurance on Master Association Properties. The Association shall maintain insurance covering all insurable Master Association Properties. The Association shall maintain the following types of insurance, to the extent that such insurance is reasonably available, considering the availability, cost and risk coverage provided by such insurance, and the cost of said coverage shall be paid by the Association as a common expense. Notwithstanding any of the specific insurance requirements specified in this Article 11, the Master Association may also consider, in determining the types and amount of insurance it needs to obtain, the then-existing requirements of the Agencies:

(a) A policy of property insurance covering all insurable Improvements on Master Association Properties, except for land, foundation, excavation and other matters normally excluded from coverage, in an amount not less than necessary to comply with any co-insurance percentage stipulation in the insurance policy. Further, said policy shall contain a "Replacement Cost Endorsement" providing that any claim shall be settled on a full replacement cost basis without deduction for depreciation, and include 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, a "Special Condominium Endorsement" and coverage on personal property owned by the Association, including fixtures and building service equipment, furnishings and supplies. 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 perils normally covered by the standard extended coverage endorsement; and

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(2) such other risks as at the time are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available.

(b) A comprehensive policy of public liability insurance covering all of the Master Association Properties, insuring the Association in an amount not less than \$3,000,000, covering bodily injury, including death, personal injury and property damage liability arising out of a single occurrence. Such coverage shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths in connection with the operation, maintenance or use of the Master Association Properties, legal liability arising out of law suits related to employment contracts of the Association, and protection against liability for non-owned and hired automobiles; such coverage may also include, if applicable, comprehensive automobile liability insurance, garagekeeper's liability, liability for property of others, host liquor liability, water damage liability, contractual liability, workmen's compensation insurance for employees of the Association, and insurance coverage of such other risks as are customarily required by private institutional mortgage investors with respect to projects similar in construction, location, and use.

(c) A policy providing comprehensive 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, in an amount at least equal to the estimated maximum of funds, including maintenance reserves, held by the Association at any given time; provided, however, that such fidelity coverage or fidelity bonds shall not be in an amount less than three (3) months' aggregate Common Assessments on Privately Owned Sites, plus such Reserve Funds. 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.

In the event that the Association has delegated some or all of its responsibility for the handling of funds to a Manager, the Association may require the Manager to purchase, at the Manager's own expense, a policy of fidelity insurance or bonds which fully complies with the provisions of this subparagraph (c).

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(d) If the Master Association Properties, or any portion thereof, are located within an area identified by the Federal Emergency Management Agency as having special flood hazards, and flood insurance coverage on the Master Association Properties has been made available under the National Flood Insurance Program, then such a policy of flood insurance on the Master Association Property or Common Area in an amount at least equal to the lesser of:

(1) the maximum coverage available under the National Flood Insurance Program for all buildings and other insurable property located within a designated flood hazard area; or

(2) one hundred percent (100%) of current replacement cost of all buildings and other insurable property located within a designated flood hazard area.

(e) In addition, the Association may obtain insurance against such other risks of a similar or dissimilar nature as it shall deem appropriate, to the extent that such coverage is reasonably available, including but not limited to personal liability insurance to protect directors and officers of the Association and the members and Authorized Representatives of the Architectural Committee and, if appropriate, coverage for loss or damage resulting from a boiler or machinery in an amount not less than the lesser of \$2,000,000.00 or the insurable value of the building or buildings housing the boiler or machinery.

(f) The foregoing insurance requirements may, at the election of Declarant, be met by Declarant purchasing the insurance and naming the Association as an additional insured.

Section 11.2. General Provisions of Insurance Policies.
All policies of insurance carried by the Association shall be carried in blanket policy form naming the Association, or its designee, as trustee and attorney-in-fact for all Owners, and each Owner shall be an insured person under such policies with respect to liability arising out of any Owner's membership in the Association. The policy or policies shall contain a standard non-contributory First Mortgagee's clause in favor of each First Mortgagee, and a provision that it cannot be cancelled or materially altered by either the insured or the insurance company until thirty (30) days' prior written notice thereof is given to the insured and to each First Mortgagee, insurer or guarantor of a First Mortgage. The Association shall furnish a certified copy or duplicate original of such policy or renewal thereof, with proof of premium payment and a certificate identifying the interest of the Owner in question, to any party in interest, including First Mortgagees, upon request. Any such Owner's policy shall also contain waivers of subrogation. Additionally,

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all policies shall contain waivers of any defense based on invalidity arising from any act or neglect of an Owner where such Owner is not under the control of the Association. Insurance obtained by the Association, to the extent reasonably feasible, and provided that Declarant reimburses the Association for any additional premium payable as a result, shall name Declarant as an additional insured and shall contain a waiver of subrogation rights against Declarant. Casualty, fire and extended coverage insurance may be provided under blanket policies covering the Master Association Properties and property of Declarant.

Section 11.3. Deductibles. No policy of insurance of which the Master Association or its designee is the beneficiary shall include a deductible clause in an amount which is greater than the lesser of \$10,000.00 or 1% of the face amount of the policy. Any deductible shall be payable by the Person responsible for the repair and maintenance of the damaged or destroyed property which is the subject of an insurance claim. In the event of a joint duty of repair and maintenance of the damaged or destroyed property, then the deductible may be apportioned among the parties sharing in such joint duty, or may be partly or wholly borne by the Association, at the election of the Board of Directors. Notwithstanding the foregoing, after Notice and Hearing, the Association may determine that a loss, either in the form of a deductible to be paid by the Association or an uninsured loss, resulted from the act or negligence of an Owner. Upon such a determination by the Association, said loss or any portion thereof may be assessed to the Owner in question and the Master Association may collect the amount from said Owner by levying a Reimbursement Assessment.

Section 11.4. Insurance Trustee. The Association may authorize a representative to act for it, including any trustee or successor thereto, who shall have exclusive authority to negotiate losses under any policy providing property or liability insurance. Such insurance trustee shall act as attorney-in-fact for the purpose of purchasing and maintaining insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. Said party may also receive, hold or otherwise properly dispose of any proceeds of insurance in trust for Owners and their First Mortgagees as their interests may appear.

Section 11.5. 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, as that covered by such Association policy, the Association policy shall be primary

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insurance not contributing with any of such other insurance. An Owner shall be liable to the Association for the amount of any diminution of insurance proceeds to the Association as a result of policies of insurance of such Owner, and the Association may collect the amount from the Owner as a Reimbursement Assessment. Any Owner's policy shall also contain a waiver of subrogation endorsement or provision.

Section 11.6. Acceptable Insurance Companies. Each hazard insurance policy purchased by the Association must be written by a hazard insurance carrier which has a current rating by Best's Insurance Reports of B/VI or better, or a financial rating of Class V, provided it has a general policy holder's rating of at least A, and is authorized by law to do business in the State of Colorado. The Association shall not obtain any policy if (a) the terms of the insurance company's charter, bylaws, or policy provide that contributions or assessments may be made against the mortgagor or mortgagee's designee or (b) the terms of the carrier's charter, bylaws, or policy provide that loss payments are contingent upon action by the carrier's Board of Directors, policyholders or members, or (c) the policy includes any limiting clauses (other than insurance conditions) which would prevent mortgagees or any Owner from collecting insurance proceeds.

Section 11.7. Other Insurance to be Maintained by Owners. Insurance coverage on the furnishings and other items of personal property belonging to an Owner, public liability insurance coverage upon each Privately Owned Site, and hazard insurance coverage on the Improvements owned by each Owner (unless such coverage is maintained by the Association or a Subassociation having jurisdiction over the Privately Owned Site on which any such Improvement is constructed) shall be the responsibility of the Owner of such Privately Owned Site.

Section 11.8. Annual Review of Insurance Policies. All insurance policies carried by the Association shall be reviewed at least annually by the Board of Directors to ascertain that the coverage provided by such policies adequately covers those risks insured by the Association.

Section 11.9. Owners' Negligence. Notwithstanding anything to the contrary contained in this Declaration, in the event that the need for maintenance, repair or reconstruction of any or all of the Master Association Properties is caused by the willful or negligent act or omission of any Owner, or a Related User of such Owner, the cost of such repair, maintenance or reconstruction shall be the personal obligation of such Owner, and any costs, expenses and fees incurred by the Association for such maintenance, repair or reconstruction may be collected as a Reimbursement Assessment. A determination of the negligence or

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willful act or omission of any Owner or any Related User of such Owner, and the amount of the Owner's liability therefor, shall be determined by the Association at a Hearing after Notice to the Owner.

ARTICLE 12 EASEMENTS

Section 12.1. Easement for Encroachments. If any portion of an Improvement encroaches upon the Master Association Property or Common Area, or upon any adjoining Privately Owned Site, including any future encroachments arising or resulting from erosion or subsidence, or from the repair or reconstruction of an Improvement subsequent to its damage, destruction or condemnation, a valid easement on the surface and for subsurface support below such surface and for the maintenance of same, so long as it stands, shall and does exist for such encroachment.

Section 12.2. Maintenance Easement. An easement to perform its maintenance obligations pursuant to this Declaration is hereby granted to the Association, its officers, agents, employees and assigns, upon, across, over, in and under the Master Association Area, together with the right to make such use of the Master Association Area as may be necessary or appropriate in carrying out such maintenance.

Section 12.3. Utilities. Declarant hereby creates and reserves to itself until Declarant has sold the last Privately Owned Site to an Owner other than Declarant, and, thereafter, to the Association, a blanket easement upon, across, over and under the Master Association Area for access, utilities, drainage and the installation, replacement, repair and maintenance of utilities, including but not limited to water, sewer, gas, telephone, electricity and master television antenna or cable systems, if any. By virtue of this blanket easement, it shall be expressly permissible to erect and maintain the necessary facilities, equipment and appurtenances on the Master Association Area and to affix, repair, and maintain water and sewer pipes, gas, electric, telephone and television wires, circuits, conduits and meters. If any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, Declarant reserves and is hereby given the right and authority to grant such easement upon, across, over or under any part or all of the Master Association Area without conflicting with the terms hereof; provided, however, that such right and authority shall be transferred and shall devolve upon the Association upon conveyance by Declarant of the last Privately Owned Site to the first Owner thereof (other than Declarant). The easement provided for in this Section shall in no way affect, avoid, extinguish or modify any other recorded easement on the Master Association Area.

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Section 12.4. Easements Deemed Created. All conveyances of Privately Owned Sites hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Article 12, whether or not specific reference to such easements or to this Article appears in the instrument of such conveyance.

ARTICLE 13
MISCELLANEOUS

Section 13.1. Term of Declaration. Unless amended as herein provided, each provision contained in this Declaration which is subject to the laws or rules sometimes referred to as the rule against perpetuities or the rule prohibiting unreasonable restraints on alienation shall continue and remain in full force and effect for a period of twenty-one (21) years following the death of the survivor of the members of the Senate and House of Representatives of the State of Colorado in office on the date of recording of this Declaration and the now living children of said Persons, or until this Declaration is terminated as hereinafter provided, whichever first occurs. Unless amended as herein provided, all other provisions, covenants, conditions, restrictions and equitable servitudes contained in this Declaration shall be effective for twenty (20) years after the date this Declaration is Recorded, and, thereafter, shall be automatically extended for successive periods of ten (10) years each unless terminated by the vote, by written ballot, of Delegates representing at least fifty-one percent (51%) of the voting power of Members of the Association at a duly constituted meeting of the Association, unless a higher percentage vote is required by another provision of this Declaration, in which case there must be such higher percentage of votes in favor of termination.

Section 13.2. Amendment of Declaration by Declarant.

(a) Until the first Privately Owned Site subject to this Declaration has been conveyed by Declarant by Recorded deed, any of the provisions, covenants, conditions, restrictions and equitable servitudes contained in this Declaration may be amended or terminated by Declarant by the Recordation of a written instrument, executed by Declarant, setting forth such amendment or termination.

(b) Declarant hereby reserves and is granted the right and power to make and, where required, to Record technical amendments to this Declaration, the Articles of Incorporation and the Bylaws of the Association at any time prior to conveyance by Declarant of the last Privately Owned Site to the first Owner (other than Declarant), or fifteen (15) years after the date this Declaration is Recorded, whichever occurs first, for the purposes

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of correcting spelling, grammar, dates, cross references, or typographical errors, or as may otherwise be required to clarify the meaning of any provision of any or all of such documents.

Section 13.3. Amendment of Declaration by Members. Except as otherwise provided in this Declaration, and subject to provisions elsewhere contained in this Declaration requiring the consent of Declarant or others, any provision, covenant, condition, restriction or equitable servitude contained in this Declaration may be amended or repealed at any time and from time to time upon approval of the amendment or repeal by Delegates representing at least fifty-one percent (51%) of the voting power of Members of the Association at a duly constituted meeting of the Association. Any Section of this Declaration pertaining solely to the rights and obligations of Members entitled to use a particular Recreation Cost Center may be amended or repealed at any time and from time to time only upon the approval of the amendment or repeal by Delegates representing at least fifty-one percent (51%) of the voting power within each Delegate District entitled to use such Recreation Cost Center at a duly constituted meeting of the Association. The approval of any such amendment or repeal shall be evidenced by the certification of the Secretary of the Association to the Board of Directors that the amendment or repeal received the requisite number of votes.

Section 13.4. Agency Amendments. Notwithstanding anything to the contrary contained in this Declaration, if Declarant shall determine that any amendments to this Declaration or any amendments to the Articles of Incorporation or Bylaws of the Association shall be necessary in order for existing or future mortgages, deeds of trust or other security instruments to be acceptable to any of the Agencies, then, subject to the following sentence of this Section, Declarant shall have and hereby specifically reserves the right and power to make and execute any such amendments without obtaining the approval of any Owners or First Mortgagees. Each such amendment of this Declaration or of the Articles of Incorporation or Bylaws shall be made, if at all, by Declarant prior to the conveyance of the last Privately Owned Site owned by Declarant to the first Owner thereof.

Section 13.5. Required Consent of Declarant to Amendment. Notwithstanding any other provision 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 at such time as the last Privately Owned Site has been conveyed by Declarant to the first Owner other than Declarant.

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Section 13.6. Special Rights of First Mortgagees. Any First Mortgagee, upon filing a written request therefor with the Association, shall be entitled to (a) receive written notice from the Association of any default by the Owner indebted to such First Mortgagee in the performance of the Owner's obligations under this Declaration, the Articles of Incorporation, the Bylaws or the Rules and Regulations, which default is not cured within sixty (60) days after the Association learns of such default; (b) examine the books and records of the Association during normal business hours; (c) upon request, receive a copy of financial statements of the Association, including any annual audited financial statement, within ninety (90) days following the end of any fiscal year of the Association; (d) receive written notice of all meetings of Delegates or of Delegate Districts; (e) designate a representative to attend any meeting of Delegates or of Delegate Districts; (f) receive written notice of abandonment or termination of the Association or of this Declaration; (g) receive notice of any amendment to this Declaration, the Articles of Incorporation or the Bylaws; (h) receive written notice of termination of any agreement for professional management of the Association or the Master Association Properties following a decision of the Association to assume self-management of the Master Association Properties; and (i) receive written notice of any damage to the Master Association Properties if the cost of reconstruction exceeds Ten Thousand Dollars (\$10,000.00), and of any condemnation or eminent domain proceedings or other proposed acquisition with respect to any portion of the Master Association Properties.

Section 13.7. Priority of First Mortgage Over Assessments. Each First Mortgagee who obtains title to the Privately Owned Site encumbered by the First Mortgage, whether pursuant to the remedies provided in the Mortgage, by judicial foreclosure, or by deed or assignment in lieu of foreclosure, shall take title to the Privately Owned Site free and clear of any claims for unpaid Assessments or charges against such Privately Owned Site which accrued prior to the time such First Mortgagee acquires title, other than allocation of any deficiency thereafter prorated among all Members of the Association. A First Mortgagee shall be deemed to have acquired title to a Privately Owned Site on the date of receipt of a deed in lieu of foreclosure, or on the date of receipt of a Certificate of Purchase from the Public Trustee, or on the date of sale pursuant to a judicial foreclosure and receipt of the Sheriff's Certificate of Purchase, as the case may be.

Section 13.8. First Mortgagee Right to Pay Taxes and Insurance Premiums. Any one or more First Mortgagees, jointly or singly, shall be entitled to pay any taxes or other charges which are in default and which may become or have become a charge

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against any of the Master Association Properties, and may pay any overdue premiums on hazard insurance policies for any Master Association Properties, or may secure new coverage if the insurance policy on any Master Association Property lapses, and the First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

Section 13.9. Special Approvals. Subject to the provisions of Section 13.2 and Section 13.4, but notwithstanding any other provisions of this Declaration to the contrary, the Association shall not:

(a) unless it has obtained the prior written consent of Delegates representing at least sixty-seven percent (67%) of the Class A Members and sixty-seven percent (67%) of the Class B Members and the prior written consent of sixty-seven percent (67%) of the First Mortgagees (based upon one vote for each First Mortgage owned or held):

(1) by act or omission, change, waive, or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of the Master Association Area, or Improvements thereon, the maintenance of any Master Association Properties, Common Area, party walls or common fences and driveways, or the upkeep of lawns and plantings in the Master Association Area;

(2) fail to maintain fire and extended coverage insurance on insurable Master Association Properties on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost);

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

(4) by act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer any property owned, directly or indirectly, by the Master Association for the benefit of the Owners (excluding the granting of permits, licenses and easements for public utilities, roads or other purposes reasonably necessary or useful for the proper maintenance or operation of the Master Association Area or the Association); or

(5) change the method of determining the obligations, Assessments, dues, or other charges which may be levied against an Owner.

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(b) unless it has obtained the prior written consent of Delegates representing at least sixty-seven percent (67%) of the total allocated votes in the Association, and fifty-one percent (51%) of the First Mortgagees (based upon one vote for each First Mortgage owned or held), add or amend any material provisions of this Declaration, the Articles of Incorporation or Bylaws of the Association, which establish, provide for, govern or regulate any of the following, provided that such additions or amendments shall not be considered material if they are for the purpose of correcting technical errors or for clarification only:

- (1) voting rights;
- (2) Assessments, Assessment liens or subordination of such liens;
- (3) reserves for maintenance, repair and replacement of those elements of the Master Association Properties or Common Area which must be maintained, repaired or replaced on a periodic basis;
- (4) insurance, including but not limited to fidelity bonds;
- (5) rights to use the Master Association Properties or Common Area;
- (6) responsibility for maintenance and repair of any portion of the Master Association Area;
- (7) expansion or contraction of the Master Association Area or the addition, annexation or withdrawal of property to or from the Master Association Area;
- (8) boundaries of any Privately Owned Site;
- (9) convertibility of Privately Owned Sites into Master Association Properties or Common Area, or of Master Association Properties or Common Area into Privately Owned Sites;
- (10) leasing of Privately Owned Sites;
- (11) imposition of any restriction on the right of any Owner to sell or transfer such Owner's Privately Owned Site;
- (12) any provisions which are for the express benefit of First Mortgagees, or insurers or guarantors of First Mortgages;

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enforcement shall include the right to bring an action for damages, as well as an action to enjoin any violation of any provision of this Declaration.

Section 13.13. Violations Constitute a Nuisance. Any violation of any provision, covenant, condition, restriction or equitable servitude contained in this Declaration, whether by act or omission, is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by any Person entitled to enforce the provisions of this Declaration.

Section 13.14. Violations of Law. Any violation of any federal, state, municipal or local law, ordinance, rule or regulation, pertaining to the ownership, occupation or use of any property within the Master Association Area, is hereby declared to be a violation of this Declaration and shall be subject to any and all of the enforcement procedures set forth in this Declaration.

Section 13.15. Remedies Cumulative. Each remedy provided under this Declaration is cumulative and not exclusive.

Section 13.16. Costs and Attorneys' Fees. In any action or proceeding under this Declaration, the prevailing party shall be entitled to recover its costs and expenses in connection therewith, including reasonable attorneys' fees and expert witness fees.

Section 13.17. Limitation on Liability. The Association, the Board of Directors, the Architectural Committee, Declarant, any Delegate and any member, agent or employee of any of the same shall not be liable to any Person for any action or for any failure to act if the action or failure to act was in good faith and without malice.

Section 13.18. No Representations or Warranties. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or its agents or employees in connection with any portion of the Project Area, or any Improvement thereon, as to its or their physical condition, zoning, compliance with applicable laws, or fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in a writing signed by Declarant.

Section 13.19. Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purposes of this Declaration.

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Section 13.20. Governing Law. This Declaration shall be construed and governed under the laws of the State of Colorado.

Section 13.21. Severability. Each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or unenforceability or partial invalidity or partial enforceability of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

Section 13.22. Number and Gender. Unless the context requires a contrary construction, as used in this Declaration, the singular shall include the plural and the plural the singular, and the use of any gender shall include all genders.

Section 13.23. Captions for Convenience. The titles, headings and captions used in this Declaration are intended solely for convenience of reference and are not intended to affect the meaning of any provisions of this Declaration.

Section 13.24. Mergers or Consolidations. Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions and restrictions established by this Declaration governing the Property, together with the covenants and restrictions established upon any other property, as one plan.

Section 13.25. Conflicts in Documents.

(a) In case of any conflict between this Declaration and the Articles of Incorporation or the Bylaws of the Association, this Declaration shall control. If there is a conflict between the Articles of Incorporation and the Bylaws of the Association, the Articles of Incorporation shall control.

(b) If there is a conflict between this Declaration and a Supplemental Declaration, the more restrictive provision shall control unless that would result in a direct violation of this Declaration, in which case this Declaration shall control. The fact that a Supplemental Declaration contains provisions which are different from or in addition to the provisions of this Declaration shall not, by itself, be deemed to be a conflict and, wherever possible, both documents shall be given full force and effect.

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IN WITNESS WHEREOF, the undersigned Declarant and other Owners have executed this Declaration this 19th day of December, 1988.

COAL CREEK ASSOCIATES, a Colorado general partnership

By: BELLOCK CONSTRUCTION LIMITED, a Colorado corporation, Managing General Partner

By: [Signature]
Its: PRESIDENT

RUSSELL RANCH LIMITED PARTNERSHIP, a Colorado limited partnership

By: COAL CREEK ASSOCIATES, a Colorado general partnership, general partner

By: BELLOCK CONSTRUCTION LIMITED, a Colorado corporation, managing general partner

By: [Signature]
Its: PRESIDENT

STATE OF COLORADO)
COUNTY OF Boulder) ss.

The foregoing instrument was acknowledged before me this 19th day of December, 1988 by Charles E. Bellock, as PRESIDENT of Bellock Construction Limited, a Colorado corporation, Managing General Partner of Coal Creek Associates, a Colorado general partnership.

WITNESS my hand and official seal.

My commission expires: September 28, 1992

[Signature]
Notary Public

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STATE OF COLORADO)
COUNTY OF G. Lar) ss.

The foregoing instrument was acknowledged before me this
1st day of December, 1988 by Charles R. P. [unclear]
as General of Bellock Construction
Limited, a Colorado corporation, Managing General Partner of Coal
Creek Associates, a Colorado general partnership, General Partner
of Russell Ranch Limited Partnership, a Colorado limited
partnership.

WITNESS my hand and official seal.



My commission expires: 3-1-1992

[Signature]
Notary Public

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EXHIBIT A

TO MASTER DECLARATION FOR COAL CREEK RANCH

First Subdivision

Lots 1 through 38, inclusive, Lots 40 through 84, inclusive, Lots 93 through 120, inclusive, and Outlot I, all as shown on that certain plat of Coal Creek Ranch Filing No. 1, recorded on November 18, 1988, at Plan File P-22, F-3, #46-48, Reception No. 953790, in the office of the Clerk and Recorder of Boulder County, Colorado.

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feet; thence South 44°49'40" East 19.50 feet to a point on the East line of the Northeast quarter of said Section 19; thence leaving said parcel at Reception No. 517159 South 00°07'20" West 29.50 feet to the Southeast corner of the North one-half of the Northeast quarter of said Section 19; thence South 88°43'13" West 2656.75 feet to the Southwest corner of said North one-half of the Northeast quarter of Section 19; thence North 00°03'38" West 1323.58 feet to the North one-quarter corner of said Section 19; thence North 88°41'46" East 1330.52 feet to the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 19; thence North 00°07'24" East 2626.07 feet to the Northwest corner of the East one-half of the Southeast quarter of Section 18; thence North 89°00'57" East 1331.78 feet to the Point of Beginning. Containing 226.604 Acres more or less.

AND

A tract of land in Section 18, Township 1 South, Range 69 West of the 6th P.M., described as follows:

Commencing at the center of said Section 18;
thence North 88°55'10" East, 703.86 feet along the East-West centerline of said section 18, to the TRUE POINT OF BEGINNING;
THENCE South 00°00'15" East, 1314.42 feet parallel to the North-South centerline of said Section 18, to a point on the South line of the North ½ Southeast ¼ of said Section 18;
Thence North 88°45'25" East, 629.71 feet along the South line of the North ½ Southeast ¼ of said Section 18;
thence North 00°00'15" West, 1312.64 feet parallel to the North-South centerline of said Section 18, to a point of the East-West centerline of said Section 18;
thence South 88°55'10" West 629.68 feet to the TRUE POINT OF BEGINNING.
County of Boulder, State of Colorado.

EXCEPTING AND EXCLUDING THEREFROM THAT CERTAIN PROPERTY DESCRIBED ON EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN BY THIS REFERENCE.

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AMENDMENT TO MASTER DECLARATION FOR
COAL CREEK RANCH

WITNESSETH:

THAT, WHEREAS, a certain Master Declaration for Coal Creek Ranch has heretofore been executed and recorded on December 20, 1988, in Plan File F1559, Reception No. 00958694 in the office of the Clerk and Recorder of Boulder County, Colorado, as supplemented and amended from time to time ("Declaration") (terms which are defined in the Declaration shall have the same meanings herein unless otherwise defined); and

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WHEREAS, Section 13.9(a)(5) of the Declaration require the prior written consent of Delegates representing at least sixty-seven percent (67%) of the Class A Members and sixty-seven percent (67%) of the Class B Members and the prior written consent of sixty-seven percent (67%) of the First Mortgagees (based upon one vote for each First Mortgage owned or held) in order to change the method of determining the obligations, Assessments, dues, or other charges which may be levied against an Owner; and

WHEREAS, Section 13.10 of the Declaration provides that whenever the validity of any amendment to or revocation of this Declaration is conditioned upon voting by a stated percentage of Members or Delegates and approval by First Mortgagees or Agencies, or both, the Recorded document implementing the amendment or revocation shall contain a certification by the Secretary of the Association that the approvals of the required percentages of Members or Delegates, as well as the required approvals, if any, of First Mortgagees and Agencies were obtained; and

WHEREAS, the Members desire to amend the Declaration to simplify and equalize the Common Assessments as between Sites; and

WHEREAS, the requisite percentages of consents to this document by the Delegates and the First Mortgagees, as required by Section 13.9(a)(5) of the Declaration, have been obtained for this amendment, and as evidence thereof, the Secretary of the Association has signed this document certifying that such consents were obtained.

NOW, THEREFORE, the Declaration is hereby amended as follows:

1. Section 8.8 is deleted in its entirety and the following is substituted in its place:

Section 8.8. Apportionment of Administrative Functions Common Assessments. Each Privately Owned Site shall have one Administrative Function Common Assessment ("AFCA"), such that the AFCAs shall be equal as to each

See Book

Privately Owned Site. The amount of the AFCA for any year payable by the Owner of a Privately Owned Site shall be computed by multiplying the total amount to be received by the Association for AFCAs for that year, as shown in the Budget for that year, by a percentage (rounded to the nearest one tenth of one percent (0.1%)), derived from a fraction, the numerator of which is 1 and the denominator of which is the total number of AFCA Units.

2. Section 8.11 is deleted in its entirety and the following is substituted in its place:

Section 8.11. Apportionment of Public Functions Common Assessments. Each Privately Owned Site shall have one Public Functions Common Assessment ("PFCAs"), such that the PFCAs shall be equal as to each Privately Owned Site. The amount of the PFCAs for any year payable by the Owner of a Privately Owned Site shall be computed by multiplying the total amount to be received by the Association for the PFCAs for that year, as shown in the Budget for that year, by a percentage (rounded to the nearest one tenth of one percent (0.1%)), derived from a fraction, the numerator of which is 1 and the denominator of which is the total number of PFCAs Units.

3. The amendments contained in this document shall be deemed to be effective as though the same had been included in the Declaration at the time of execution and recording thereof. Except as amended hereby, the Declaration shall remain in full force and effect without modification.

IN WITNESS WHEREOF, the undersigned Secretary of the Association, pursuant to the authority granted in Section 13.10 of the Declaration, hereby certifies that this document received the prior written consent of Delegates representing at least sixty-seven percent (67%) of the Class A Members and sixty-seven percent (67%) of the Class B Members and the prior written consent of sixty-seven percent (67%) of the First Mortgagees (based upon one vote for each First Mortgage owned or held).

COAL CREEK RANCH MASTER
ASSOCIATION, INC., a Colorado
non-profit corporation

By: James B. Monk
Its: Secretary

STATE OF COLORADO)

COUNTY OF Boulder)

ss.

8th day of January, 1996, by James B. Mink
as Secretary of COAL CREEK RANCH MASTER ASSOCIATION, INC., a
Colorado non-profit corporation.

WITNESS my hand and official seal.

My commission expires: 6-5-97Susan A. Hunter
Notary Public



**AMENDMENT
TO THE
MASTER DECLARATION FOR COAL CREEK RANCH**

RECITALS

WHEREAS, the Master Declaration for Coal Creek Ranch was recorded on December 20, 1988 at Reception No. 00958694 in the office of the Clerk and Recorder of Boulder County, Colorado (the "Declaration"); and

WHEREAS, Section 13.3 of the Declaration provides that it may be amended at any time by the approval of Delegates representing at least 51% of the voting power of the Members of the Coal Creek Ranch Master Association, Inc. (the "Association") at a duly constituted meeting of the Association; and

WHEREAS, Delegates representing at least 51% of the voting power of the Members of the Association have approved this Amendment.

NOW THEREFORE, the Declaration is amended as follows:

1. The following Section 9.18(d) of the Declaration is hereby DELETED in its entirety:


(d) No vehicles shall be parked overnight on any street, road, emergency access easement, or other public or private right-of-way, including without limitation any streetlets (roads less than twenty-six feet in width).

2. All other provisions of the Declaration shall remain in full force and effect, unmodified, except as expressly modified and amended herein.

3. Unless otherwise defined in this Amendment, capitalized terms defined in the Declaration shall have the same meaning herein.

The above and foregoing Amendment to the Master Declaration for Coal Creek Ranch is executed by the Coal Creek Ranch Master Association, Inc. effective the 24th day of May, 2016

Coal Creek Ranch Master Association, Inc.

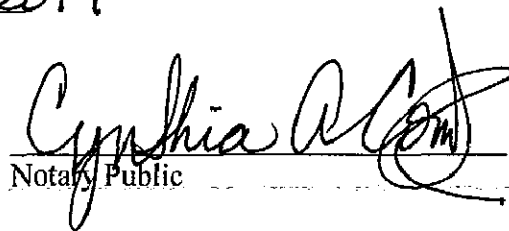
By: 
President

I hereby certify that the above and foregoing Amendment to the Master Declaration for Coal Creek Ranch was approved by Delegates representing at least 51% of the voting power of the Members of the Association at a duly constituted meeting of the Association. The records of such approval are on file in the permanent records of the Association.

By: *Scott A. Harrison*
Secretary

The foregoing instrument was acknowledged before me this 24 day of May, 2016 by Earl F. Hauserman as President and by Ken Gambon as Secretary of the Coal Creek Ranch Master Association, Inc.

My commission expires: April 15, 2017





10/19/2016 01:56 PM
Boulder County Clerk, CO

RF: \$16.00

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Page: 1 of 2

DF: \$0.00

**AMENDMENT
TO THE
MASTER DECLARATION FOR COAL CREEK RANCH**

OCT 31 2016

RECITALS

WHEREAS, the Master Declaration for Coal Creek Ranch was recorded on December 20, 1988 at Reception No. 00958694 in the office of the Clerk and Recorder of Boulder County, Colorado (the "Declaration"); and

WHEREAS, Section 13.3 of the Declaration provides that it may be amended at any time by the approval of Delegates representing at least 51% of the voting power of the Members of the Coal Creek Ranch Master Association, Inc. (the "Association") at a duly constituted meeting of the Association; and

WHEREAS, Delegates representing at least 51% of the voting power of the Members of the Association have approved this Amendment.

NOW THEREFORE, the Declaration is amended as follows:

1. The following Section 9.18(d) of the Declaration is hereby DELETED in its entirety:

(d) No vehicles shall be parked overnight on any street, road, emergency access easement, or other public or private right-of-way, including without limitation any streetlets (roads less than twenty-six feet in width).

2. All other provisions of the Declaration shall remain in full force and effect, unmodified, except as expressly modified and amended herein.

3. Unless otherwise defined in this Amendment, capitalized terms defined in the Declaration shall have the same meaning herein.

The above and foregoing Amendment to the Master Declaration for Coal Creek Ranch is executed by the Coal Creek Ranch Master Association, Inc. effective the 27 day of September, 2016

Coal Creek Ranch Master Association, Inc.

By: _____

President

Certification:

I hereby certify that the above and foregoing Amendment to the Master Declaration for Coal Creek Ranch was approved by Delegates representing at least 51% of the voting power of the Members of the Association at a duly constituted meeting of the Association. The records of such approval are on file in the permanent records of the Association.

Coal Creek Ranch Master Association, Inc.

By: *Earl F. Hauserman*

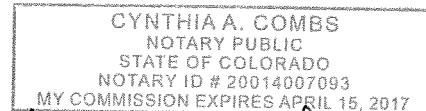
Secretary

STATE OF COLORADO)
COUNTY OF Boulder) ss.

The foregoing instrument was acknowledged before me this 27th day of September 2016 by Ken Gambon as President and by Earl F. Hauserman as Secretary of the Coal Creek Ranch Master Association, Inc.

Witness my hand and official seal.

My commission expires: April 15, 2017



Cynthia A. Combs
Notary Public