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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
WOODBOURNE, A RESIDENTIAL COMMUNITY

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DECLARATION OF
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FOR
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ARTICLE I. RECITALS

WOOD BROS. HOMES, INC., a Delaware corporation, and MIDWAY DEVELOPMENT CO. NO. 3, a Colorado Partnership, ("Declarant"), as the owners of certain real property subject to this Declaration, located in Jefferson County, Colorado, and more particularly described on Exhibit A, attached hereto and incorporated herein by this reference (the "Properties"), which Properties consist of 123 individual Lots to be improved and sold, and related Common Areas and Common Area Improvements as set forth on Subdivision Plat filed or to be filed, hereby makes the following grants, submissions, and declarations:

Declarant desires to provide for the preservation and enhancement of improvements, amenities and opportunities in Woodbourne, a Residential Community, contributing to the personal and general health, safety and welfare of residents and for the maintenance of the Common Area and Improvements, and to this end desires to subject the Properties, together with such additions as may hereafter be made thereto, to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said Properties and each Owner thereof.

DECLARATION

NOW, THEREFORE, Declarant declares that Woodbourne lots, as hereinafter described, together with all Common Areas and such additions as may hereafter be made, is, are and shall be held, transferred, sold, conveyed and occupied subject to the following uniform covenants, conditions, restrictions, easements, charges and liens which shall run with the real property and be binding on all persons having or acquiring any right, title or interest in any such Lot or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of, be binding upon, and be enforceable by Declarant, its successors in interest, each Owner and his successors in interest, and the Woodbourne Homeowners Association, Inc., and its successors in interest.

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ARTICLE II. DEFINITIONS

The following terms shall have the following meanings when used, unless the context otherwise requires:

Section 2.1. Association. "Association" shall mean and include Woodbourne Homeowners Association, Inc., a Colorado nonprofit corporation, its successors and assigns.

Section 2.2. Board of Directors. "Board of Directors" or "Board" shall mean and include the governing body of the Association as provided in this Declaration, the Articles of Incorporation and the By-Laws thereof.

Section 2.3. Building. "Building" shall mean and include any building constructed on the Properties.

Section 2.4. Common Area. "Common Area" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first Lot is described in Exhibit B.

Section 2.5. Common Area Improvements. "Common Area Improvements" shall mean and refer to any and all improvements located in, under, or upon the Common Area, as originally developed and constructed by Declarant or as later added by the Association, which Common Area Improvements may include recreational facilities, perimeter fences, any non-dedicated and private roadways, all as may be located upon the Common Area described herein.

Section 2.6. Common Expense. "Common Expense" shall mean and refer to:

A. Expenses of administration, operation or management, repair, or replacement of the Common Areas of the Project;

B. Expenses declared Common Expenses by the provisions of this Declaration, the Articles of Incorporation and By-Laws of the Association;

C. All sums lawfully assessed against the Lots by the Board of Directors of the Association;

D. Expenses determined to be Common Expenses by the Association of Lot Owners; and

E. Expenses as are provided in any management agreement applicable to the Properties.

Section 2.7. Declarant. "Declarant" shall mean and include WOOD BROS. HOMES, INC., a Delaware corporation and MIDWAY DEVELOPMENT CO. NO. 3, a Colorado Partnership, its successors and assigns, if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development and sale. 8

Section 2.8. Declaration. "Declaration" shall mean and include this instrument together with any and all supplements and/or amendments hereto recorded in the Office of the Clerk and Recorder of the County of Jefferson, State of Colorado.

Section 2.9. Dwelling Unit. "Dwelling Unit" shall mean and refer to the improvements located upon any Lot built for single family occupancy as a residence.

Section 2.10. First Mortgagee. "First Mortgagee" shall mean and include the holder of any recorded Mortgage under which any interest of any Owner in the Project is encumbered and which Mortgagee has first and paramount priority, subject only to the lien of general or ad valorem taxes and assessments.

Section 2.11. Lot. "Lot" shall mean and refer to any plot of land shown upon any recorded Subdivision Plat of the Properties, with the exception of the Common Area.

Section 2.12. Lot Improvement. "Lot Improvement" shall mean and refer to any improvements located upon a Lot in addition to a Dwelling Unit, as above defined, as such improvements were originally installed by the Declarant or later approved for installation by the Association and intended for use in connection with the ownership of such Lot.

Section 2.13. Member. "Member" shall mean and refer to those persons entitled to membership in the Association as provided in the Declaration. "Member" and "Owner" (as hereinafter defined) may be used interchangeably herein, unless the context provides otherwise.

Section 2.14. Mortgage. "Mortgage" shall mean and include any recorded mortgage, deed of trust or other security instrument by which a Lot or any part thereof is encumbered.

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Section 2.15. Mortgagee. "Mortgagee" shall mean and include a beneficiary under a Mortgage.

Section 2.16. Owner. "Owner", unless otherwise qualified, shall mean and include any person or entity, including the Declarant, at any time owning a Lot. The term "Owner" shall not refer to any Mortgagee as herein defined, unless such Mortgagee has acquired title pursuant to foreclosure, or any proceeding in lieu of foreclosure. The terms "Owner" and "Member" (as hereinabove defined) may be used interchangeably herein, unless the context provides otherwise.

Section 2.17. Privacy Fence. "Privacy Fence" shall mean and refer to a fence which may be erected by Owners upon any Lot in accordance with limitations set forth elsewhere herein.

Section 2.18. Project. "Project" shall mean and refer to all of the Properties, including Dwelling Units, Lots, Common Areas, Common Area Improvements, and other structures and facilities thereon.

Section 2.19. Properties. "Properties" shall mean and refer to that certain real property described on Exhibit A and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 2.20. Subdivision Plat. The "Subdivision Plat" or "Plat" shall mean and refer to the subdivision plat which was properly submitted to and approved by the county or other governmental entity having jurisdiction over the approval of such plat, which plat shall include a survey of the Properties, the Lots, and the Common Areas, and shall have been properly recorded in the county in which the Properties are located following the approval thereof by the proper governmental entity.

ARTICLE III. PROPERTY RIGHTS

Section 3.1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to limit the number of guests of Members, to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of any Common Area and Common Area Improvements by a Member for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any and each infraction of its published Rules and Regulations;

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(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument signed by sixty-seven (67%) of the membership agreeing to such dedication or transfer has been recorded; and

(d) the right of the Association, in accordance with these Declarations and its Articles and By-Laws to borrow money for the purpose of improving the Common Area, or the existing Common Area Improvements, and in aid thereof, to mortgage or encumber said property, and the rights of such mortgage in said properties shall be subordinate to the rights of the Owners hereunder.

Section 3.2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and Common Area Improvements to the members of his family, his tenants, invitees, or contract purchasers who reside on the Properties.

Section 3.3. Title to Common Area and Improvements Thereon. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title in the Common Area and Common Area Improvements to the Association, free and clear of all liens and encumbrances, except general taxes for the current and subsequent years and subject to easements, rights-of-way, covenants, conditions, exceptions and reservations of record. Prior to the conveyance of any Lots included in additional lands, any Common Areas or Common Area Improvements added to the Properties at a later time as provided elsewhere herein shall be transferred to the Association free and clear of all liens and encumbrances except general taxes for the current and subsequent years and subject to easements, rights-of-way, covenants, conditions, exceptions and reservations of record.

ARTICLE IV. EASEMENTS

Section 4.1. Easements for Encroachments. If any portion of the Common Area, or Common Area Improvements thereon, now or hereafter, encroaches upon any Lot, or if any Lot or Lot Improvement thereon, now or hereafter, encroaches upon any other Lot or upon any portion of the Common Area, as a result of the construction of the Buildings or other Improvements, or if any such encroachments shall occur hereafter as a result of settling or shifting of any Building or other Improvements or for any other reason, a valid easement shall be deemed to exist for the encroachment and for the maintenance of the same shall exist so long as the Building or other Improvements shall exist. In the event any Dwelling Unit, Lot, Improvement, or adjoining Common Area Improvement, shall be partially or totally destroyed or taken as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments due to this rebuilding shall be permitted, and valid easements for such encroachment and the maintenance thereof shall exist so long as the Building or other Improvements shall stand. The foregoing encroachments shall not be construed to be encumbrances affecting the marketability of title to any Lot.

ARTICLE V. THE ASSOCIATION

Section 5.1. The Association. The administration of the Project shall be governed by this Declaration, the Articles of Incorporation, and the By-Laws of the Woodbourne Homeowners Association, Inc., a Colorado nonprofit corporation.

Section 5.2. Membership. An Owner of a Lot shall automatically become a Member of the Association and shall remain a Member for the period of the Owner's Lot ownership. If title to a Lot is held by more than one person, the membership related to that Lot shall be shared by all such persons in the same proportion of interests and by the same type of tenancy in which the title of the Lot is held. An Owner shall be entitled to one membership for each Lot owned. Each membership shall be appurtenant to the Lot and shall be transferred automatically by conveyance of the Lot. No person or entity other than an Owner may be a Member of the Association, but the rights of membership may be assigned to a Mortgagee as further security for loans secured by a mortgage of a Lot.

Section 5.3. Classes of Membership and Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of the Declarant and they shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Members shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The then existing Class B memberships shall be converted to Class A membership on the happening of either of the following events, whichever occurs first:

- (a) within four (4) months after the date when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b) March 31, 1992.

Section 5.4. Transfer. Except as otherwise expressly stated herein, any of the rights, interests and obligations of the Association set forth or reserved herein may not be transferred or assigned to any other person or entity. No such transfer or assignment shall relieve the Association of any of the obligations set forth herein. No such transfer or assignment shall revoke or change any of the rights or obligations of any Owners as set forth herein. In the event any Lot is to be sold, within five days of entering into a contract to sell a Lot an Owner shall notify the Association of same.

Section 5.5. Powers. The Association shall be granted all of the powers necessary to govern, manage, maintain, repair, administer, and regulate the Project and to perform all of the duties required of it.

Notwithstanding the above, unless sixty-seven percent (67%) of the First Mortgagees of Lots, who have registered pursuant to Section 21.7 below (based upon one vote for each First Mortgage owned or held), have given their prior written approval as provided in Section 21.8 below, and the Owners to which sixty-seven (67%) of the votes are allocated have given their prior written approval, the Association shall not be empowered or entitled to:

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A. By act or omission, seek to abandon or terminate the Project or dissolve the Association;

B. Partition or subdivide any Lot;

C. By act or omission, seek to abandon, partition, subdivide, encumber, mortgage, sell or transfer the Common Area or any Common Area Improvements thereon (the granting of easements for public utilities including cable television or for other public purposes consistent with the intended uses of such Common Areas by the Association shall not be deemed a transfer within the meaning of this clause);

D. Use hazard insurance proceeds for loss to the Common Area Improvements for other than the repair, replacement, or reconstruction of such Common Area Improvements;

E. Merge or consolidate with another project or association, except for such provisions as may otherwise be provided herein relating to the annexation of additional lands to the Properties;

F. Except as may result from the exercise of the annexation provisions otherwise herein, change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner;

G. Change the voting rights or the extent of rights and easements of each Owner in and to the Common Areas and Common Area Improvements thereon, excepting herefrom the effect of any annexation contemplated in these Declarations;

H. By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or exterior appearance of Dwelling Units, or the maintenance or upkeep of the Common Areas; or

I. Fail to maintain fire and extended coverage on insurable Common Area Improvements on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement costs).

Section 5.6. Examination of Books and Records.

All Owners, First Mortgagees, insurers or guarantors of a First Mortgage of a Lot in the Project shall, upon request, be entitled to:

A. Inspect the books and records of the Association during normal business hours;

B. Receive a copy of a financial statement of the Association for the preceding fiscal year at no charge;

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C. Written notice of all meetings of the Association and be permitted to designate a representative to attend all of such meetings; and

D. Current copies of this Declaration, By-Laws, Articles of Incorporation and any Rules and Regulations concerning the Project.

If requested by a holder, insurer or guarantor of a First Mortgage in writing, an audited financial statement for the immediately preceding fiscal year will be provided free of charge to the party so requesting, if available. If an unaudited financial statement is unavailable, then one shall be prepared and furnished within a reasonable time following such request.

ARTICLE VI. CERTAIN RIGHTS AND OBLIGATIONS
OF THE ASSOCIATION

Section 6.1. Common Areas. The Association, subject to the rights of Owners with respect to their individual Lots, shall be responsible for the exclusive management and control of the Common Areas and Common Area Improvements (including furnishings and equipment related thereto), including landscaping, drainage and grading and shall keep the same in good, clean, attractive and sanitary condition. The cost of such management, operation, maintenance, and repair by the Association shall be borne as provided in Article VIII.

Section 6.2. Miscellaneous Services. The Association may obtain and pay for the services of any person or entity to manage its affairs, or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall determine to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Association may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration. The Association may arrange with others to furnish lighting, heating, water, trash collection, snow removal, pool and other recreational amenity service and repairs, building and grounds maintenance, sewer service, firewood, and other services as appropriate to the Project. During the period Declarant is in control, any contracts or leases entered into shall contain a right of termination, without cause, which is exercisable without penalty at any time after transfer of control, upon not more than thirty (30) days' notice to the other party thereto; however, such right of termination need not be present in those contracts or leases wherein the subject matter is an essential service and where long-term contracts are required. The cost of such services shall be borne as provided in Article VIII.

Section 6.3. Professional Management. The Association may obtain and pay for services of a professional "Management Contractor" to manage its affairs, or any part thereof, to the extent it deems advisable, whether such services are in lieu of or supplemental to the

services described under Section 6.2 above. During the period when the Declarant is in control, any management contracts entered into by the Association with respect to such professional management of the Properties, and any contracts that such professional management shall enter into on behalf of the Association, may not be for a term not to exceeding one (1) year, and must contain a provision allowing either party to cancel the contract with or without cause, and without a payment of a termination fee or penalty, upon thirty (30) days prior written notice. Further, and in connection with the Association's right to contract for management and personnel, whether on-site or off-site in nature, the Association shall have the right to limit the use of portions of the Common Areas for purposes of maintenance and storage facilities, management office facilities, management housing facilities to the extent allowable, and other such purposes as deemed desirable and necessary by the Association for the purposes of management and maintenance of the Properties. Further, any decision by the Association to terminate professional management and assume self management of the project shall require the prior consent of Owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of sixty-seven percent (67%) of the First Mortgagees of Lots within the Project. Said professional Management Contractor shall be an independent contractor and neither the contractor, nor any of its employees, shall be considered as employees of the Association.

Section 6.4. Common Area Use. All Common Areas and Common Area Improvements described in Sections 2.4 and 2.5 of this Declaration are dedicated to the common use and enjoyment of the Owners for general recreation, pedestrian traffic, vehicular traffic, green area, and other such uses common to all the Owners as determined by the Association, pursuant to the covenants, provisions, and restrictions contained herein, or as further defined in the Association By-Laws and any Rules and Regulations promulgated by the Association.

Section 6.5. Fences, Walls and Plantings. No fences or walls shall be erected or maintained upon said Lots except such as are installed in accordance with the initial construction of the Buildings located thereon, or as may be approved by the Association's Architectural Control Committee or its designated representative, nor may fences, hedges, walls or planting which shall be installed as part of the initial construction be removed, transferred, or altered in any manner, except as approved by the Architectural Control Committee or its designated representative.

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Section 6.6. Maintenance of Individual Lots. The ownership of the Lots, together with Dwelling Units in existing Lot Improvements, shall be evidenced by a Deed to such Lot, together with the Improvements thereon. Maintenance, upkeep, and repairs of the Lot and any improvements thereon, and any Privacy Fence shall be the sole responsibility of the individual Owners thereof. Such maintenance, upkeep and repairs are not in any manner the responsibility of the Association; provided, however that in the event any Privacy Fence adjoining any Common Area is not properly maintained or repaired as may be necessary, by the Owner, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said parcel and to repair, maintain and restore the Fence. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject. In the event the Association should determine by approval of two-thirds (2/3) vote of the Board of Directors that such failure to maintain, upkeep and repair the Fence is sufficiently widespread as to result in the Association's desire to undertake such maintenance, upkeep and repair generally, then the Association shall so notify the Owners, and include the budgeted costs for such maintenance, upkeep and repair as an additional Common Expense chargeable, collectible and enforceable as additional assessments pursuant to the provisions of Article VIII.

Section 6.7. Identity of Board of Directors. From time to time, but not less than annually, there shall be mailed by the Association to each Owner a notice containing the names and addresses of the members of the Board of Directors, and, the Management Contractor if there is one.

Section 6.8. Rights of Action. The Association, and aggrieved Owner(s), shall have an appropriate right of action against Owner(s) for failure to comply with the provisions of this Declaration or with decisions of the Association made pursuant to this Declaration; and an Owner(s) shall have similar rights of action against the Association.

ARTICLE VII. LANDSCAPING AND DRAINAGE

Section 7.1. Approval. Prior to commencement of any construction of any fence, screening wall, retaining wall, arbor, gazebo, or landscaping (not including lawns, ground cover or flowers), and prior to any planting of trees or shrubs, prior written approval of the Architectural Committee shall be obtained.

Section 7.2. Completion of Landscaping. Promptly after completion of construction of a dwelling on any Lot and conveyance thereof to any Class A member, and in any event within sixty days after completion of such conveyance between March 1 and September 1 and within one hundred eighty days after completion of such conveyance at any other time, all yard area shall be planted or sodded in grass, groundcover or flowers and thereafter carefully maintained. All such Lots shall be kept free from plants infected with noxious insects or plant diseases which in the opinion of the Architectural Committee are likely to spread to other property, and all such Lots shall be kept free from weeds. Any Owner taking title to any Lot subject to written recommendations from Declarant describing landscaping techniques designed to facilitate drainage shall generally comply, within reason, with such recommendations.

Section 7.3. Drainage. No material change may be made in the ground level, slope, pitch or drainage patterns of any Lot as fixed by the original finish grading except after first obtaining the prior written approval of the Architectural Committee. Grading shall be maintained at all times so as to conduct irrigation and surface waters away from buildings and so as to protect foundations and footings from excess moisture.

ARTICLE VIII. ASSESSMENTS

Section 8.1. Obligation. All Owners (except Declarant, whose obligation is described below) shall be obligated to pay the estimated assessments imposed by the Board of Directors to meet the Common Expenses of maintenance, operation and management of the Property. The Board may establish any reasonable system for collection periodically of Common Expenses, in advance or arrears as deemed desirable. Initially, the assessment for the estimated Common Expenses on an annual basis shall be payable in equal monthly installments in advance on the first day of each calendar month. Assessments made shall be based upon the estimated cash requirements as the Board shall from time to time determine to be paid by all of the Owners. Estimated expenses shall include the cost of maintenance and operation of the Common Areas, expenses of management, taxes and special assessments, unless separately assessed, insurance premiums for insurance coverage as required herein or as deemed desirable or necessary by the Board, care of Common Area grounds which shall include maintenance of paving, landscaping, surface drainage and grading, wages, legal and accounting fees, management fees, expenses and liabilities incurred by the Board or Management Contractor under or by reason of this Declaration, payment of any deficit remaining from a previous assessment period, the creation of a reasonable contingency or other reserve or surplus fund for the maintenance or replacement of those Common Area Improvements which must be maintained or replaced on a periodic basis as well as other costs and expenses relating to the Common Areas and the purposes and responsibilities of the Association. The omission or failure of the Board to fix the assessments for any assessment period shall not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Board shall have the right, but not the obligation, to make pro-rata refunds of any assessments in excess of the actual expenses incurred after the end of the fiscal year.

Declarant shall have the obligation to pay a Common Expense Assessment on each Lot owned by Declarant and subject to this Declaration as provided herein and Article XVI, but this assessment shall be in an amount not less than 25% of the assessment chargeable to a Lot owned by a purchaser other than the Declarant; however, this obligation shall only begin after the first Lot in the phase in which the Declarant's Lots are located has been conveyed to a Class A Owner. This right of the Declarant to pay a reduced assessment shall terminate as to a particular Lot when a certificate of occupancy is issued for a Dwelling Unit on that Lot. During the time Declarant is entitled to Class B membership as provided in Section 5.3, Declarant agrees to pay to the Association a sum equal to the difference between the annual cost

of operating and maintaining the Common Areas, exclusive of reserves, and the amount of funds payable to the Association as assessments.

Section 8.2. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Twelve Hundred Dollars (\$1,200.00) per Lot.

(a) Without a vote of the membership, from and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the Board of Directors may only increase the maximum annual assessment by an amount of ten percent (10%) of the maximum assessment for the previous year.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased by an amount in excess of ten percent (10%) by a vote of sixty-seven percent (67%) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 8.3. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots, with the exception of Declarant's limited exemption, and may be collected on an annual or more frequent basis, as determined by the Board of Directors.

Section 8.4. Time For Payment of Assessments. Assessments shall be due and payable within fifteen (15) days after written notice of the amount thereof shall have been mailed to the registered mailing address of the respective Owner of a Lot. Each assessment shall bear interest at the rate of twenty-one percent (21%) per annum from the date it becomes due and payable if not paid within fifteen (15) days after such date, and there shall be a \$20 late charge for each installment of assessment payment that is delinquent. Failure of the Association to give timely notice of any assessment as provided herein shall not affect the liability of the Owner of any Lot for such assessment, but the date when payment shall become due in such case shall be deferred to a date fifteen (15) days after the due dates indicated in notice properly sent. The Association may elect to have the annual assessments paid monthly, or such other periodic basis deemed desirable by the Association; and a default in the payment of any one installment of the Annual Assessment shall additionally give the Association the right to accelerate the remaining amount of annual assessment as immediately due and payable, as further referenced hereinafter.

Section 8.5. Special Assessments For Capital Improvements. In addition to the annual assessments authorized by this Article, the Board of Directors may levy in any assessment year a special assessment

payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Project or any part thereof, or for any other expense or purchase incurred or to be incurred as provided in this Declaration. This Section shall not be construed as an independent source of authority for the Association to incur expense, but shall be construed to prescribe the manner of assessing for expense authorized by other Sections hereof which shall make specific references to this Article or as set forth in the preceding sentence. Any amounts assessed pursuant hereto shall be assessed to Owners at a uniform rate. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners and no payment shall be due less than thirty (30) days after such notice shall have been mailed to the registered mailing address of the respective Owner. A special assessment shall bear interest at the rate of twenty-one percent (21%) per annum from the date it becomes due and payable if not paid within thirty (30) days after such date, and there shall be a reasonable late charge as set by the Board of Directors. 18

Section 8.6. Special Assessment Veto. Notwithstanding the provisions contained in Section 8.5 above, written notice of any special assessment approved by the Board of Directors shall be sent to all Owners immediately following such adoption. Such written notice shall be sent to the registered mailing address of each Owner, and shall become effective thirty (30) days from and after the date of the certificate of mailing of such notices to Owners by the Secretary of the Association; provided, however, that the Owners shall have the right to veto such special assessment approved by the Board of Directors by proper written notice of sixty-seven percent (67%) of the Class A Members, indicating specific objection to the special assessment and delivered to the Secretary of the Association prior to the end of the thirty (30) day notice period referenced above. In the event such percentage of Owners should specifically object to the special assessment as indicated above and within the time frames required, then such special assessment shall be deemed defeated. Any further adoption of such special assessment by the Board of Directors shall require the same procedure to be followed as referenced above, or pursuant to a special meeting of the Association called for the purpose of approving such special assessment, which approval shall require sixty-seven percent (67%) of the Class A members present in person or by proxy at such meeting, provided a quorum (as defined in the By-Laws) is present. The provision of this Section 8.6 regarding a special assessment veto shall only be in effect if there is a Class B membership as per Section 5.3 herein above.

Section 8.7. Assessment Lien. All sums assessed but unpaid for the share of Common Expenses or special assessments chargeable to any Lot, including any fees, late charges, fines or interest, shall constitute a lien on such Lot superior to all other liens and encumbrances except (a) tax and special assessment liens on the Lot in favor of a taxing authority and (b) all sums unpaid on a First Mortgage of record, including all unpaid obligatory sums as may be provided by such encumbrance. To evidence the lien as herein permitted, the Board of Directors may, but shall not be required to, prepare a written notice setting forth the amount of such unpaid indebtedness, the amount

of accrued penalty thereon, the name of the Owner, and a description of the Lot and record the same in the Office of the Clerk and Recorder of the County of Jefferson, Colorado. Such lien for assessment shall attach from the due date of the assessment. The lien may be enforced by foreclosure of the defaulting Owner's Lot by the Association in the manner for foreclosing a mortgage on real property upon recording of a notice for claim thereof. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid assessments, any penalties thereon, the costs and expense of such proceedings, the costs and expense for filing the notice of the claim and lien, and all reasonable attorney fees in connection therewith.

The Association shall have the power to bid on a Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. Any Mortgagee holding a Mortgage on a Lot may pay any unpaid assessment payable with respect to such Lot and any and all costs and expenses with respect thereto, and the lien on such Lot for the amounts paid shall have the same priority as the lien of the Mortgage. The lien for assessments referred to herein shall be at all times subordinate to the lien of any First Mortgage held by a First Mortgagee. By accepting a deed to a Lot, each Owner shall thereby waive and release any and all rights and claims said Owner may have in and to the Lot as a homestead exemption or any other exemption.

Section 8.8. Personal Obligation. The amount of any assessment chargeable against any Lot shall be a personal and individual debt of the Owner thereof. No Owner may become exempt from liability for the assessment by abandonment or waiver of the use or enjoyment of any of the Common Areas or Common Area Improvements. Suit to recover a money judgment for unpaid Common Expenses plus interest and expenses, including attorney fees, shall be maintainable without foreclosing or waiving the assessment lien provided herein.

Section 8.9. Notice to First Mortgagee. If requested in writing, the Association shall report to the First Mortgagee of a Lot any default hereunder or unpaid assessments remaining in default or unpaid or uncured for longer than sixty (60) days.

Section 8.10. Statement of Status of Assessment Payment. Upon payment of a reasonable fee of not less than \$25.00 (except for First Mortgagees who shall be exempt from such fee) and upon the written request of any Owner, Mortgagee, prospective Mortgagee, or prospective purchaser of a Lot, the Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Lots. Unless such request shall be complied with within twenty (20) days after receipt of said request by the Association, and if the request was properly addressed and sent by certified or registered mail, then all unpaid assessments which became due prior to the date of making such request shall be subordinate to the lien of a Mortgagee which acquired its interest subsequent to requesting such statement. If the request is made by a prospective purchaser, the lien for the unpaid assessment shall be released

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automatically if the statement is not furnished within the twenty (20) day period herein; provided thereafter, an additional written request is made by such purchaser, and the submission of the additional request is properly addressed and evidenced by a certified or registered mail receipt and the request is not complied with within ten (10) days and the purchaser subsequently acquires the Lot.

Section 8.11. Personal Liability of Purchaser For Assessments. Subject to the provisions of Section 8.10 and Section 8.13, a purchaser of a Lot shall be jointly and severally liable with the seller for all unpaid assessments and installments thereof against the Lot up to the time of conveyance to purchaser, without prejudice to purchaser's right to recover from the seller the amount paid by the purchaser for such assessments. 20

Section 8.12. Working Capital and Assessment Reserves. Each Owner originally purchasing a Lot from the Declarant shall be required to deposit and maintain continuously with the Association an amount equal to two (2) times the amount of the estimated monthly installment of annual assessment, such reserve amount to be held without interest accruing to the Owner, which sum shall be used by the Association or Management Contractor as a working capital fund. After the expiration of Class B membership, in the event the Board determines there is and will be sufficient working capital without this fund, and the reserve for the repair and replacement of the Common Areas is equal to or greater than the amount of the working capital fund, then this amount may be returned to each current Owner. Such advance payment shall not relieve an Owner from making the regular monthly installment payment of the Annual Common Assessment as same becomes due, nor shall the Association be required to deduct from such advance payment sums due for Common Assessments by an Owner prior to instituting any proceedings against the Lot Owner for delinquent Common Assessments.

If the Board of Directors deem additional working capital necessary and desirable, within 60 days after the closing of the first Lot in each phase, the Declarant shall pay each unsold Lot's share of the working capital fund to the Association. Declarant shall reimburse itself for those payments from funds collected at closing when the unsold Lots are sold.

The Association shall establish an adequate reserve fund for the maintenance, repair and replacement of the Common Areas and Common Area Improvements maintained by the Association. This reserve fund shall be maintained through regular installments of Common Assessments.

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Section 8.13. First Mortgagee-Foreclosure-Liability for Unpaid Assessments. Each First Mortgagee of a Lot within the Project who obtains title to the Lot pursuant to the remedies provided in the Mortgage or foreclosure of the Mortgage, or any purchaser at foreclosure sale, will take the Lot free of any claims for unpaid assessments and charges against the Lot which accrue prior to the time such First Mortgagee or purchaser at foreclosure sale obtains title to the Lot, but shall not relieve the a First Mortgagee or purchaser from liability for, or lien from, any assessments made thereafter. Any unpaid assessment, which was rendered uncollectible by the effect of this section, may be reallocated and assessed to all Lots as a Common Expense.

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Section 8.14. Association's Right of Acceleration Upon Default. In addition to the other remedies provided for the Association upon the default of an Owner in the payment of an annual assessment, special assessment, or any installment thereof, and in the event an Owner shall default in the payment of any installment of an annual or special assessment, then the Association shall have the immediate right of acceleration of the total amount of such annual or special assessment as remains outstanding at the time of such installment default. This right of acceleration in the event of installment default shall apply whether the Association pursues the obligation personally against the Owner or through foreclosure of the Owner's Lot, as provided hereinabove.

Section 8.15. Street Lighting. All Lots shall be subject to and bound by Public Service Company of Colorado tariffs which are now or may in the future be filed with and approved by the Public Utilities Commission of the State of Colorado relating to underground street lighting, together with rates, rules and regulations therein provided, and subject to all future amendments and changes thereto so approved. The Owner of each Lot shall pay as billed a portion of the cost of underground public street lighting according to Public Service Company of Colorado rates, rules and regulations, including future amendments and changes, on file with and approved by the Public Utilities Commission of the State of Colorado.

ARTICLE IX. RESTRICTIVE COVENANTS AND OBLIGATIONS
USE OF DWELLING UNITS

Sections 9.1. Residential. The Lots are hereby restricted to residential use and uses related to the convenience and enjoyment of such residential use. No Buildings or structures shall be moved from other locations onto the Lots or Common Area. No garage, barn, storage shed or other out-building shall be used or permitted to be kept or stored on any portion of the Lots or Common Areas at any time, either temporarily or permanently, unless otherwise provided for herein.

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Section 9.2. Sales Facilities of Declarant. Notwithstanding any provision in Section 9.1, Declarant, its agent, employees and contractors shall be permitted to maintain during the period of construction and sale of the buildings in the Project upon such portion of the Property as Declarant may choose, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient, or incidental to the construction, sale or rental of Lots and Dwelling Units including, but without limitation, a business office, construction and storage area, signs, model Dwelling Units, sales offices, construction and sales trailers, parking areas and lighting, and temporary parking facilities for all employees of Declarant and all prospective tenants or purchasers of Declarant; provided, however, said right shall terminate no later than March 31, 1992 and provided further, that such use shall not interfere in any way with the right of ingress or egress to any privately owned Dwelling Unit and the use and enjoyment thereof as a private residence, nor the right of ingress or egress to the Common Area and Improvements thereon, nor the use thereof for recreation or other proper purposes by the Owners and the Members, agents and officers of the Association. 22

Section 9.3. Rights of Association to Own Units and to Use Common Areas. Notwithstanding any provision contained herein to the contrary, the Association shall have the right, but not the obligation, to purchase and own any Dwelling Unit for the purpose of maintaining an office for the Association, for storage, recreation, or conference area or any other use which the Association determines is reasonable.

Section 9.4. Compliance With Law. No improper or unlawful use shall be permitted or made of the Properties or any part thereof. All valid laws, ordinances, and regulations as may be in effect or promulgated in the future of all governmental bodies having jurisdiction over the Project shall be observed.

Section 9.5. Rules and Regulations. Rules and Regulations may be adopted by the Board of Directors concerning and governing the use of the Common Areas and Common Area Improvements, provided such Rules and Regulations shall be furnished to Owners prior to the time they are adopted and that Owners be notified as provided in the By-Laws of the Association that the Board of Directors will consider adoption of the Rules and Regulations so that Owners will have an opportunity to be heard or furnish input regarding the adoption and so that such Rules and Regulations shall be uniform and nondiscriminatory. The Association may also adopt a fine system to impose monetary penalties for such infractions, or take judicial action against any Owner to enforce compliance with such Rules, Regulations, or other obligations including injunctive relief or to obtain damages for noncompliance, all to the extent permitted by law. The Board of Directors may adopt and publish a fine schedule which shall list fines which shall be imposed for violations of this Declaration.

Section 9.6. Animals. The Association may, by Rules and Regulations, prohibit or limit the raising, breeding or keeping of animals, birds, fish and other such live species, in any Dwelling Unit, or on the Common Areas or any part thereof.

Section 9.7. Leases. The Owner of a Dwelling Unit shall have the right to lease or rent Dwelling Unit, but only under the following conditions:

- A. No Owner may lease less than entire Dwelling Unit;
- B. All leases shall be in writing and shall be on a Lease Form approved by the Association's Board of Directors;
- C. All leases shall provide that the terms of the lease and lessee's occupancy of the Dwelling Unit shall be subject in all respects to the provisions of this Declaration and to the provisions of the Articles of Incorporation and By-Laws of the Association. Any failure by the lessee to comply therewith shall be a default under the lease. Any Owner who leases Dwelling Unit shall, within ten (10) days after the execution of such lease, forward a copy of same to the Association or the Association's Management Contractor;
- D. Any Owner who leases Dwelling Unit shall, and hereby does, appoint the Association his attorney in fact and grant to the Association the right to terminate such lease by a written notice to the tenant, in the event that such Owner's tenant shall fail to comply with any of the terms and provisions hereof, or the Association's By-Laws, Rules or Regulations; and any such Owner hereby agrees to hold the Association harmless from any claim of damage provided the Association shall have acted, in any such matter in good faith under applicable Colorado Statutes; and
- E. Except for a First Mortgagee in possession of a Dwelling Unit following the default under its Mortgage or in connection with foreclosure proceedings or any deed or other arrangement in lieu of foreclosure proceedings by such First Mortgagee, no Owner may lease Dwelling Unit for transient or hotel purposes or for an initial term of less than six (6) months, except in the event of a sale-leaseback or lease-purchase transaction.

Section 9.8. No Other Business. No other business activity of any kind shall be conducted in any Dwelling Unit or on the Project, except that permitted by the Association or otherwise provided herein.

Section 9.9. Miscellaneous Use Restrictions:

- A. Antennas. Except for any which may, at Declarant's option, be erected by Declarant's designated representative no exterior radio or television antenna or aerial shall be erected or maintained without the prior written approval of the Architectural Committee.
- B. Transmitters. No electronic or radio transmitter of any kind other than garage door openers shall be located or operated in or on any Improvement or on any Lot without the prior written approval of the Architectural Committee.

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- C. Repair of Buildings. No Improvement upon any Lot shall be permitted to fall into disrepair, and each such Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the Owner before the surfacing becomes weatherbeaten or worn off. Materials which are customarily left unfinished, such as cedar stockade fences, are permitted so long as in the opinion of the Architectural Committee they have not become unsightly.
- D. Reconstruction of Buildings. Any Improvement which may be destroyed in whole or in part by fire, hail, windstorm or any other cause or act of God, shall be rebuilt or all debris removed and the Lot permitted to arise therefrom so as to render any such property or any portion thereof in the opinion of the Board unsanitary, unsightly, offensive or detrimental to any other property or to its occupants.
- E. Nuisances. No noise or other nuisance shall be permitted to exist or operate upon any Lot so as to be, in the opinion of the Board, offensive or detrimental to any other property or its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes) shall be located, used or placed on any Lot without the prior written approval of the Board. No rubbish or debris of any kind shall be placed or permitted to accumulate upon any Lot and no odors shall be permitted to arise therefrom so as to render any such property or any portion thereof in the opinion of the Board unsanitary, unsightly, offensive or detrimental to any other property or to its occupants.
- F. Unsightly Articles. No unsightly article shall be permitted to remain on any Lot so as to be visible from adjoining property or public or private thoroughfares. Without limiting the generality of the foregoing, trailers, mobile homes, recreation vehicles, graders, trucks other than pickups used solely for the private and non-business use of the residents of a dwelling, boats, tractors, campers, wagons, buses, sleighs, motorcycles, motor scooters, snowmobiles, snow removal equipment, garden and maintenance equipment, and all commercial and business vehicles shall be kept at all times, except when in actual use, in an enclosed structure or be appropriately screened from view. No lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials or scrap shall be kept, stored or allowed to accumulate on any property except within an enclosed structure or appropriately screened from view. Liquid propane gas, oil and other exterior tanks shall be kept within an enclosed structure or permanently screened from view.

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- G. Signs. No sign of any kind shall be displayed to the public view on any Lot; provided, however, that signs of reasonable size may be displayed on or from a residence advertising the residence for sale or lease. Signs used for sale, administration and directional purposes during development of WOODBOURNE will be permitted.
- H. Single-Family Use Only. No lot and no residence on any Lot shall be used for any purpose other than for one single-family residence. However, nothing in this Supplemental Declaration shall prevent the rental of a Lot by the Owner thereof for residential purposes, on either a short or long-term basis subject to all the provisions in Section 9.7. No commune, co-operative or similar type living arrangement shall be permitted on any Lot. 25
- I. Hazardous Activities. No activities shall be conducted on any Lot and no Improvements constructed on any Lot which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Lot, and no open fires shall be lighted or permitted on any Lot except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior fireplace.
- J. Garage Sales. No garage, patio, porch or lawn sale shall be held on any Lot, except that the Owner of any Lot may conduct such a sale if the items sold are only his own furniture and furnishings, not acquired for purposes of resale; if such sale is held at such time and in such manner as not to disturb any other resident of the area; and if such sale is held in full compliance with all applicable governmental ordinances, statutes, resolutions, rules and regulations, on an infrequent, occasional basis.
- K. New Construction. All Dwelling Units shall be of new construction and no existing or prefabricated Dwelling Unit shall be moved onto any Lot. No other building (including but not limited to playhouses and storage sheds) may be moved onto a Lot without the prior written approval of the Architectural Committee.
- L. Storage of Building Materials. No building materials shall be stored on any Lot except temporarily during continuous construction of an Improvement or its approved alteration or improvement.

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- M. Temporary Structures. No trailer, mobile home, tent or shack or other temporary building, improvement or structure shall be placed upon any property, except that temporary structures necessary for storage of tools and equipment and for office space for architects, builders and foremen during actual construction may be maintained by Declarant or Owner with the prior approval of Architectural Control Committee, such approval to include the nature, size and location of such structure.

ARTICLE X. ARCHITECTURAL CONTROL COMMITTEE

Section 10.1. Membership.

A. The Board of Directors may appoint an Architectural Control Committee (hereinafter referred to as the "Committee") which may be composed of three or more members. In the event no such appointment is made, then the Board of Directors shall constitute the Architectural Control Committee and shall have all of the duties and responsibilities of said Committee as set forth herein.

B. In the event of death, disability, or resignation of any member of the Committee, the Board of Directors shall have full authority to designate a successor or successors.

C. An affidavit executed by a majority of the members of the Committee, and recorded in the office of the Clerk and Recorder of Jefferson County, Colorado, shall be sufficient evidence of the membership and of the other recitals therein contained.

Section 10.2. Evidence of Action. The Committee's approval or disapproval as required in these covenants shall be in writing, as indicated by the signatures of a majority of the Committee. The Committee shall not be required to maintain records of plans submitted. Approval by the Committee shall be conclusive evidence of compliance with these covenants provided that the improvements are constructed in substantial compliance with the plans as approved. In the event the Committee fails to approve or disapprove a proposal within thirty (30) days after plans and specifications have been submitted to it and the submission is evidenced by a certified or registered mail receipt; or, in any event, if no suit to enjoin the proposed construction has been commenced within one year after the proposed construction had begun and became apparent, such approval will not be required, and the related covenants shall be deemed to have been complied with fully.

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Section 10.3. Duties. The Committee shall act upon and approve or disapprove any and all matters to be submitted to the Committee pursuant to any of the provisions of this Declaration and shall have all duties and powers as are hereinafter provided and set forth. Neither the members of the Committee nor its designated representative, shall be entitled to any compensation for services performed, nor shall the Committee or any member thereof be liable, in any manner, for any action or failure of action done in good faith arising out of their service on the Committee.

Section 10.4. Approval of Plans.

A. All plans and specifications in connection with the construction of any fence, wall, driveway, or other structure, and in connection with any exterior maintenance and remodeling of any residence or other structure, or any alteration of any wall, fence, driveway or the installation or alteration of landscaping on the front, back or side portions of individual Lots, shall be submitted to the Committee or its designee, and prior written approval shall be required.

B. Before any construction or alteration or landscaping work begins, plans and specifications showing the nature, kind, shape, height, materials and location, the exterior design, the exterior materials to be used, the color scheme, the site plan, a topographic survey, where material alteration of grading in any form is proposed, the location of the driveway and plans for the proper drainage of the Lot with respect to adjacent Lots must be submitted to the Committee for its prior written approval.

C. In passing upon such plans, specifications and other requirements, the Committee may take into consideration whether the proposed residence or other structure or alteration and the materials of which it is to be built are reasonably suitable for the Lot upon which the structure or alteration is to be erected, the harmony thereof with the surroundings, and the effect of the residence or other structure or alteration as planned on the outlook from adjacent or neighboring property. The Committee shall, in the exercise of its judgment and determination, use reason and good faith.

D. No fence, wall, driveway, structure, alteration of any kind, or planting and removal of landscaping items on the individual Lots, which has not received such prior written approval by the Committee and which does not fully comply with such approved plans and specifications, shall be erected, constructed, placed, or maintained upon any Lot. No changes or deviations in and from such plans and specifications as so approved shall be made without the prior written consent of the Committee. The Committee shall not be responsible for any structural defects in such plans or specifications or in any building or structure erected according to such plans and specifications.

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Section 10.5. Reserved Right of Declarant. Notwithstanding the above provisions, and until the Declarant has conveyed its last Dwelling Unit to a purchaser, Declarant shall have the right, and said right is hereby specifically reserved unto Declarant, to appoint the members of such Architectural Control Committee and to fill any vacancies therein created. (This section supercedes the authority granted in Section 10.1 above.)

Section 11.6. Binding Agreement to Pay Legal Costs. In the event that an Owner shall dispute the determination of the Architectural Control Committee and files a lawsuit to overrule, vacate or otherwise mitigate the effect of any determination of the Committee, or if an Owner(s) fails to submit for approval any action as required by Section 10.4 and the Committee brings an action to enforce these provisions; then the Owner(s) and the Association are hereby bound to the agreement that any and all costs, including reasonable attorney fees, associated with the institution and defense of such a suit, shall to the extent permitted by a court of competent jurisdiction, be paid to the prevailing party by the losing party. 28

Section 10.7. Variance. The Architectural Control Committee may grant reasonable variances or adjustments from any conditions or restrictions imposed by this Declaration. Such variances or adjustments shall only be granted if not detrimental or injurious to the other property or improvements to the neighborhood, and shall not defeat the general intent and purpose hereof.

Section 10.8. Minor Violations of Setback Restrictions. If, upon erection of any Dwelling Unit upon any of the Lots which are subject to these restrictions, it is disclosed by survey that a minor violation and infringement of setback lines has occurred, such violation and infringement shall be deemed waived by the Owners of the Lots immediately adjoining the Lot upon which the violation and infringement occurs, and such waivers shall be binding upon all other Owners who are subject to this Declaration. Nothing herein contained shall prevent the maintenance of suit for any other violation of the restrictions contained in this Declaration. A "minor violation" for the purpose of this Section is a violation of not more than thirty (30) inches beyond required setback lines or lot lines. This provision shall only apply to the original structures and shall not be applicable to any alterations or repairs to such structures.

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ARTICLE XI. INSURANCE

Section 11.1. Comprehensive General Liability and Property Insurance. Comprehensive general liability and property damage insurance shall be purchased by the Board of Directors and shall be maintained in force at all times, the premiums thereon to be paid by the Association as a Common Expense. If Declarant pays the premium, it shall be entitled to reimbursement from the Association. The insurance shall be carried with reputable companies authorized to do business in the State of Colorado, in such amounts as the Board may determine; the insurance carrier should have a current rating by Best's Insurance Reports of VI or better, or a financial rating of Class VI and a general policyholder's rating of a least A. If the insurer does not meet this rating requirement, the insurer must be reinsured by a company that does have a current rating by Best's Insurance Reports of VI or better.

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A comprehensive policy of general liability insurance shall be in force for a minimum amount of \$1,000,000 per occurrence, covering all claims for bodily injury and/or property damage arising out of a single occurrence, such coverage to include protection against liability for non-owned and hired automobiles, liability for property of others, and, if applicable, host liquor liability and other risks which are customarily covered with projects similar in construction, location, and use. The policy or policies shall name as insured all of the Owners and the Association. Declarant shall be named as an additional insured on such policy or policies until such time as Declarant shall have conveyed all the Dwelling Units in the Project. The policy or policies shall insure against loss arising from perils in both the Common Areas and on the Lots and shall include contractual liability coverage to protect against such liabilities as may arise under the contractual exposures of the Association or the Board of Directors.

The policy or policies shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying a claim of an Owner or the Association because of negligent acts of the Association or other Owners.

Section 1.2. Fire and Hazard Insurance. Fire and other hazard and liability insurance shall be purchased by the Board of Directors and shall thereafter be maintained in force at all times, the premiums thereon to be paid by the Association as a Common Expense, such policy to cover all Common Area Improvements. Policies shall provide that the policy cannot be cancelled by either the insured or the insurance company until after ten (10) days' prior written notice to all insureds thereunder. The policy or policies shall be of a master or blanket type with a standard all risk endorsement, and insure against loss from perils therein including coverage on all of the Improvements in the Project, except such as may be separately insured, and except land, foundation, excavation and other items normally excluded from coverage. Such policy or policies shall contain extended coverage, vandalism, and malicious mischief endorsements. The Improvements to be insured under this clause shall be continually insured to value, and the policy or policies shall contain replacement cost insurance. If reasonably available, the policy or policies shall contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild. The policy or policies shall name as insured all of the Owners, the Association, and the Declarant, so long as Declarant is the Owner of any of the Dwelling Units in the Project. The policy or policies shall also cover personal property owned by the Association or in common by the Owners, their tenants, invitees or agents, and shall further contain a waiver of subrogation rights by the carrier as to negligent Owners. If Declarant pays the premium for said policy or policies, it shall be entitled to reimbursement from the Association.

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The insurance shall be carried with reputable companies authorized to do business in the State of Colorado, in such amounts as the Board may determine. The insurance carrier should have a current rating by Best's Insurance Reports of VI or better or a financial rating of Class VI and a general policyholder's rating of a least A. If the insurer does not meet this rating requirement, the insurer must be reinsured by a company that does have a current rating by Best's Insurance reports of VI or better.

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Section 11.3. Individual Fire and Hazard Insurance. Each Owner shall separately insure his Dwelling Unit or any part thereof against loss by fire or other casualty for full replacement value, which shall be revised at least annually.

Section 11.4. Owner's Personal Liability and Property Insurance. An Owner may carry such personal liability insurance, in addition to that herein covered, as such Owner may desire. In addition, any improvements made by an Owner to the real property within a Lot, as well as the personal property of the Owner, shall be separately insured by such Owner.

Section 11.5. Fidelity Insurance Coverage. The Association shall provide for fidelity coverage against dishonest acts on the part of the Officers, Directors, Management Contractors, employees or volunteers responsible for handling funds belonging to or administered by the Association. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection, which is in no event less than 1.5 (one and one-half) times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any person or persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. If requested by an Owner or First Mortgagee, such policies shall additionally provide that the policies cannot be cancelled by either the insured or the insurance company until after ten (10) days' prior written notice to all who have requested such notice.

Section 11.6. Flood Insurance. In the event the Project is or shall become located in an area identified by the Federal Emergency Management Agency (FEMA) as an area having special flood hazards, a "blanket" policy of flood insurance on the Project must be maintained in the amount of 100% of current "replacement cost" of all such buildings and other insurable property or the maximum limit of coverage available, whichever is less. The name of the insured under each required policy must be stated in form and substance similar to the following:

"Woodbourne Homeowners Association, Inc. for use and benefit of the individual Owners and their First Mortgagees."

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Section 11.7. Other Insurance. The Board of Directors may purchase and maintain in force as a Common Expense, debris removal insurance, plate or other glass insurance, fidelity bonds, and other insurance or bonds that it deems necessary. The Board shall purchase and maintain workmen's compensation insurance to the extent that the same shall be required by law respecting employees of the Association.

Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance, and a fidelity bond, meeting the insurance and fidelity bond requirements for such project established by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association and Government National Mortgage Association, so long as any are a Mortgagee or Owner of a Lot within the Properties, except to the extent such coverage is not available or has been waived in writing by either or all of the above. 32

Section 11.8. Attorney In Fact. The Association is hereby appointed the attorney in fact for all Owners to negotiate loss adjustment on the policy or policies carried by the Association under this Article XI.

Section 11.9. Proceeds. The Association shall receive the proceeds of any casualty insurance payments received on its policies obtained and maintained pursuant to this Article. To the extent that repairs and reconstruction are required herein and there is a determination that the Properties shall not be rebuilt, the proceeds shall be distributed in the manner provided in Article XII regarding casualty damage or destruction.

Section 11.10. Notice of Cancellation or Modification. The policy and/or policies required by Sections 11.1, 11.2, 11.5, and 11.6 must provide that they cannot be cancelled or substantially modified, by any party, without a least ten (10) days' prior written notice to the Association, and to each holder of a First Mortgagee which has requested in writing that it be listed as a scheduled holder of a First Mortgage in the insurance policy.

Section 11.11. Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board of Directors to ascertain whether the coverages contained in the policies are sufficient for the upcoming year, whether any necessary repairs or replacements of the property which occurred in the preceding year were covered by insurance, and that all possible insurance claims have been filed.

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Section 11.12. Deductibles. No insurance policy applicable to either fire or extended coverage shall contain a deductible clause which exceeds the greater of:

- a) \$500.00; or
- b) One percent (1%) of the face amount of the policy.

If an Owner, who by a negligent or willful act, causes damage to the Common Area or other Properties which are insured as a Common Expense, then said Owner shall bear the whole cost of the deductible required in the blanket insurance policy for the Association on the Common Area and other such Properties. An Owner shall be responsible for any action of members of his family, his tenants or his guests which cause damage to said Common Areas or other Properties.

Section 11.13. Directors' and Officers' Liability Insurance. The Association shall maintain adequate liability coverage to protect against any negligent act upon the part of the Directors or Officers of the Association.

Section 11.14. Waivers. All such policies of insurance shall contain waivers of subrogation and waivers of any defense based on a invalidity arising out of the acts of a Member of the Association.

ARTICLE XII. CASUALTY

Section 12.1. Association As Agent and Attorney In Fact. All of the Owners irrevocably constitute and appoint the Association as their true and lawful agent and attorney in fact in their name, place and stead for the purpose of dealing with the Property upon its damage, destruction, obsolescence and/or condemnation as hereinafter provided. Acceptance by any grantee of a deed from the Declarant or from any Owner shall constitute appointment of the Association as agent and attorney in fact as herein provided.

Section 12.2. General Authority of Association. As attorney in fact, the Association shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other instrument with respect to the interest of a Owner which may be necessary or appropriate to exercise the powers herein granted. Repair and construction of the Common Area Improvements as used in this Article means restoring Project to substantially the same condition in which it existed prior to damage. The proceeds of any insurance collected shall be used by the Association for the purpose of repair or reconstruction unless Owners, to which at least sixty-seven percent (67%) of the votes are allocated, and sixty-seven percent (67%) of the First Mortgagees agree not to rebuild in accordance with the provisions set forth hereinafter.

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Section 12.3. Notices and Cost Estimates. As soon as practical after an event causing damage to, or destruction of any part of the Common Area, the Association shall immediately obtain estimates that it deems reliable of the cost of repair or reconstruction of that part of the Project damaged or destroyed.

Section 12.4. Insurance Proceeds Sufficient to Repair. In the event that proceeds from insurance coverage for losses to Common Area elements are sufficient to cover the cost of repair or construction after a casualty pursuant to the estimate of costs obtained by the Association, then such repair or reconstruction shall be promptly performed by the Association as attorney in fact for the Owners pursuant to this Article.

Section 12.5. Insurance Proceeds Insufficient to Repair. If insurance proceeds from claims related to Common Areas are insufficient to repair or reconstruct the damage or destroyed Common Area, the following provisions shall govern:

- A. Partial Damage. Any damage or destruction less than total destruction is defined as partial damage for the purpose of this Article XII. The partial damage to the Property, whether insurance proceeds shall be sufficient to cover the same or not, shall be repaired as promptly as possible by the Association as attorney in fact, and any cost of such repair or reconstruction in excess of insurance proceeds available, shall be assessed against all Owners as a Common Expense pursuant to Article VIII.
- B. Total Destruction. In the event of total destruction of any portion of Common Area Improvements as defined in subsection 12-5A. above, and the further event that insurance proceeds are estimated to be insufficient to repair and reconstruct in the judgment of the Board of Directors, the Board shall advise all Owners of such decision, which notice shall advise of the special meeting of Owners, pursuant to the Articles of Incorporation and By-Laws of the Association, which meeting shall be held as soon as reasonably possible after the date of the casualty, for the purpose of determining whether or not the repair or reconstruction should be done. The Improvements shall be reconstructed unless sixty-seven percent (67%) of the Ownership interests, plus sixty-seven percent (67%) of the First Mortgagees, agree in writing to sell the entire remaining Project as hereinafter provided. Any necessary assessment made in connection with the plan shall be a Common Expense and charged as an assessment to each Owner during the course of reconstruction at the times deemed necessary or desirable by the Board. Any such assessment shall be an obligation of each Owner and a lien on such Owner's Lot shall be enforced and collected as a Common

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Expense pursuant to Article VIII. If sixty-seven percent (67%) of the Ownership interests or more, and sixty-seven (67%) percent of the First Mortgagees agree in writing, the entire Project shall be sold by the Association, as attorney in fact, free and clear of the provisions contained in this Declaration and other related documents. In such case, the insurance proceeds payable as a result of the casualty and the sale proceeds, if any, shall be apportioned between the Owners on an equal basis. Such apportioned proceeds shall be paid into separate accounts, each account representing one Lot. Each such account shall be in the name of the Association, and shall be further identified by the Dwelling Unit number designation and the name of the Owner. The Association, as attorney in fact, shall use and disburse the total amount of such separate account without contribution from one account to another as follows:

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- a. for payment of taxes and special assessment liens in favor of any assessing entity and customary expenses of sale;
- b. for payment of the balance of the lien of any First Mortgage;
- c. for payment of unpaid Common Expenses and all costs, expenses, and fees incurred by the Association;
- d. for payment of junior liens and encumbrances in the order and to the extent of their priority; and
- e. the balance remaining, if any, shall be paid to the Owner.

ARTICLE XIII. OBSOLESCENCE

Section 13.1. Renewal and Reconstruction. The Owners, representing eighty percent (80%) or more of the Association votes, may agree that the Common Area Improvement(s) are obsolete and adopt a plan for the renewal and reconstruction, which plan shall have the written approval or consent of eighty percent (80%) of the First Mortgagees of Lots. If a plan for the renewal or reconstruction is adopted, notice of such plan shall be recorded, and the expense of renewal and reconstruction shall be payable by all of the Owners as Common Expenses.

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Section 13.2. Sale of Property. The Owners representing eighty percent (80%) or more of the Association votes may agree that the Common Area Improvements are obsolete and that the same should be sold, which plan shall have the prior written approval of sixty-seven percent (67%) of the First Mortgagees. In such instance, the Association shall forthwith record a notice executed by the Association's President and Secretary setting forth such fact, and upon the recording of such notice the Common Area, in whole or part as agreed upon hereunder, shall be sold by the Association, as attorney in fact for all of the Owners, free and clear of the provisions contained in this Declaration and other related documents. The sales proceeds shall be collected, apportioned and disbursed by the Association as attorney in fact, in the same manner and order as is provided in subsections (a) through (e) of Section 12(B) above.

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ARTICLE XIV. CONDEMNATION

Section 14.1. Consequences of Condemnation. If at any time during the continuance of the Ownership pursuant to this Declaration, all or any part of the Common Areas shall be taken, or condemned by any public authority, or sold, or otherwise disposed of in lieu of or in avoidance thereof, the provisions of this Article XIV shall apply.

Section 14.2. Proceeds and Notice. All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award" shall be payable to the Association; provided, however, that the Association shall provide timely notice of such condemnation proceeding or condemning authority acquisition to all First Mortgagees of record of Lots within the project who request such notice.

Section 14.3. Complete Taking. In the event that the entire Common Area is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Ownership pursuant thereto shall terminate. The Condemnation Award shall be apportioned among the Owners on an equal basis, provided that if a standard different from the value of the Property as a whole is employed to measure the Condemnation Award in the negotiation, judicial decree, or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable.

On the basis of the principle set forth in the last preceding paragraph, the Association shall as soon as practicable determine the share of the Condemnation Award to which each Owner is entitled. Such shares shall be paid into separate accounts and disbursed as soon as practicable in the same manner and order as is provided in subsections (a) through (e) of Section 12(B) above.

Section 14.4. Partial Taking. In the event that less than the entirety of Common Areas is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Ownership hereunder shall not terminate. Each Owner shall be entitled to a share of the Condemnation Award to be determined in the following manner: (a) as soon as practicable the Association shall, reasonably and in good

faith, allocate the Condemnation Award between compensation, damages, or other proceeds, and shall apportion the amounts so allocated to taking of or injury to the Common Areas and be apportioned among Owners on an equal basis, (b) the amount allocated to consequential damages and other takings of injuries shall be apportioned as the Association determines to be equitable in the circumstances. No reallocation of interests in the Common Areas resulting from a partial condemnation thereof may be completed without the prior approval of the Owners to which fifty-one percent (51%) of the votes are allocated, and sixty-seven percent (67%) of the First Mortgagees of all remaining Dwelling Units, whether existing in whole or in part. If an allocation of the Condemnation Award is already established in negotiation, judicial decree or otherwise, then in allocating the Condemnation Award the Association shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds shall be made by checks payable jointly to the respective Owners and their respective Mortgagees of record.

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Section 14.5. Reorganization. In the event a partial taking results in the taking of a complete Lot, the Owner thereof automatically shall cease to be a Member of the Association.

Section 14.6. Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article XIII above.

ARTICLE XV. GENERAL RESERVATIONS

Section 15.1. Reservation of Easements, Exceptions and Exclusions Declarant reserves the right to establish from time to time by dedication or otherwise, utility and other easements, for purposes including but not limited to streets, paths, walkways, drainable recreation areas, parking areas, and to create other reservations, exceptions and exclusions consistent with the ownership of the Properties for the best interest of all Owners and the Association in order to serve all the Owners within the Project. The rights herein reserved unto Declarant shall continue until the Declarant no longer retains an interest in the Project, or March 31, 1992, whichever occurs first.

ARTICLE XVI. ENLARGEMENT OF PROJECT (ANNEXATION)

Section 16.1. Special Rights Reserved to Declarant: Enlargement of Project. The Declarant shall have the absolute right, but not the

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obligation, and same is hereby specifically reserved unto Declarant to be exercised prior to March 31, 1992, to annex to the land and Improvements described in this Declaration and to the Subdivision Plat herein referred to, and thereby to submit to each and every provision of this Declaration the land described on Exhibit C, attached hereto and incorporated herein by this reference, or any portions thereof as further referenced hereunder, together with the Improvements to be constructed thereon as further referenced herein. It is the intention of the Declarant that the lands described on Exhibit C may be annexed to the land covered by this Declaration by additional phases. The legal descriptions for each of said phases anticipated are as set forth as subparts to Exhibit C, properly labeled as to each phase. Such phases may be added by the Declarant either in the aggregate or on a phase by phase basis, by a portion of a phase, or any combination thereof, with the result being that this Project may be increased up to a maximum number of 407 Lots, or such lesser amount of Lots as may be reflective of the Declarant's decision to add either no additional phases or such lesser number of phases desired.

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Any such expansion or annexation as herein reserved unto Declarant shall be accomplished by the recording of a supplement or supplements to this Declaration, and such documents shall be recorded in the records of the office of the Clerk and Recorder for Jefferson County, Colorado.

There is hereby reserved unto Declarant the irrevocable power of attorney, coupled with an interest, to execute, acknowledge and deliver such further instruments and to do such further acts and/or things as may be from time to time required in order to accomplish the purposes of this Article XVI, including the right, if necessary, to amend the Articles of Incorporation or By-Laws, and to act on behalf of the Association to obtain such accomplishment. Each Owner and each and every Mortgagee of a Lot in the Project shall be deemed to have acquiesced to the supplements to this Declaration and to any required supplements to the Subdivision Plat for the purpose of adding additional Lots and Common Areas to the Project in the manner set forth in this Article XVI, and shall be deemed to have granted unto said Declarant an irrevocable power of attorney, coupled with an interest, to effectuate, execute, acknowledge and deliver any such instruments, if any, and to do such other acts and things as may be deemed necessary or desirable by the Declarant, its successors or assigns, to properly

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accomplish the supplements contemplated by this Article XVI. Such supplements shall contain at least the following information:

1. A legal description of the particular phase(s) being annexed, including a proper legal description of the Lots and the Common Areas located therein;

2. A statement that said lands are being annexed pursuant to the particular provisions of Article XVI hereof; and

3. A further statement to the effect that said phase(s), when annexed, shall be deemed to be included within the Project covered by this Declaration and, thereby, subject to all of the terms, provisions, covenants, conditions, reservations, charges, and liens, including assessments, applicable hereunder as well as expressly subject to all of the provisions of the Articles of Incorporation and the By-Laws of the Association referenced hereunder.

All such supplements shall be subject to the prior approval of the Veterans Administration, and shall be consistent with the original Plat as approved by the Veterans Administration, unless amendments thereto promulgated by Declarant have been properly processed and approved by the Veterans Administration and any governmental entity having jurisdiction thereof.

Section 16.2. Assessments and Voting Rights. On the date of recordation of any annexation by supplement to these Declarations, the assessment responsibility indicated in Section 8.1 and the voting rights outlined in Section 5.3, appurtenant to the annexed Lots, shall become effective.

Section 16.3. Future Improvements. All future Improvements to the Project shall be generally consistent with initial Improvements in terms of quality of construction.

ARTICLE XVII. GRANT OF EASEMENTS

Section 17.1. Construction Easements. If any portion of an exterior wall of a residence is situated within three (3) feet of any adjoining Lot line, a valid easement shall and does exist, three (3) feet in width along the adjoining Lot and adjacent to the said Lot line, which easement may be used for the purpose of construction, reconstruction and maintenance of said exterior wall of a residence that is situated within three (3) feet from the nearest point of said easement. The Owner of any Lot subject to this easement shall not erect or build any structure upon or over said easement which will interfere with the purposes of said easement.

Section 17.2. Encroachment. If any exterior wall of a residence shall be constructed in a manner in which it encroaches upon any other Lot or upon the Common Area, a valid easement shall exist for such structure for as long as such structure shall exist, and no Member shall interfere with such easement.

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Section 17.3. Maintenance Easement. If any portion of a residence encroaches upon the Common Area or upon the easement of any adjoining Lot established under the provisions of the construction and encroachment easements thereon, a valid easement on the surface and for subsurface support below such surface and for the maintenance of same, so long as it stands, shall and does exist.

Section 17.4. Right of Entry. The Association shall have a reasonable right of entry upon any Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance or operation of the Project. The Association shall also have the right to grant permits, licenses and easements over the Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project.

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ARTICLE XVIII. PRE-EXISTING RESERVATIONS,
RESTRICTIONS, EASEMENTS AND COVENANTS

The Property was subject to the following reservations, restrictions, conditions, exceptions, easements and covenants at the time of the recordation of this Declaration:

Section 18.1. County of Jefferson. Any restrictions in the use of property created by plats or zoning ordinances approved or adopted by the County of Jefferson, Colorado.

Section 18.2. Other Easements. Any other easements, restrictions, reservations or exceptions and covenants not enumerated under this Article, this Declaration or the Association By-Laws, but which exist of record at the time of the recordation of this Declaration.

ARTICLE XIX. REVOCATION OR AMENDMENT OF DECLARATION

Section 19.1. Revocation. Except as provided specifically elsewhere herein, this Declaration shall not be revoked unless ninety percent (90%) of the Owners and sixty-seven percent (67%) of the First Mortgagee consent and agree to such revocation by instrument(s) duly recorded.

Section 19.2. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the Properties for a term of twenty (20) years from the date this Declaration is recorded, unless earlier amended, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration shall not be amended, except as otherwise herein provided, without the consent of Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated, and approval of sixty-seven percent (67%) of the First Mortgagees. Such Amendment may be evidenced by either a recorded instrument indicating such consent or by a recorded certificate of the Secretary of the Association certifying that at a meeting of the Owners, duly called, the Owners of Lots, to which sixtyseven percent (67%) of the votes in the Association are allocated, consented to the Amendment, and that sixty-seven percent (67%) of the of First Mortgagees have given approval (as provided in Section 21.8 below) to the Amendment, and that copies of such written consent are in the corporate records of the Association.

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Section 19.3. Amendments to Conform to VA, FHA, FNMA or FHLMC Requirements. Notwithstanding any provision to the contrary, during the period of Class B membership, the Declarant shall have the right to unilaterally amend this Declaration in order to comply with the requirements and regulations of the Veterans Administration, Federal Housing Administration, Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation. Such amendments shall not require the vote or consent of Owners in the Project.

ARTICLE XX. MISCELLANEOUS PROVISIONS

Section 20.1. Mailing Address. Each Owner shall register his mailing address with the Association, and all notices, demands and statements shall be sent by regular United States Mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. All notices to the Declarant shall be sent by certified or registered mail to the following address:

DECLARANT:
WOOD BROS. HOMES, INC.
South Denver Division
55 Madison Street, Suite 780
Denver, Colorado 80206

until such address is changed by notice of address change given to the Association.

Section 20.2. Compliance With Provisions. Each Owner shall comply strictly with the provisions of this Declaration, the Articles of Incorporation, By-Laws, Rules and Regulations, resolutions, and contracts of the Association as the same may from time to time be in force and effect. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages or injunctive relief or both, together with reasonable attorney fees, court costs, and injunction bond premiums maintainable by the Board of Directors, or the Management Contractor, on behalf of the Owners.

Section 20.3. Severability. If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase, word or section or the application thereof in any circumstances is invalidated, such invalidity shall not affect the validity of the remainder of this Declaration, and the application of any such provisions, paragraph, sentence, clause, phrase, word, or section in any other circumstances shall not be affected thereby.

Section 20.4. Terminology. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural and the singular; and the use of any gender shall include all genders.

Section 20.5. State Law. The provisions of this Declaration shall be in addition and supplemental to all laws of the State of Colorado.

Section 20.6. Declarant's Rights Transferable. Any right or interest of Declarant hereunder, established or reserved, may be transferred or assigned by Declarant either separately, or with one or more of such rights or interest, to any person or entity.

Section 20.7. Registration of First Mortgagees. Whenever these Declarations require that a First Mortgagee receive notice, such requirement of notice shall be waived if the First Mortgagee has failed to register its name and proper address with the Association for the purpose of such notices.

Section 20.8. Approval by First Mortgagees. Whenever these Declarations require the approval of First Mortgagees, only those First Mortgagees who have registered as provided under Section 20.7 need be included in the request for approval and in any determination of whether the applicable percentage of First Mortgagees have approved any intended action. Any First Mortgagee registered as provided under Section 20.7 and mailed a request for approval, but who fails to respond within 30 days to a request for approval, will be deemed to have approved the intended action.

Section 20.9. Case of Conflict. In the case of any conflict between the Articles of Incorporation and the By-Laws, the Articles shall control; in case of any conflict between this Declaration and the By-Laws, the Declaration shall control; and in the case of any conflict between the Articles and this Declaration, this Declaration shall control.

DATED this 16th day of July, 1985.

WOOD BROS. HOMES, INC.
A Delaware Corporation

By: D. D. Canaday
D. D. Canaday
Vice President

ATTEST.

Jan L. Garrison
Jan L. Garrison
Assistant Secretary

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STATE OF COLORADO))SS.
COUNTY OF JEFFERSON)

The above and foregoing Declaration of Covenants, Conditions, and Restrictions for Woodbourne, a Residential Community, was subscribed and sworn to before me this 16th day of July, 1985 by D. D. Canaday as Vice President and attested to by Jan L. Jamison as Assistant Secretary of Wood Bros. Homes, Inc., a Delaware corporation.

Witness my hand and official seal.

My commission expires: 2-14-89

Theresa P. Clomee
Notary Public
55 Madison, #780
Denver, CO 80206
Address

MIDWAY DEVELOPMENT CO. NO. 3
a Colorado Partnership

BY: [Signature]
General Partner

STATE OF COLORADO))SS.
COUNTY OF JEFFERSON)

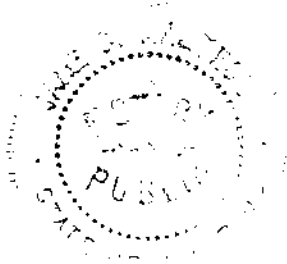
The above and foregoing Declaration of Covenants, Conditions, and Restrictions for Woodbourne, a Residential Community, was subscribed and sworn to before me this 18th day of July, 1985 by Mike A. Leprino as General Partner of Midway Development Co. No. 3, a Colorado Partnership.

Witness my hand and official seal.

My commission expires: August 24, 1987

Jane C. Mattee
Notary Public
14618 W. Sixth Avenue, Golden, CO 80401
Address

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To The Declaration of
Covenants, Conditions, and Restrictions
for
Woodbourne, a Residential Community

RECEPTION NO. 85069215

A part of Section 28, Township 5 South, Range 69 West of the Sixth Principal Meridian, County of Jefferson, State of Colorado, also being a part of the Meadows Filing No. 5 and the Meadows Filing No. 5 Phase II, more particularly described as follows:

Commencing at the Southwest corner of said Section 28; Thence N00°13'46"E along the West line of said Section 28, 1952.70 feet to the Point of Beginning on the boundary of The Meadows Filing No. 5 Phase II; Thence along said boundary N00°13'46"E, 465.00 feet to a point of curve; Thence continuing along said boundary and along said curve to the right having a radius of 375.00 feet, a central angle of 52°22'04", 342.75 feet to a point of tangent; Thence continuing along said boundary and along said tangent, N76°52'24"E, 239.52 feet; Thence continuing along said boundary, S89°46'14"E, 163.91 feet to a point on the boundary of The Meadows Filing No. 5; Thence along said boundary, S89°46'14"E, 116.09 feet; Thence continuing along said boundary, N45°20'11"E, 544.23 feet; Thence continuing along said boundary, N10°13'46"E 180.00 feet; Thence continuing along said boundary S89°46'14"E, 550.00 feet; Thence continuing along said boundary, S55°45'56"E, 528.89 feet; Thence continuing along said boundary, S28°46'14"E, 597.41 feet to a point on the southerly right-of-way line of West Roxbury Avenue; Thence along said southerly right-of-way line, S61°13'46"W, 425.00 feet to a point on the westerly right-of-way line of South Parfet Street; Thence along said westerly right-of-way line, N28°46'14"W, 365.27 feet to a point of curve; Thence continuing along said westerly right-of-way line and along said curve to the left having a radius of 175.00 feet, a central angle of 26°59'42", 82.45 feet to a point on the rear lot line of block four of said Subdivision; Thence along said rear lot line S35°14'27"W, 67.79 feet; Thence continuing along said rear lot line, S61°13'46"W, 155.07 feet; Thence continuing along said rear lot line, S73°54'04"W, 52.15 feet; Thence continuing along said rear lot line, N89°46'13"W, 201.32 feet; Thence continuing along said rear lot line, S77°42'12"W, 46.20 feet; Thence continuing along rear lot line, S50°52'37"W, 315.84 feet; Thence continuing along said rear lot line S34°43'47"W, 70.77 feet to a point on the northerly right-of-way line of said West Roxbury Avenue; Thence S46°06'21"W, 51.00 feet to a point on the rear lot line of block six of said Subdivision, Thence along said rear lot line, S34°43'47"W, 90.00 feet; Thence continuing along said rear lot line, S37°24'31"W, 87.69 feet; Thence continuing along said rear lot line, S49°46'28"W, 73.62 feet; Thence continuing along said rear lot line, N89°51'54"W, 72.60 feet; Thence continuing along said rear lot line, N79°36'41"W, 96.32 feet; Thence continuing along said rear lot line, S03°03'43"W, 110.00 feet to a point of non-tangent curve on the northerly right-of-way line of West Fremont Avenue, whence the center of said curve bears S03°03'43"W; Thence along said northerly right-of-way line and along said non-tangent curve to the left having a radius of 202.28 feet, a central angle of 2°49'57", 10.00 feet to a point of tangent; Thence continuing along said northerly right-of-way line and along said tangent, N89°46'14"W, 380.22 feet to a point on the boundary of The Meadows Filing No. 5 Phase II; Thence along said boundary, N89°46'14"W, 235.00 feet to the Point of Beginning, containing 39.030 acres, more or less.

EXHIBIT B

To The Declaration of
Covenants, Conditions and Restrictions
for
Woodbourne, a Residential Community

PHASE I

(Common Area)

A PART OF SECTION 28, TOWNSHIP 5 SOUTH, RANGE
69 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF
JEFFERSON, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED
AS TRACT "A" AND TRACT "B" ALL BEING A PART OF THE
MEADOWS FILING NO. 5 AND THE MEADOWS FILING NO. 5,
PHASE II EXEMPTION SURVEY NO. 1 AS RECORDED IN JEFFERSON
COUNTY RECORDS UNDER RECEPTION NO. 84057115, BOOK 78,
PAGE 47, COUNTY OF JEFFERSON, STATE OF COLORADO.

RECEPTION NO. 85069215

EXHIBIT C

To the Declaration of
Covenants, Conditions and Restrictions
for
Woodbourne, a Residential Community

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LEGAL DESCRIPTION

A part of The Meadows Filing No. 5, Section 28, Township 5 South, Range 69 West of the Sixth Principal Meridian, County of Jefferson, State of Colorado, more particularly described as follows:

All courses and calls shown herein are based upon The Meadows Filing No. 5, Book 59, Pages 22-23, Jefferson County Records.

Commencing at the Southwest corner of said Section 28; thence N00°13'46"E, along the West line of said Section 28, said line also being the West boundary of The Meadows Filing No. 5, a distance of 610.00 feet; thence S89°46'14"E, a distance of 50.00 feet to the Point of Beginning, said point being at the intersection of the existing East right-of-way of South Simms Street and the South right-of-way of West Meadows Drive; thence N00°13'46"E along said Easterly right-of-way of South Simms Street, a distance of 992.70 feet; thence S89°46'14"E, a distance of 10.00 feet; to a point on the South boundary of The Meadows Filing No. 5 Exemption Survey No. 1, recorded in Book 78 on Page 47; thence along said South boundary the following two (2) courses: 1) thence continuing S89°46'14"E, a distance of 290.01 feet; 2) thence S69°35'00"E, a distance of 110.53 feet; thence continuing S69°35'00"E, a distance of 25.00 feet to a point on the centerline of South Robb Street; thence along the arc of a curve to the left, non-tangent to the previously described course, said curve having a central angle of 20°11'19", a radius of 207.98 feet, and a chord bearing of N10°19'25"E, an arc distance of 73.28 feet to a point of tangency; thence N00°13'46"E along the centerline of South Robb Street, a distance of 295.00 feet to the point on the centerline of West Fremont Avenue; thence S89°46'14"E along said centerline, a distance of 125.22 feet to a point of curve; thence continuing along said centerline on the arc of said curve to the right, having a radius of 172.28 feet, a central angle of 02°49'57", a chord bearing S88°21'16"E, and an arc length of 8.52 feet; thence following the East lot line of Lots 6 and 7 extended and the rear lot line of Block 6, the following five (5) courses: 1) thence departing said centerline N03°03'42"E, a distance of 140.00 feet; 2) thence S79°36'42"E, a distance of 96.32 feet; 3) thence S89°51'54"E, a distance of 72.60 feet; 4) thence N49°46'27"E, a distance of 73.62 feet; 5) thence N36°03'05"E, a distance of 177.69 feet to a point on the south right-of-way of West Roxbury Avenue; thence S55°16'14"E along said right-of-way, a distance of 10.06 feet; thence following the rear lot line of Block 4 extended, the following seven (7) courses: 1) thence departing said right-of-way N34°43'46"E, a distance of 120.77 feet; 2) thence N50°52'36"E, a distance of 315.85 feet; 3) thence N77°42'11"E, a distance of 46.20 feet; 4) thence S89°46'14"E, a distance of 201.33 feet; 5) thence N73°54'04"E, a distance of 52.15 feet; 6) thence N61°13'46"E, a distance of 155.07 feet; 7) thence N35°14'27"E, a distance of 67.79 feet to a point on the West right-of-way of South Parfet Street; thence N34°14'04"E, a distance of 25.00 feet to a point on the centerline of South Parfet Street, said point also being on a curve; thence following said centerline and along the arc of said curve to the right, whose chord bears S42°16'05"E, having a radius of 200.00 feet, a central angle of 26°59'42", and an arc length of 94.23 feet to a point of tangent; thence S28°46'14"E along said tangent and said centerline, a

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distance of 335.27 feet to a point on the centerline of West Roxbury Avenue; thence N61°13'46"E along said centerline, a distance of 400.00 feet to a point on the West boundary of The Meadows Filing No. 4; thence southerly along said West boundary line the following five (5) courses: 1) thence S28°46'14"E, a distance of 30.00 feet; 2) thence N61°13'46"E, a distance of 31.28 feet to a point of curve; 3) thence along the arc of said curve to the right having a radius of 290.00 feet, a central angle of 105°34'26", a chord bearing S65°59'01"E, and an arc length of 534.36 feet to a point of tangent; 4) thence S13°11'48"E along said tangent, a distance of 255.00 feet to a point of curve; 5) thence along the arc of said curve to the right having a radius of 15.00 feet, a central angle of 90°00'00", a chord bearing of S31°48'12"W, and an arc length of 23.56 feet to a point of tangent, said point being on the North boundary line of The Meadows Filing No. 1; thence S76°48'12"W, along said tangent and said North boundary line, a distance of 397.97 feet to a point of curve; thence along said North boundary and the arc of said curve to the left having a radius of 1455.73 feet, a central angle of 07°36'32", a chord bearing S72°59'56"W, and an arc length of 193.32 feet; thence S20°48'20"E along said boundary, a distance of 60.00 feet to a point on the Southerly boundary of The Meadows Filing No. 5, said point being on a curve; thence westerly along said Southerly boundary the following ten (10) courses: 1) thence departing said boundary of The Meadows Filing No. 1 on a chord bearing S57°28'09"W, along the arc of said curve to the left having a radius of 1395.73 feet, a central angle of 23°27'03" and an arc length of 571.26 feet to a point of tangent; 2) thence S45°44'37"W along said tangent, a distance of 367.71 feet to a point of curve; 3) thence along the arc of said curve to the left having a radius of 220.00 feet, a central angle of 51°50'34", a chord bearing S19°49'23"W, and an arc length of 199.06 feet to a point of non-tangency, from which the center of said previous curve bears N83°54'03"E, a distance of 220.00 feet; 4) thence from said point S83°54'03"W, a distance of 31.79 feet to a point of curvature; 5) thence along a non-tangent curve to the left whose center bears S00°44'37"W, a distance of 220.00 feet and whose chord bears S68°14'37"W, having a radius of 220.00 feet, a central angle of 45°00'00" and an arc length of 172.79 feet to a point of tangent; 6) thence S45°44'37"W along said tangent, a distance of 281.45 feet to a point of curve; 7) thence along the arc of said curve to the right having a radius of 740.00 feet, a central angle of 36°29'09", a chord bearing S63°59'12"W, and an arc length of 471.23 feet to a point of tangent; 8) thence S82°13'46"W along said tangent, a distance of 237.77 feet to a point of curve; 9) thence along the arc of said curve to the right having a radius of 1300.00 feet, a central angle of 08°00'00", a chord bearing S86°13'46"W, and an arc length of 181.51 feet to a point of tangent; 10) thence N89°46'14"W along said tangent, a distance of 227.66 feet to the Point of Beginning, containing 66.185 acres, more or less.