

3.6 Easements in Condominium Apartments for Repair, Maintenance and Emergencies. Some of the Common Elements are or may be located within a Condominium Apartment. All Owners shall permit a right of entry to the Board of Directors or any other person authorized by the Board of Directors, whether the Owner is present or not, for access through each Condominium Apartment to all Common Elements, from time to time, as authorized by the Board of Directors, whether the Owner is present or not, for access through each Condominium Apartment to all Common Elements, from time to time, as may be necessary for the routine maintenance, repair, or replacement for any of the Common Elements located thereon or accessible therefrom or for making emergency repairs necessary to prevent damage to the Common Elements or to another Condominium Apartment.

For routine maintenance and non-emergency repairs, entry shall be made only on a regular business day during regular business hours, after service of at least one day's notice in writing to the Owner. In case of emergency, entry shall be made at any time provided that a reasonable effort according to the circumstances is made to give notice of entry.

The Board of Directors or its agents is granted the authority to use such reasonable force as is necessary to gain entry into the Apartment in the event of an emergency, if no other means of entry are available in view of the circumstances. The Association shall bear the full responsibility and expense of all damages incurred to the Apartment and/or Common Elements because of such forcible entry.

All damage to the interior or any part of a Condominium Apartment resulting from the maintenance, repair, emergency repair or replacement of any of the Common Elements, at the instance of the Association, shall be paid for as part of the Common Expense Assessment by all of the Owners. No diminution or abatement for Common Expense Assessments shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements or from action taken to comply with any law, ordinance or order of any governmental authority. Restoration of the damaged improvements shall be substantially the same as the condition in which they existed prior to damage.

Notwithstanding the foregoing, if any such damage is the result of the carelessness or negligence of any Owner, then such Owner shall be solely responsible for the costs of such repairing such damage. In the event the Owner fails within a reasonable time upon proper notice to pay the cost of the damages incurred, the Board of Directors may pay for said damages and charge the Owner responsible as an Individual Assessment in accordance with Paragraph 5.6 hereof.

3.7 Emergency Easements. A nonexclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance, and other similar emergency agencies or persons, now or

hereafter servicing The Condominium Community, to enter upon all driveways located in The Condominium Community, in the performance of their duties.

3.8 Utility Easements. The Board of Directors has the right to grant permits, licenses and easements over the Common Elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of The Condominium Community.

3.9 Recording Data Regarding Easements. The recording data for recorded easements and licenses appurtenant thereto, or included in The Condominium Community or to which any portion of The Condominium Community is or may become subject to are identified on Exhibit D attached hereto.

3.10 Owner's Easement for Access. Each Owner shall have a nonexclusive easement for access between his or her Unit and the streets within and adjacent to The Condominium Community. There shall be no restrictions upon any Owner's right of ingress and egress to or from such Owner's Unit. Such easement shall extend for whatever period of time the need for access shall exist.

3.11 Easements Deemed Appurtenant. The easements, uses and rights herein created for an Owner shall be perpetual and appurtenant to the Units owned by such Owner. All conveyances or any other instruments affecting title to a Unit shall be deemed to grant and reserve the easements, uses and rights as provided for herein, as though set forth in said document in full, even though no specific reference to such easements, uses or rights appear in such conveyance.

ARTICLE FOUR: THE ASSOCIATION

4.1 Name. The name of the Association is THE LAFAYETTE GREENS CONDOMINIUM ASSOCIATION.

4.2 Purposes and Powers. The Association, through its Board of Directors, shall manage, operate, care for, insure, maintain, repair and reconstruct all of the Common Elements and keep the same in a safe, attractive and desirable condition for the use and enjoyment of all of the Owners and the residents of The Condominium Community. Any purchaser of a Unit shall be deemed to have assented to, ratified and approved such designations and management. The Association shall have all the power necessary or desirable to effectuate such purposes.

The Board of Directors shall have all of the powers, authority and duties permitted pursuant to the Act necessary and proper to manage the business and affairs of the Association.

4.3 Board of Directors. The affairs of the Association shall be managed by a Board of Directors which may by resolution delegate authority to a Managing Agent for the Association as more fully provided for in the Bylaws, provided no such delegation shall relieve the Board of final responsibility.

4.4 Articles and Bylaws. The purposes and powers of the Association and the rights and obligations with respect to Members set forth in this Declaration may and shall be amplified by provisions of the Articles of Incorporation and Bylaws of the Association. In the event either the Articles or Bylaws conflict with the Declaration, the Declaration shall control. In the event the Articles conflict with the Bylaws, the Articles shall control.

4.5 Membership. Members of the Association shall be every record owner of a Unit subject to this Declaration. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Ownership of such Unit shall be the sole qualification for such membership. Where more than one person holds interest in any Unit, all such persons shall be Members.

4.6 Voting Rights. The Association shall have one class of voting membership. Owners shall be entitled to one vote for each Unit owned.

The vote for such Unit, the ownership of which is held by more than one Owner, may be exercised by any one of them, unless an objection or protest by any other holder of an interest of the Unit is made prior to the completion of the vote, in which case the vote for such Unit shall be exercised, as the persons holding such interest shall determine between themselves. Should the joint owners of a Unit be unable, within a reasonable time, to agree upon how they will vote any issue, they shall be passed over and their right to vote on such issue shall be lost.

The total number of votes which may be cast in connection with any matter shall be equal to the total number of Units then existing within The Condominium Community.

4.7 Declarant Control of the Association Subject to Paragraph 4.8 hereof, there shall be a "Period of Declarant Control" during which a Declarant may appoint and remove the officers and members of the Board. The Period of Declarant Control terminates no later than the earlier of:

(a) Sixty days after conveyance of seventy-five percent of the Units That May Be Created to Owners other than the Declarant; or

(b) Two years after the last conveyance of a Unit by the Declarant in the ordinary course of business to Owners other than Declarant; or

(c) Two years after any right to add new Units was last exercised; or

(d) Five years from the date of the recording of this Declaration.

A Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of the Period of Declarant Control. In that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Board of Directors, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

4.8 Election by Owners. Not later than sixty days after conveyance of twenty-five percent of the Units That May Be Created to Owners other than a Declarant, at least one member and not less than twenty-five percent of the members of the Board of Directors must be elected by Owners other than the Declarant.

Not later than sixty days after conveyance of fifty percent of the Units That May Be Created to Owners other than a Declarant, not less than thirty-three and one third percent of the members of the Board of Directors must be elected by Owners other than the Declarant.

Not later than the termination of any Period of Declarant Control, the Owners shall elect a Board of Directors of at least three members, at least a majority of whom shall be Owners other than Declarant. The Board shall elect the officers. The Owners elected to the board shall take office upon election.

4.9 Delivery of Documents by Declarant. Within sixty days after the Owners other than the Declarant elect a majority of the members of the Board of Directors, the Declarant shall deliver without expense to the Board all property of the Owners and of the Associa-

tion held by or controlled by the Declarant, including, without limitation, the following items:

(a) The original or a certified copy of the recorded Declaration, as amended, the Association's Article of Incorporation, together with a Certificate of Good Standing, Bylaws, minute books, other books and records, and any Rules and Regulations which may have been promulgated;

(b) An accounting for Association funds and financial statements from the date the Association received funds and ending on the date the Period of Declarant Control ends in accordance with § 38-33.3-303(9)(b) of the Act;

(c) The Association funds or control thereof;

(d) All of the tangible personal property that has been represented by the Declarant to be the property of the Association and has been used exclusively in the operation and enjoyment of the Common Elements, a copy of any plans and specifications used in the construction of improvements in The Condominium Community, and inventories of these properties;

(e) All insurance policies then in force in which the Owners, the Association, or its directors and officers are named as insured persons;

(f) Any other permits issued by governmental bodies applicable to The Condominium Community and which are currently in force or which were issued within one year prior to the date on which Owners other than the Declarant took control of the Association;

(g) Written warranties of the contractor, subcontractors, suppliers and manufacturers that are still effective;

(h) A roster of Owners and Eligible Mortgagees and their addresses and telephone numbers, if known, as shown on the Declarant's records;

(i) Employment contracts in which the Association is a contracting party; and

(j) Any service contract in which the Association is a contracting party or in which the Association of the Owners have any obligation to pay a fee to the persons performing the services.

4.10 Budget. The Board of Directors shall cause to be prepared, at least sixty days prior to the commencement of each calendar year, a Budget for such calendar year. Within thirty days after the adoption of any Budget by the Board, the Board shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the Budget to each Owner and shall set a date for a meeting of the Owners to consider ratification of the Budget not less than

fourteen days nor more than sixty days after mailing or other delivery of the summary.

Unless at that meeting Owners of Units to which at least sixty-seven percent of the votes in the Association are allocated reject the Budget, the Budget shall be deemed ratified, whether or not a quorum is present. In the event that the Budget is rejected, the budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget by the Board of Directors.

4.11 Association Agreements. Any agreement for professional management of The Condominium Community or any contract providing for services of the Declarant, may not exceed one year. Any such agreement must provide for termination by either party without cause and without payment of a termination fee or penalty upon thirty days' written notice; provided; however, the Association shall not be bound either directly or indirectly to contracts or leases (including management contracts) entered into during the Period of Declarant Control unless the Association is provided with a right of termination of any such contract or lease without cause, which is exercisable without penalty at any time after such transfer from Declarant Control upon not more than thirty days' notice to the other party thereto.

4.12 Indemnification. Each Officer, Director and committee member of the Association shall be indemnified by the Association against all expenses and liabilities including attorney fees, reasonably incurred by or imposed upon him or her in any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of him or her being or having been an Officer, Director or committee member of the Association, or any settlements thereof, whether or not he or she is an Officer, Director or committee member of the Association at the time such expenses are incurred, to the full extent permitted by Colorado law.

4.13 Certain Rights and Obligations of the Association.

(a) Attorney-in-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an Attorney-in-Fact to deal with The Condominium Community upon its damage, destruction, condemnation and obsolescence.

The Board of Directors is hereby irrevocably appointed attorney-in-fact for the Owners, and each of them, to manage, control and deal with the interest of such Owner in the Common Elements so as to permit the Association to fulfill all of its duties and obligations hereunder and to exercise all of its rights hereunder, to deal with The Condominium Community upon its destruction, condemnation or obsolescence as hereinafter provided.

The acceptance by any person of any interest in any Unit shall constitute an appointment of the Board of Directors as attorney-in-

fact as provided above and hereinafter. The Board of Directors shall be granted all of the powers necessary to govern, manage, maintain, repair, administer and regulate The Condominium Community and to perform all of the duties required of it.

(b) Contracts, Easements and Other Agreements: The Board of Directors shall have the right to enter into, grant, perform, enforce, cancel and vacate: contracts, easements, licenses, leases, agreements, and/or rights-of-way, for the use by Owners, their Guests, and other persons, concerning the Common Elements.

Any of such contracts, licenses, leases, agreements, easements and/or rights-of-way, shall be upon such terms and conditions as may be agreed to from time to time by the Board of Directors, without the necessity of the consent thereto, or joinder therein, by the Owners or First Mortgagees.

(c) Other Association Functions: The Association may undertake any activity, function or service for the benefit of or to further the interests of all, some or any Members on a self-supporting, Special Assessment or Common Expense Assessment basis.

(d) Implied Rights: The Board of Directors shall have and may exercise any right or privilege given to it expressly by this Declaration, or reasonably to be implied from the provisions of this Declaration, or given or implied by law, or which may be necessary or desirable to fulfill its duties, obligations, rights or privileges.

4.14 Certain Rights and Obligations of the Declarant. So long as there are unsold Units within The Condominium Community owned by the Declarant, the Declarant shall enjoy the same rights and assumes the same duties as they relate to each individual unsold Unit.

ARTICLE FIVE: ASSESSMENTS

5.1 Obligation. Each Owner, including Declarant, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees and shall be personally obligated to pay to the Association (a) Common Expense Assessments, (b) Special Assessments, (c) Fines and Individual Assessments, and (d) Costs of Enforcement, which shall be a continuing lien upon the Unit against which each such Assessment is levied.

The obligation for such payments by each Owner to the Association is an independent personal covenant with all amounts due, from time to time, payable in full when due without notice or demand and without setoff or deduction. All Owners of each Unit shall be jointly and personally liable to the Association for the payment of all Assessments and Costs of Enforcement attributable to their Unit.

The personal obligation for delinquent assessment shall not pass to such Owner's successors in title unless expressly assumed by them.

5.2 Purpose of the Assessments. The Common Expense Assessment shall be used exclusively for the purpose of promoting the health, safety and welfare of the residents of The Condominium Community and the Members of the Association. Such purposes shall include but not be limited to the improvement, repair, maintenance, reconstruction and insuring of the Common Elements, payment of the Owner's water and sewer bills to the City and any other purpose reasonable, necessary or incidental to such purposes.

Such Assessment shall include the establishment and maintenance of a reserve fund for the improvement, maintenance, reconstruction, and repair of the Common Elements on a periodic basis, provided, however, that such assessments levied during the Period of Declarant Control may not be used for the purpose of constructing capital improvements.

5.3 Date of Commencement of the Common Expense Assessment. The Common Expense Assessment shall commence as to all Units no later than sixty days after the first Unit is conveyed to an Owner other than the Declarant.

Until the commencement of the collection of the Assessments, the Declarant shall pay all of the expenses incurred and paid for by the Association, not to include any allocation to the reserve fund.

5.4 Special Assessments. In addition to the other Assessments authorized herein, the Board of Directors, subject to the limitations set forth below, may levy a Special Assessment for the purpose of defraying, in whole or in part, any unexpected expense to include but not be limited to, the cost of any construction, reconstruction, improvement, repair or replacement of a capital improvement upon the Common Elements, including fixtures and

personal property relating thereto, or for the funding of any operating deficit incurred by the Association provided that any such assessment shall have the approval of Owners to whom at least sixty-seven percent of the votes in the Association are allocated, who are voting in person or by proxy at a meeting duly called for this purpose.

Any such Special Assessment shall be levied against each Unit in accordance with that Unit's Common Expense Liability determined in accordance with Paragraph 1.3 hereof. Notwithstanding the foregoing, Special Assessments levied during the Period of Declarant Control may not be used for the purpose of constructing capital improvements.

Written notice of any meeting called for the purpose of making a Special Assessment shall be sent to all Owners not less than fifteen days nor more than thirty days in advance of the meeting. At the first such meeting called, the presence of Owners or of proxies to whom at least sixty percent of the votes in the Association are allocated shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty days following the preceding meeting.

If The Condominium Community has been or is to be approved by the Federal Housing Administration and/or Veterans Administration, then until the termination of the Period of Declarant Control in accordance with Paragraph 4.7 hereof, all Special Assessments for capital improvements in addition to the approval of the Owners as required above will require the written consent of the Veterans Administration and/or the Federal Housing Administration.

5.5 Fines. The Board of Directors of the Association shall have the right to levy a Fine against an Owner or Owners for each violation of this Declaration, the Bylaws, the Articles and the Rules and Regulations of the Association. No such Fine shall be levied until the Owner or Owners to be charged have been given a Notice and Hearing as provided for in the Bylaws of the Association.

Fines may be levied in a reasonable amount as determined from time to time by the Board of Directors in its discretion and uniformly applied. Fines shall be collected as part of the Costs of Enforcement.

5.6 Individual Assessments. The Board of Directors shall have the right to individually levy any Owner or Owners amounts as provided for by this Declaration, to include but not be limited to, charges levied under Paragraphs 2.14, 3.6, 6.3, 6.5, 6.10, 9.2 and 9.3 thereof. No Individual Assessment shall be levied until the Owner

or Owners to be charged have been given a Notice and Hearing as provided for in the Bylaws of the Association. Individual Assessments shall be collected as part of the Cost of Enforcement.

5.7 Levy of Assessments. Common Expense Assessments shall be levied on all Units based upon a budget of the Association's cash requirements to accomplish the purposes set forth in Paragraph 5.2 hereof. The Common Expense Liability shall be prorated among the Units in accordance with that Unit's Common Expense Liability as set forth in Paragraph 1.3 hereof.

The omission or failure of the Board of Directors to levy the Common Expense Assessment for any period shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay.

Special Assessments shall be levied in accordance with Paragraph 5.4 hereof.

Fines and Individual Assessments may be levied at any time as required. Both assessments are exempt from any voting requirements by the membership required for other assessments called for under the Declaration.

No Owner may waive or otherwise escape liability for the Common Expense Assessment provided for herein by the non-use of the Common Elements or the abandonment of his or her Unit.

5.8 Due Date. Fines and Individual Assessments shall be due and payable as established by the Board of Directors.

Common Expense Assessments shall be levied on an annual basis and shall be due and payable in monthly installments, provided that the first Assessment levied shall be adjusted to reflect the time remaining in the first Association's fiscal year. Any Owner purchasing a Unit between annual due dates shall pay a prorated share.

Special Assessments shall be due and payable as established by the Board but may be payable on an installment basis as determined by the Board.

Written notice of all Assessments shall be sent to each Owner subject thereto specifying the type of Assessment, the amount and the date such Assessment is due.

5.9 Remedies for Nonpayment of Assessments. If any Assessment (to include Costs of Enforcement) is not fully paid within fifteen days after the same becomes due and payable, then:

(a) interest shall accrue at the default rate set by the Board of Directors on any amount of the Assessment in default accruing from the due date until date of payment;

(b) the Board may accelerate and declare immediately due and payable all unpaid installments of the Assessment otherwise due during the fiscal year during which such default occurred;

(c) the Board may bring an action at law against any Owner personally obligated to pay the Assessment and obtain a judgment for the amounts due; and

(d) the Board may proceed to foreclose its lien against the Unit pursuant to the power of sale granted to the Association by this Declaration in the manner and form provided by Colorado law for foreclosure of real estate mortgages.

An action at law or in equity by the Association against an Owner to recover a judgment for unpaid Assessments may be commenced and pursued by the Association without foreclosing or in any way waiving the Association's lien for the Assessments.

5.10 Assessment Lien. The Association is hereby granted an Assessment Lien against each Unit for any Assessment levied by the Board of Directors and for Costs of Enforcement when the Unit Owner fails to pay as required by the Declaration. All Costs of Enforcement incurred pursuant to this Declaration are enforceable as Assessments. If an Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment thereof becomes due.

The Association's lien on a Unit for Assessments shall be superior to all other liens and encumbrances except the following:

(a) real property ad valorem taxes and special assessment liens duly imposed by as Colorado governmental or political subdivision or special taxing district, or any other liens made superior by statute; and

(b) the lien of any First Mortgagee except to the extent the Act grants priority for Assessments to the Association.

The Act does not affect the priority of mechanic's or materialmen's liens.

Recording of the Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for Assessments under this Article is required. However, the Board of Directors may prepare, and record in the county in which the Unit is located, a written notice setting forth the amount of the unpaid indebtedness, the name of the Owner of the Unit, and a

description of the Unit. If a lien is filed, the cost thereof shall be considered a Cost of Enforcement.

Sale or transfer of any Unit shall not affect the lien for said Assessments except that sale or transfer of any Unit pursuant to foreclosure of any First Mortgagee, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture shall only extinguish the Assessment Lien only to the extent provided by Colorado law. No such sale, deed in lieu of foreclosure, nor cancellation or forfeiture shall relieve any Owner from continuing liability for any Assessment thereafter becoming due, nor from the lien thereof.

Any First Mortgagee who acquires title to a Unit by virtue of foreclosing a first mortgage or by virtue of a deed in lieu of foreclosure will take the Unit free of any claims for unpaid Assessments and Costs of Enforcement against that Unit which have accrued prior to the time such First Mortgagee acquires title to the Lot, except to the extent the Act grants lien priority for Assessments of the Association.

In any action by an Association to collect Assessments and Costs of Enforcement or to foreclose a lien for unpaid Assessments, the court may appoint a receiver for the Owner to collect all sums alleged to be due from the Owner prior to or during the pending of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pending of the action to the extent of the Association's Common Expense Assessments and Costs of Enforcement. The rights of the Association shall be expressly subordinate to the rights of any First Mortgagee of a Unit under any assignment of rents given in connection with a first deed of trust.

The Assessment Lien hereby given shall also be a lien upon all of the rents and profits of the encumbered Unit; provided, however, the lien shall be subject and subordinate to the rights of any First Mortgagee of a Unit under any assignment of rents given in connection with a first deed of trust. Without prejudice to any other right or remedy, the Association may exercise its lien rights to rents and profits by delivering a Notice of Exercise to the occupant or any payor of rents and profits, and thereafter shall be entitled to collect all such rents and profits to the extent of any delinquency.

The Association's lien on a Unit for Assessments and Costs of Enforcement shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Colorado or any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed to a Unit subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said Assessment lien.

5.11 Surplus Funds. Any surplus funds of the Association remaining after payment of or provision for its expenses and any prepayment of or provision for reserves shall be retained by the Association as unallocated reserves and need not be credited the Owners in proportion to their Allocated Interests or credited to them to reduce their future Assessments.

5.12 Working Capital Fund. Each Owner, at the time the Owner acquires his or her Unit, shall make a non-refundable contribution to the Working Capital Fund of the Association in the amount equal to at least two months' installment of the Common Expense Assessment for such Unit. Such sum shall be held, without interest, in trust, as a reserve for working capital, and may be used for unforeseen expenditures or to purchase any additional equipment or services as the Board deems necessary or appropriate. Such payment shall not be considered as an advance payment of the regular Common Expense Assessment or relieve an Owner from making the regular monthly payment of the Common Expense Assessment as the same becomes due.

The Working Capital Fund is to be turned over to the Association for deposit to a segregated fund when control of the Association is transferred to the Owners. Upon a later transfer of his or her Unit, an Owner shall be entitled to a credit from his or her transferee (but not from the Association) for the aforesaid contribution to the Working Capital Fund.

The Declarant may reimburse itself for funds it paid the Association for an unsold Unit's share paid at time of turnover to the Working Capital Fund by using funds collected at Closing when subsequent Units are sold. The Declarant is prohibited from using the Working Capital Fund to defray any of its expenses, reserve contributions or construction costs, or to make up any budget deficits while it has control of the Association.

5.13 Utility Payment Reserve Fund. At the closing of the initial sale of a Unit to an Owner other than the Declarant, a non-refundable contribution shall be made by Purchaser to the Utility Payment Reserve Fund of the Association in the amount equal to at least one months' installment of the Common Expense Assessments for each Unit. Said contribution shall be collected and transferred to the Association at the time of closing of the sale by Declarant of each Unit and shall, until used, be maintained in a segregated account with other such Utility Payment Reserve Funds for the use and benefit of the Association to use only in the payment of water and sewage charges due the city from the Association. In the event that monies are paid from this fund in the payment of the said utility charges then from the first monies received from the following month's Common Expense Assessment will go to the Utility Payment Reserve Fund to replenish it to its initial amount.

Such contribution to the Utility Payment Reserve Fund shall not relieve an Owner from making regular payments of Assessments as the same become due. Upon the transfer of his or her Unit, an Owner shall be entitled to a credit from his or her transferee (but

not from the Association) for the aforesaid contribution to Utility Payment Reserve Fund.

5.14 Certificate of Assessment Status. The Association shall furnish to an Owner or such Owner's First Mortgagee upon written request delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the Association's Registered Agent, a statement setting forth the amount of unpaid Assessments currently levied against such Owner's Unit.

The statement shall be furnished within fourteen business days after receipt of the request and is binding upon the Association, the Board of Directors, and every Owner. If no statement is furnished to the Owner or First Mortgagee, delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a priority lien upon the Unit for unpaid Assessments which were due as of the date of the request.

5.15 No Offsets. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted for any reason including, without limitation, any claim that the Association or the Board of Directors is not properly exercising its duties and powers under this Declaration. The Declarant is exempt from the requirements of this Paragraph 5.15.

ARTICLE SIX: RESTRICTIVE COVENANTS AND OBLIGATIONS

6.1 Use and Occupancy of the Condominium Apartments. Each Owner shall be entitled to the exclusive ownership and possession of his or her Condominium Apartment. Subject to the Development and Special Declarant Rights reserved by the Declarant in ARTICLE TEN hereof, no Condominium Apartment within The Condominium Community shall be used for any purpose other than single-family residential purposes as generally defined or for a home occupation so long as such occupation is allowed by the local Zoning Codes, provided, however, that uses described as "day care" or "child care" facilities (licensed or unlicensed) are expressly prohibited.

6.2 Use of the Common Elements. Each Owner and his or her Guests may use the appurtenant Common Elements in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other Owners. The Board of Directors may adopt Rules and Regulations governing the use of the Common Elements, but such Rules and Regulations shall be uniform and nondiscriminatory. Each Owner, by the acceptance of his or her deed or other instrument of conveyance or assignment and such Owner's Guests occupying the Apartment agree to be bound by any such adopted Rules and Regulations.

There shall be no obstruction of the Common Elements, nor shall anything be stored on any part of the Common Elements without the prior written consent of the Board of Directors. Nothing shall be altered, constructed on, or removed from the Common Elements except upon the prior written consent of the Board of Directors of the Association.

6.3 Pets Within The Condominium Community. No animals, livestock, birds, poultry, reptiles or insects of any kind, shall be raised, bred, kept or boarded in or on any portion of The Condominium Community; except that dogs, cats or other household animals may be allowed only in Condominium Apartments occupied by Owners (not renters) so long as they are not raised, bred or maintained for any commercial purpose, and are not kept in such number or in such manner as to create a nuisance or inconvenience to any residents of The Condominium Community.

The Board of Directors shall have 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 Paragraph. The Directors shall take such action or actions as it deems reasonably necessary to correct the violation to include after Notice and Hearing, directing permanent removal of the pet or pets from The Condominium Community.

Household pets shall not be allowed to run at large within The Condominium Community, but shall at all times be under the control of such pet's Owner and such pets shall not be allowed to litter the Common Elements.

Reimbursement for damages caused by such pets and costs incurred by the Association, to include attorneys' fees and costs, in the removal of a pet or pets from The Condominium Community or incurred by the Association in cleanup after such pets may be levied after Notice and Hearing against such pet's Owner as an Individual Assessment in accordance with Paragraph 5.6 hereof.

The provisions of Paragraph 13.2 notwithstanding, the Board of Directors may amend this paragraph from time to time to better serve the needs of The Condominium Community without the consent of the Owners or First Mortgagees.

6.4 Nuisances. No noxious or offensive activity shall be carried on within The Condominium Community, nor shall anything be done or maintained thereon which may be or become an annoyance or nuisance to the neighborhood or detract from its value as an attractive residential community. Habitually barking, howling or yelping dogs shall be deemed a nuisance. Decks, patios and balconies shall not be used for storage other than firewood. No activity shall be conducted on any part of The Condominium Community which is or might be unsafe or hazardous to any person. All rubbish, trash or garbage shall be regularly removed from The Condominium Community and shall not be allowed to accumulate thereon.

6.5 Vehicular Parking, Storage and Maintenance. No house trailer, camping trailer, horse trailer, camper, camper shells, boat trailer, hauling trailer, boat or boat accessories, truck larger than one ton, recreational vehicle or equipment, mobile home, or commercial vehicle may be parked or stored anywhere within The Condominium Community so they are visible from neighboring Units or from the street except in emergencies or as a temporary expedience. This applies to vehicles referred to above even if they are licensed by the State of Colorado or any other jurisdiction as "passenger vehicles". No emergency or temporary parking or storage shall continue for more than seventy-two hours.

No abandoned, unlicensed, wrecked or inoperable vehicles of any kind shall be stored or parked within The Condominium Community except in emergencies. Any "abandoned or inoperable vehicle" shall be defined as any of the vehicles listed above or any other kind of passenger vehicle which has not been driven under its own propulsion for a period of one week or longer, or which does not have installed within it an operable propulsion system; provided however, that any vehicle belonging to any Owner which is otherwise permitted will not be deemed to be abandoned while the Owner is ill or out of town. The Board of Directors shall have the right to remove and store a vehicle in violation of this Paragraph after Notice and Hearing, the expenses of which shall be levied against the Owner of the vehicle as an Individual Assessment in accordance with Paragraph 5.6 hereof.

Preventative vehicle maintenance only is allowed within The Condominium Community.

Garage doors must remain closed except when the garage is in use.

The provisions of Paragraph 13.2 notwithstanding, the Board of Directors may amend this paragraph from time to time to better serve the needs of The Condominium Community without the consent of the Owners or First Mortgagees.

6.6 No Unsightliness. No activity shall be conducted on any part of The Condominium Community which is or might be unsafe, unsightly, unhealthy or hazardous to any person. Without limiting the generality of the foregoing, nothing shall be kept or stored on or in the Common Elements, including areas which are Limited Common Elements; and nothing shall be placed on or in windows or doors of Condominium Apartments, which would or might create unsightly appearance. No Owner shall modify, alter, repair, decorate, redecorate, or improve the exterior of any Condominium Apartment or any of the Common Elements without the express written approval of the Board of Directors in accordance with Paragraph 9.5 hereof.

6.7 Prohibition of Certain Activities. Nothing shall be done or kept in any Apartment or in the Common Elements or any part thereof which would result in the cancellation of the insurance on The Condominium Community or increase the rate of the insurance on The Condominium Community over what the Association, but for such activity, would pay, without the prior written consent of the Board of Directors.

Nothing shall be done or kept in any Apartment or in the Common Elements which would be in violation of any statute, ordinance, regulations, or other validly imposed requirement of any governmental body. No noxious, destructive or offensive activity shall be carried on in any Apartment or in the Common Elements, nor shall anything be done therein which may be or may become an annoyance or nuisance to others. No sound shall be emitted on any part of The Condominium Community which is unreasonably loud or annoying.

6.8 Antennas. No exterior television or radio antennas and/or masts or satellite dishes of any sort shall be placed, allowed or maintained upon The Condominium Community without prior written approval of the Board of Directors of the Association.

6.9 Restrictions on Signs. No signs or advertising of any nature shall be erected or maintained on any part of The Condominium Community without prior written consent of the Board of Directors. The Board shall permit the placing of at least one sign of reasonable size and dignified form to identify The Condominium Community and the Units therein.

6.10 Owner Caused Damages. If, due to the act or neglect of an Owner or such Owner's Guests, loss or damage shall be caused to any person or property within The Condominium Community, such Owner shall be liable and responsible for the payment of same. The amount of such loss or damage, together with costs of collection

and reasonable attorneys' fees and costs, if necessary, may be collected by the Board of Directors from such Owner as an Individual Assessment against such Owner in accordance with Paragraph 5.6 hereof.

Determination with respect to whether or not a particular activity or occurrence shall constitute a violation of this Paragraph 6.10 shall be made by the Board of Directors and shall be final.

6.11 Lease of a Condominium Apartment. Any Owner shall have the right to lease his or her Condominium Apartment upon such terms and conditions as the Owner may deem advisable, subject to the following:

(a) No Owner may lease less than his or her entire Condominium Apartment or for transient or hotel purposes or for a term of less than ninety days;

(b) Any such lease or rental agreement shall be in writing and shall provide that the lease or rental agreement is subject to the terms of this Declaration, the Bylaws of the Association and the Articles of Incorporation, and the Rules and Regulations of the Association;

(c) Such lease or rental agreement shall state that the failure of the lessee or renter to comply with the terms of the Declaration or Bylaws of the Association, Articles of Incorporation or the Rules and Regulations of the Association shall constitute a default and such default shall be enforceable by either the Board of Directors or the lessor, or by both of them;

(d) Any Owner who leases his or her Condominium Apartment shall, within three days after the execution of such lease, forward a copy of same to the Board of Directors.

6.12 Waiver of Summary Abatement. The Declarant and the Association waives the right to use summary abatement or similar means to enforce the restrictions herein contained. Judicial proceedings must be instituted before any items of construction can be altered or demolished.

6.13 Use of Garage Spaces. It was the intent of the Declarant in designing the overall parking plan for The Condominium Community that Garage Spaces be used in such a manner so that vehicles could be parked within such Garage Spaces. Therefore, any use of a Garage Space that does not allow a vehicle to be parked within such Garage Space is expressly prohibited. Use of a Garage Space for storage of property other than a vehicle is expressly prohibited. The Board of Directors is granted the authority to enforce the provisions of this Paragraph by the levy of Fines against the Owner in accordance with Paragraph 5.5 hereof.

6.14 Window Coverings. Interior window coverings, including draperies and shades used in Units, shall present a uniform appearance of type and color from the exterior of The Buildings and the Board of Directors shall have the right to approve all proposed draperies, shades or other interior window coverings to assure compliance in accordance with Paragraph 9.5 hereof.

The Association, acting through its Board of Directors, shall have the standing and power to enforce all of the above Restrictive Covenants and Obligations.

ARTICLE SEVEN: INSURANCE/CONDEMNATION

7.1 Property Insurance. To the extent reasonably available, the Association shall obtain, maintain and pay the premiums upon as a Common Expense, a "master" or "blanket" type policy of property insurance covering all of the Common Elements and Limited Common Elements including fixtures to the extent that they are part of the Common Elements, Building service equipment and supplies and other common personal property belonging to the Association. All references herein to a "master" or "blanket" type policy of property insurance, are intended to denote "single entity" condominium insurance coverage.

The policy shall be in an amount equal to 100% of the current replacement cost.

The loss payable shall be in favor of the Association as a trustee for each Owner and each such Owner's Mortgagee. The Association shall hold any proceeds of insurance in trust for the Owners and for their First Mortgagees as their interests may appear. Certificates of Insurance shall be issued to each Owner and Mortgagee upon request.

Such policy shall contain the standard mortgage clause or equivalent endorsement (without contribution) which is commonly accepted by private institutional mortgage investors.

Such policies shall also provide that the policy may not be cancelled or substantially modified without at least ten days' prior written notice to the Association and to each First Mortgage listed as a scheduled holder of a First Mortgage in the policies.

Policies are unacceptable where:

(a) under the terms of the insurance carrier's charter, bylaws or policy, contributions or assessments may be made against the borrowers or secondary lenders; and

(b) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the Board of Directors, policy holders or members; and

(c) the policy includes any limiting clauses (other than insurance conditions) which could prevent the borrowers or secondary lenders from collecting insurance proceeds.

The policies must provide the following:

(a) a waiver of the right of subrogation against the Owners individually;

(b) that the insurance is not prejudiced by any act or neglect of any individual Owners which is not in control of such owners collectively;

(c) that the policy is primary in the event the Owner has other insurance covering the same loss.

The insurance policy shall afford, as a minimum, protection against:

(a) loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; or

(b) all other perils which are customarily covered with respect to condominiums similar in construction, location and use, including all perils normally covered by the standard all-risk endorsement where such is available.

The following endorsements are required if they are available and are commonly required by prudent institutional mortgage investors: Agreed Amount Endorsement, Inflation guard Endorsement, Construction Code Endorsement, Demolition Cost Endorsement, Contingent Liability From Operation of Building Laws Endorsement, Increased Cost of Construction Endorsement and Guaranteed Replacement Cost Endorsement.

7.2 Liability Insurance. The Association shall maintain comprehensive general liability insurance coverage covering all of the Common Elements, owned by the Association and public ways within The Condominium Community. Coverage shall be for at least \$1,000,000 for bodily injury including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries, and deaths of persons in connection with the operation, maintenance or use of the Common Elements, and the legal liability arising out of lawsuits relating to employment contracts of the Association. Such policies must provide that they may not be cancelled or substantially modified by any party without at least ten days' prior written notice to the Association and to each First Mortgagee which is listed as a scheduled holder of a first mortgage in the insurance policy.

Coverage is also required to include protection against other risks, namely, host liquor liability, employer's liability insurance, contractual and all-written contract insurance, and comprehensive automobile liability insurance.

7.3 Fidelity Bonds. The Association shall obtain and maintain, to the extent reasonably available, fidelity bond insurance coverage for any Owner or Association employee who either handles or is responsible for funds held or administered by the Association. The bond or insurance shall name the Association as obligee, and 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 no event shall the bond or coverage be for an amount less than the sum of three months' assessments plus reserve funds, as calculated from the current budget of the Association. The bond or coverage shall include a provision that calls for ten days' written notice to the Association, before the bond can be cancelled or substantially modified for any reason.

The Association must also require any independent contractor who manages the Association to obtain and maintain fidelity bond insurance coverage in the same amount, to the extent that it is reasonably available, unless they are covered under the Association's fidelity bond insurance coverage.

7.4 Owner Policies. An insurance policy issued to the Association does not preclude Owners from obtaining insurance for their own benefit.

7.5 Workers Compensation Insurance. The Board of Directors shall obtain and maintain Workers Compensation Insurance if required to meet the requirements of the laws of the State of Colorado.

7.6 Directors' and Officers' Liability Insurance. The Board of Directors shall obtain and maintain directors' and officers' liability insurance, if reasonably available, covering all of the directors and officers of the Association. This insurance will have limits determined by the Board of Directors.

7.7 Other Insurance. The Association may carry other insurance which the Board of Directors considers appropriate to protect the Association.

7.8 Premiums. Insurance premiums for insurance carried by the Association shall be paid for by the Association as a Common Expense.

7.9 Procedures. The Board of Directors may adopt written nondiscriminatory policies and procedures for claims adjustment and responsibility for deductibles. To the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefitting from such repair or restoration all deductibles paid by the Association. If more than one Unit is damaged by a loss, the Association, in its reasonable discretion, may assess each Owner a pro rata share of any deductible paid by the Association.

7.10 Damage to Property. Any portion of The Condominium Community for which insurance is required under § 38-33.3-313 of the Act or for which insurance carried by the Association is in effect that is damaged or destroyed, shall be repaired or reconstructed by the Association in accordance with ARTICLE EIGHT hereof.