COMMUNITY DECLARATION
FOR
HIGHLANDS RANCH COMMUNITY ASSOCIATION, INC.
# TABLE OF CONTENTS

**FOR**

COMMUNITY DECLARATION

FOR

HIGHLANDS RANCH COMMUNITY ASSOCIATION, INC.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ARTICLE I</strong> GENERAL</td>
<td>1</td>
</tr>
<tr>
<td>Section 1.1 Project Area</td>
<td>1</td>
</tr>
<tr>
<td>Section 1.2 Purposes of Declaration</td>
<td>1</td>
</tr>
<tr>
<td>Section 1.3 Declaration</td>
<td>1</td>
</tr>
<tr>
<td><strong>ARTICLE II</strong> DEFINITIONS</td>
<td>2</td>
</tr>
<tr>
<td>Section 2.1 Administrative Functions</td>
<td>2</td>
</tr>
<tr>
<td>Section 2.2 Annexable Area</td>
<td>2</td>
</tr>
<tr>
<td>Section 2.3 Architectural Committee</td>
<td>2</td>
</tr>
<tr>
<td>Section 2.4 Articles of Incorporation</td>
<td>3</td>
</tr>
<tr>
<td>Section 2.5 Assessment</td>
<td>3</td>
</tr>
<tr>
<td>Section 2.6 Assessment Area</td>
<td>3</td>
</tr>
<tr>
<td>Section 2.7 Board of Directors</td>
<td>3</td>
</tr>
<tr>
<td>Section 2.8 Budget</td>
<td>3</td>
</tr>
<tr>
<td>Section 2.9 Bylaws</td>
<td>3</td>
</tr>
<tr>
<td>Section 2.10 Commercial Site</td>
<td>3</td>
</tr>
<tr>
<td>Section 2.11 Common Area</td>
<td>3</td>
</tr>
<tr>
<td>Section 2.12 Common Assessment</td>
<td>3</td>
</tr>
<tr>
<td>Section 2.13 Community Association</td>
<td>4</td>
</tr>
<tr>
<td>Section 2.14 Community Association Area</td>
<td>4</td>
</tr>
<tr>
<td>Section 2.15 Community Association Proper</td>
<td>4</td>
</tr>
<tr>
<td>Section 2.16 Community Declaration</td>
<td>4</td>
</tr>
<tr>
<td>Section 2.17 Condominium</td>
<td>4</td>
</tr>
<tr>
<td>Section 2.18 Declarant</td>
<td>4</td>
</tr>
<tr>
<td>Section 2.19 Dead of Trust</td>
<td>5</td>
</tr>
<tr>
<td>Section 2.20 Delegate</td>
<td>5</td>
</tr>
<tr>
<td>Section 2.21 Delegate District</td>
<td>5</td>
</tr>
<tr>
<td>Section 2.22 Development Guide</td>
<td>5</td>
</tr>
<tr>
<td>Section 2.23 FHA</td>
<td>5</td>
</tr>
<tr>
<td>Section 2.24 FELMC</td>
<td>5</td>
</tr>
<tr>
<td>Section 2.25 First Subdivision</td>
<td>5</td>
</tr>
<tr>
<td>Section 2.26 FUMA</td>
<td>5</td>
</tr>
<tr>
<td>Section 2.27 GNMA</td>
<td>5</td>
</tr>
<tr>
<td>Section 2.28 Government Mortgage Agencies</td>
<td>6</td>
</tr>
<tr>
<td>Section 2.29 Improvements</td>
<td>6</td>
</tr>
<tr>
<td>Section 2.30 Improvement to Property</td>
<td>6</td>
</tr>
<tr>
<td>Section 2.31 Industrial Site</td>
<td>6</td>
</tr>
<tr>
<td>Section 2.32 Maintenance Funds</td>
<td>6</td>
</tr>
<tr>
<td>Section 2.33 Manager</td>
<td>6</td>
</tr>
<tr>
<td>Section 2.34 Member</td>
<td>6</td>
</tr>
<tr>
<td>Section 2.35 Miscellaneous Use Site</td>
<td>6</td>
</tr>
<tr>
<td>Section 2.36 Mortgage</td>
<td>7</td>
</tr>
</tbody>
</table>
TABLE OF CONTENTS (Cont.)

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 2.37 Mortgagor</td>
<td>7</td>
</tr>
<tr>
<td>Section 2.38 Mortgagor</td>
<td>7</td>
</tr>
<tr>
<td>Section 2.39 Notice and Hearing</td>
<td>7</td>
</tr>
<tr>
<td>Section 2.40 Notice of Completion</td>
<td>7</td>
</tr>
<tr>
<td>Section 2.41 Owner</td>
<td>7</td>
</tr>
<tr>
<td>Section 2.42 Person</td>
<td>7</td>
</tr>
<tr>
<td>Section 2.43 Privately Owned Site</td>
<td>7</td>
</tr>
<tr>
<td>Section 2.44 Project Area</td>
<td>7</td>
</tr>
<tr>
<td>Section 2.45 Public Functions</td>
<td>8</td>
</tr>
<tr>
<td>Section 2.46 Record or Recorded</td>
<td>8</td>
</tr>
<tr>
<td>Section 2.47 Recreation Cost Center</td>
<td>8</td>
</tr>
<tr>
<td>Section 2.48 Recreation Functions</td>
<td>8</td>
</tr>
<tr>
<td>Section 2.49 Reimbursement Assessment</td>
<td>8</td>
</tr>
<tr>
<td>Section 2.50 Residential Site</td>
<td>8</td>
</tr>
<tr>
<td>Section 2.51 Rules and Regulations</td>
<td>9</td>
</tr>
<tr>
<td>Section 2.52 Special Assessment</td>
<td>9</td>
</tr>
<tr>
<td>Section 2.53 Subassociation</td>
<td>9</td>
</tr>
<tr>
<td>Section 2.54 Supplemental Declaration</td>
<td>9</td>
</tr>
<tr>
<td>Section 2.55 VA</td>
<td>9</td>
</tr>
</tbody>
</table>

ARTICLE III ANNEXATION TO COMMUNITY ASSOCIATION AREA

<table>
<thead>
<tr>
<th>SECTION</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 3.1 Property Hereby Made Subject</td>
<td>9</td>
</tr>
<tr>
<td>Section 3.2 Property Which May Be Annexed</td>
<td>9</td>
</tr>
<tr>
<td>Section 3.3 Manner of Annexation</td>
<td>10</td>
</tr>
<tr>
<td>Section 3.4 FEA/VA Approval of Annexations</td>
<td>11</td>
</tr>
<tr>
<td>Section 3.5 Withdrawal of Annexed Property By Declarant</td>
<td>11</td>
</tr>
<tr>
<td>Section 3.6 Expansion or Contraction of Annexable Area</td>
<td>12</td>
</tr>
</tbody>
</table>

ARTICLE IV COMMUNITY ASSOCIATION OPERATION

<table>
<thead>
<tr>
<th>SECTION</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 4.1 Community Association</td>
<td>12</td>
</tr>
<tr>
<td>Section 4.2 Community Association Board of Directors</td>
<td>12</td>
</tr>
<tr>
<td>Section 4.3 Membership in Community Association</td>
<td>12</td>
</tr>
<tr>
<td>Section 4.4 Establishment of Delegated District</td>
<td>13</td>
</tr>
<tr>
<td>Section 4.5 Voting Rights of Members</td>
<td>13</td>
</tr>
<tr>
<td>Section 4.6 Voting Rights of Delegates</td>
<td>14</td>
</tr>
<tr>
<td>Section 4.7 Delegates as Advisory Committee for Recreation Cost Center</td>
<td>15</td>
</tr>
</tbody>
</table>

ARTICLE V DUTIES AND POWERS OF COMMUNITY ASSOCIATION

<table>
<thead>
<tr>
<th>SECTION</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 5.1 General Duties and Powers of Association</td>
<td>15</td>
</tr>
<tr>
<td>Section 5.2 Duty to Accept Property and Facilities Transferred by Declarant</td>
<td>16</td>
</tr>
</tbody>
</table>
# TABLE OF CONTENTS (Cont.)

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 5.3 Duty of Manage and Care for Property</td>
<td>16</td>
</tr>
<tr>
<td>Section 5.4 Duty to Pay Taxes</td>
<td>16</td>
</tr>
<tr>
<td>Section 5.5 Duty to Maintain Casualty Insurance</td>
<td>17</td>
</tr>
<tr>
<td>Section 5.6 Duty to Maintain Liability Insurance</td>
<td>17</td>
</tr>
<tr>
<td>Section 5.7 General Provisions Respecting Insurance</td>
<td>17</td>
</tr>
<tr>
<td>Section 5.8 Fidelity Bonds Required</td>
<td>18</td>
</tr>
<tr>
<td>Section 5.9 Other Insurance and Bonds</td>
<td>18</td>
</tr>
<tr>
<td>Section 5.10 Insurance and Bonds Required by Government Mortgage Agencies</td>
<td>18</td>
</tr>
<tr>
<td>Section 5.11 Duty to Prepare Budgets</td>
<td>18</td>
</tr>
<tr>
<td>Section 5.12 Duty to Levy and Collect Assessments</td>
<td>18</td>
</tr>
<tr>
<td>Section 5.13 Duty to Provide Audit</td>
<td>18</td>
</tr>
<tr>
<td>Section 5.14 Duties with Respect to Architectural Approvals</td>
<td>18</td>
</tr>
<tr>
<td>Section 5.15 Power to Acquire Property and Construct Improvements</td>
<td>18</td>
</tr>
<tr>
<td>Section 5.16 Power to Adopt Rules and Regulations</td>
<td>19</td>
</tr>
<tr>
<td>Section 5.17 Power to Enforce Declaration and Rules and Regulations</td>
<td>19</td>
</tr>
<tr>
<td>Section 5.18 Power to Provide Public Functions</td>
<td>20</td>
</tr>
<tr>
<td>Section 5.19 Power to Provide Services to Sub-associations</td>
<td>20</td>
</tr>
<tr>
<td>Section 5.20 Power to Provide Special Services for Members</td>
<td>20</td>
</tr>
<tr>
<td>Section 5.21 Power to Charge for Facilities and Services</td>
<td>21</td>
</tr>
<tr>
<td>Section 5.22 Power to Grant Easements</td>
<td>21</td>
</tr>
<tr>
<td>Section 5.23 Power to Convey and Dedicate Property to Government Agencies</td>
<td>21</td>
</tr>
<tr>
<td>Section 5.24 Power to Borrow Money and Mortgage Property</td>
<td>21</td>
</tr>
<tr>
<td>Section 5.25 Power to Employ Managers</td>
<td>21</td>
</tr>
<tr>
<td>Section 5.26 Power to Engage Employees, Agents and Consultants</td>
<td>22</td>
</tr>
<tr>
<td>Section 5.27 General Corporate Powers</td>
<td>22</td>
</tr>
<tr>
<td>Section 5.28 Powers as to Trash Collection</td>
<td>22</td>
</tr>
</tbody>
</table>

## ARTICLE VI COMMUNITY ASSOCIATION PROPERTIES

<p>| Section 6.1 Members' Rights of Use and Enjoyment Generally                  | 23       |
| Section 6.2 Right of Association to Regulate Use                            | 23       |
| Section 6.3 Right of Association to Allow Public Use                        | 23       |
| Section 6.4 No Partition of Community Association Properties                | 23       |</p>
<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 6.5 Liability of Owners for Damage by Member</td>
<td>23</td>
</tr>
<tr>
<td>Section 6.6 Association Duties if Damage, Destruction or Required Improvements</td>
<td>24</td>
</tr>
<tr>
<td>Section 6.7 Association Powers in the Event of Condemnation</td>
<td>24</td>
</tr>
<tr>
<td>Section 6.8 Title to Community Association Properties on Dissolution of Community Association</td>
<td>25</td>
</tr>
<tr>
<td>ARTICL E VII DECLARANT'S RIGHTS AND RESERVATIONS</td>
<td>25</td>
</tr>
<tr>
<td>Section 7.1 Period of Declaratant's Rights and Reservations</td>
<td>25</td>
</tr>
<tr>
<td>Section 7.2 Right to Construct Additional Improvements on Community Association Properties</td>
<td>25</td>
</tr>
<tr>
<td>Section 7.3 Declaratant's Rights to Use Community Association Properties in Promotion and Marketing of Community Association Area</td>
<td>26</td>
</tr>
<tr>
<td>Section 7.4 Declaratant's Rights to Complete Development of Project Area</td>
<td>26</td>
</tr>
<tr>
<td>Section 7.5 Declaratant's Approval of Conveyances or Changes in Community Association Properties</td>
<td>27</td>
</tr>
<tr>
<td>Section 7.6 Declaratant's Rights to Grant and Create Easements</td>
<td>27</td>
</tr>
<tr>
<td>Section 7.7 Declaratant's Rights to Convey Additional Property to Community Association</td>
<td>27</td>
</tr>
<tr>
<td>Section 7.8 Limitations Imposed by Government Mortgage Agencies</td>
<td>27</td>
</tr>
<tr>
<td>ARTICL E VIII ASSESSMENTS, BUDGETS AND FUNDS</td>
<td>27</td>
</tr>
<tr>
<td>Section 8.1 Maintenance Funds to Be Established</td>
<td>27</td>
</tr>
<tr>
<td>Section 8.2 Establishment of Other Funds</td>
<td>28</td>
</tr>
<tr>
<td>Section 8.3 Deposits of Common Assessments to Maintenance Funds</td>
<td>28</td>
</tr>
<tr>
<td>Section 8.4 Other Deposits to Maintenance Funds</td>
<td>28</td>
</tr>
<tr>
<td>Section 8.5 Disbursements from Maintenance Funds</td>
<td>29</td>
</tr>
<tr>
<td>Section 8.6 No Commingling of Maintenance Funds</td>
<td>29</td>
</tr>
<tr>
<td>Section 8.7 Authority for Disbursements</td>
<td>29</td>
</tr>
<tr>
<td>Section 8.8 Common Assessments</td>
<td>29</td>
</tr>
<tr>
<td>Section 8.9 Apportionment of Administrative Functions Common Assessments</td>
<td>30</td>
</tr>
<tr>
<td>DESCRIPTION</td>
<td>PAGE NO.</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Section 8.10 Obligation for Recreation Function</td>
<td>30</td>
</tr>
<tr>
<td>Common Assessments - How Established</td>
<td></td>
</tr>
<tr>
<td>Section 8.11 Apportionment of Recreation Function</td>
<td>30</td>
</tr>
<tr>
<td>Common Assessments</td>
<td></td>
</tr>
<tr>
<td>Section 8.12 Apportionment of Public Functions</td>
<td>31</td>
</tr>
<tr>
<td>Common Assessments</td>
<td></td>
</tr>
<tr>
<td>Section 8.13 Determination of Imputed Market Value</td>
<td>31</td>
</tr>
<tr>
<td>Section 8.14 Initial Determination of Actual Market Value</td>
<td>31</td>
</tr>
<tr>
<td>Section 8.15 Redetermination of Actual Market Value</td>
<td>31</td>
</tr>
<tr>
<td>Section 8.16 Redetermination Based on Recent Sales Price</td>
<td>32</td>
</tr>
<tr>
<td>Section 8.17 Redetermination if No Recent Sales Price</td>
<td>32</td>
</tr>
<tr>
<td>Section 8.18 Redetermination if New Construction</td>
<td>32</td>
</tr>
<tr>
<td>Section 8.19 Funding of Reserve Funds</td>
<td>32</td>
</tr>
<tr>
<td>Section 8.20 Supplemental Common Assessments</td>
<td>33</td>
</tr>
<tr>
<td>Section 8.21 Limitation on AFCAs and RFCAs</td>
<td>33</td>
</tr>
<tr>
<td>Section 8.22 Annual Budgets</td>
<td>33</td>
</tr>
<tr>
<td>Section 8.23 No Disbursements to Abate Adjoining Nuiances</td>
<td>33</td>
</tr>
<tr>
<td>Section 8.24 Assessment for Unsold Sites</td>
<td>34</td>
</tr>
<tr>
<td>Section 8.25 Maximum Administrative Functions and Recreation Functions</td>
<td></td>
</tr>
<tr>
<td>Common Assessments</td>
<td>34</td>
</tr>
<tr>
<td>Section 8.26 Supplemental Administrative Functions and Recreation Functions</td>
<td></td>
</tr>
<tr>
<td>and Common Assessments</td>
<td>34</td>
</tr>
<tr>
<td>Section 8.27 Delegate Approval of Increase in Maximum Common Assessments</td>
<td>34</td>
</tr>
<tr>
<td>Section 8.28 Commencement of Common Assessments - Assessment Area</td>
<td>34</td>
</tr>
<tr>
<td>Section 8.29 Payment of Assessment</td>
<td>35</td>
</tr>
<tr>
<td>Section 8.30 Failure to Fix Assessment</td>
<td>35</td>
</tr>
<tr>
<td>Section 8.31 Special Assessment for Capital Expenditures</td>
<td>35</td>
</tr>
<tr>
<td>Section 8.32 Reimbursement Assessments</td>
<td>36</td>
</tr>
<tr>
<td>Section 8.33 Late Charges and Interest</td>
<td>36</td>
</tr>
<tr>
<td>Section 8.34 Attribution of Payments</td>
<td>37</td>
</tr>
<tr>
<td>Section 8.35 Notice of Default and Acceleration of Assessments</td>
<td>37</td>
</tr>
<tr>
<td>Section 8.36 Remedies to Enforce Assessments</td>
<td>37</td>
</tr>
<tr>
<td>Section 8.37 Lawsuit to Enforce Assessments</td>
<td>38</td>
</tr>
<tr>
<td>Section 8.38 Lien to Enforce Assessments</td>
<td>38</td>
</tr>
<tr>
<td>Section 8.39 Stopgap Certificates</td>
<td>38</td>
</tr>
<tr>
<td>Section 8.40 No Offsets</td>
<td>39</td>
</tr>
</tbody>
</table>
TABLE OF CONTENTS (Cont.)

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARTICLE IX</td>
<td>GENERAL RESTRICTIONS APPLICABLE TO PROPERTY</td>
</tr>
<tr>
<td>Section 9.1</td>
<td>Maintenance of Property</td>
</tr>
<tr>
<td>Section 9.2</td>
<td>No Noxious or Offensive Activity</td>
</tr>
<tr>
<td>Section 9.3</td>
<td>Annoying Sounds or Odors</td>
</tr>
<tr>
<td>Section 9.4</td>
<td>No Hazardous Activities</td>
</tr>
<tr>
<td>Section 9.5</td>
<td>No Unlightlines</td>
</tr>
<tr>
<td>Section 9.6</td>
<td>Restrictions on Garbage, and Trash Disposal</td>
</tr>
<tr>
<td>Section 9.7</td>
<td>No Temporary Structures</td>
</tr>
<tr>
<td>Section 9.8</td>
<td>Restrictions on Antennae, Pipes and Utility Lines</td>
</tr>
<tr>
<td>Section 9.9</td>
<td>Restrictions on Signs and Advertising Devices</td>
</tr>
<tr>
<td>Section 9.10</td>
<td>Restrictions on Mining or Drilling</td>
</tr>
<tr>
<td>Section 9.11</td>
<td>Maintenance of Drainage</td>
</tr>
<tr>
<td>Section 9.12</td>
<td>Compliance with Insurance Requirements</td>
</tr>
<tr>
<td>Section 9.13</td>
<td>Compliance with Laws</td>
</tr>
<tr>
<td>Section 9.14</td>
<td>Restrictions on Sewage Disposal Systems</td>
</tr>
<tr>
<td>Section 9.15</td>
<td>Restrictions on Water Systems</td>
</tr>
<tr>
<td>Section 9.16</td>
<td>Restoration in the Event of Damage or Destruction</td>
</tr>
</tbody>
</table>

ARTICLE X  ARCHITECTURAL APPROVAL

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 10.1</td>
<td>Approval of Improvements Required</td>
</tr>
<tr>
<td>Section 10.2</td>
<td>Improvement of Property Defined</td>
</tr>
<tr>
<td>Section 10.3</td>
<td>Membership of Committee</td>
</tr>
<tr>
<td>Section 10.4</td>
<td>Address of Committee</td>
</tr>
<tr>
<td>Section 10.5</td>
<td>Required Approval by Any Subassociation Architectural Committee</td>
</tr>
<tr>
<td>Section 10.6</td>
<td>Submission of Plans</td>
</tr>
<tr>
<td>Section 10.7</td>
<td>Criteria for Approval</td>
</tr>
<tr>
<td>Section 10.8</td>
<td>Committee Guidelines or Rules</td>
</tr>
<tr>
<td>Section 10.9</td>
<td>Architectural Review Fee</td>
</tr>
<tr>
<td>Section 10.10</td>
<td>Decision of Committee</td>
</tr>
<tr>
<td>Section 10.11</td>
<td>Appeal to Association Board</td>
</tr>
<tr>
<td>Section 10.12</td>
<td>Failure of Committee to Act on Plans</td>
</tr>
<tr>
<td>Section 10.13</td>
<td>Prosecution of Work After Approval</td>
</tr>
<tr>
<td>Section 10.14</td>
<td>Notice of Completion</td>
</tr>
<tr>
<td>Section 10.15</td>
<td>Inspection of Work</td>
</tr>
<tr>
<td>Section 10.16</td>
<td>Notice of Noncompliance</td>
</tr>
<tr>
<td>Section 10.17</td>
<td>Failure of Committee to Act After Completion of Notice of Noncompliance</td>
</tr>
<tr>
<td>Section 10.18</td>
<td>Appeal to Association Board of Finding of Noncompliance</td>
</tr>
<tr>
<td>Section 10.19</td>
<td>Correction of Noncompliance</td>
</tr>
<tr>
<td>Section 10.20</td>
<td>No Expiration Waiver or Escallop</td>
</tr>
<tr>
<td>DESCRIPTION</td>
<td>PAGE NO.</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Section 10.21 Committee Power to Grant Variances</td>
<td>47</td>
</tr>
<tr>
<td>Section 10.22 Compensation of Members</td>
<td>48</td>
</tr>
<tr>
<td>Section 10.23 Meetings of Committees</td>
<td>48</td>
</tr>
<tr>
<td>Section 10.24 Records of Actions</td>
<td>48</td>
</tr>
<tr>
<td>Section 10.25 Escalation Certificates</td>
<td>48</td>
</tr>
<tr>
<td>Section 10.26 Nonliability for Committee Action</td>
<td>48</td>
</tr>
<tr>
<td>Section 10.27 Construction Period Exception</td>
<td>49</td>
</tr>
<tr>
<td><strong>ARTICLE XI MISCALLNEOUS</strong></td>
<td>49</td>
</tr>
<tr>
<td>Section 11.1 Term of Declaration</td>
<td>49</td>
</tr>
<tr>
<td>Section 11.2 Amendment of Community Declaration</td>
<td>50</td>
</tr>
<tr>
<td>by Declarant</td>
<td>49</td>
</tr>
<tr>
<td>Section 11.3 Amendment of Community Declaration</td>
<td>50</td>
</tr>
<tr>
<td>by Members</td>
<td>50</td>
</tr>
<tr>
<td>Section 11.4 Amendment Required by Government</td>
<td>50</td>
</tr>
<tr>
<td>Mortgage Agencies</td>
<td>50</td>
</tr>
<tr>
<td>Section 11.5 Required Consent of Declarant to Am-</td>
<td>50</td>
</tr>
<tr>
<td>endment</td>
<td></td>
</tr>
<tr>
<td>Section 11.6 Amendment of Articles and Bylaws</td>
<td>51</td>
</tr>
<tr>
<td>Section 11.7 Special Rights of First Mortgagess</td>
<td>51</td>
</tr>
<tr>
<td>Section 11.8 First Mortgagee Exemption from</td>
<td>52</td>
</tr>
<tr>
<td>Rights of First Refusal</td>
<td>52</td>
</tr>
<tr>
<td>Section 11.9 Priority of First Mortgage Over Ass-</td>
<td>52</td>
</tr>
<tr>
<td>sessments</td>
<td>52</td>
</tr>
<tr>
<td>Section 11.10 First Mortgagee Right to Pay Taxes</td>
<td>52</td>
</tr>
<tr>
<td>and Insurance Premiums</td>
<td>52</td>
</tr>
<tr>
<td>Section 11.11 Agreements with Government Mortgage</td>
<td>52</td>
</tr>
<tr>
<td>Agencies</td>
<td>52</td>
</tr>
<tr>
<td>Section 11.12 Association Right to Mortgage Infor-</td>
<td>52</td>
</tr>
<tr>
<td>mation</td>
<td>52</td>
</tr>
<tr>
<td>Section 11.13 Special Approvals by First Mortga-</td>
<td>52</td>
</tr>
<tr>
<td>ges</td>
<td>52</td>
</tr>
<tr>
<td>Section 11.14 FHA/VA Approval</td>
<td>53</td>
</tr>
<tr>
<td>Section 11.15 Notices</td>
<td>54</td>
</tr>
<tr>
<td>Section 11.16 Persons Entitled to Enforce Declar-</td>
<td>54</td>
</tr>
<tr>
<td>ation</td>
<td>54</td>
</tr>
<tr>
<td>Section 11.17 Violations Costume by Nuisance</td>
<td>54</td>
</tr>
<tr>
<td>Section 11.18 Enforcement by Self Help</td>
<td>54</td>
</tr>
<tr>
<td>Section 11.19 Violutions of Law</td>
<td>54</td>
</tr>
<tr>
<td>Section 11.20 Remedies Cumulative</td>
<td>54</td>
</tr>
<tr>
<td>Section 11.21 Costs and Attorneys' Fees</td>
<td>55</td>
</tr>
<tr>
<td>Section 11.22 Limitations of LIABILITY</td>
<td>55</td>
</tr>
<tr>
<td>Section 11.23 No Representations or Warranties</td>
<td>55</td>
</tr>
<tr>
<td>Section 11.24 Liberal Interpretation</td>
<td>55</td>
</tr>
<tr>
<td>Section 11.25 Governing Law</td>
<td>55</td>
</tr>
<tr>
<td>Section 11.26 Severability</td>
<td>55</td>
</tr>
<tr>
<td>Section 11.27 Number and Gendar</td>
<td>55</td>
</tr>
<tr>
<td>Section 11.28 Captions for Convenience</td>
<td>55</td>
</tr>
<tr>
<td>Section 11.29 Mergers or Consolidations</td>
<td>55</td>
</tr>
</tbody>
</table>
EXHIBIT "A" - LEGAL DESCRIPTION OF FIRST SUBDIVISION
       (RESIDENTIAL SITES AND COMMUNITY ASSOCIATION
       PROPERTIES)
EXHIBIT "B" - LEGAL DESCRIPTION OF ANNEXABLE AREA
EXHIBIT "C" - ARTICLES OF INCORPORATION OF THE COMMUNITY
       ASSOCIATION
EXHIBIT "D" - BYLAWS OF THE COMMUNITY ASSOCIATION
This Community Declaration is made as of this 1st day of September, 1981 by Mission Viejo Company, a California corporation ("Declarant").

ARTICLE I

GENERAL

Section 1.1. Project Area. Declarant is the owner of certain parcels of land in the unincorporated area of Douglas County, Colorado, containing approximately 22,000 acres, known as the Historic Highlands Ranch which, with other parcels, is defined in this Community Declaration as the "Project Area." By resolutions adopted September 17, 1979, the Board of County Commissioners of Douglas County approved a Planned Community District Development Guide ("Development Guide") for the New Town of Highlands Ranch. Declarant intends to develop the Project Area as a balanced, planned community accommodating a mix of residential, commercial, industrial and other land uses, including substantial nonurban area and open space, in accordance with the Development Guide as the same may be amended from time to time.

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

Section 1.3. Declaration. Declarant, for itself, its successors and assigns, hereby declares that all property which becomes subject to this Community Declaration in the manner hereinafter provided, and each part thereof, shall, from the date the same becomes subject to this Community 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 Community Declaration, for the duration thereof, 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 Community Declaration are intended to and shall run with the land and, until their expiration in accordance with Section 11.1 herein, shall bind, be a charge upon and inure to the mutual benefit of (a) all of the property which becomes part of the Community Association Area and each part or parcel thereof, (b) Declarant and its successors and assigns, (c) the Community Association and its successors and assigns, and (d) all Persons having or acquiring any right, title or interest in any property which becomes part of the Community Association Area or any part or parcel thereof or any improvement thereon and their heirs, personal representatives, successors and assigns.

ARTICLE II
DEFINITIONS

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

Section 2.1. Administrative Functions. "Administrative Functions" shall mean all functions as are necessary and proper under this Community Declaration, except Recreation Functions and Public Functions, as hereinafter defined, and shall include, without limitation, providing management and administration of the Community Association, providing architectural review services under Article X hereof, incurring reasonable attorneys' fees, Manager fees, and accountants' fees, obtaining errors and omissions insurance for officers, directors and agents of the Community Association, obtaining fidelity bonds for any Person handling funds of the Community Association, paying taxes levied against the Community Association Properties, incurring closing fees, recording costs and bookkeeping fees, obtaining and maintaining office and office furniture and equipment and performing other such reasonable and ordinary administrative tasks associated with operating the Community Association.

Section 2.2. Annexable Areas. "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 Community Declaration pursuant to the provisions of Section 3.5 of this Community Declaration. The Annexable Area may be expanded or contracted as provided in Section 3.6 of this Community Declaration.

Section 2.3. Architectural Committee. "Architectural Committee" shall mean the Committee provided for in Article X of this Community Declaration.
Section 3.4. Articles of Incorporation. "Articles of Incorporation" shall mean the Articles of Incorporation of Highlands Ranch Community Association, Inc., which have been or will be filed in the office of the Secretary of State of the State of Colorado, a copy of which is attached hereto as Exhibit "C", as the same may be amended from time to time.

Section 3.5. Assessment. "Assessment" shall mean a Common Assessment, a Special Assessment or a Reimbursement Assessment as hereinafter defined.

Section 3.6. Assessment Area. "Assessment Area" shall be a portion of the Community Association Area so designated in a Supplemental Declaration for purposes of determining when Common Assessments shall commence against certain Privately Owned Sites and the Owners thereof.

Section 3.7. Board of Directors. "Board of Directors" or "Board" shall mean the Board of Directors of the Community Association.

Section 3.8. Budget. "Budget" shall mean a written, itemized estimate of the expenses to be incurred by the Community Association in performing the functions under this Community Declaration and prepared pursuant to Section 8.22 of this Community Declaration.

Section 3.9. Bylaws. "Bylaws" shall mean the Bylaws of the Community Association which have been or will be adopted by the Board of Directors of the Community Association, a copy of which is attached hereto as Exhibit "D", as the same may be amended from time to time.

Section 3.10. Commercial Site. "Commercial Site" shall mean a Privately Owned Site within the Community Association Area which is designated in a Supplemental Declaration covering such Site for commercial use.

Section 3.11. Common Area. "Common Area" shall mean any portion of the Community Association Area designated as Common Area which is for the primary use and benefit of the Owners of certain Privately Owned Sites as may be provided in a Supplemental Declaration covering such portion of the Community 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 Subassociation may have an easement for maintenance purposes, or (d) by a cooperative housing corporation as defined in Section 116 of the Internal Revenue Code.

Section 3.12. Common Assessment. "Common Assessment" shall mean the assessments made for the purpose of covering the portion of the annual costs of operating the Community Association, including expenses incurred in connection with any authorized
function of the Community Association, which are to be paid by each
owner to the Community 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") and may or may not include a Recreation
Functions Common Assessment ("RFCA") or a Public Functions Common
Assessment ("PFCA"), or both, as further provided in Section 8.8 of
this Community Declaration.

Section 2.13. Community Association. "Community Asso-
ciation" shall mean Mission Viejo Community Association, Inc., a
Colorado corporation, its successors and assigns.

Association Area" means the first Subdivision together with any
real property which hereafter becomes subject to this Community
Declaration by the execution and recordation of a Supplemental
Declaration as provided in Section 3.3 of this Community Declara-
tion.

Section 2.15. Community Association Properties. "Com-
munity Association Properties" shall mean all real and personal
property, including improvements, now or hereafter owned by the
Community Association or with respect to which the Community
Association holds an easement for the use, care or maintenance
thereof, held for the common use and enjoyment of certain of its
Members as provided herein and for other purposes as may be per-
mitted by this Community Declaration.

Section 2.16. Community Declaration. "Community Decla-
ration" shall mean this instrument as it may be amended from time to
time.

Section 2.17. Condominium. "Condominium" shall mean (a)
a "condominium unit" as defined in Section 38-33-103 of the Colorado
Condominium Ownership Act, or as defined in any Colorado statute or
statutes in lieu of any of such statutes which may hereafter be
enacted; or (b) that portion of real property owned by a cooperative
housing corporation, as defined in Section 118 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 therein.

Section 2.18. Declarant. "Declarant" shall mean Mission
Viejo Company, a California corporation, its successors and ass-
signs. A person shall be deemed a "successor and assign of Mission
Viejo Company as Declarant only if specifically designated in a duly
Recorded instrument as a successor or assign of Declarant under this
Community Declaration and shall be deemed a successor and assign of
Declarant only as to the particular rights or interests of Declarant
under this Community Declaration which are specifically designated
in such written instrument. However, a successor to Mission Viejo
Company by consolidation or merger shall automatically be deemed a
successor or assign of Mission Viejo Company as Declarant under this Community Declaration.

Section 2.18. Deed of Trust. "Deed of Trust" shall mean a Mortgage as hereinafter defined.

Section 2.19. Delegate. "Delegate" shall mean the natural person selected by Members within a Delegate District pursuant to Section 2.5 hereof to represent such Delegate District and to cast votes on behalf of Members within such Delegate District as provided in this Community Declaration.

Section 2.20. Delegate District. "Delegate District" shall mean a geographical area which may constitute any portion or portions of the Community Association Area and from which all Members in that Delegate District shall elect a single Delegate to represent their collective voting power, as further provided in Article IV hereof.

Section 2.21. Development Guide. "Development Guide" shall mean the Planned Community District Development Guide for the New Town of Highlands Ranch as approved September 17, 1979, by the Board of County Commissioners of Douglas County, Colorado, and as recorded on October 25, 1979, in Book 373, Pages 187 to 264, inclusive, in the office of the Clerk of the Recorder of Douglas County, Colorado, as the Development Guide may be amended from time to time.

Section 2.22. FHA. "FHA" shall mean the Federal Housing Administration of the United States Department of Housing and Urban Development, including such department or agency of the United States government as shall succeed to the FHA in insuring notes secured by mortgages and deeds of trust on residential real estate.

Section 2.23. FHLMC. "FHLMC" shall mean the Federal Home Loan Mortgage Corporation or the Mortgage Corporation created by Title III of the Emergency Home Finance Act of 1970, including any successors thereto.

Section 2.24. First Subdivision. "First Subdivision" shall mean the real property described in Exhibit "A", attached hereto and incorporated herein by this reference, which property Declarant intends to develop as Residential Sites and Community Association Properties.

Section 2.25. FNMA. "FNMA" shall mean the Federal National Mortgage Association, a government-sponsored private corporation established as such pursuant to Title VIII of the Housing and Urban Development Act of 1968, including any successor thereto.

Section 2.26. GNMA. "GNMA" shall mean the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, including any successor thereto.
Section 2.28. Government Mortgage Agencies. "Government Mortgage Agencies" shall mean the FHA, the VA, the FNMA, the GNMA, the FNMA, or any similar entity, public or private, authorized, approved or sponsored by any governmental agency to insure, guarantee, make or purchase Mortgage Loans.

Section 2.29. Improvements. "Improvements" shall mean all structures and any appurtenances thereto of every type or kind, including, but not limited to, buildings, outbuildings, swimming pools, patio covers, awnings, painting of any exterior surfaces of any visible structures, additions, walkways, bicycle trails, sprinkler pipes, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, fixtures, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior tanks, solar equipment, exterior air conditioning and water softener fixtures.

Section 2.30. Improvement to Property. "Improvement to Property" shall mean any improvement, change, alteration or addition to any property within the Community Association Area.

Section 2.31. Industrial Site. "Industrial Site" shall mean any site or area within the Community Association Area designated in the Supplemental Declaration covering such Site for industrial uses.

Section 2.32. Maintenance Funds. "Maintenance Funds" shall mean the funds into which the Board shall deposit monies paid to the Community Association and from which disbursements shall be made in the performance of the duties, powers or functions of the Community Association.

Section 2.33. Manager. "Manager" shall mean any one or more Persons employed by the Community Association as hereinafter provided in this Community Declaration who is engaged to perform any of the duties, powers or functions of the Community Association.

Section 2.34. Member. "Member" shall mean the Person, or if more than one, all Persons collectively, who constitute the Owner of a Privately Owned Site.

Section 2.35. Miscellaneous Use Site. "Miscellaneous Use Site" shall mean any Privately Owned Site within the Community Association Area designated in the Supplemental Declaration covering such Site for agricultural, mixed residential and office, or other uses, except any Residential Site, Industrial Site or Commercial Site. The manner in which any Miscellaneous Use Site will utilize any Community Association Properties and contribute to the cost of operating the Community Association shall be set forth in the Supplemental Declaration covering such Site.
Section 2.35. Mortgage. "Mortgage" shall mean any mortgage or deed of trust or other such instrument, given voluntarily by the owner of a Privately Owned Site, encumbering the Privately Owned Site to secure the performance of an obligation or the payment of a debt and which is required to be released upon performance of the obligation or payment of the debt. The term "Deed of Trust" when used herein shall be synonymous with the term "Mortgage."

Section 2.37. Mortgagor. "Mortgagor" shall mean a mortgagor under a Mortgage, or a beneficiary under a Deed of Trust, as the case may be, and the assignee of such Mortgagor.

Section 2.38. Mortgagor. "Mortgagor" shall mean the Person who mortgages his or its property to another (i.e., the maker or grantor of a Mortgage). The term "Mortgagor" shall include a Trustor under a Deed of Trust.

Section 2.39. Notice and Hearing. "Notice and Hearing" shall mean a written notice and a public hearing before the Board of Directors or a tribunal appointed by the Board, in the manner provided in the Bylaws.

Section 2.40. 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 X of this Community Declaration.

Section 2.41. Owner. "Owner" shall mean the Person, including Declarant, or if more than one, all Persons collectively, who hold the simple title of Record 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 shall be the Owner for purposes of this Community Declaration, and not the lessees or tenants thereof.

Section 2.42. Person. "Person" shall mean a natural person, a corporation, a partnership or any other entity.

Section 2.43. Privately Owned Site. "Privately Owned Site" or "Site" shall mean any Condominium or any lot or parcel of land within the Community 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) any property owned by a public body, (b) the Community Association Properties, or (c) any Common Area as defined herein.

Section 2.44. Project Area. "Project Area" shall mean the aggregate of the Community Association Area, which is subject to this Community Declaration at any point in time, and the Accessible
Area, which may at any time thereafter be annexed to the Community Association Area and thereby be made subject to this Community Declaration.

Section 2.45. Public Functions. "Public Functions" shall mean providing public services commonly associated with municipal or other local governments, including, without limitation, providing security protection, fire protection, animal control, vegetation control, insect and pest control, television service, parking facilities, public transportation facilities, hospitals, cultural and educational facilities, drainage facilities, trash and solid waste disposal services, and utility services. The foregoing list shall not be deemed to be a representation by Declarant of services or facilities which will be available for use of the Owners.

Section 2.46. Record or Recorded. "Record" or "Recorded" shall mean the filing for record of any document in the office of the Clerk and Recorder of Douglas County, Colorado.

Section 2.47. Recreation Cost Center. "Recréation Cost Center" shall mean one or more recreational improvements on a portion or portions of the Community Association Properties which improvements are restricted for the exclusive use of certain Owners of Privately Owned Sites, and where the operation of maintaining such improvements are borne solely by such Owners. There may be one or more Recreation Cost Centers established in the Community Association Area, as further provided in Section 8.10 hereof.

Section 2.48. 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 of services or facilities which will be available for the use of the Owners.

Section 2.49. Reimbursement Assessment. "Reimbursement Assessment" shall mean a charge against a particular Owner and his Privately Owned Site for the purpose of reimbursing the Community Association for expenditures and other costs of the Community Association in curing any violation directly attributable to the Owner, of the Community Declaration or the Rules and Regulations, pursuant to Section 8.32 hereof, together with late charges and interest as provided for herein.

Section 2.50. Residential Site. "Residential Site" shall mean any Privately Owned Site within the Community Association Area designated in the Supplemental Declaration covering that Site for apartment rental, single family or multi-family dwelling purposes.
Section 2.51. Rules and Regulations. "Rules and Regulations" shall mean rules and regulations adopted by the Board of Directors as provided in Section 5.16 of this Community Declaration.

Section 2.52. Special Assessment. "Special Assessment" shall mean a charge against each owner and his Privately Owned Site representing a portion of the cost of the Community Association for the purpose of making major capital repairs, maintenance, replacements and improvements, pursuant to Section 8.31 hereof.

Section 2.53. Subassociation. "Subassociation" shall mean any Colorado corporation, or unincorporated association, and its successors and assigns, organized and established or authorized pursuant to, or in connection with, one or more Supplemental Declarations and of which the membership is composed of Owners of Privately Owned Sites within all or part of the area covered by the Supplemental Declarations.

Section 2.54. Supplemental Declaration. "Supplemental Declaration" shall mean a written instrument containing covenants, conditions, restrictions, reservations, easements or equitable servitudes, or any combination thereof, which may be recorded on any portion of the Annexable Area in accordance with Section 3.3 of this Community Declaration.

Section 2.55. VA. "VA" shall mean the Veterans Administration of the United States of America, including such department or agency of the United States government as shall succeed to the VA in its present function of issuing guarantees with respect to notes secured by Mortgages on Residential Sites.

ARTICLE III

ANNEXATION TO COMMUNITY ASSOCIATION AREA

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

Section 3.2. Property Which May Be Annexed. Declarant may, but shall in no way be required to, from time to time, unilaterally, add to the Community Association Area all or any portion of the Annexable Area; provided that Declarant demonstrates reasonable progress in the development of Privately Owned Sites. Delays in development or sale of the Privately Owned Sites, resulting from causes beyond the reasonable control of Declarant, shall not affect the right of Declarant to annex further property to the Community Association Area. In any event, it shall be conclusively presumed that Declarant is reasonably progressing in the development of Privately Owned Sites if the first annexation
proposed by Declarant under this Community Declaration is effected prior to the third (3rd) anniversary of the Recordation of this Community Declaration, and if any subsequent annexation proposed by Declarant hereunder is effected prior to the third (3rd) anniversary of the Recordation of the most recently recorded Supplemental Declaration annexing a portion of the Annexable Area to the Community Association Area. Should Declarant fail to demonstrate reasonable progress in the development of Privately Owned Sites as provided above, then such annexation shall further require the vote of Delegates representing two-thirds (2/3rds) of the voting power of the Community Association (excluding any voting power of the Declarant).

Section 3.3. Manner of Annexation. Real property ("Annexed Property") within the Annexable Area, as defined above, may, from time to time, become part of the Community Association Area and subject to this Community Declaration effective upon the Recordation in the office of the Clerk and Recorder of Douglas County, Colorado, of a Supplemental Declaration meeting the requirements hereinafter set forth. A Supplemental Declaration (a) shall be executed and acknowledged by the owner 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 Community Association Area; (c) shall contain an adequate legal description of the Annexed Property; (d) shall contain a reference to this Community Declaration which shall state its date, its date of Recordation and the book and page of the Records of the Clerk and Recorder of Douglas County, Colorado, where this Community Declaration is Record; (e) shall state the land classification (residential, commercial, industrial or otherwise) of the Annexed Property; (f) shall designate the Assessment Area or Assessment Areas covered by the Supplemental Declaration; (g) shall contain a statement that the Annexed Property is declared to be part of the Community Association Area under this Community Declaration and that the Annexed Property shall be subject to this Community Declaration; (h) shall state whether the Owners of any Privately Owned Sites therein or other Persons shall be authorized to use any Recreational Center; (i) shall designate in which Subassociation or Subassociation the Annexed Property is located; and (j) shall provide that Sites therein shall be subject to the jurisdiction of a Subassociation or shall not be subject to the jurisdiction of a Subassociation. A Supplemental Declaration may provide for phased development so that real property may be made subject to the Supplemental Declaration and this Community 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 additional covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes and other provisions than those set forth in this Community 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 Community Declaration, except to the extent specifically stated in the Supplemental Declaration. No annexation of Annexed Property by Declarant through a Supplemental Declaration shall have the direct effect of increasing the then-current budgeted expenses of the Community Association by more than twenty percent (20%) or substantially overburdening the Community Association Properties. If any such annexation would have such effect, Declarant may nevertheless annex such Annexed Property so long as Declarant agrees to subsidize directly to the Community Association no less than the amount of any excess expenses over one hundred twenty percent (120%) of the then current budgeted expenses of the Common Association.

Section 3.4. FHA/VA Approval of Annexations. So long as the FHA or the VA is insuring or guaranteeing loans Declarant has agreed to insure or guarantee loans on any portion of the Community Association Area, made with respect to the initial sales by Declarant of Residential Sites, then a condition precedent to such annexation by Declarant shall be that the annexation be in accordance with the Development Guide, which shall thereafter have been approved by the FHA or the VA, in the manner set forth in Section 11.14 of this Community Declaration.

Section 3.5. Withdrawal of Annexed Property By Declarant. Annexed Property for which a Supplemental Declaration has been recorded may be withdrawn from the Community Association Area and from this Community Declaration by Declarant to correct a surveyor error or other technical or clerical error or otherwise. Such withdrawal may be accomplished by the execution, acknowledgment and Recordation of a Notice of Withdrawal, provided that (a) no vote has then been exercised with respect to the Annexed Property to be withdrawn, and (ii) no Assessments to the Community Association have then been commenced with respect to the Annexed Property to be withdrawn. The Notice of Withdrawal shall be executed and acknowledged by the Owner of the Annexed Property and Declarant. 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 Community 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 of Recordation thereof and the book and page of the Records in the office of the Clerk and Recorder of Douglas County, Colorado, where the Supplemental Declaration was recorded; and (e) shall contain a statement and declaration that the Annexed Property is withdrawn from the Community Association Area and shall not be thereafter subject to this Community Declaration or the
Supplemental Declaration for the Annexed Property. The withdrawal shall be effective upon Recording of the Notice of Withdrawal and, upon Recording of the Notice of Withdrawal, the Annexed Property described therein shall no longer be part of the Community Association Area or subject to this Community Declaration or to the Supplemental Declaration for the Annexed Property.

Section 5.6. Expansion or Contraction of Annexable Area. The Annexable Area may be expanded or contracted to add or delete real property effective upon the Recording of a written instrument, executed by Declarant, describing such real property and declaring that such real property shall thereafter be added to or deleted from the Annexable Area. No real property shall be added to the Annexable Area without the vote of Delegates representing two-thirds (2/3rds) of the voting power of the Community Association (excluding any voting power of Declarant).

ARTICLE IV

COMMUNITY ASSOCIATION OPERATION

Section 4.1. Community Association. The Community Association has been or will be formed as a Colorado corporation under the Colorado Nonprofit Corporations Act. The Community Association shall have the duties, powers and rights set forth in this Community Declaration and in its Articles of Incorporation and Bylaws. As more specifically set forth hereinafter, the Community 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 Community Association Area, and Delegates shall be elected by Owners within each Delegate District, acting in their capacity as Members of the Community Association.

Section 4.2. Community Association Board of Directors. The affairs of the Community 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 Community Association or to agents and employees of the Community Association but such delegation of authority shall not relieve the Board of Directors of the ultimate responsibility for management of the affairs of the Community Association. Action by or on behalf of the Community Association may be taken by the Board of Directors or any duly authorized executive committee, officer, agent or employee without a vote of Members, except as otherwise specifically provided in this Community Declaration.

Section 4.3. Membership in Community Association. Each Owner of a Privately Owned Site within the Community Association Area shall be a Member of the Community Association. There shall be one Membership in the Community Association for each Privately Owned
Site within the Community Association Area. The person or persons who constitute the owner of a Privately Owned Site shall automatically be the holder of the Membership appurtenant to that Privately Owned Site, and the Membership appurtenant thereto shall automatically pass with the simple title to the Privately Owned Site. The holder shall hold a Membership in the Community Association for each Privately Owned Site owned by the Owner. Membership in the Community Association shall not be assignable separate and apart from the simple title to a Privately Owned Site except that an Owner may assign some or all of his rights as an Owner and as Member of the Community Association to a tenant, or to a mortgagee, and may arrange for a tenant to perform some or all of such Owner's obligations as provided in this Community Declaration, but no Owner shall be permitted to relieve himself of the responsibility for fulfillment of the obligations of an Owner under this Community Declaration.

Section 4.4. Establishment of Delegate Districts. The Community Association Area shall be divided into Delegate Districts, as hereinbefore described, and each Delegate District shall elect one (1) Delegate to the Community Association to exercise the voting power of all the Members in such Delegate District. If a Subassociation is created by the Recodification of a Supplemental Declaration, then all of the Annexed Property within the jurisdiction of the Subassociation shall constitute a Delegate District. In the event that there shall not be created a Subassociation for any portion of the Annexed Property (as defined in Section 3.3 hereof), then the Delegate Districts shall be established by the Recodification of one or more Supplemental Declarations or other written instruments signed by the Owner. Such Supplemental Declarations or other instruments shall contain legal descriptions of the portions of the Annexed Property 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 Community Declaration.

Section 4.5. Voting Rights of Members. Each Member shall have the right to cast votes for the election of the Delegate to the Community 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 Delegate 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, then the Delegate 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 there shall be Class A Members. All Members shall be entitled to one (1) vote for each Privately Owned Site which he or it owns within the Delegate District. The Delegate shall become a Class A Member, with
regard to Privately Owned Sites owned by Declarant in any such Delegate District without a Subassociation, as provided below. Declarant shall be the sole Class B Member. The Class B Member shall be entitled to three (3) times the number of votes to which the Class B Member would have been entitled as a Class A Member in any Delegate District without a Subassociation. As to any such Delegate District without a Subassociation, the Class B Membership shall cease as to that Delegate District and be converted to a Class A Membership on the happening of either of the following events, whichever occurs earlier: (a) 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; or (b) three (3) years from the date of Recodification of the Supplemental Declaration or other written instrument creating the Delegate District. The Delegate to represent 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 Community Association shall provide for the manner, time, place, conduct, and voting procedures for Member meetings for the purpose of electing a Delegate in any such Delegate District.

Section 4.6. Voting Rights of Delegates. Each Delegate may cast one (1) vote for each Privately Owned Site which is subject to this Community Declaration and located in the Delegate District represented by such Delegate, except that in the case of a Privately Owned Site comprised with residential apartment units located on a Site with a full vote assigned for any one (1) or two (2) apartment units in lieu of casting any fractional votes. In no event, however, may the votes attributable to apartment units or other properties designated for residential rentals exceed forty-nine percent (49%) of the total votes of all Delegates. The Delegate may delegate any vote with respect to each Privately Owned Site only during such periods as the Owner of such Privately Owned Site may cast votes for the election of a Delegate as provided in the Bylaws or in any Supplemental Declaration, whichever is applicable.

Each Delegate shall cast the votes which he represents in such manner as he may, in his sole discretion, deem appropriate, acting on behalf of all the Members owning Privately Owned Sites in his Delegate District; provided, however, that in the event that a majority of the Members in any Delegate District shall determine at any duly constituted meeting of the Members in such Delegate District to instruct their Delegate as to the manner in which he is to vote on any issue to be voted on by the Delegates, 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 Members in such Delegate District shall have cast their voting power "for" and "against" such issue in person or by proxy. A Delegate shall have the authority, in his sole discretion, to call a special meeting of the Members owning Privately Owned Sites in his Delegate District, in the manner provided in the Bylaws, for the purpose of obtaining instructions as to the manner
in which he is to vote on any issue to be voted on by the Delegates. When a Delegate is voting in his own discretion, without instruction from the Members whom he represents, then such Delegate may cast all of the votes which he represents as a unit or such 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 conclusively presumed for all purposes of Community Association business that any Delegate casting votes on behalf of the Members owning Privately Owned Sites in his Delegate District will have acted with the authority and consent of all such Members. All agreements and determinations lawfully made by the Community Association in accordance with the voting procedures established herein, and in the Bylaws, shall be deemed to be binding on all Members, and their successors and assigns.

Section 4.7. Delegates As Advisory Committee for Recreation Cost Center. The Delegates representing those Members who are entitled to use any Recreation Cost Center shall act as an advisory committee to the Board, with respect to the operation and maintenance of such Recreation Cost Center. Such Delegates, representing the applicable percentage of the Owners of such Privately Owned sites, may propose to the Board (a) rules and regulations respecting the use and operation of the Recreation Cost Center, (b) increases or reductions in RECA's attributable to the Recreation Cost Center, (c) improvements to Property relating to the Recreation Cost Center, or (d) any other authorized action under this Community Declaration pertaining to such Recreation Cost Center. The Board shall adopt any such proposal, unless it determines, in its sole discretion, that the proposal, if adopted, would substantially and adversely affect any Member or group of Members not represented by such Delegates. Those Delegates making any such proposal must represent a percentage of Owners of Privately Owned Sites, as applicable, which equals or exceeds the percentage set forth elsewhere in this Community Declaration for similar action or approvals by the Membership of the Community Association at large.

ARTICLE V
DUTIES AND POWERS OF COMMUNITY ASSOCIATION

Section 5.1. General Duties and Powers of Association. The Community Association has been formed to further the common interests of the Members. The Community 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 Community Association Properties and to improve and enhance the attractiveness, desirability and safety of the Community Association Area.
Section 5.2. Duty to Accept Property and Facilities

The Community Association shall accept title to any property, including any improvements thereon and personal property transferred to the Community Association by Declarant, and equipment related thereto, together with the responsibility to perform any and all Administrative, Recreational, and Public Functions associated therewith, provided that such property and functions are not inconsistent with the terms of this Community Declaration and the Development Guide. Property interests transferred to the Community Association by Declarant may include fee simple title, easements, leasehold interests and licenses to use, provided, however, that Declarant does not intend to lease any recreation facility to the Community Association. Any property or interest in property transferred to the Community Association by Declarant shall be within the boundaries of the Annexable Area. Any property or interest in property transferred to the Community Association by Declarant shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Community Association free and clear of all liens and encumbrances (other than the lien of property taxes and assessments not then due and payable), but shall be subject to the terms of this Community Declaration, the terms of the Supplemental Declaration annexing the property to the Community Association Area, and easements, covenants, conditions, restrictions, and equitable servitudes or other encumbrances which do not materially affect the use and enjoyment of the property by the Community Association or by Owners. Except as otherwise specifically approved by resolution of the Board of Directors, no property or interest in property transferred to the Community Association by Declarant shall impose upon the Community Association any obligation to make monetary payments to Declarant or any affiliate of Declarant, including, but not limited to, any purchase price, escalating or non-escalating, for property or interest in property transferred to the Community Association by Declarant shall not impose any unreasonable or special burden on the Community Association other than the normal burdens of ownership of property.

Section 5.3. Duty to Manage and Care for Property

The Community Association shall manage, operate, care for, maintain and repair all Community Association Property and keep the same in a safe, attractive and desirable condition for the use and enjoyment of the Members.

Section 5.4. Duty to Pay Taxes

The Community Association shall pay all taxes and assessments levied upon the Community Association Properties and all taxes and assessments payable by the Community Association. The Community Association shall have the right to contest any such taxes or assessments provided that the Community 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 Community 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.

Section 5.6. Duty to Maintain Casualty Insurance. The Community Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, casualty, fire and extended coverage insurance with respect to all insurable improvements and personal property owned by the Community Association including coverage for vandalism and malicious mischief and, if available and if deemed appropriate, coverage for flood, earthquake and war risk. Casualty, fire and extended coverage insurance with respect to insurable improvements shall, to the extent reasonably obtainable, be for the full insurable value based on current replacement cost.

Section 5.6. Duty to Maintain Liability Insurance. The Community Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, broad form comprehensive liability insurance covering public liability for bodily injury and property damage including, if the Community Association owns or operates motor vehicles, public liability for bodily injury and property damage arising as a result of the ownership and operation of motor vehicles. Public liability insurance for other than motor vehicle liability shall, to the extent reasonably obtainable, have limits of not less than Five Hundred Thousand Dollars ($500,000) per person and One Million Dollars ($1,000,000) per occurrence.

Section 5.7. General Provisions Respecting Insurance. Insurance obtained by the Community Association may contain such deductible provisions as good business practice may dictate. Insurance obtained by the Community Association shall, to the extent reasonably possible without undue cost, cover each Member without each Member necessarily being specifically named. Insurance obtained by the Community Association shall, to the extent reasonably possible without undue cost, contain a waiver of rights of subrogation as against the Community Association, each Member and any person claiming by, through or under such Member and as against any officer, director, agent or employee of any of the foregoing. Insurance obtained by the Community Association shall, to the extent reasonably possible, and provided Declareant reimburses the Community Association for any additional premium payable on account thereof, name Declareant as an additional insured and shall contain a waiver of rights of subrogation as against Declareant. Insurance policies and insurance coverage shall be reviewed at least annually by the Board of Directors to ascertain whether coverage under the policies is sufficient in the light of the current values of the Community Association Properties and in the light of the possible or potential liabilities of the Community Association. Casualty, fire and extended coverage insurance may be provided under blanket policies covering the Community Association Properties and property of Declareant.
Section 5.8. Fidelity Bonds Required. The Community Association shall obtain and keep in force at all times a fidelity bond or bonds for any person handling funds of the Community Association, including, but not limited to, employees of the Manager. Each such bond shall name the Community Association as obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Community Association or the Manager, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all units plus reserve funds.

Section 5.9. Other Insurance and Bonds. The Community Association shall obtain such other insurance as may be required by law, including workmen's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Community Association shall deem necessary or desirable.

Section 5.10. Insurance and Bonds Required By Government Mortgage Agencies. The Community Association shall obtain and keep in full force and effect such insurance and bonds as may be required by Government Mortgage Agencies to the extent that any such Government Mortgage Agency holds, or has agreed to insure or to guarantee, any Mortgage on any Privately Owned Site within the Community Association Area, except to the extent such assurance or bond is not available or has been waived in writing by such Government Mortgage Agency.

Section 5.11. Duty to Prepare Budgets. The Community Association shall prepare budgets for the Community Association as elsewhere provided in this Community Declaration.

Section 5.12. Duty to Levy and Collect Assessments. The Community Association shall levy and collect assessments as elsewhere provided in this Community Declaration.

Section 5.13. Duty to Provide Audits. The Community Association shall provide for an annual independent audit of the accounts of the Community Association. Copies of the report of the audit shall be made available to any member who requests a copy of the same upon payment by such member of the reasonable cost of copying the same.

Section 5.14. Duties with Respect to Architectural Approvals. The Community Association shall perform functions to assist the Architectural Committee as elsewhere provided in Article X of this Community Declaration.

Section 5.15. Power to Acquire Property and Construct Improvements. The Community Association may acquire property or interests in property for the common benefit of Owners including improvements and personal property. The Community Association may construct improvements on property and may demolish existing improvements.
Section 5.16. Power to Adopt Rules and Regulations.
The Community Association may adopt, amend, repeal and enforce Rules and Regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of this Community Declaration, the operation of the Community Association, the use and enjoyment of Community Association Properties and the use of any other property within the Community Association Area, including Privately Owned Sites. Any such Rules and Regulations shall be reasonable and uniformly applied. Such Rules and Regulations shall be effective only upon adoption by resolution of the Board of Directors. Notice of the adoption, amendment or repeal of any Rule or Regulation shall be given in writing to each Delegate and each Member at the address for notices to Delegates and Members as elsewhere provided in this Community Declaration or the Bylaws, and copies of the currently effective Rules and Regulations shall be made available to each Member upon request and payment of the reasonable expense of copying the same. Each Member shall comply with such Rules and Regulations and shall see that Persons claiming through such Member comply with such Rules and Regulations. Such Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Community Declaration. In the event of conflict between the Rules and Regulations and the provisions of this Community Declaration, the provisions of this Community Declaration shall prevail.

Section 5.17. Power to Enforce Declaration and Rules and Regulations. The Community Association shall have the power to enforce the provisions of this Community Declaration and of Rules and Regulations and shall take such action as the Board deems necessary or desirable to cause such compliance by each Member and each Person claiming by, through or under such Member ("Related User"). Without limiting the generality of the foregoing, the Community Association shall have the power to enforce the provisions of this Community Declaration and of Rules and Regulations of the Community by any one or more of the following means: (a) by entry upon any property within the Community Association Area after Notice and Hearing (unless a bona fide emergency exists), without liability to the Owner thereof, for the purpose of enforcement or causing compliance with this Community Declaration or, Rules and Regulations; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Community Declaration or the Rules and Regulations, by mandatory injunction or otherwise; (c) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of this Community Declaration or the Rules and Regulations; (d) by exclusion, after Notice and Hearing, of any Member or Related User from use of any recreation facilities on the Community Association Properties during and for up to sixty (60) days following any breach of this Community Declaration or such Rules and Regulations by such Member or any 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 this Community Declaration or such Rules and Regulations, unless the breach is a
Section 5.18. Power to Provide Public Functions. The Community Association shall have the power to acquire, construct, operate, manage, maintain, repair and replace public facilities and to provide Public Functions as defined in this Community Declaration.

Section 5.19. Power to Provide Services to Subassociations. The Community 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 Community Association and such Subassociation which shall provide for the payment by such Subassociation to the Community Association of the reasonably estimated expenses of the Community Association of providing such services to the Subassociation including a fair share of the overhead expenses of the Community 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 providing of Public 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 obtaining 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.

Section 5.20. Power to Provide Special Services for Members. The Community 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 Community Association by such Member or group of Members of the reasonably estimated costs and expenses of the Community Association of providing such services, including a fair share of the overhead expenses of the Community Association and shall contain reasonable 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 property of the Member or group of Members.

Section 5.21. Power to Charge for Facilities and Services. The Community Association shall have the power to establish reasonable and uniformly applied charges for the use of facilities and services. The charges may include reasonable admission or other fees for any special or extraordinary use of property or facilities or services of the Community Association such as special parking privileges, special recreation facilities, conference rooms, instruction, day-care or child-care services or similar uses beyond the ordinary use of Community Association Properties, facilities and services. Such charges or fees shall be set forth in schedules of charges and fees adopted from time to time by the Board of Directors.

Section 5.22. Power to Grant Easements. The Community Association shall have the power to grant access, utility, drainage, water facility and other such easements in, on, over or under Community Association Properties.

Section 5.23. Power to Convey and Dedicate Property to Government Agencies. The Community Association, with the approval of Delegates representing at least two-thirds (2/3rds) of the voting power of the Community Association, shall have the power to grant, convey, dedicate or transfer any Community Association Properties or facilities to any public or governmental agency or authority for such purposes and subject to such terms and conditions as the Community Association shall deem appropriate, subject to the provisions elsewhere contained in this Community Declaration for approval of the same by Government Mortgage Agencies, by Declarant with respect to property transferred to the Community Association by Declarant, and by Delegates representing the Owners of Residential Sites within any particular Cost Center.

Section 5.24. Power to Borrow Money and Mortgage Property. The Community Association shall have the power to borrow monies and, with the approval of Delegates representing at least two-thirds (2/3rds) of the voting power of the Community Association, to encumber Community Association Properties as security for such borrowing, subject to provisions elsewhere in this Community Declaration with respect to required approvals and consents to such action.

Section 5.25. Power to Employ Managers. The Community 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 Community Association has responsibility under this Community Declaration to the extent deemed advisable by the Community Association, and may delegate any of its duties, powers or functions to any such Manager. Any contract or agreement with any such Manager shall be terminable by the Association for cause on no more than thirty (30) days' written notice, and shall be
terminable by the Community Association without cause and without payment of a termination fee on no more than ninety (90) days prior written notice. Any such contract or agreement shall be for a term of no more than one (1) year but may be subject to renewal for succeeding terms of no more than one (1) year each. Notwithstanding any delegation to a Manager of any duties, powers or functions of the Community Association, the Community Association and its Board of Directors shall remain ultimately responsible for the performance and exercise of such duties, powers and functions. Any agreement or contract with a Manager shall contain any other provisions which are required to be contained therein by any Government Mortgage Agency.

Section 5.26. Power to Engage Employees, Agents and Consultants. The Community Association shall have the power to hire and discharge employees and agents and to retain and pay for legal and accounting services as may be necessary or desirable in connection with the performance of any duties or the exercise of any powers of the Community Association under this Community Declaration.

Section 5.27. General Corporate Powers. The Community Association shall have all of the ordinary powers and rights of a Colorado corporation formed under the Colorado Nonprofit Corporation Act, including without limitation entering into partnership and other agreements, subject only to such limitations upon such powers as may be set forth in this Community Declaration or in the Articles of Incorporation or Bylaws. The Community Association shall also have the power to do any and all lawful things which may be authorized, required or permitted to be done under this Community Declaration or the Articles of Incorporation and Bylaws to do and perform any and all acts which may be necessary or desirable for, or incidental to, the exercise of any of the express powers or rights of the Community Association under this Community Declaration and the Articles of Incorporation and Bylaws.

Section 5.28. Powers as to Trash Collection. The Community Association shall have the power to regulate the days and hours during which trash and solid waste may be collected or put out for collection in any neighborhood. The Community Association shall also have the power to provide services for the collection of trash and solid waste within all or any portions of the Community Association Area. In the event the Community Association provides for such services, each Owner within any area served by such service shall, whether or not such Owner utilizes the service, be obligated to pay assessments levied by the Community Association to cover the costs of providing such service. The areas to be served and the amount of the assessments shall be determined by the Board of Directors. The amount of the assessment shall be reasonable and shall represent a fair allocation of the costs of providing the service, including a fair allocation of administrative and overhead costs of the Community Association.
ARTICLE VI
COMMUNITY ASSOCIATION PROPERTIES

Section 6.1. Members' Rights of Use and Enjoyment
Generally, each Supplemental Declaration shall specify, in the
manner set forth in Section 1.3 of this Community Declaration, which
Members or other Persons may utilize which Community Association
Properties, or portions thereof, and the manner in which such
Members shall contribute to the cost of operating and maintaining
such Community Association Properties. All Members may use the
Community Association Properties, unless otherwise provided in the
Supplemental Declaration governing the Site of any such Member or in
the Supplemental Declaration governing a particular Community
Association Property, or both.

Section 6.2. Right of Association to Regulate Use. The
Community Association, acting through the Board, shall have the
power to regulate use of Community Association Properties by Members
to further and enhance the overall rights of use and enjoyment of all
Members, including imposing reasonable limits on the times of use
and numbers of guests permitted to use Community Association
Properties.

Section 6.3. Right of Association to Allow Public
Use. The Community Association, acting through the Board, shall
have the right to allow members of the general public to use
Community Association Properties, subject to reasonable limita-
tions, and provided that use by the general public does not unre-
asonably interfere with or impair the rights of use and enjoyment of
Owners.

Section 6.4. No Partition of Community Association
Properties. No Owner shall have the right to partition or seek
partition of the Community Association Properties or any part
thereof.

Section 6.5. Liability of Owners for Damage by
Member. Each Member shall be liable to the Community Association
for any damage to Community Association Properties or for any
expense or liability incurred by the Community Association, to the
extent not covered by insurance, which may be sustained by reason of
the negligence or willful misconduct of such Member or any Person
using the Community Association Properties through such Member and
for any violation by such Member or any such Person of this Community
Declaration or any Rule or Regulation adopted by the Community
Association. The Community Association shall have the power, as
elsewhere provided in this Declaration, to levy and collect a
Reimbursement Assessment against a Member, after Notice and
Hearing, to cover the costs and expenses incurred by the Community
Association on account of any such damage or any such violation of
this Community Declaration or of such Rules and Regulations or for
any increase in insurance premiums directly attributable to any such
damage or any such violation.
Section 6.6. Association Duties if Damage, Destruction or Required Improvements. In the event of damage to Community Association Properties by fire or other casualty or in the event any governmental authority shall require any repair, reconstruction or replacement of any Community Association Properties, the Community Association shall have the duty to repair, reconstruct or replace the same. Any insurance proceeds payable by reason of damage or destruction of Community Association Properties by fire or other casualty shall be paid to the Community Association and shall be used, to the extent necessary, to pay the costs of repair, reconstruction or replacement. If funds from insurance proceeds or from reserves for replacement are insufficient to pay all costs of repair, reconstruction or replacement of improvements damaged or destroyed, or if the Community Association is required to make repairs, replacements or improvements by governmental authorities, the Community Association may, in order to make up any deficiency in the insurance proceeds or to pay for the required repair, replacement or improvement, levy a Special Assessment in accordance with Section 8.31, or if a Member or group of Members is liable for such damage, levy a Reimbursement Assessment against the Member or group of Members responsible therefor, to provide the additional funds necessary as elsewhere provided in this Community Declaration. Repair, reconstruction or replacement of Community Association Properties shall be done under such contracting and bidding procedures as the Community Association shall determine as appropriate. If insurance proceeds available to the Community Association on account of damage or destruction exceed the cost of repair, reconstruction and replacement, the Community Association may use the same for future maintenance, repair, improvement and operation of other Community Association Properties; provided, however, that such excess shall be applied solely to a Recreation Cost Center if such damage or destruction occurs in such Recreation Cost Center.

Section 6.7. Association Powers in the Event of Condemnation. If any Community Association Properties or interests therein are taken under exercise of the power of eminent domain or by private purchase in lieu thereof, the award in condemnation or the price paid in such purchase shall be paid to the Community Association, except to the extent payable to any other person with an interest in such property including any mortgagee of such property. The Community Association shall have the exclusive right to participate in such condemnation proceedings and to represent the interests of all Owners therein. Any award or funds received by the Community Association shall be held by the Community Association in the appropriate Maintenance Fund as determined by the Board, as a reserve for future maintenance, repair, reconstruction or replacement of Community Association Properties or may be used for improvements or additions to, or operation of, Community Association Properties. However, if any award is attributable to a Recreation Cost Center, then the award shall be used solely for the benefit of the improvements in such Recreation Cost Center. No Owner shall be entitled to participate as a party or otherwise in any condemnation proceedings.
Section 6.8. Title to Community Association Properties on Dissolution of Community Association. In the event of dissolution of the Community Association, the Community Association Properties shall, to the extent reasonably possible, be conveyed or transferred to an appropriate public or governmental agency or agency or to a nonprofit corporation, association, trust or other organization, to be used, in any such event, for the common benefit of Owners for similar purposes for which the particular Community Association Property was held by the Community Association. To the extent the foregoing is not possible, the Community Association Properties shall be sold or disposed of and the proceeds from the sale or disposition shall be distributed to Members in proportion to the number of RFCA Units of each Member, as determined in Section 9.9 of this Community Declaration, provided, however, that the proceeds from the sale or disposition of any recreational facilities in a separate cost center shall be distributed to those Members entitled to use such facility in proportion to the number of RFCA Units of such Members.

ARTICLE VII

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 Community Association and the Community Association Properties from the date hereof, until the time that all property in the Annexable Area has become part of the Community Association Area and the last Privately Owned Site within the Community Association Area has been sold and conveyed by Declarant. The rights and reservations hereinafter set forth shall be deemed excepted and reserved in each conveyance of property by Declarant to the Community Association whether or not specifically stated therein and in each deed or other instrument by which any property within the Community 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 Community Declaration and may not, without Declarant’s prior written consent, be modified, amended, rescinded or affected by any amendment of this Community Declaration. Declarant’s consent to any one such amendment shall not be construed as consent to any other or subsequent amendment.

Section 7.2. Right to Construct Additional Improvements on Community Association Properties. Declarant shall have and hereby reserves the right, but shall not be obligated to, construct additional Improvements on Community Association Properties at any time and from time to time in accordance with the Development Guide and this Community Declaration for the improvement and enhancement thereof and for the benefit of the Community Association and Owners, so long as such construction does not directly result in an increase in the than current and applicable Common Assessments by more than twenty percent (20%). Declarant
shall convey or transfer such improvements to the Community Association and the Community Association shall be obligated to accept title to, care for and maintain the same as elsewhere provided in this Community Declaration. If any such improvements are not completed when transferred to the Community Association, Declarant shall provide a bond or letter of credit (or other assurance as the Community Association and the Government Mortgage Agencies may reasonably require) to assure that the cost thereof will be paid by Declarant and the improvements completed free of liens and encumbrances relating to the construction of the improvements.

Section 7.3. Declarant’s Rights to Use Community Association Properties in Promotion and Marketing of Community Association Area. Declarant shall have and hereby reserves the right to reasonable use of Community Association Properties and of services offered by the Community 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 Community 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 Community Association Properties for promotional purposes; and may permit prospective purchasers of property within the boundaries of the Project Area, who are not Owners or Members of the Community Association, to use Community Association Properties at reasonable times and in reasonable numbers; and may refer to the Community Association and to the Community Association Properties and services offered by the Community Association in connection with the development, promotion and marketing of property within the boundaries of the Project Area.

Section 7.4. Declarant’s Rights to Complete Development of Project Area. No provision of this Community Declaration shall be construed to prevent or limit Declarant’s rights to complete 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 Claimant or owned by the Community 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 Community Declaration shall limit the right of Declarant to require Declarant to obtain approvals (a) to excavate, cut, fill or grade any property owned by Declarant or to construct, alter, demolish or replace any improvements on any property owned by Declarant, or (b) 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, or (c) 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, or (c) to require Declarant to seek or obtain the approval of the Architectural Committee or of the Community Association for any such
activity or improvement to Property by Declarant on any property owned by Declarant. Nothing in this Community Declaration shall limit or impair the reserved rights of Declarant as elsewhere provided in this Community Declaration.

Section 7.5: Declarant's Approval of Conveyances or Changes in Use of Community Association Properties. Until Declarant has lost the right to appoint a majority of the members of the Architectural Committee, the Community 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 Community Association Properties, Mortgage the Community Association Properties or use Community Association Properties other than solely for the benefit of Members.

Section 7.6: Declarant's Rights to Grant and Create Easements. Declarant shall have and hereby reserves the right to grant or create temporary or permanent easements, for access, utilities, drainage, water and other purposes incident to development and sale of the Project Area, located in, on, under, over and across (a) Privately Owned Sites owned by Declarant and (b) Community Association Properties, provided that such easements do not create a permanent, unreasonable interference with the rights of the Owners. Declarant's right to grant or create easements in, on, under, over or across Community Association Properties shall be subject to the provisions of Section 11.14 of this Community Declaration.

Section 7.7: Declarant's Rights to Convey Additional Property to Community Association. Declarant shall have and hereby reserves the right, but shall not be obligated to, convey additional real property and improvements thereon to the Community Association at any time and from time to time in accordance with the Development Guide and this Community Declaration, so long as any conveyance does not directly result in an increase in the then current and applicable Common Assessments by more than twenty percent (20%).

Section 7.8: Limitations Imposed by Government Mortgage Agencies. The exercise of the rights of Declarant reserved herein shall be subject to such reasonable requirements and limitations as may be imposed by Government Mortgage Agencies or other governmental authorities having jurisdiction (excluding any requirements for consent or approval by such Government Mortgage Agencies or governmental authorities).

ARTICLE VIII

ASSESSMENTS, BUDGETS AND FUNDS

Section 8.1: Maintenance Funds to be Established. The Community 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 when, if ever, the Community Association assumes any Public Function; and (f) a Public Functions Reserve Fund when, if ever, the Community Association assumes any Public Functions. Each of the Maintenance Funds shall be established as one or more trust savings or trust checking accounts at any financial institution in which deposits are insured by an agency of the federal government.

Section 8.2. Establishment of Other Funds. The Community Association may establish other funds as and when needed, for example, a fund for receipts and disbursements relating to services provided by the Community Association for a Subassociation. Nothing herein shall limit, preclude or impair the authority of the Community Association to establish other funds for specified purposes authorized by this Community Declaration or by any Supplemental Declaration. If the Community Association establishes any additional funds, the Board shall designate an appropriate title for the fund to distinguish it from other funds maintained by the Community Association.

Section 8.3. Deposits of Common Assessments to Maintenance Funds. Monies received by the Community Association from Common Assessments shall be deposited in the Maintenance Funds in accordance with the following provisions: (a) there shall be deposited to the Administrative Functions Operating Fund that portion of Administrative Functions Common Assessments ("AFCA's") which, according to the Community Association Budget for the year, was budgeted for operating costs and expenses of the Administrative Functions; (b) there shall be deposited to the Administrative Functions Reserve Fund, that portion of AFCA's which were budgeted for the Reserve Fund for Administrative Functions, (c) there shall be deposited to each Recreation Function Operating Fund that portion of Recreation Function Common Assessments ("RFCA's") received from Owners entitled to use a Recreation Cost Center which was budgeted for operating costs and expenses of that Recreation Cost Center; (d) there shall be deposited to each Recreation Function Reserve Fund that portion of RFCA's received from Owners entitled to use a Recreation Cost Center which was budgeted for the Reserve Fund for that Recreation Cost Center; (e) there shall be deposited to the Public Functions Operating Fund, if any, that portion of Public Functions Common Assessments ("PFCA's"), if any, budgeted for operating costs and expenses of the Public Function; and (f) there shall be deposited to the Public Functions Reserve Fund, if any, that portion of the PFCA's, if any, budgeted for the Reserve Fund for Public Functions.

Section 8.4. Other Deposits to Maintenance Funds. The Community Association shall deposit monies received by the Community Association from sources other than Common Assessments in the Maintenance Fund determined by the Board of Directors to be most appropriate. For example, Reimbursement Assessments shall be
Section 8.5. Disbursements from Maintenance Funds. All amounts deposited in the Maintenance Funds shall be used solely for the common benefit of all the Members for purposes authorized by this Community 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 Community 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 solely for purposes of funding those Administrative Functions which cannot be expected to recur on an annual or more frequent basis; (c) disbursements from the Recreation Functions Operating Fund shall be made solely for the purpose of operating the particular Recreation Cost Center for which the Fund was created; (d) disbursements from the Public Functions Reserve Fund shall be made solely for the purpose 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, if any, 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, if any, shall be made solely for the purpose of repairs, replacement, painting and other restorative work to those improvements on the Community Association Properties which are used by the Community Association in providing Public Functions to Members.

Section 8.6. No Combining of Maintenance Funds. The Community Association shall not commingle any amounts deposited in any one Maintenance Fund or other Fund with amounts deposited in any other Maintenance Fund or other Fund.

Section 8.7. Authority for Disbursements. The Board shall have the authority to make or to authorize an agent to make disbursements of any monies in the Maintenance Funds.

Section 8.8. Common Assessments. For each calendar year, the Community Association shall levy Common Assessments against Owners of the Privately-Owned Sites. The Common Assessments shall include: (a) the AFCAs; (b) any FECAs necessary for any...
Recreation Cost Center; and (c) the RFCA's when, if ever, the Community Association assumes any Public Functions. 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 herein, or more particularly set forth.

Section 8.6. Apportionment of Administrative Functions. Common Assessments. For purposes of the RFCA's, each Privately Owned Site shall constitute one (1) RFCA Unit regardless of the size, value, location or use of such Privately Owned Site. The amount of the RFCA for any year, payable by an Owner for the Privately Owned Site of such Owner, shall be computed by multiplying the total amount to be raised by RFCA's for that year, as shown in the Community Association 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 one (1) and the denominator of which is the total number of Privately Owned Sites (i.e., RFCA Units) in the Community Association Area as of the first day of that calendar year.

Section 8.7. Obligation for Recreation Function Common Assessments - Reserved. 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 and which shall be obligated to pay RFCA's with respect to such Recreation Cost Center; and (c) specify the number of RFCA Units which shall be assigned to such Privately Owned Site. RFCA Units shall be assigned in a Supplemental Declaration in accordance with the following provisions. A Residential Site other than a Residential Site improved or designed to be improved as a residential apartment shall, in all cases, be assigned one (1) RFCA Unit regardless of size, value, location or use of the Residential Site. A Residential Site improved or designed to be improved with residential apartments shall, in all cases, be assigned one (1) RFCA Unit for every three (3) apartment units located on such Residential Site (with a full RFCA Unit assigned for any extra one (1) or two (2) apartments in lieu of assigning any fractional RFCA Unit). It is not anticipated that Owners of Commercial Sites, Industrial 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, in which case the Supplemental Declaration shall specify the number of RFCA Units which shall be assigned to such Site which shall, in no case, be less than one (1) RFCA Unit for each such Site.

Section 8.11. Apportionment of Recreation Function Common Assessments. No Owner or 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 Community Declaration, that the Site is entitled to use a Recreation
Cost Center and specifies the number of RECA Units assigned to that Site. If a Site and an Owner are to be charged with a RECA, the amount of the RECA 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 RECA for that Recreation Cost Center for that year, as shown on the Community Association 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 RECA Units assigned to that Site and the denominator of which is the total number of RECA Units in the Community Association Area as of the first day of that calendar year in which RECA Units are assigned to Sites entitled to use the pertinent Recreation Cost Center.

Section 8.12. Apportionment of Public Functions

Common Assessments. If the Community Association ever assumes any Public Functions, 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 Community Association 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 shall be the Imputed Market Value ("IMV"), as defined below, 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 Community Association Area as of the first day of that calendar year.

Section 8.13. Determination of Imputed Market Value.

The Imputed Market Value of each Residential Site in each Delegated District shall be determined by dividing the aggregate or sum of the Actual Market Values ("AMV"), as hereinafter defined, of all Residential Sites in that Delegated District by the number of Residential Sites in such Delegated District. Thus, the Imputed Market Value of all Residential Sites in a single Delegated District shall always be equal. The Imputed Market Value of each Commercial Site, Industrial Site, or Miscellaneous Use Site shall be equal to the Actual Market Value, as hereinafter defined, of such Site, unless the Supplemental Declaration covering such Site specifies a different method of determining the Imputed Market Value of such Site.


The Actual Market Value of any Privately Owned Site shall initially be the actual sales price of Privately Owned Site by Declarant to its first Owner or, if not yet sold by Declarant, the price at which Declarant is offering to sell such Privately Owned Site.

Section 8.15. Redetermination of Actual Market Value.

The Actual Market Value of such Privately Owned Site shall be determined annually as of each June 30 ("Redetermination Date") of the calendar year preceding the calendar year for which PFCAs, if any, are to be made. The redeterminations of Actual Market Values shall be made as provided in the following sections.
Section 8.16. Redetermination Based on Recent Sales

Price. If a Privately Owned Site has been sold during the twelve (12) month period preceding the Redetermination Date, and if the sales price is determinable and in a bona fide sale, the Actual Market Value of the Privately Owned Site, as of the Redetermination Date, shall be the sales price in the most recent such sale in the twelve (12) months prior to the Redetermination Date. "Sales Price" shall mean the price for the Site, including the improvements and fixtures on the Site, but excluding any price for personal property if separately stated.

Section 8.17. Redetermination if No Recent Sales

Price. If a Privately Owned Site has not been sold during the twelve (12) month period preceding the Redetermination Date, or if there was such a sale but the sales price is not determinable or was not in a bona fide sale, then the Actual Market Value of the Privately Owned Site as of the Redetermination Date shall be the sales price in the most recent sale for which a bona fide sales price is determinable adjusted upward or downward in the same proportion by which the "Index", as hereinafter defined, for June of the year of the Redetermination Date has increased or decreased over the Index of the calendar year in which such most recent sale occurred. The "Index" shall be the index number for the month of June of the applicable year for the item "Homeownership" under the heading "Shelter" under the general category "Housing" of the "Consumer Price Index for the Denver Area, Urban Wage Earners - Clerical Workers (1967 = 100)" issued by the United States Bureau of Labor Statistics in its monthly report entitled "The Consumer Price Index U.S. City Average and Selected Areas". In the event that the Index is discontinued, then the Board shall substitute an index which, in the reasonable opinion of the Board, is most nearly identical to the Index as defined above.

Section 8.18. Redetermination if New Construction

If new Improvements or new construction (other than necessary replacement or restoration of existing Improvements or construction) are completed on a Privately Owned Site subsequent to the most recent sale for which a bona fide sales price is determinable, the cost of such Improvements or construction, as determined by the Community Association, shall be added to such sales price for purposes of Redetermining Actual Market Value. The total of said sales price, plus the cost of Improvements or construction, shall be the price used in redeterminations under Section 8.17 above.

Section 8.19. Funding of Reserve Funds

The Board, in budgeting and levying assessments, shall endeavor, whenever possible, to fund the Administrative Functions Reserve Fund, each Recreation Function Reserve Fund and the Public Functions Reserve Fund, if any, by regularly scheduled payments, included as part of the Common Assessments, rather than by large 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 PFCF, if any, shall include a component for funding of these Reserve Funds.
Section 8.20. Supplemental Common Assessments. Subject to the provisions of Section 8.19 hereof, if the estimated sums prove inadequate for any reason, including nonpayment of any Owner's Common Assessment, the Board may, from time to time, levy a supplemental Common Assessment for any of the Maintenance Funds. Such Supplemental Common Assessment shall be assessed against the Owner of each Privately Owned Site, in the same manner Common Assessments are originally assessed each year by the Board with respect to the particular Maintenance Fund. Written notice of any change in the amount of any annual Common Assessment shall be sent to every Owner subject thereto, not less than thirty (30) days prior to the effective date of such change.

Section 8.21. Limitation on AFCAs and PFCAs. The Board of Directors shall not levy an ACA or a PCA in any calendar year which is greater than one hundred twenty percent (120%) of the respective Common Assessment in the preceding calendar year, except with the approval of Delegates representing at least two-thirds (2/3)rd of the voting power of the Community Association (exclusive of voting power exerisible by Declarant). Notwithstanding the foregoing, a PCA shall not require the approval of Delegates if such PCA is levied at a rate which does not exceed sixty dollars ($60.00) per ten thousand dollars ($10,000) of MV of the Privately Owned Sites.

Section 8.22. Annual Budgets. The Board of Directors shall cause to be prepared, at least sixty (60) days prior to the commencement of each calendar year, a Budget for such calendar year, including a reasonable provision for contingencies and deposits into the Administration Functions, Recreation Functions and Public Functions Reserve Funds. The Budget shall show, in reasonable detail, the categories of expenses and the amount of expenses in each Maintenance Fund, and shall reflect any expected income of the Community Association for the coming calendar year and any expected surplus from the prior year and any existing surplus in any Reserve Fund. The Budget may include an amount for contingencies and amounts deemed necessary or desirable for deposits to create, replenish or add to the proper Reserve Fund for major capital repairs, replacements and improvements for Association Properties. The Board shall cause a copy of the Budget to be distributed to each Delegate promptly after the Budget is prepared and approved by the Board and shall cause a copy of the Budget to be posted at the principal office of the Community Association. In the event the Community Association does not have an address for any Delegate, such posting shall be deemed delivered to any such Delegate. At such time as the Community Association publishes a newsletter for members, the budget shall be published in such newsletter. Copies of the Budget shall be made available by the Community Association to any Members requesting a copy of the same upon payment of the reasonable expense of copying the same.

Section 8.23. No Disbursements to Adjoin Adjacently. Nuisances. Nothing in this Community Declaration shall be construed so as to permit the Community Association to use any Assessments to
abate any annoyance or nuisance emanating from outside the physical boundaries of the Community Association Area.

Section 8.24. Assessment for Undeveloped Sites. Declarant, for so long as Declarant retains title to a Privately Owned Site, whether improved or unimproved, and provided that no portion of the Site has been used or occupied for residential, commercial or industrial purposes, shall be exempt from the payment of a portion of any Assessment against such Privately Owned Site, provided the financial stability of the Community Association will not be jeopardized. Such portion shall not exceed seventy-five percent (75%) of such Assessment.

Section 8.25. Maximum Administrative Functions and Recreation Functions Common Assessments. The Community Association shall not levy, for any year, an AFCA in excess of the Maximum AFCA hereinafter specified. The Maximum AFCA shall be at the rate of twenty-four dollars (24.00) per AFCA Unit per year until January 1, 1982; increased for 1982 and each year thereafter by the percentage increase in the Index described in Section 8.17 during the twelve (12) months ending in September of the year preceding the year in which the AFCA is to be paid. The Maximum RFCA for each Residential Site subject to an RFCA shall be set forth in the Supplemental Declaration covering such Residential Site.

If the Board of Directors, by majority vote, determines that the important and essential functions of the Community Association may be properly funded by a Common Assessment less than the Maximum AFCA or RFCA, it may levy such lesser AFCA or RFCA. Subject to the provisions of Section 8.21 of this Community Declaration, the levy of an AFCA or RFCA less than the Maximum AFCA and Maximum RFCA in any year shall not affect the right of the Board to levy an AFCA or RFCA in the full amount of the respective Maximum AFCA or RFCA in any subsequent year.

Section 8.26. Supplemental Administrative Functions and Recreation Functions Common Assessments. Subject to the provisions of Section 8.21 of this Community Declaration, if the Board determines that the Community Association cannot be fully funded by a Common Assessment, the Board may levy a Supplemental AFCA or RFCA in an amount less than the Maximum AFCA or applicable Maximum RFCA for any calendar year, the Board by majority vote shall thereafter levy one or more Supplemental AFCA or RFCA during such calendar year, if it determines that the important and essential functions of the Community Association cannot be funded by such lesser AFCA or applicable RFCA. In no event shall the sum of the initial and supplemental AFCA or applicable RFCA, as the case may be, for a calendar year exceed the Maximum AFCA or applicable Maximum RFCA permitted for that year.

Section 8.27. Delegate Approval of Increase in Maximum Common Assessment. If the Board of Directors, by majority vote, determines that the important and essential functions of the Community Association will not be properly funded in any one (1) year or in any one (1) year and subsequent years by the amount of the Maximum AFCA or applicable Maximum RFCA, it may call a meeting of
appropriate Delegates requesting approval of a specified increase in the Maximum AFCA, applicable Maximum AFCA, or both, for either one (1) year or for that one (1) year and one or more of all subsequent years. An increase in the Maximum AFCA for any one year or for any one year and all subsequent years shall require the approval of Delegates representing two-thirds (2/3) of the entire voting power of the Community Association (exclusive of the voting power exercisable by Declarant), and any such increase in the Maximum AFCA shall require the approval of Delegates representing two-thirds (2/3) of the voting power residing in the Owners of Residential Sites located in the applicable Cost Center (exclusive of the voting power exercisable by Declarant).

Section 8.28. Commencement of Common Assessments-Assessment Areas. Subject to the provisions of Section 8.19 of this Community Declaration, Common Assessments shall commence as to each Privately Owned Site within an Assessment Area on the first day of the first month following the date of Recordation of the first deed conveying a Privately Owned Site within that Assessment Area. The Common Assessments for the then current calendar year shall be prorated within an Assessment Area on the basis of the number of months in such calendar year remaining from the date of commencement of such Common Assessments to the end of such calendar year.

Section 8.29. Payment of Assessments. Common Assessments shall be due and payable in advance to the Community Association by the assessed Member during the calendar year in equal semi-annual installments, on or before January 1 and July 1 of each calendar year, or in such other manner and on such other dates as the Board of Directors may designate in its sole and absolute discretion. Notice of the amount of the Common Assessments shall be given to each Member prior to January 1 of each year.

Section 8.30. Failure to Pay Assessments. The failure by the Board of Directors to levy an Assessment for any year shall not be deemed a waiver or modification with respect to any of the provisions of this Community Declaration or a release of the liability of any Member to pay Assessments, or any installment thereof, for that or any subsequent year. In the event of such failure, the amount of the Common Assessment for that year shall be the sum of the amount of the AFCA computed in accordance with Section 8.12 hereof, plus the amount of the Maximum AFCA and the amount of the applicable Maximum AFCA computed in accordance with Section 8.25 hereof.

No abatement of the Common Assessment or any other Assessment shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or Improvements to Community Association Properties or from any action taken to comply with any law or any determination of the Board of Directors or for any other reason.

Section 8.31. Special Assessment for Capital Expenditures. In addition to Common Assessments, the Board of Directors may, subject to the provisions of this Section, levy Special
Assessments for the purpose of raising funds, not otherwise provided
under the Budget from Common Assessments, to construct or
reconstruct, repair or replace capital improvements upon Community
Association Properties, including necessary personal property
related thereto; to add to the Community Association Properties, to
provide for necessary facilities and equipment to offer the services
authorized in this Community Declaration; or to repay any loan made
to the Community Association to enable it to perform the duties and
functions authorized in this Community Declaration. The Board of
Directors shall not levy Special Assessments without the vote of
Delegates representing at least two-thirds (2/3rds) of the voting
poured residing in the Owners of Privately Owned Sites subject to the
Special Assessment. Special assessments for capital improvements
which may be used by all Members of the Community Association shall
be levied solely on the basis of, and in proportion to, the RFCA
Units attributable to Privately Owned Site 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 Member or group of Members who own Privately Owned Sites
entitled to use the Recreational 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
Community 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. In
the event that the Board shall levy a Special Assessment, the Board
shall specify whether the Special Assessment is to provide Public
Functions, Recreation Functions or Administrative Functions and the
Special Assessment shall be apportioned accordingly.

Section 8.32. Reimbursement Assessments. The Board of
Directors, subject to the provisions hereof, may levy assessments
against any Member if the willful or negligent failure of the Member
or a Person claiming through the Member to comply with this
Community Declaration, the Articles of Incorporation, the Bylaws of
the Rules and Regulations shall have resulted in the expenditure of
funds in excess of that which the Community Association otherwise
may incur. Such Assessment shall be known as a Reimbursement
Assessment and shall be levied only after Notice and Hearing. The
amount of the Reimbursement Assessment shall be due and payable to
the Community Association thirty (30) days after notice to the
Member of the decision of the Board of Directors that the Assessment
is owing.

Section 8.33. Late Charges and Interest. If any Common
Assessment, Special Assessment or Reimbursement Assessment or any
installment thereof is not paid within thirty (30) days after it is
due, the Member obligated to pay the Assessment may be required to
pay a reasonable late charge to be determined by the Board. Any
Assessment or installment of an Assessment which is not paid within
thirty (30) days after the date of any Notice of Default given under
Section 8.35 and prior to the Recodification of a Notice of Lien under
Section 8.38 hereunder shall bear interest from the date of Recodification
Section 8.24. Attribution of Payments. If any installment of a Common Assessment payment is less than the amount assessed and the payment does not specify the Maintenance Fund or Funds into which it should be deposited, the receipt by the Association from that Owner shall be credited in the following order of priority: (a) to the Public Functions Reserve Fund until that portion of the PFCA has been satisfied, (b) to the respective Recreation Functions Reserve Fund until that portion of the RFCA has been satisfied, (c) to the Administrative Functions Reserve Fund until that portion of the AFCA has been satisfied, (d) to the Public Functions Operating Fund until that portion of the PFCA has been satisfied, (e) to the respective Recreation Functions Operating Fund until that portion of the applicable RFCA has been satisfied and (f) to the Administrative Functions Operating Fund. In each of the foregoing cases, receipts shall be credited first to interest, attorneys fees and other costs of collection, and next to principal reduction, satisfying the oldest obligations first followed by more current obligations, in accordance with the foregoing order of priority.

Section 8.15. Notice of Default and Acceleration of Assessments. If any Common Assessment, Special Assessment or Reimbursement Assessment or any installment thereof is not paid within thirty (30) days after its due date, the Board of Directors may mail a notice of default to the Owner and to each first Mortgagee of the Privately Owned Site who has requested a copy of the notice. 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 thirty (30) days from the date the notice is mailed to the Member, 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 acceleration of the balance of the Assessment or the installments of the Assessment for the then current calendar year and the filing and foreclosure of the lien for the Assessment against the Privately Owned Site of the Member. The notice shall further inform the Member of any right to cure the default after acceleration and of any right to bring a court action to assert the nonexistence of a default or any other defense of the Member. If the delinquent Assessment or installment and any late charges or interest thereon are not paid in full on or before the date specified in the notice, the Board, at its option, may declare all of the unpaid balance of the Assessment to be immediately due and payable without further demand and may enforce the collection of the full Assessment, all charges and interest thereon in any manner authorized by law in this Community Declaration, subject to the protection afforded to Mortgagees under this Community Declaration.

Section 8.16. Remedies to Enforce Assessments. Each Assessment levied pursuant shall be a separate, distinct and personal debt and obligation of the Owner or Member against whom the
same is assessed. In the event of a default in payment of any Assessment, installment thereof, whether Common, Special or Reimbursement, the Board may, in addition to any other remedies provided under the Community Declaration or by law, enforce such obligation on behalf of the Community Association by suit or by filing and foreclosure of a lien as hereinafter provided.

Section 8.37. Lien 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 the amount as the court may adjudge, against the delinquent Owner or Member.

Section 8.38. Lien to Enforce Assessments. The Board may also elect to file a claim of lien against the Privately Owned Site of the delinquent Owner or Member by recording a notice ("Notice of Lien") setting forth: (a) the amount of the claim of 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 (iv) the name of the Record Owner thereof. Such Notice of Lien shall be signed and acknowledged by an officer of the Community Association or other duly authorized agent of the Community 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 Community Association Area. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. When any 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 have been fully paid or otherwise satisfied, the Community 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 in the manner for foreclosure of Mortgages in the State of Colorado.

Section 8.39. Escheat Certificate. 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 with, or intending 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 Community Association and all Persons for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other Assessments have been levied.
Section 8.40. 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 Community Association or the Board of Directors is not properly exercising its duties and powers under this Community Declaration.

ARTICLE IX
GENERAL RESTRICTIONS APPLICABLE TO PROPERTY

All real property within the Community Association Area shall be held, used and enjoyed subject to the following limitations and restrictions, and subject to the exceptions of Declarant set forth in this Community 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 in the Architectural Committee.

Section 9.1. Maintenance of Property. No property within the Community Association Area shall be permitted to fall into disrepair, and all property within the Community 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 shall be the responsibility of the Owner of the Privately Owned Site. Maintenance, repair and upkeep of Community Association Properties shall be the responsibility of the Community Association. Violation of this provision by an Owner shall permit the Community Association, after Notice and Hearing, to enter on the Privately Owned Site of the Owner and cure the violation or cause compliance with this provision and to levy and collect a Reimbursement Assessment for the costs and expenses of the Association in so doing; provided, however, that there shall be no entry into the interior of an improvement intended for human occupancy without the consent of the Owner thereof unless a clear emergency exists.

Section 9.2. No Noxious or Offensive Activity. No noxious or offensive activity shall be carried on upon any property within the Community Association Area nor shall anything be done or placed thereon which is or may become a nuisance or cause an unreasonable embarrassment, disturbance or annoyance to others.

Section 9.3. Annoying Sounds or Odors. No sound or odor shall be emitted from any property within the Community Association Area which is noxious or unreasonably offensive to others. Without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells or other sound devices, other than security devices used exclusively for security purposes, shall be located or
used on any property except with the prior written approval of the Architectural Committee.

Section 3.4. No Hazardous Activities. No activity shall be conducted on and no improvement shall be constructed on any property within the Community 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 3.5. 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 in actual use.

Section 3.6. 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 Privately Owned Site except within an enclosed structure or appropriately screened from view, except that any container containing such materials may be placed outside at such times as may be necessary to permit garbage or trash pickup.

Section 3.7. No Temporary Structures. No tent, shack, temporary structure or temporary building shall be placed upon any property within the Community Association Area except with the prior written consent of the Architectural Committee obtained in each instance.

Section 3.8. Restriction on Antennas, Poles and Utility Lines. Pipes for water, gas, sewer, drainage or other purposes and wires, poles, antennae and other facilities for the transmission or reception of audio or visual signals or electricity, and utility meters or other utility facilities shall be kept and maintained, to the extent reasonably possible, 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 Community Association Area, except that on Commercial Sites or industrial sites an Owner may erect an antenna if such antenna is necessary to carry on the business conducted by Owner on the Site if the Architectural Committee gives its consent to the erection of such antenna in accordance with the provisions of Article X hereof. With the approval of the Architectural Committee, a master antenna or cable television antenna or antennae may be provided for use of all Owners or a group of Owners, and Declarant may grant easements for such purposes subject to the provisions of Section 11.14 of this Community Declaration.
Section 9.9. 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 Community Association Area so as to be evident to public view except 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.

Section 9.10. Restrictions on Mining or Drilling. No property within the Community 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, and except mining, drilling or exploring for oil, gas or other hydrocarbons or minerals below a depth of five hundred feet (500') from the surface of the land from surface sites located outside the Community Association Area.

Section 9.11. Maintenance of Drainage. There shall be no interference with the established drainage pattern over any property within the Community 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. The established drainage pattern may include the drainage pattern from Community Association Properties over any Privately Owned Site, from any Privately Owned Site over the Community Association Properties, or from any Privately Owned Site over another Privately Owned Site.

Section 9.12. Compliance with Insurance Requirements. Except as may be approved in writing by the Board of Directors, nothing shall be done or kept on property within the Community 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 Community Association.

Section 9.13. Compliance with Laws. Nothing shall be done or kept on any property within the Community Association Area in violation of any law, ordinance, rule or regulation of any governmental authority having jurisdiction.

Section 9.14. Restrictions on Sewage Disposal Systems. No cesspool, septic tank or other sewage disposal system shall be installed within the Community 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 sanitation agency providing sewage disposal services to a significant portion of the Community Association Area. Any sewage disposal system installed for property within the Community Association Area shall be subject to applicable laws, rules and regulations of any governmental authority having jurisdiction.

Section 9.15. Restrictions on Water Systems. No individual water supply or water softener system shall be installed or maintained for any property within the Community Association Area unless such system is approved in writing by the Architectural Committee and is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of any applicable water and sanitation district or other governmental authority having jurisdiction.

Section 9.16. Restoration in the Event of Damage or Destruction. In the event of damage or destruction of any improvement on any Privately Owned Site, the owner thereof shall 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 the owner shall cause the damaged or destroyed improvement to be demolished and the Privately Owned Site to be suitably landscaped, subject to the approval of the Architectural Committee, so as to present a pleasing and aesthetic appearance.

ARTICLE X

ARCHITECTURAL APPROVAL

Section 10.1. Approval of Improvements Required. The approval of the Architectural Committee shall be required for any improvement to Property on any Residential Site and, if so provided in the Supplemental Declaration covering any Commercial Site or Industrial Site, then for any improvement to Property on any such Commercial Site or Industrial Site, except for any Improvement to Property made by Declarant and except as prior approval may be waived or certain Improvements to Property may be exempted in writing or under written guidelines or rules promulgated by the Architectural Committee because approval in such case or cases is reasonably required to carry out the purposes of this Community Declaration.

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, selecting or removing of trees, shrubs, grass or plants; and (e) any change or alteration of any previously approved improvement to Property including any change of exterior appearance, color or texture.

Section 10.3. Membership of Committee. The Architectural Committee shall initially consist of three (3) members, all of whom shall be appointed by Declarant. Declarant shall have the continuing right to appoint three (3) members during the Appointment Period (as hereinafter defined) of the Project Area. The Community Association shall have the right to appoint two (2) members during the Appointment Period and, thereafter, the right to appoint all members. The "Appointment Period" shall mean the period of time commencing as of the date of Recordation of this Community Declaration and continuing until the earliest to occur of the following events:

(a) At such time as the deeds have recorded for the sale by Declarant of at least thirty thousand (30,000) Privately Owned Sites in the Community Association Area; or

(b) At such time as Declarant no longer has authority to unilaterally annex real property in the Annexable Area to the Community Association Area without the consent of the Delegates as authorized in Section 3.1; or

(c) December 31, 2013.

Members of the Architectural Committee may, but shall not necessarily be Members of the Community Association. Members of the Architectural Committee to be appointed by the Community Association shall be appointed at the organization 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. During the period of development of the Project Area while Declarant has rights to appoint members of the Architectural Committee, Declarant and the Community Association shall each give written notice to the other of the appointment or removal of any member of the Committee. After the Appointment Period, the Community Association may at any time, and from time to time, change the authorized number of members of the Architectural Committee, but the number of members shall always be an odd number and shall not be less than five (5).

Section 10.4. Address of Committees. The address of the Architectural Committee shall be at the principal office of the Community Association.
Section 10.5. Required Approval by Any Subassociation Architectural Committee. In addition to approval of Improvement to Property by the Architectural Committee of the Community Association, approval of Improvement 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 Property, the Architectural Committee may postpone review of any materials submitted for approval.

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 Community Association Area as a whole; that the appearance of the proposed Improvement to Property will be in harmony with the surrounding areas of the Community Association Area; that the Improvement to Property will not detract from the beauty, wholesomeness and attractiveness of the Community 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 Community 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. Committee Guidelines or Rules. The Architectural Committee shall issue guidelines or rules relating to the procedures, materials to be submitted and additional factors which will be taken into consideration in connection with the approval of any proposed Improvement to Property. Such guidelines or rules may specify circumstances under which the strict application of limitations or restrictions under this Community Declaration will be waived or deemed waived in whole or in part because strict application of such limitations or restrictions would be unreasonable or unduly harsh under the circumstances. Such
guidelines or rules may waive the requirement for approval of certain improvements to Property or exempt certain improvements to Property from the requirement for approval, if such approval is not reasonably required to carry out the purposes of this Community Declaration.

Section 10.9: Architectural Review Fee. The Architectural Committee may, in its guidelines or rules, provide for the payment of a fee to accompany each request for approval of any proposed improvement to Property. The Architectural Committee may provide that the amount of such fee shall be uniform for similar types of any proposed Improvement to Property or that the fee shall be determined in any other reasonable manner, such as based upon the estimated cost of the proposed Improvement to Property.

Section 10.10: Decision of Committee. The decision of the Architectural Committee shall be made within thirty (30) days after receipt by the Architectural Committee of 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 not to approve a proposed Improvement to Property, the reasons therefore shall be stated. The decision of the Architectural Committee shall be promptly transmitted 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 denies, imposes conditions on, or refuses approval of a proposed Improvement to Property, the Applicant may appeal to the Board of Directors by giving written notice of such appeal to the Community Association and the Architectural Committee within twenty (20) days after such denial or refusal. The Board of Directors or a Tribunal appointed pursuant to the Bylaws 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 of receipt by the Architectural Committee of 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 therewith, and any conditions imposed by the Architectural Committee. Failure to complete the proposed Improvement to Property within one (1) year after the date of
approval 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 noncompliance with the requirements for approval of Improvements to Property.

Section 10.14. Notice of Completion. Upon completion of the Improvement to Property, the Applicant may give written Notice of Completion to the Architectural Committee. Until the date of receipt of such a Notice of Completion, the Architectural Committee shall not be deemed to have notice of completion of such 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 thirty (30) days after the Architectural Committee shall have received a Notice of Completion from the Applicant.

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, the Architectural Committee shall notify the Applicant in writing of the noncompliance; which notice shall be given, in any event, within thirty (30) days after the Architectural Committee receives a Notice of Completion from the Applicant. The notice shall specify the particulars of the noncompliance and shall require the Applicant to take such action as may be necessary to remedy the noncompliance.

Section 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 thirty (30) days after receipt by the Architectural Committee of written Notice of Completion from the Applicant, the Improvement to Property shall be deemed in compliance if the Improvement to Property was, in fact, completed as of the date of 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 of the notice of noncompliance by the Applicant. If, after a notice of noncompliance, the Applicant fails to commence diligently to remedy such noncompliance, the Architectural Committee shall request a finding of noncompliance by the Board of Directors by giving written notice of such request to the Community Association and the
Applicant within thirty (30) days after delivery to the Applicant of a notice of noncompliance from the Architectural Committee. In either event, the Board of Directors or a Tribunal appointed pursuant to the Bylaws 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 of receipt by the Applicant of the ruling of the Board of Directors. If the Applicant does not comply with the ruling decision within such period, the Board may, at its option, record a Notice of Noncompliance against the real property or interest in the real property on which the noncompliance exists, may require the noncomplying improvement to Property or may otherwise remedy the noncompliance, and the Applicant shall reimburse the Community Association, upon demand, for all expenses incurred therefor. If such expenses are not promptly repaid by the Applicant or Owner to the Community Association, the Board may levy a Reimbursement Assessment against the Owner of the Privately Owned Site for such costs and expenses. The right of the Community Association to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Community Association may have at law, in equity, or under this Community 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 with respect to any Improvement to Property. 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 Community 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. If any such variance is granted, no violation of the provisions of this Community 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 the granting of a variance shall not operate to waive any of the

-47-
provisions of this Community Declaration or any Supplemental Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall the granting of any variance affect the jurisdiction of any architectural control 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, the Development Guide and zoning ordinances and setback lines or requirements imposed by any governmental authority having jurisdiction.

Section 10.22. Compensation of Members. Members of the Architectural Committee shall receive no compensation for services rendered other than reimbursement of out of pocket expenses incurred by them in the performance of their duties hereunder.

Section 10.23. Meetings of Committee. The Architectural Committee shall meet from time to time as necessary to perform its duties hereunder. The Architectural Committee may, from time to time, by resolution in writing adopted by a majority of the members, designate a Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for or on behalf of the Architectural Committee, except the granting of approval to any improvement to Property and granting of variances. The action of such Committee Representative under the authority of such Committee Representative or the written consent or the vote of a majority of the members of the Architectural Committee shall constitute action of the Architectural Committee.

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. Architectural Certificate. The Board of Directors shall, upon the reasonable request of any interested party and after confirming any necessary facts, issue a certificate with respect to the approval or disapproval of any improvement to Property or with respect to whether any improvement to Property was made in compliance hereunder. 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. Liability for Committee Action. There shall be no liability imposed on the Architectural Committee, any member of the Committee, any Committee Representative, the Community Association, any member of the Board of Directors or Declarant for any loss, damage or injury arising out of or in any way connected with the performance of the duties of the Architectural Committee unless due to the willful misconduct or bad faith of the party to be held liable. In reviewing any matter, the Committee shall not be responsible for reviewing, nor shall its approval of an
Improvement to Property be deemed approval of the Improvement to Property from the standpoint of safety, whether structural or otherwise, or conformance with building codes or other governmental laws or regulations.

Section 10.27 Construction Period Exception. During the course of actual construction of any permitted structure or improvement to Property, and provided construction is proceeding with due diligence, the Architectural Committee shall temporarily suspend the provisions contained in this Community Declaration as to the property upon which the construction is taking place to the extent necessary to permit such construction; provided that, during the course of any such construction, nothing is done which will result in a violation of any of the provisions of this Community 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 XI

MISCELLANEOUS

Section 11.1. Term of Declaration. Unless amended as herein provided, each provision contained in this Community 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 the 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 this Community Declaration and the new living children of said Persons, or until this Community 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 Community Declaration shall be effective until December 31, 2039, and, thereafter, shall be automatically extended for successive periods of ten (10) years each unless terminated by the vote, by written ballot, of Members holding at least seventy-five percent (75%) of the voting power of Members of the Community Association at duly constituted meetings of the Delegates District. The termination of this Community Declaration shall be effective upon the Recording of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Community Association, stating that this Community Declaration has been terminated by the vote of Members as provided herein.

Section 11.2. Amendment of Community Declaration by Declarant. Until the first Privately Owned Site subject to this Community Declaration has been conveyed by Declarant by deed recorded in the office of the County Clerk and Recorder of Douglas County, Colorado, any of the provisions, covenants, conditions, restrictions and equitable servitudes contained in this Community
Declaration may be amended or terminated by Declarant by the recitation of a written instrument, executed by Declarant, setting forth such amendment or termination.

Section 11.3. Amendment of Community Declaration by Members. Except as otherwise provided in this Community Declaration, and subject to provisions elsewhere contained in this Community Declaration requiring the consent of Declarant or others, any provision, covenant, condition, restriction or equitable servitude contained in this Community Declaration may be amended or repealed at any time and from time to time upon approval of the amendment or repeal by Members of the Community Association holding at least seventy-five percent (75%) of the voting power of the Community Association present in person or by proxy at duly constituted meetings of the Delegate Districts. Sections 2.47 and 4.7 hereof, as well as those provisions of Sections 8.1, 8.3, 8.5, 8.10, 8.11, 8.27, 8.32 or of any other section of this Community Declaration pertaining solely to the rights and obligations of Members entitled to use an improvement of any 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 Members holding at least seventy-five percent (75%) of the voting power within each Delegate District entitled to use such Recreation Cost Center present in person or by proxy at duly constituted meetings of such Delegate Districts. The approval of any such amendment or repeal shall be evidenced by the certification by the Delegates from the appropriate Delegate Districts to the Board of Directors of the Community Association of the votes of Members in the Delegate District. The amendment or repeal shall be effective upon the Recordation in the office of the Clerk and Recorder of Douglas County, Colorado, of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Community Association setting forth the amendment or repeal in full and certifying that the amendment or repeal has been approved by the Members and certified by the appropriate Delegates as set forth above.

Section 11.4. Amendment Required by Government Mortgage Agency. Notwithstanding the provisions of Section 11.3 hereof, any provision, covenant, condition, restriction or equitable servitude contained in this Community Declaration which any Government Mortgage Agency requires to be amended or repealed may be amended or repealed by vote of Delegates representing Members holding at least twenty-five percent (25%) of the voting power of the Community Association at a duly constituted meeting of Delegates. Any such amendment or repeal shall be effective upon the Recordation in the office of the Clerk and Recorder of Douglas County, Colorado, of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Community Association setting forth the amendment or repeal in full and certifying that the amendment or repeal has been approved by the vote of Delegates as herein provided.

Section 11.5. Required Consent of Declarant to Amendment. Notwithstanding any other provision in this community
Declaration to the contrary, any proposed amendment or repeal of any provision of Article VII of this Community 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 and 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 all property in the Project Area has become part of the Community Association Area and the last Privately Owned Site within the Community Association Area has been sold and conveyed by Declarant.

Section 11.6. Amendment of Articles and Bylaws. The Articles of Incorporation and Bylaws may be amended in accordance with the provision set forth in such instruments or, in the absence of such provisions, in accordance with the applicable provisions of the Colorado Nonprofit Corporation Act.

Section 11.7. Special Rights of First Mortgagors. Any First Mortgagor (meaning a Mortgage with first priority over other Mortgages) of a Mortgage encumbering any Privately Owned Site in the Community Association Area, upon filing a written request therefor with the Community Association, shall be entitled to: (a) written notice from the Community Association of any default by the Mortgagor of such Privately Owned Site in the performance of the Mortgagor's obligations under this Community Declaration, the Articles of Incorporation, the Bylaws or the Rules and Regulations, which default is not cured within sixty (60) days after the Community Association learns of such default; (b) examine the books and records of the Community Association during normal business hours; (c) receive a copy of financial statements of the Community Association including any annual audited financial statement within ninety (90) days following the end of any fiscal year of the Community 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 Community Association or of the plan contemplated under this Community Declaration; (g) receive thirty (30) days written notice prior to the effective date of any proposed, material amendment to this Community Declaration, the Articles of Incorporation or the Bylaws; (h) receive thirty (30) days written notice prior to the effective date of termination of any agreement for professional management of the Community Association or the Community Association Properties following a decision of the Community Association to assume self-management of the Community Association Properties; and (i) immediate written notice as soon as the Community Association receives notice or otherwise learns of any damage to the Community Association Properties if the cost of reconstruction exceeds Ten Thousand Dollars ($10,000) and as soon as the Community Association receives notice or otherwise learns of any condemnation or eminent domain proceedings or other proposed acquisition with respect to any portion of the Community Association Properties.
Section 11.8. First Mortgagee Exemption from Rights of First Refusal. Any such First Mortgagee who obtains title to any Privately Owned Site pursuant to the remedies provided in the Mortgage held by such First Mortgagee or pursuant to any foreclosure of the Mortgage or by deed or assignment in lieu of foreclosure shall be exempt from any right of first refusal if any such right of first refusal is ever contained in the Community Declaration or any Supplemental Declaration.

Section 11.9. Priority of First Mortgagee Over Assessments. Each First Mortgagee of a Mortgage encumbering a Privately Owned Site who obtains title to such Privately Owned Site pursuant to the remedies provided in the Mortgage, by judicial foreclosure, or by deed or assignment in lieu of foreclosure shall take title to the 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 holder acquires title to such Privately Owned Site, other than allocation of any deficiency proportioned among all Members of the Community Association.

Section 11.10. First Mortgagee Right to Pay Taxes and Insurance Premiums. Any such First Mortgagee or any such First Mortgagors, jointly or singly, shall be entitled to pay any taxes or other charges which are in default and which may or may have become a charge against any of the Community Association Properties and may pay any overdue premiums on hazard insurance policies for any Community Association Properties, and the First Mortgagees making such payments shall be entitled to immediate reimbursement therefor from the Community Association.

Section 11.11. Agreements with Government Mortgage Agencies. The Community Association may enter into such contracts or agreements on behalf of the Community Association as may be required in order to satisfy the requirements or guidelines of any Government Mortgage Agency so as to allow for the purchase, guarantee or insurance, as the case may be, by a Government Mortgage Agency of exempt Mortgages encumbering Privately Owned Sites. Each Owner hereby agrees that it will benefit the Community Association and the Members thereof, as a class of potential mortgage borrowers and potential sellers of Privately Owned Sites, if Government Mortgage Agencies approve the Community Association Area as a qualifying subdivision under their respective policies, rules and regulations, and that the same shall be subject to such approval to be kept.

Section 11.12. Association Right to Mortgage Information. Each Owner hereby authorizes any First Mortgagee holding a Mortgage on such Owner's Privately Owned Site to furnish information to the Community Association concerning the status of such First Mortgage and the loan which it secures.

Section 11.13. Special Approvals by First Mortgagees. Unless at least seventy-five percent (75%) of the First Mortgagees (based upon one vote for each Mortgage owned) of Privately Owned Sites in the Community Association have given their written approval, neither the Community Association nor any Member shall (a) by
act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Community Association Properties or the Improvements therein which are owned, directly or indirectly, by the Community Association (except that the granting of Access Easements, Utilities Easements, Drainage Easements and Water Facilities Easements or easements for other public purposes consistent with the intended use of such property by the Community Association shall not be deemed within the meaning of this provision); (b) change the method of determining the obligations, Assessments or other charges which may be levied against Members or the method of allocating distributions of hazard insurance policy proceeds or condemnation awards; (c) by act or omission change, waive or abandon any scheme of regulation, or enforcement thereof, pertaining to Architectural approval of improvements of Property including the architectural design of the exterior appearance of dwelling units, the exterior maintenance of dwelling units or the upkeep of lawns and plantings on the Community Association Properties; (d) fail to maintain the casualty, fire and extended coverage insurance on insurable Community Association Properties as elsewhere provided in this Declaration; (e) use hazard insurance proceeds for losses to any Community Association Properties for other than the repair, replacement or reconstruction of the Improvements which were damaged or destroyed; and (f) amend any material provision of this Declaration, the Articles of Incorporation or the Bylaws.

Section 11.14. FHA/VA Approval. As long as Declarant shall have the right to appoint a majority of the Members of the Architectural Committee as elsewhere provided in this Community Declaration, and provided further that the FHA or the VA is insuring or guaranteeing or has agreed to insure or guarantee loans in any portion of the Community Association Area with respect to initial sales of Privately Owned Sites by Declarant, the following action shall require the prior approval of the FHA or the VA, in accordance with the procedure set forth herein: (a) dedication of any of the Community Association Properties; (b) granting of easements, rights of way or licenses by Declarant in the Community Association Properties; (c) granting of a Mortgage covering any portion of the Community Association Properties; (d) establishment of additional reservations by Declarant in the Community Association Properties; (e) amendment of this Community Declaration, the Articles of Incorporation or the Bylaws; (f) any merger or consolidation of the Community Association with any other entity; and (g) any exceptions to title to any Community Association Properties transferred to the Community Association by Declarant. Prior to any such proposed action, Declarant shall give written notice of such proposed action to the FHA and VA, and for sixty (60) days following the receipt of such notice, the FHA or VA shall have the power to prohibit such action by written notice to Declarant. If no written notice of veto is received by Declarant within such sixty (60) day period, then such approval was obtained with respect to the request contained in such notice. Any certificate of amendment or repeal shall state whether or not any such consent is required and, if required, shall state whether or not such consent has been obtained, and the
statements in the certificate shall be binding and conclusive on all persons.

Section 11.15. Notices. Any notice permitted or required to be given under this Community Declaration shall be in writing and may be given either personally or by mail, telephone or telegraph. If served by mail, each notice shall be sent postage prepaid, addressed to any person at the address given by such person to the Community Association for the purpose of service of such notice, or to the Privately Owned Site of such person if no address has been given to the Community Association and shall be deemed given, if not actually received earlier, at 3:00 p.m. on the second business day after it is deposited in a regular depository of the United States Postal Service. Such address may be changed from time to time by notice in writing to the Community Association.

Section 11.16. Persons Entitled to Enforce Declaration. The Community Association, any member of the Board, and any member of the Community Association shall have the right to enforce any or all of the provisions, covenants, conditions, restrictions and equitable servitudes contained in this Community Declaration against any property within the Community Association Area and the Owner thereof. The right of enforcement shall include the right to bring an action for damages as well as an action to enjoin any violation of any provision of this Community Declaration.

Section 11.17. Violations Constitute a Nuisance. Any violation of any provision, covenant, condition, restriction or equitable servitude contained in this Community 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 Community Declaration.

Section 11.18. Enforcement by Self Help. Declarant or the Community Association, or any authorized agent of either of them, may enforce, by self help, any of the provisions, covenants, conditions, restrictions or equitable servitudes contained in this Community Declaration, provided such self help is preceded by Notice and Hearing as set forth in the Bylaws.

Section 11.19. Violations of Law. Any violation of any federal, state, municipal or local law, ordinance, rule or regulation pertaining to the ownership, occupation or use of any property within the Community Association Area is hereby declared to be a violation of this Community Declaration and shall be subject to any and all of the enforcement procedures set forth in this Community Declaration.

Section 11.20. Remedies Cumulative. Each remedy provided under this Community Declaration is cumulative and not exclusive.
Section 11.21. Costs and Attorneys’ Fees. In any action or proceeding under this Community Declaration, the prevailing party shall be entitled to recover its costs and expenses in connection therewith including reasonable attorneys’ fees.

Section 11.22. Limitation on Liability. The Community 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 11.23. 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 improvements thereon, its or their physical condition, zoning, compliance with applicable laws, 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 writing.

Section 11.24. Liberal Interpretation. The provisions of this Community Declaration shall be liberally construed as a whole to effectuate the purpose of this Community Declaration.

Section 11.25. Governing Law. This Community Declaration shall be construed and governed under the laws of the State of Colorado.

Section 11.26. Severability. Each of the provisions of this Community Declaration shall be deemed independent and severable and the invalidity or unenforceability of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

Section 11.27. Number and Gender. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

Section 11.28. Captions for Convenience. The titles, headings and captions used in this Community Declaration are intended solely for convenience of reference and shall not be considered in construing any of the provisions of this Community Declaration.

Section 11.29. Mergers or Consolidations. Upon a merger or consolidation of the Community 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 Community 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 Community Declaration governing the Property, together with the covenants and restrictions established upon any other property, as one plan.

IN WITNESS WHEREOF, Declarant has executed this Community Declaration the day and year first above written.

MISSION VIEJO COMPANY, a California corporation

By: /s/ [Signature]
   Vice President
   Colorado Division

Attest: /s/ [Signature]
   Assistant Secretary
The foregoing instrument was acknowledged before me this 17th day of September, 1981, by James B. Cheesman, as President, Colorado Division and Jeffrey S. Stark, as Assistant Secretary of Mission Viejo Company, a California corporation.

WITNESS my hand and official seal.

Notary Public in and for said State

My commission expires [date]

[Signature]

-57-
EXHIBIT A
TO
COMMUNITY DECLARATION
FOR
HIGHLANDS RANCH COMMUNITY ASSOCIATION, INC.

DESCRIPTION OF FIRST SUBDIVISION

A. Residential Sites

Lots 1 through 31, inclusive, Block 8, Replat of Highlands Ranch Filing No. 1, in the County of Douglas, State of Colorado, as shown on the Plat recorded at Reception Number 271785 in the Office of the Clerk and Recorder of said Douglas County, Colorado.

B. Community Association Property (Recreation Cost Center No. 1)

Lots 2 and 3, Block 11, Replat of Highlands Ranch Filing No. 1, in the County of Douglas, State of Colorado, as shown on the Plat recorded at Reception Number 271785 in the Office of the Clerk and Recorder of said Douglas County, Colorado.
EXHIBIT B
LEGAL DESCRIPTION
OF
ANNEXABLE AREA
(Highlands Ranch Community Association, Inc.)

The "Annexable Area" shall mean (a) all real
property presently owned by Mission Viejo Company in Douglas
County, Colorado which is more particularly described in
Part A of this Exhibit B; and (b) certain real property in
Douglas County, Colorado, not now owned by Mission Viejo
Company, but which is surrounded or significantly bounded
by real property owned by Mission Viejo Company and which
is more particularly described in Part B of this Exhibit B
(provided that no portion of such real property described
in Part B shall in any way be subject to, encumbered by
or deemed affected by the Community Declaration to which
this is an Exhibit without the recorded, written consent of
the then owner thereof and of the Declarant under the
Community Declaration).

PART A.

The real property presently owned by Mission Viejo
Company which constitutes Annexable Area is more particularly
described as follows:

That portion of the real property in Douglas County,
Colorado acquired by Mission Viejo Company (a) by Special
Warranty Deed from Marvin Davis dated December 11, 1979 and
recorded December 18, 1979 in Book 378 at page 208 of Douglas
County records; (b) by Special Warranty Deed from Jess Kortz
et al., dated December 13, 1979 and recorded December 18,
1979 in Book 378 at page 411 of Douglas County records; and
(c) by Special Warranty Deed from Theodore J. Alpert, et al.,
dated December 13, 1979 and recorded December 18, 1979 in
Book 378 at page 614 of Douglas County records lying easterly
of U. S. Highway 85 (Santa Fe Drive), more particularly
described as follows:

Township 6 South, Range 67 West, 6th P.M., Douglas County, Colorado

Section 5: All
Section 6: NE1/4 and SE1/2 NE1/4
Section 7: All EXCEPT one square acre in the Northwest corner conveyed to the Directors of School District No. 9.

Section 8: All EXCEPT the North 660 feet of the East 980 feet of the NEL/4NEI/4NEI/4 conveyed to Public Service Company of Colorado by deed recorded in Book 171 at page 12.

Section 17: N1/2 and NEL/4SEI/4

Section 18: All

Section 19: All

Section 20: W1/2NW1/4 and SW1/4 and W1/2SEI/4

Section 28: W1/2 EXCEPT that part conveyed to the Public Service Company of Colorado in deed recorded in Book 187 at page 251.

Section 29: All EXCEPT parcel conveyed to Public Service Company of Colorado in deed recorded in Book 187 at page 251.

Section 30: All

Township 7 South, Range 67 West, 6th P.M., Douglas County, Colorado

Section 6: W1/2 and N1/4 except that portion described in deed recorded in Book 81 at page 80.

Township 6 South, Range 68 West, 6th P.M., Douglas County, Colorado

Section 1: All

Section 3: All EXCEPT that portion deeded to Department of Highways of the State of Colorado by deed recorded in Book 159 at Page 399 and re-recorded in Book 160 at page 117.
AND EXCEPT tract conveyed in Book 169 at page 342, and tract conveyed in Book 176 at page 133.
AND EXCEPT tracts deeded to the Northern Colorado Irrigation Co. in Book 38 at page 129 and in Book 93 at page 64.

Section 4: SEL/4 NEL/4 and NL/2 SEL/4 and SEL/4 SEL/4 and SWL/4
EXCEPT a strip of land 1320 feet long and 22 feet wide off the East side of the NEL/4 SWL/4 and a strip of land 10 feet long and 22 feet wide off the East side of the SEL/4 SWL/4 and adjoining the strip of land last above described, on the South.

Section 5: SEL/4 and NWL/4 SWL/4 and SEL/4 SWL/4 and NEL/4 SWL/4 and that part of the EL/2 NEL/4 described as follows:
Beginning at the Northeast corner of said Section 5;
Thence West 1130 feet,
Thence South 700 feet,
Thence South 500 feet West 418 feet,
Thence South 20°30' West 300 feet,
Thence South 1871 feet,
Thence East 1571 feet,
Thence North 2902 feet to point of beginning.
EXCEPT that part described in deed recorded in Book 101 at page 90.
AND EXCEPT that part described in deed recorded in Book 183 at page 123.
AND EXCEPT that part conveyed to the Department of Highways of the State of Colorado in deed recorded in Book 159 at page 397.
AND EXCEPT a strip 150 feet wide for Canal through SEL/4 of said Section 5, as conveyed to Northern Colorado Irrigation Co. by deed recorded in Book N at page 266.
AND EXCEPT for strip 100 feet wide for Canal through the SWL/4 and NEL/4 of said Section 5 as conveyed in deed recorded in Book N at page 132.
AND EXCEPT that part lying within the right of way for Highway 84.

Section 6: That part of the NEL/4 SEL/4 lying East of the Atchison, Topeka and Santa Fe Railroad right of way.
EXCEPT that part lying in right of way for U.S. Highway 85.

Section 7:

EXCEPT that part conveyed to School District No. 1 in Book 104 at page 375,
AND EXCEPT that part conveyed to Douglas County School District No. 1, in Book 270 at page 204,
AND EXCEPT that part conveyed to Northern Colorado Irrigation Company for Highline Canal in Book H (sometimes erroneously referred to as Book K) at page 132,
AND EXCEPT that part in Chatfield Reservoir Site as described in Declaration of Taking recorded April 24, 1970 in Book 203 at page 383,
AND EXCEPT that parcel conveyed to Corder Concrete Products Co. in Book 311 at page 11,
AND EXCEPT that part conveyed to the Santa Fe Land Improvement Company in Book 38 at page 477,
AND EXCEPT right of way for the Denver and Rio Grande Railroad Company and right of way for the Atchison, Topeka and Santa Fe Railroad Company,
AND EXCEPT that parcel conveyed by the Atchison, Topeka and Santa Fe Railway Company to the United States of America in Book 278 at page 407,
AND EXCEPT part lying in right of way for U.S. Highway No. 85,
AND EXCEPT part conveyed to Board of County Commissioners for road in Book 106 at page 75.

Section 8:

EXCEPT tract described as follows:
Starting at a point, point of beginning, which lies on the North and South centerline of said Section 8, 100 feet South of the North one-quarter corner to said Section 8, thence South on centerline a distance of 674 feet,
thence East 395 feet,
thence North 430 feet,
thence North 58°15' West 460 feet, more or less, to point of beginning.
AND EXCEPT tract described in Declaration
of Taking for Charfield Dam Project recorded
in Book 203 at page 383,
AND EXCEPT that part lying within the right
of way for Highway 85.

Section 9: All
Section 10: All
Section 11: All
EXCEPT that portion of the SEL/4SWL/4 of
said Section 11 more particularly described
as follows:
Beginning at the Southwest corner of said
Section 11;
thence East along the South line of said
Section 11 a distance of 1889.80 feet;
thence North a distance of 20 feet;
thence N 06°08'00" E, a distance of 243.3
feet;
thence East a distance of 249.00 feet;
thence South 18.1 feet to the True Point of
Beginning;
thence continuing South 223.9 feet to a
point 20 feet North of the South line of
said Section 11;
thence West 246.56 feet to the Southeast
corner of that parcel of land conveyed to
Highland Ventures, a partnership, by deed
recorded June 28, 1979 in Book 363 at page
948;
thence N 06°30'00" E along the East line of
said parcel 235.54 feet;
thence S 87°20'24" E along the South line
of said parcel 220.11 feet to the True
Point of Beginning,
AND EXCEPT that part of the SEL/4SWL/4 of
said Section 11 lying within the following
described property:
A tract of land in the SWL/4 of Section 11
and in the NWL/4 of Section 14, Township 8
South, Range 28 West of the 6th P.M. described
as follows:
Beginning at the Southwest corner of said
Section 11,
thence East along the South line of said
Section 11, a distance of 1615.68 feet to
the True Point of Beginning of the Tract of
land herein described:
thence S 06°30' W a distance of 30 feet; thence S 89°14'58" E a distance of 302.44 feet; thence N 15°10'00" E a distance of 108.0 feet; thence N 12°07'43" E a distance of 174.79 feet; thence N 87°24'49" W a distance of 118.52 feet; thence South, a distance of 223.90 feet; thence West, a distance of 246.54 feet; thence S 06°30' W a distance of 20.13 feet to the True Point of Beginning, Douglas County, Colorado. All bearings used herein are assumed based on the South line of said Section 11 bearing due East and West.

Section 12: All
Section 13: All
Section 14: All

EXCEPT that part of the NW1/4 of said Section 14 lying within the following described property:
A Tract of land in the SW1/4 of Section 11 and in the NW1/4 of Section 14, Township 6 South, Range 68 West of the 6th P.M. described as follows:
Beginning at the Southwest corner of said Section 11; thence East along the South line of said Section 11, a distance of 1153.68 feet to the True Point of Beginning of the Tract of land herein described; thence South 06°30' West, a distance of 30 feet; thence South 89°14'58" East, a distance of 302.44 feet; thence North 15°10'00" East, a distance of 108.0 feet; thence North 12°07'43" East, a distance of 174.79 feet; thence North 87°24'49" West, a distance of 118.52 feet; thence South, a distance of 223.90 feet; thence West, a distance of 246.54 feet; thence South 06°30' West, a distance of 20.13 feet to the True Point of Beginning, Douglas County, Colorado. All bearings
used herein are assumed based on the South line of said Section 11 bearing due East and West.

Section 15: All
Section 16: All
Section 17: NE1/4 and SE1/4 except that part of the NW1/4 lying Wasterly of the Easterly right of way line of Highway No. 85.
Section 18: All except that part within Chatfield Reservoir Site as described in Declaration of Taking recorded in Book 205 at page 383, and except tract deeded to Northern Colorado Irrigation Company in Book K at page 404.
Section 22: All
Section 23: All
Section 24: All
Section 25: All
Section 26: All
Section 27: All
Section 28: All
Section 29: All

Township 7 South, Range 68 West, 6th P.M., Douglas County, Colorado

Section 1: All except that portion contained in deed recorded in Book 61 at page 80.
Section 2: E1/2 and E1/2W1/2, except that portion contained in deed recorded in Book 61 at page 80.
Section 11: NE1/4, except that portion contained in deed recorded in Book 61 at page 80.
Township 6 South, Range 67 West, 6th P.M., Douglas County, Colorado

Section 13: All EXCEPT that part in Chatfield Reservoir Site as described in the Declaration of Taking recorded April 24, 1970, in Book 203 at Page 383, AND EXCEPT Tract deeded to Northern Colorado Irrigation Company recorded in Book N at Page 132 and Book 3 at Page 410.

Part B:

The real property not now owned by Mission Viejo Company, but which is surrounded or significantly bounded by real property owned by Mission Viejo Company and which constitutes Annexable Area is more particularly described as follows:

In Township 6 South, Range 67 West, 6th P.M., Douglas County, Colorado: All of those portions of Section 6, 7, 8, 17, 20 and 29 and of the W1/2 of Section 20 not described in Part A of this Exhibit B.

In Township 6 South, Range 68 West, 6th P.M., Douglas County, Colorado: All of those portions of Sections 3, 4, 5, 6, 11 and 14 not described in Part A of this Exhibit B.

In Township 6 South, Range 68 West, 6th P.M., Douglas County, Colorado: All of those portions of Sections 6, 7 and 17 lying easterly of the right-of-way for the Atchison, Topeka & Santa Fe Railroad Company and not described in Part A of this Exhibit B.

In Township 7 South, Range 68 West, 6th P.M., Douglas County, Colorado: All of those portions of Section 1 and the E1/2 and W1/2 of Section 2 and the W1/2 NE1/4 of Section 11 not described in Part A of this Exhibit B.