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CONDOMINIUM DECLARATION
FOR
THE VILLAS AT ELK RUN

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CONDOMINIUM DECLARATION

FOR

THE VILLAS AT ELK RUN

RECITALS

VILLAS AT ELK RUN JOINT VENTURE, a Colorado joint venture ("Declarant"), is the owner of the Land (as hereinafter defined) situate in the County of Pitkin, State of Colorado. Declarant desires to establish a Condominium Common Interest Community under the Colorado Common Interest Ownership Act and to define the character, duration, rights, obligations and limitations of condominium ownership. Declarant has executed plans for the construction of nine (9) Buildings (as hereinafter defined) on the Land to be known as "THE VILLAS AT ELK RUN," which Buildings when completed shall consist of separately designated Condominium Units (as hereinafter defined). A Map (as hereinafter defined) shall be recorded in Pitkin County, Colorado showing the location of the Buildings on the Land, which is hereby made subject to this Declaration.

DECLARATION

Declarant does hereby establish a plan for the ownership of real property estates in fee simple as a Condominium Common Interest Community under the Act (as hereinafter defined), consisting of the Units (as hereinafter defined) in the Buildings and the co-ownership by the owners of the Units, as tenants-in-common, of the Land and the remaining improvements located thereon, sometimes described as the Common Elements (as hereinafter defined). Declarant does hereby publish and declare that the following terms, covenants, conditions, easements, restrictions, uses, reservations, limitations and obligations shall be deemed to run with the Land, shall be a burden and a benefit to Declarant and to its successors and assigns and to any person or persons acquiring or owning an interest in the Land and improvements built thereon, and to their heirs, personal representatives, successors and assigns.

ARTICLE 1

DEFINITIONS

As used in this Declaration, unless otherwise expressly provided:

(a) "Act" means the Colorado Common Interest Ownership Act, Section 38-33.3-101 et seq., Colorado Revised Statutes, 1973, as amended from time to time.

(b) "Articles" means the articles of incorporation of the Association, as amended from time to time.

(c) "Association" means The Villas at Elk Run Homeowners' Association, Inc., a Colorado nonprofit corporation, the members of which shall be all of the Owners.

(d) "Board of Directors" or "Board" means the governing body of the Association.

(e) "Building" means one of the building improvements known as The Villas at Elk Run located on the Land. "Buildings" means several or all of such building improvements as the context requires.

(f) "Bylaws" means the bylaws of the Association, as amended from time to time.

(g) "Common Elements" means (i) the Land; (ii) the foundations, columns, girders, beams, supports, perimeter and supporting walls, roofs, balconies, halls, corridors, lobbies, stairs and stairways not within a Unit, fire escapes, and entrances and exits of the Buildings not within a Unit; (iii) the basements, yards, gardens, parking areas and storage spaces; (iv) the installations, equipment and materials making up the central services such as power, light, gas, hot and cold water, heating, refrigeration, air conditioning and incinerating, including all pipes, ducts, flues, wires, cables and conduits used in connection therewith, wherever located (but excluding any "trunk" lines owned by any utility company, governmental entity or district, located within easements on the Land); (v) the elevators, tanks, pumps, motors, fans, compressors, ducts and in general all apparatus and installations existing for common use; (vi) all community facilities; and (vii) all other parts of the Premises necessary or convenient to its existence, maintenance and safety, or normally in common use.

(h) "Condominium Unit" means a Unit together with the undivided interest in the Common Elements made appurtenant thereto by this Declaration.

(i) "County" means Pitkin County, Colorado.

(j) "Declarant" means Villas at Elk Run Joint Venture, a Colorado joint venture, and any successor to whom or to which all of the rights, obligations and interests of Declarant hereunder may be assigned by an assignment or deed designating such successor as a successor Declarant and filed for record in the real property records of the County signed by the successor and the then Declarant.

(k) "Declaration" means this instrument and all amendments or supplements thereto hereafter recorded in the records of the County.

(l) "First Lienor" means the holder of a promissory note, payment of which is secured by a first Mortgage.

(m) "General Common Elements" means all of the Common Elements other than the Limited Common Elements, including without limitation any improvement or property designated on the Map as "General Common Elements" or "G.C.E."

(n) "General Common Expenses" means: (i) all expenses expressly declared to be General Common Expenses by this Declaration or by the Bylaws; (ii) all other expenses of

administering, servicing, conserving, managing, maintaining, repairing or replacing the General Common Elements; (iii) insurance premiums for the insurance carried under Article 11; and (iv) all expenses lawfully determined to be General Common Expenses by the Board of Directors. Notwithstanding the foregoing, any expense incurred by Declarant in connection with the initial construction of the Buildings shall not be a General Common Expense.

(o) "Interest in General Common Elements" means the undivided percentage interest in the General Common Elements made appurtenant to each Condominium Unit pursuant to the provisions of this Declaration, and which undivided percentage interest for each Condominium Unit is estimated, and subject to adjustment as described in Attachment B attached to and made a part of this Declaration.

(p) "Interest in Limited Common Elements" means the undivided percentage interest in the Limited Common Elements to which an Owner has the exclusive or non-exclusive right of use, and which undivided percentage interest shall equal such Owner's relative Sharing Ratio to the Sharing Ratios of all Owners having the right to use the subject Limited Common Elements.

(q) "Limited Common Elements" means those parts of the Common Elements assigned for the exclusive or non-exclusive use and enjoyment of the Owner or Owners of one or more, but fewer than all, of the Condominium Units, which improvements or property are designated on the Map as "Limited Common Element" or "L.C.E." Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies and patios designed to serve a single Unit, all fireboxes, flues and chimneys, and any pipe, duct, flue, wire cable or conduit serving only a single Unit shall be a Limited Common Element allocated solely to that Unit. The interior courtyard of any Building shall be a Limited Common Element allocated solely to the Owners of Units within such Building.

(r) "Limited Common Expense" means all expenses of servicing, conserving, maintaining, repairing and replacing the Limited Common Elements and all expenses declared by this Declaration or the Bylaws or determined by the Board of Directors to be Limited Common Expenses.

(s) "Land" means the real property described in Attachment A.

(t) "Map" means the condominium map described in Article 5 and all amendments or supplements thereto hereafter filed for record in the County.

(u) "Mortgage" means a mortgage or deed of trust encumbering an interest in a Condominium Unit.

(v) "Mortgagee" means the holder of a promissory note, payment of which is secured by a Mortgage.

(w) "Owner" means any individual, corporation, partnership, association, trust or other legal entity, or combination of legal entities, that is the record owner of an undivided fee simple interest in one or more Condominium Units.

(x) "Period of Declarant Control" shall have the meaning ascribed thereto in Section 8.4 below.

(y) "Premises" or "Project" means the condominium project composed of the Land, the Buildings, and all other improvements now or hereafter located on the Land.

(z) "Sharing Ratio" of an Owner is the percentage of the Interest in General Common Elements appurtenant to his Condominium Unit. Any reference to "relative Sharing Ratio" shall mean the proportion that the Sharing Ratio of an Owner in a specified group bears to the Sharing Ratios of all Owners in such group.

(aa) "Town Code" means the Basalt Municipal Code, as amended.

(ab) "Unit" means the individual air space contained within the perimeter walls, floors, ceilings, windows and doors of a unit in each of the Buildings or within any other boundary lines as shown and described on the Map, together with (i) all fixtures and improvements therein; (ii) the inner decorated or finished surfaces of the Units's perimeter walls, floors and ceilings including all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, and finished flooring; (iii) the doors and windows of the Unit; and (iv) the interior non-supporting walls and partitions within the Unit. Each Unit includes a garage and a stairway or passageway connecting the living area of the Unit to the garage area of the Unit. The term "Unit" does not include, however, the undecorated or unfinished surfaces of the perimeter walls, floors or ceilings of a Unit, any utilities running through the Unit which serve more than one Unit, or any other Common Element or part thereof located within the Unit.

ARTICLE 2

GRANT AND SUBMISSION

Declarant hereby grants, conveys and submits to condominium common interest ownership all its right, title and interest in the Premises.

ARTICLE 3

DIVISION OF REAL PROPERTY INTO ESTATES; USE AND OCCUPANCY OF CONDOMINIUM UNITS

3.1 Division Into Estates. It is intended that the Premises will ultimately be divided into ninety (90) Condominium Units numbered as set forth on Attachment B. Each Condominium Unit will consist of a Unit, an undivided interest in the General Common Elements appurtenant to such Unit as set forth in Attachment B and the exclusive or non-exclusive right to use and enjoy certain Limited Common Elements appurtenant to such Unit as set forth in Attachment B.

3.2 Inseparability of a Condominium Unit/Partition. (a) Each Condominium Unit shall be inseparable from its appurtenant interest in the Common Elements and, except as provided in Section 3.7 below, each Condominium Unit may be conveyed, leased, devised or encumbered only as a Condominium Unit.

(b) Co-Owners of a Condominium Unit shall have the right to bring a partition action pursuant to Section 38-28-101 et seq. of Colorado Revised Statutes, 1973, as amended requesting the sale of the Condominium Unit and the division of the proceeds among the co-Owners; however, no physical division of the Unit shall be permitted as part of a partition action, and no partition action shall affect any other Condominium Unit of the Common Elements.

3.3 Title to a Condominium Unit. Title to a Condominium Unit may be held individually or in any form of concurrent ownership recognized in Colorado except timeshare co-ownership, which form of concurrent ownership, however created, is hereby expressly prohibited. In case of any permitted concurrent ownership, each co-Owner shall be jointly and severally liable for performance and observance of all the duties and responsibilities of an Owner with respect to the Condominium Unit in which such co-owner owns an interest.

3.4 Notice to Assessor. On or before the first sale of a Condominium Unit, Declarant shall give written notice to the assessor of the County in the manner provided in the Act, so that each Condominium Unit will be separately assessed and taxed.

3.5 Limited Use and Right to Lease. The Condominium Units shall be used and occupied solely for dwelling or lodging purposes, including parking of vehicles and storage in garage portions of Units and other uses customarily incident thereto, and shall not be used at any time for business, commercial or professional purposes; provided, however, that an Owner may use his Unit for a professional or home occupation, so long as the applicable zoning for the Project, including Sec. 16-202 of the Town Code, permits such use, there is not external evidence thereof, and no unreasonable inconvenience to other Owners is created thereby. Provided that this Restriction in use shall be subject to reasonable interpretation by the Board from time to time in rules and decisions promulgated by the Board pursuant to Sections 8.1 and 8.2 hereof. Owners may rent or lease their Condominium Units to others for these purposes.

3.6 Fees for Recreational Facilities. The Association shall have the right to charge reasonable admission and other fees for the use of any recreational facility situate upon or which is a part of the General Common Elements.

3.7 Right to Combine Units. An Owner may physically combine the area and space of one Unit with the area or space of one or more adjoining Units owned by such Owner subject to the review and written approval of the Board of Directors. In the event of any such physical combining of Units to create a combined Unit, such combined Units shall also include the combining of the fixtures and improvements and of the undivided interests in the Common Elements appurtenant to such Units. The Board of Directors reserves the right to designate and convey to such Owner of such combined Units additional Limited Common Elements appurtenant to such Unit, any walls, floors or other structural separation for the combination of such Units; provided however, that such walls, floors or other structural separations for such

space shall automatically become Common Elements if the combined Units become subject to separate ownership in the future. The Board of Directors shall have authority to grant easements through the Common Elements to accomplish the combining of the Units. The Sharing Ratio of the Owner of combined Units shall equal the sum of the Sharing Ratios allocated to Owners of those Units prior to combination; and the Owner of the combined Units shall have all voting rights allocated by the Bylaws to Owners of those Units prior to combination.

ARTICLE 4

DESCRIPTION OF A CONDOMINIUM UNIT

4.1 Prior to Recordation. Every contract of sale, deed, lease, deed of trust, mortgage, will or other instrument affecting a Condominium Unit, written prior to the filing of this Declaration or the Map for record, shall legally describe the Condominium Unit by its identifying Unit number, followed by the name of the Project and reference to this Declaration and the Map to be filed for record.

4.2 Subsequent to Recordation. Subsequent to the filing of this Declaration and the Map, every contract for sale, deed, lease, deed of trust, mortgage, will or other instrument affecting a Condominium Unit shall legally describe the Condominium Unit as follows:

"Condominium Unit No. _____, The Villas at Elk Run, according to the Condominium Declaration for The Villas at Elk Run, recorded on _____, 1994 in Film ___ as Reception No. _____ (or Book _____ at Page _____) of the records of Pitkin County, Colorado and the Condominium Map for The Villas at Elk Run recorded on _____, 19__ in Film File _____, as Nos. _____, on Films _____ (or Book _____ at Page _____) of the records of Pitkin County, Colorado, as amended from time to time."

4.3 Sufficiency of Description. Every description made pursuant to this Article 4 shall be good and sufficient for all purposes to sell, convey, transfer, encumber, lease or otherwise affect not only the Unit, but also the interest in the Common Elements appurtenant thereto. Each such description shall be construed to include a non-exclusive right of ingress and egress through and for use of the General Common Elements, the exclusive or nonexclusive right to use appurtenant Limited Common Elements and the other easements, obligations, limitations, rights, encumbrances, covenants, conditions and restrictions created in this Declaration. The interest in the Common Elements appurtenant to any Unit shall be deemed conveyed or encumbered with that Unit, even though the legal description in the instrument conveying or encumbering said Unit may only refer to the title of that Unit. The reference to the Map and Declaration in any instrument shall be deemed to include any supplements or amendments thereto without specific reference.

ARTICLE 5

CONDOMINIUM MAP

Upon substantial completion of the first Building or Buildings, and prior to any conveyance by Declarant of a Condominium Unit therein, Declarant shall cause to be filed for record in the County the Map, appropriately certified, which shall be deemed a part of this Declaration and shall contain all the information required by Section 38-33.3-209 of the Act, including without limitation: (a) the legal description of the surface of the Land; (b) the linear measurements and location, with reference to the exterior boundaries, of the Land, of the Buildings and of all other improvements built or to be built on the Land; (c) the floor plans and linear dimensions of the interior of the Buildings including the Units, the General Common Elements, except those that are located within any Unit, and the Limited Common Elements; (d) the designation by number or other symbol of each Unit; (e) the elevation plans of the Buildings; and (f) the elevation of the unfinished interior surfaces of the floors and ceilings of the Buildings, including the Units, as established from a datum plane, the distances between floors and ceilings and the linear measurements showing the thickness of the perimeter walls of the Buildings. The Map may initially be filed for record simultaneously herewith. The Map shall be amended from time to time to reflect the completion of additional Buildings and the creation of additional Condominium Units as permitted by Declarant's development rights. Declarant reserves the right to amend the Map and any supplements thereto from time to time to conform it to the actual location of each of the Buildings, including all parts thereof, and to establish, vacate and relocate easements.

ARTICLE 6

COMMON ELEMENTS; ENCROACHMENTS

6.1 Partition. The General Common Elements shall be owned in common by all the Owners and the Limited Common Elements shall be owned in common by the Owners of the Units to which they are appurtenant, and both of these forms of Common Elements shall remain undivided. No Owner shall assert any right of partition with respect to the Common Elements. As provided in the Act, the Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an individual interest in the Common Elements made without the Unit to which that interest is allocated is void. Nothing herein shall preclude conveyance or encumbrance of Common Elements by the Association as provided in Section 38-33.3-312 of the Act, or limit or restrict the right of partition by sale of co-Owners of a single Condominium Unit as set forth in Section 3.2(b).

6.2 Use of Common Elements. Each Owner, without hindering, impeding or imposing upon the rights of the other Owners, shall be entitled to use the Common Elements appurtenant to such Owner's Unit in accordance with the purpose for which they are intended and in accordance with rules and regulations duly established from time to time by the Association.

6.3 Easements for Encroachments. If any portion of the Common Elements encroaches upon any Unit, or if any Unit encroaches upon any other Unit or upon any portion of the Common Elements, as a result of the construction of any Building, or if any such encroachment shall occur hereafter as a result of settling or shifting of any Building, a valid easement shall exist for the encroachment and for the maintenance of the same so long as such Building stands. In the event any Building, any Unit, any adjoining Unit, or any adjoining Common Element, shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the Common Elements upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Elements, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as such Building shall stand. Such encroachments and easements shall not be considered or determined to be encumbrances either on the Common Elements or upon title to the Condominium Units so as to impair merchantability of title.

ARTICLE 7

MECHANIC'S LIENS AND INDEMNIFICATION

Subsequent to the completion of a Building, no labor performed or materials furnished and incorporated into a Unit with the consent or at the request of an Owner, or his agent, contractor or subcontractor, shall be the basis for the filing of a mechanic's lien or any other lien or encumbrance against either the Common Elements (other than the interest therein appurtenant to such Owner's Unit) or the Condominium Unit of any other Owner not expressly consenting to or requesting the work or materials. Each Owner shall cancel and discharge of record, or bond by a surety company acceptable to the Association or other Owner or Owners, any claim or lien against the Common Elements (other than the interest therein appurtenant to such Owner's Unit) or Condominium Unit of any other Owner for construction performed or for labor, materials, services or other products incorporated in the Owner's Unit at such Owner's request; and further shall indemnify and hold harmless each of the other Owners and the Association from and against all costs, expenses, claims, losses or damages, including reasonable attorneys' fees, resulting therefrom.

ARTICLE 8

ADMINISTRATION AND MANAGEMENT; THE ASSOCIATION;
PERIOD OF DECLARANT CONTROL

8.1 Management By Association. The Project shall be administered and managed by the Association pursuant to the Act, this Declaration and the Articles and Bylaws. Each Owner shall automatically be a member of the Association, shall remain a member until he ceases to be an Owner and shall have voting rights as set forth in the Bylaws. Each member shall comply strictly with the provisions of this Declaration and of the Articles and Bylaws. Each Member shall be bound by and shall comply with rules, resolutions and decisions of the Association duly made or adopted from time to time in the manner set forth in the Articles or Bylaws. Failure

of the member to comply with such provisions, rules, resolutions or decisions shall be grounds for an action to recover damages or to obtain injunctive relief, or both, maintainable by the Association on behalf of the other members or, in a proper case, by an aggrieved member. In addition, the Bylaws may authorize the Association, during the period of any delinquency, to take actions to enforce this Section, including but not limited to: (a) revocation of a delinquent member's right to use General Common Elements designed for recreational purposes, (b) causing suspension of utility service to a delinquent member's Condominium Unit, (c) suspension of a delinquent member's voting privileges, and (d) assessment of fines deemed appropriate by the Board of Directors, which fines shall be deemed special assessments against a delinquent member subject to the provisions of Article 10; however, no such enforcement actions shall affect the rights of a First Lienor, whose Mortgage was perfected prior to the occurrence of the subject delinquency.

8.2 Rulemaking. The Association shall adopt rules, including rules providing for enforcement and penalties for violations thereof, as appropriate, substantially as follows:

(a) Only operable automobiles and pickup trucks and vans not exceeding three-quarter ton in size shall be kept or maintained at any Unit or on the Common Elements. No vehicle maintenance or repair shall be carried out at any Unit or on the Common Elements unless such maintenance or repair is fully contained within a garage out of the view of other Units. No motor homes, boats, snowmobiles or similar recreational vehicles and no trailers shall be parked within the Project, other than for reasonable temporary periods, unless fully enclosed within a garage. Garages shall be maintained as parking spaces and not used for any other purpose. Parking of permitted vehicles shall be limited and restricted to designated parking areas for Owners and guests. Association documents shall permit the Association to create rules and regulations concerning parking which will allow the assignment of all parking on site according to the following formula:

(1)	Garage counts as 1 space per unit	90
(2)	Guest parking spaces	23
(3)	Remaining surface spaces which may be assigned on the basis of 1 space per unit.	20
	Total parking spaces available	203

(b) All dogs shall be kept under strict control at all times either at the Owner's Unit or under the direct supervision of a responsible person and no dogs shall run at large. Any barking or howling that continues for a period longer than five (5) minutes will be considered a violation of the right of peaceful enjoyment of the Common Elements and will be cause for enforcement of these rules by the Association.

(c) Owners shall comply with Sec. 16-203 of the Town Code, as same may be amended from time to time. The Association reserves the right to impose rules and regulations even more restrictive than said Section 16-203 of the Town Code.

8.3 Delegation of Management to Managing Agent. The Association, through a determination of its Board of Directors, may delegate to a real estate managing firm the powers of the Association to determine the budget for operation of the Project, to establish and collect fees for Common Expenses, to establish and collect reserve funds, to make special assessments, to establish books of account and maintain records for the operation of the Project, to supply statements of account to Owners or their Mortgagees upon request, to establish and from time to time amend such reasonable rules and regulations as may be necessary or convenient to carry out the intention of this Declaration, and to do any other acts or things that the Association is empowered to do under this Declaration or its Articles and Bylaws, subject to the terms of the Act; provided, however, that the determination of the Board of Directors to delegate the duties of the Association to such a managing agent shall not relieve the Association of any of its obligations under this Declaration or under the Articles and Bylaws. Such managing agent may be an affiliate of Declarant.

8.4 Declarant Control of the Association. Subject to Paragraph 8.5 hereof, there shall be a "Period of Declarant Control" during which a Declarant may appoint and remove the officers and members of the Board of Directors. The Period of Declarant Control commences upon the date of initial recording of the Map and terminates no later than the earlier of:

- (a) Sixty (60) days after conveyance of seventy-five percent (75%) of all ninety (90) Units that may be created to Owners other than the Declarant; or
- (b) Two (2) years after the last conveyance of a Unit by the Declarant in the ordinary course of business to Owners other than Declarant; or
- (c) Two (2) years after any right to add new Units was last exercised; or
- (d) Five (5) years after the date of initial recording of the Map.

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

8.5 Election by Owners. (a) Not later than sixty (60) days after conveyance of a total of twenty-three (23) Units to Owners other than a Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board of Directors shall be elected by Owners other than the Declarant.

(b) Not later than sixty (60) days after conveyance of a total of forty-five (45) Units to Owners other than a Declarant, not less than thirty-three and one third percent (33 &

1/3%) of the members of the Board of Directors must be elected by Owners other than the Declarant.

(c) Not later than the termination of the Period of Declarant Control, the Owners shall elect a Board of Directors of at least three (3) members, at least a majority of whom shall be Owners other than Declarant. The Board of Directors shall elect the officers of the Association. The Owners' Board of Directors shall take office upon termination of the Period of Declarant Control upon election.

8.6 Delivery of Documents by Declarant. Within sixty (60) days after the Owners other than the Declarant elect a majority of the members of the Board of Directors, the Declarant shall deliver to the Board of Directors, without any charge to the Association, all property of the Owners and of the Association held by or controlled by the Declarant, including, without limitation, the following items:

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

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

(c) The Association funds or control thereof;

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

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

(f) Any other permits issued by governmental bodies applicable to the Condominium Community and which are currently in force or which were issued within one (1) year prior to the date on which Owners other than the Declarant took control of the Association;

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

(h) A roster of Owners and First Lienors and other persons entitled to notice pursuant to Section 23.1 hereof and their addresses and telephone numbers, if known, as shown on the Declarant's records;

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

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

ARTICLE 9

MAINTENANCE AND REPAIRS; RIGHT OF ACCESS

9.1 Units. Each Owner shall be responsible for maintenance and repair of his Unit and all Limited Common Elements serving only such Unit, including fixtures and improvements and all utility lines and equipment located therein and serving such Unit only. In performing such maintenance or repair, or in improving or altering a Unit, an Owner shall obtain all necessary permits and licenses, and shall comply with all applicable laws, rules and regulations, including the rules and regulations of the Association. Notwithstanding the foregoing, no Owner shall do any maintenance, repair or improvement work that impairs the structural soundness of the Building in which such Owner's Unit is located or that interferes with any easement.

9.2 Common Elements. (a) Except as provided in Section 9.1, the Common Elements (including both Limited and General Common [Elements, and specifically including all landscaping as installed, recreational equipment, traffic control devices and signage which are or become Common] Elements) shall be administered, conserved, managed, maintained, repaired and replaced by the Association according to its procedures established from time to time. Such maintenance and repair shall include, but not be limited to, maintenance of landscaping to substantially the same standards as installed, and maintenance, resurfacing, repair and plowing of internal roadways and parking areas. The cost of such maintenance and repair of the General Common Elements shall be a General Common Expense of all Owners. The cost of such maintenance and repair of Limited Common Elements shall be a Limited Common Expense and shall be charged to each Owner having an interest in Limited Common Elements, which charge shall equal such costs multiplied by the percent of his Interest in Limited Common Elements. No Owner shall have the right to make or cause to be made any additions, alterations or repairs to the Common Elements except Limited Common Elements allocated solely to such Owner's Unit.

(b) To perform the maintenance and repairs, the Association shall have the right of access to any Unit from time to time during reasonable hours, or at any time for the purpose of making emergency repairs therein necessary to prevent damage to the Common Elements or to another Unit or Units. The costs of repairing any damage to a Unit resulting from entry therein for the purpose of repairing or maintaining the General Common Elements or preventing damage to the General Common Elements or another Unit, shall be a General Common Expense of all the Owners. The costs of repairing any damage to a Unit resulting from entry therein for the purpose of repairing or maintaining the Limited Common Elements or preventing damage to the Limited Common Elements shall be a Limited Common Expense charged proportionately to each Owner having an interest in such Limited Common Elements.

9.3 Owner Caused Damage. Notwithstanding the foregoing, if damage to the Common Elements or to any Unit is caused by the negligence or intentional act of an Owner,

or if entry into a Unit is required because of any Owner's negligence or intentional act, such Owner shall pay, or reimburse the Association, for all costs of repairing such damage and shall be liable to the Association and the other Owners for all additional losses or expenses suffered as a result of his negligence or intentional acts, including without limitation reasonable attorneys' fees.

9.4 Declarant's Right to Maintain. If, in the sole judgment of Declarant, the Association has failed to maintain the General Common Elements in good order and repair, Declarant may, after five days' notice to the Association, perform all work necessary to maintain the General Common Elements in good order and repair and Declarant shall have access to any Unit for such purposes. The Association shall reimburse Declarant for the cost of such work, which shall be a General Common Expense of all Owners payable as set forth herein. Declarant's right to maintain contained in this Section 9.4 shall terminate when Declarant no longer holds any interest in any Condominium Unit in the Project.

ARTICLE 10

ASSESSMENTS, COLLECTION AND LIENS

10.1 Assessments for Common Expenses. Except as set forth in Section 9.3, each Owner shall pay his pro rata share of the General Common Expenses and the Limited Common Expenses. Such proration shall be made on the basis of each Owner's respective Interest in General Common Elements or Interest in Limited Common Elements, as applicable.

10.2 Collection. The Bylaws shall empower the Board of Directors to fix, determine, levy and collect from the Owners periodic and special assessments to meet the General Common Expenses and the Limited Common Expenses, and to create a contingency reserve therefor. The Bylaws shall also establish the procedures by which the assessments shall be made known to and paid by the Owners. An action may be brought by the Association to recover unpaid assessments, together with interest thereon at a default rate fixed by the Board from time to time, from the Owner liable for payment thereof, with or without foreclosing or waiving the lien described in Section 10.3 below. The Declarant and, by acceptance of a deed to a Condominium Unit, each Owner personally covenant and agree to pay their allocable shares of assessments made by the Association from time to time pursuant to this Declaration.

10.3 Liens for Non-Payment. All sums assessed but unpaid for an Owner's share of the General or Limited Common Expenses shall constitute a lien on such Owner's Condominium Unit in favor of the Association as provided in Section 38-33.3-316 of the Act. All liens for non-payment of assessments shall be superior to all other liens and encumbrances, except as provided in such Section of the Act.

10.4 Foreclosure of Liens. The Association's lien shall attach from the date when the unpaid assessment shall become due and may be foreclosed by the Association in like manner as a mortgage or real property upon the recording of a notice or claim thereof executed by the Association setting forth the amount of the unpaid indebtedness, the name of the Owner and a description of the Condominium Unit. In any lien foreclosure action, the Owner shall be

required to pay the costs and expenses of the proceeding, including without limitation reasonable attorneys' fees. During the period of foreclosure the Owner of the Condominium Unit subject to the action shall be required to pay a reasonable rental to the Association. The Association shall be entitled to purchase the Condominium Unit at the foreclosure sale or by deed in lieu of foreclosure, and to acquire, hold, lease, mortgage or convey the same.

10.5 No Waiver or Abandonment; No Offset. No Owner shall exempt himself from liability for payment of such Owner's share of the General or Limited Common Expenses either by waiver of the use or enjoyment of any of the Common Elements or by abandonment of such Owner's Condominium Unit. All assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted for any reason, including, without limitation, any claim that the Association or the Board of Directors is not properly exercising its duties and powers under this Declaration (except that the Declarant is exempt from the requirements of this sentence).

10.6 Transfer of a Condominium Unit. Except for a transfer in connection with foreclosure, or conveyance by deed in lieu thereof, of a Mortgage, the lien of which is superior to the assessment lien herein described, in the event of a sale or other transfer of a Condominium Unit with respect to which sums assessed shall be unpaid, the purchaser or other transferee of an interest in the Condominium Unit shall be jointly and severally liable with the seller or transferor thereof for the unpaid assessments.

10.7 Request for Assessment Statement. Upon written request of any Owner, Mortgagee, prospective Mortgagee, purchaser or other prospective transferee of a Condominium Unit, the Association shall issue a written statement setting forth the amount of all unpaid assessments, if any, with respect to such Condominium Unit, the amount of the current periodic assessment for General Common Expenses and any current assessment for Limited Common Expenses, the date on which such assessments became or shall become due and the amount of any credit for prepaid expenses. This statement, for which a reasonable fee may be charged, shall be binding upon the Association in favor of any person who may rely thereon in good faith. Unless an assessment statement shall be prepared within 10 days after the Association receives a written request therefor by any party entitled to make such a request other than an Owner, all unpaid assessments that became due prior to the date of the Association's receipt of the request shall be subordinated to the lien or other interest of the person requesting the statement.

10.8 Lienor's Right to Pay Assessments. Any party in favor of whom a lien on a Condominium Unit has been created may, but shall not be required to, pay in full any unpaid assessments with respect to the Condominium Unit, and upon payment the party shall have a lien on the Condominium Unit for the amount so paid of the same rank as the assessment lien theretofore existing.

ARTICLE 11

INSURANCE

11.1 Coverage. On behalf of the Owners, the Association shall obtain and maintain at all times the insurance required by Section 38-33.3-313 of the Act, which shall include, without limitation, to the extent reasonably available, the following insurance coverage:

(a) insurance coverage on each of the Buildings (including the Common Elements and all of the Units and all fixtures therein, but not including furniture, furnishings or other personal property supplied or installed by the Owners) against loss or damage by fire, with extended coverage (including without limitation insurance against loss or damage by vandalism or malicious mischief) in approximately the amount, less applicable deductibles, of the maximum insurable value of each of the Buildings as determined pursuant to Section 11.3 below; together with the following endorsements if they are commonly required by prudent institutional mortgage investors: Guaranteed Replacement Cost Endorsement, Agreed Amount Endorsement, Inflation Guard Endorsement, Construction Code Endorsement, Demolition Cost Endorsement, Contingent Liability From Operation of Building Laws Endorsement, and an Increased Cost of Construction Endorsement;

(b) general public liability and property damage insurance coverage against claims for bodily injury or death or property damage occurring upon or in the Common Elements, in limits of not less than \$500,000 in respect of bodily injury or death to any one person and not less than \$1,000,000 for bodily injury or death to any number of persons arising out of one accident or disaster, and in limits of not less than \$100,000 for damage to property, and if higher limits shall at any time be determined by the Board as necessary to protect against possible tort liability, such higher limits shall be carried;

(c) fidelity bond insurance for any Owner or Association employee who either handles money or is responsible for funds held or administered by the Association; and

(d) insurance coverage in such amounts as the Association may consider necessary or advisable against such other insurable hazards related to condominium projects.

11.2 Named Insured and Required Provisions. All insurance required to be carried under this Article 11 shall be carried in favor of the Association, the Board, any managing agent, the agents, employees and officers of the Association and any managing agent, the Owners and all First Lienors, as their respective interests may appear. Each policy of insurance shall contain a standard mortgagee clause in favor of each First Lienor of a Condominium Unit that shall provide that the loss, if any, thereunder shall be payable to such First Lienor, as its interest may appear, subject, however, to the loss payment provisions in favor of the Association hereinafter set forth. All policies of insurance against damage to the Buildings shall provide that losses shall be payable to and adjusted with the Association, as attorney-in-fact for the Owners. The Association shall hold and apply the proceeds of such insurance as set forth in this Declaration. Each insurance policy shall provide that no cancellation thereof may be made by the insurance carrier without having first given 30 days' prior written notice thereof to the Association, the Owners and all First Lienors. Each insurance policy shall also provide that in

case of violation of any provision thereof by one or more (but less than all) of the Owners, the coverage of such policy shall be suspended or invalidated only as to the interest of the Owner or Owners committing the violation and not as to the interest of any other insured party. All policies of physical damage insurance shall contain waivers of subrogation and of any defense based on co-insurance. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all First Lienors making written request therefor, at least 10 days prior to expiration of the then current policies.

11.3 Insurable Value. The maximum insurable value of each Building shall be the full replacement cost of the Building, exclusive of land, excavations, foundations and other items normally excluded from property policies, without deduction for depreciation (which shall indicate the maximum insurable value of each Condominium Unit contained therein). The maximum insurable value of each Building shall be determined by the Association prior to obtaining any policy of fire insurance or any renewal thereof by means of one or more written appraisals made by competent, disinterested appraisers; however, appraisals need not be obtained more frequently than at three-year intervals. Copies of such appraisals shall be furnished to each Owner and each First Lienor requesting the same in writing.

11.4 Owner's Insurance. Each Owner shall obtain and maintain at his expense insurance coverage for the furnishings or other items of personal property in such Owner's Unit and for liability for injury, death or damage that may occur inside such Owner's Unit. Any such policy shall contain waivers of subrogation and shall be so written that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished thereby.

ARTICLE 12

APPOINTMENT OF ATTORNEY-IN-FACT

Each Owner by his acceptance of the deed or other conveyance vesting in him an interest in a Condominium Unit does irrevocably constitute and appoint (a) the Association with full power of substitution as his true and lawful attorney in his name, place and stead to deal with such interest upon damage to or destruction, obsolescence or condemnation of all or any part of the Premises as hereinafter provided, and (b) Declarant with full power of substitution as his true and lawful attorney in his name, place and stead to deal with such interest in order to effectuate the reservations contained in Articles 5 and 22, each with full power, right and authorization to execute, acknowledge and deliver any contract, deed, proof of loss, release or other instrument affecting the interest of such Owner, and to take any other action, that the Association or Declarant may consider necessary or advisable to give effect to the provisions of this Declaration. If requested to do so by the Association or Declarant, each Owner shall execute and deliver a written instrument confirming such appointment. The action of the Association in settling any damage or condemnation claim shall be final and binding on all Owners. No Owner shall have any rights against the Association or any of its officers or directors with respect thereto except in the case of fraud, willful misconduct or gross negligence.

ARTICLE 13

DAMAGE OR DESTRUCTION

13.1 Proceeds Sufficient to Repair. If any Building or any part thereof is damaged or destroyed by any cause whatever and, in the reasonable judgment of the Association, the proceeds of insurance are sufficient to pay all the costs of repairing and restoring the Building, the Association (as attorney-in-fact for the Owners) shall cause the Building to be repaired and restored, applying the proceeds of insurance for that purpose.

13.2 Insufficient Proceeds - Non-Material Damage. If any Building or any part thereof is damaged or destroyed by any cause whatever and, in the reasonable judgment of the Association, the anticipated proceeds of insurance are not sufficient to pay the costs of repairing and restoring the Building, and if the excess of such costs over the anticipated insurance proceeds are less than 10% of the maximum insurable value last determined under Section 11.3, then the Association (as attorney-in-fact for the Owners) shall promptly cause the Building to be repaired and restored, and the difference between the insurance proceeds and the costs of repair and restoration shall be an expense of the Owners of Units in such Building, and shall be assessed and paid by such Owners in accordance with their relative Sharing Ratios.

13.3 Insufficient Proceeds - Material Damage. (a) If any Building or any part thereof is damaged or destroyed by any cause whatever and, in the reasonable judgment of the Association, the anticipated proceeds of insurance are not sufficient to pay the costs of repairing and restoring the Building, and if the excess of such costs are 10% or more of the maximum insurable value last determined under Section 11.3, then (unless within 100 days after the date of such damage or destruction a plan for repairing and restoring the Building shall be approved by the Owners of Units in such Building owning 80% or more of the total Interests in General Common Elements appurtenant to Units in such Building and by all First Lienors of such Units) the Association (as attorney-in-fact for the Owners of Units in such Building) shall execute and record in the County real estate records a notice of such facts, and thereafter shall sell that portion of the Land on which such Building is located (including the Building and all other improvements located thereon) free and clear of the provisions of this Declaration and the Map, which shall wholly terminate and expire with respect to such portion of the Premises upon the closing of such sale. If necessary, as shall be determined by the Association, such sale shall include a grant of reasonable easements for ingress and egress. This Declaration and the Map, however, shall remain in full force and effect with respect to the balance of the Land and all other Buildings and improvements, and the percentage interests in General Common Elements appurtenant to all Units remaining subject to this Declaration shall automatically be increased by the amount of the Interests in General Common Elements appurtenant to all Units in the Building sold free and clear of this Declaration, such increase to be allocated proportionately among the remaining Units in accordance with their relative Interests in General Common Elements.

(b) The proceeds of insurance and the proceeds of such sale of a portion of the Land shall be collected by the Association, applied first to the payment of the costs and expenses of the sale, and then divided among the Owners of Units in such Building according to such Owners' relative Sharing Ratios and paid into separate accounts, each representing one

Condominium Unit. The funds in each account (without contribution from one account to another) shall be applied by the Association for the following purposes in the order indicated: (i) for payment of the balance of the lien of any first Mortgage on the Condominium Unit; (ii) for payment of taxes and special assessment liens in favor of any assessing entity; (iii) for payment of unpaid General or Limited Common Expenses; (iv) for payment of junior liens and encumbrances in the order of and to the extent of their priority and (v) the balance remaining, if any, shall be paid to the Owner. The provisions of this paragraph shall not be construed as limiting in any way the right of a First Lienor (in case the proceeds allocated under clause (i) above shall be insufficient to pay the indebtedness secured by such First Lienor's lien) to assert and enforce any personal liability for such deficiency of the person or persons responsible for payment of such indebtedness.

(c) If within 100 days after the date of such damage or destruction to plan for repairing and restoring the damaged or destroyed Building shall be approved by the Owners of 80% or more of the total Interests in General Common Elements appurtenant to Units in such Building and by all First Lienors of such Units, the Association (as attorney-in-fact for such Owners) shall promptly cause such repairs and restoration to be made according to such plan. All Owners of Units in such Building (and no others) shall be bound by the terms of such plan, and the difference, if any, between the amount of the insurance proceeds and the costs of repair and restoration shall be an expense of such Owners only and shall be assessed and paid by such Owners in accordance with their relative Sharing Ratios.

13.4 No Liability on First Lienors. Nothing contained in this Article 13 shall be construed as imposing any liability whatever on any First Lienor to pay all or any part of the costs of repair or restoration.

ARTICLE 14

OBSOLESCENCE

14.1 Renovation of a Building. If at any time the Owners of 80% or more of the total Interests in General Common Elements appurtenant to Units in any Building and 80% or more of all First Lienors of such Units shall agree that the such Building has become obsolete and shall approve a plan for its renovation or restoration, the Association (as attorney-in-fact for such Owners) shall promptly cause such renovation or restoration to be made according to such plan. All Owners with interests in such Building shall be bound by the terms of such plan, and the costs of the work shall be an expense of the Owners of such Building only and shall be assessed and paid by such Owners in accordance with their relative Sharing Ratios. No Owner of a Condominium Unit in any other Building shall be required to pay any of the costs of such renovation or restoration on account of such ownership. Any increase in insurance costs to the Association as a result of renovation or restoration of a Building shall be borne solely by the Owners of the Units in such Building or a Limited Common Expense.

14.2 Renovation of Common Elements. (a) If at any time the Owners of 80% or more of the total Interests in General Common Elements and 80% or more of all First Lienors shall agree that any of the improvements constituting General Common Elements have become

obsolete and shall approve a plan for their renovation or restoration, the Association (as attorney-in-fact for the Owners) shall promptly cause such renovation or restoration to be made according to such plan. All Owners shall be bound by the terms of such plan, and the costs of the work shall be a General Common Expense, to be assessed and paid as provided in Article 10.

(b) If at any time the Owners of 80% or more of the Interest in a Limited Common Element and 80% or more of all First Lienors of Condominium Units to which such Limited Common Elements are appurtenant, shall agree that any of the improvements constituting such Limited Common Elements have become obsolete and shall approve a plan for their renovation and restoration, the Association (as attorney-in-fact for such Owners) shall promptly cause such renovation or restoration to be made according to such plan. Such Owners shall be assessed and shall pay the cost of the work as provided in Section 9.2(a).

14.3 Sale. If at any time the Owners of 80% or more of the total Interests in General Common Elements and 80% or more of all First Lienors shall agree that the Buildings have become obsolete and should be sold, the Association (as attorney-in-fact for the Owners) shall promptly record in the real estate records of the County a notice of such facts, and shall sell the entire Premises, free and clear of the provisions of this Declaration and the Map, which shall wholly terminate and expire upon the closing of such sale. The proceeds of such sale shall be collected, applied and divided among the Owners by the Association in the manner provided in Section 13.3.

ARTICLE 15

CONDEMNATION

15.1 Total Taking. If the entire Premises shall be taken for any public or quasi-public use, under any statute, by right of eminent domain or by purchase in lieu thereof, or if all or any material part of all of the Buildings shall be so taken, or if any part of the Land shall be so taken and the part remaining shall be insufficient for purposes of the Project, as determined by the Association, the Association (as attorney-in-fact for the Owners) shall collect the award made in such taking and shall sell the part of the Land remaining after the taking, if any, free and clear of the provisions of this Declaration and the Map. Such provisions shall wholly terminate and expire upon the recording of a notice by the Association setting forth all of such facts. The award and the proceeds of such sale, if any, shall be collected, applied and divided among the Owners by the Association in the manner provided in Section 13.3.

15.2 Total Taking of a Building or Buildings. (a) If all of any material part of one or more, but fewer than all, of the Buildings shall be taken, but the remaining part of the Premises shall be sufficient for the purposes of the Project with respect to the remaining Buildings, as determined by the Association, the Association (as attorney-in-fact for such Owners) shall collect the award made in such taking and shall sell the part of the Land underlying the Building[s] taken free and clear of the provisions of this Declaration and the Map, which shall wholly terminate and expire with respect to such portion of the Premises upon the closing of such sale. If necessary, as shall be determined by the Association, such sale shall include a grant of

reasonable easements for ingress and egress. The award and the proceeds of such sale, if any, shall be collected, applied and divided by the Association among the Owners of Condominium Units in the Buildings taken in the manner provided in Section 13.3.

(b) This Declaration and any Map, however, shall remain in full force and effect with respect to the balance of the Premises and the percentage Interests in General Common Elements appurtenant to all Units remaining subject to this Declaration shall automatically be increased by the amount of the Interests in General Common Elements appurtenant to all Units in the Buildings sold free and clear of this Declaration, such increase to be allocated proportionately among the remaining Units in accordance with their relative Interests in General Common Elements.

15.3 Partial Taking. Subject to the provisions of Section 38-33.3-107 of the Act, if there shall be a partial taking only, if no material part of any Building shall be taken, and if the remaining part of the Premises shall be sufficient for the purposes of the Project, as determined by the Association, the Association (as attorney-in-fact for such Owners) shall collect the award and shall promptly and without delay cause the balance of the Premises not so taken to be restored as nearly as possible to its condition prior to the taking, applying the award to that purpose. Any part of the award not required for such restoration shall be divided by the Association and distributed among the Owners in accordance to their Sharing Ratios.

ARTICLE 16

QUALITY OF WORK

Any repairs, renovation or restoration of the Land or any Building by the Association (as attorney-in-fact for such Owners) shall be done in such manner as to make the Land or the Building after such work is completed as close in value as it was immediately before the occurrence requiring the work to be done as is reasonably possible. Furthermore all such repairs, renovation or restoration shall be done in compliance with all applicable laws, rules and regulations, including the rules and regulations of the Association.

ARTICLE 17

AMENDMENT OR REVOCATION

This Declaration may be amended (a) by Declarant at any time prior to the filing of the Map or thereafter as provided in Section 22.5, (b) upon the written approval in recordable form of the Owners of 80% or more of the total Interests in General Common Elements and 80% or more of all First Lienors, except that the provisions of Section 3.1 and Attachment B relating to Interests in the General Common Elements and the Limited Common Elements may be amended only upon approval of the Owners of 100% of the Interests in General Common Elements or the Interests in Limited Common Elements, as appropriate, and all First Lienors in the applicable Condominium Units, and (c) otherwise as specifically provided in the Act. This Declaration may be revoked by Declarant at any time prior to the filing of the Map, and

thereafter this Declaration shall be revoked only upon sale of all or part of the Premises pursuant to Sections 13.3, 14.3, 15.1 or 15.2, or upon the unanimous written approval in recordable form of 80% or more of all Owners and 80% or more of all First Lienors in accordance with the provisions of Section 38-33.3-218 of the Act.

ARTICLE 18

PROPERTY FOR COMMON USE

Subject to any restrictions set forth in the Act, the Association may acquire and hold for the use and benefit of all the Owners, real or personal (tangible and intangible) property and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be owned by the Owners in the same proportion as their respective Interest in General Common Elements and shall not be transferable except with a transfer of a Condominium Unit. A transfer of a Condominium Unit shall transfer to the transferee ownership of the transferor's beneficial interest in such property without any reference thereto. Each Owner may use such property in accordance with the purpose for which it is intended, without hindering or encroaching upon the lawful rights of the other Owners.

ARTICLE 19

REGISTRATION BY OWNER OF MAILING ADDRESS; NOTICES

19.1 Registration. Each Owner shall register his mailing address with the Association promptly after his purchase of a Condominium Unit; and shall register any change in his mailing address with the Association promptly after such change.

19.2 Notice of Transfer. If any Owner, other than Declarant, sells, leases or otherwise transfers an interest in his Condominium Unit, such Owner shall deliver to the Association within five days after completion of the sale, lease or other transfer a written notice stating the full name of the new owner, tenant or transferee, the number of the Condominium Unit transferred, the forwarding address of such Owner and the mailing address of the new owner, tenant or transferee (if different from the subject Unit); and, if the transfer was a lease transaction, such Owner shall also deliver to the Association a copy of the lease.

19.3 Delivery of Notice. Any bill, statement, notice, demand or communication intended to be served upon an Owner shall be in writing and shall be deemed sufficiently given if delivered personally or sent by United States mail, postage prepaid, and except for monthly statements and other routine notices, sent by registered or certified mail, addressed in the name of the Owner at his mailing address as registered with the Association. All notices, demands or other communication intended to be served upon the Association shall be in writing and shall be deemed sufficiently given if delivered personally to an officer of the Association or sent by certified or registered United States mail, postage prepaid, to the address of the Association as designated in the Bylaws.

ARTICLE 20

DURATION OF CONDOMINIUM OWNERSHIP

The separate estates created by this Declaration and the Map shall continue until this Declaration shall be revoked or until its provisions shall terminate with respect to all or any portion of the Project as provided herein.

ARTICLE 21

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Land, nor shall any exterior addition to or change or alteration in any Building or other existing improvement on the Land be made until the plans and specification showing the nature, kind, shape, height, color, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors, or by an architectural committee composed of three or more representatives appointed by the Board (which shall serve at the pleasure of the Board). In the event the Board, or its designated committee, fails to approve or disapprove such design and location within 30 days after such plans and specifications have been submitted to it, approval shall be deemed given.

ARTICLE 22

SPECIAL DECLARANT RIGHTS, DEVELOPMENT RIGHTS AND GENERAL RESERVATIONS

22.1 Easements, Reservation, Etc. Declarant reserves (a) for the Period of Declarant Control, the right to dedicate any access roads and streets serving this Project for and to public use; to establish easements, reservations and exceptions consistent with the condominium ownership of the Project and for the best interests of the Owners and the Association, which easements, reservations and exceptions shall be in addition to those set forth on Attachment C hereto, and (b) for the Period of Declarant Control, an easement over unimproved parts of the General Common Elements, to the extent necessary for construction of additional improvements, which may include recreational facilities that will become General Common Elements. The operating expenses of such improvements will be General Common Expenses. Declarant, however, has no obligations to construct additional improvements.

22.2 Right to Maintain Sales Offices and Models. Declarant also reserves the right to maintain sales offices, management offices and models, and to maintain one or more advertising signs, as Declarant deems appropriate, during the period Declarant is actively engaged in selling the Condominium Units. Declarant reserves the right to place such sales offices, management offices and models in any Unit owned by Declarant and on any portion of the General Common Elements, in such number, of such size and in such locations as Declarant deems appropriate.

Declarant reserves the right to place such advertising signs on any unimproved part of the General Common Elements, in such number, of such size and in such locations as Declarant deems appropriate.

22.3 Relocation of Sales Offices and Models. Declarant may from time to time relocate models, management offices and sales offices to different locations within the Project. Upon the relocation of a model, management office or sales office that was placed on a portion of the General Common Elements, Declarant may remove all personal property and fixtures therefrom. Any fixtures not so removed shall thereafter be deemed General Common Elements, and any personal property not so removed shall be deemed the property of the Association.

22.4 Parking Spaces. So long as Declarant shall be selling Units in the Project, Declarant shall have the right to restrict the use of the General Common Elements parking spaces marked on the Map as "Parking Spaces Which Declarant May Use For Sales Purposes." Such use shall include reserving such spaces for use by prospective Unit purchasers, Declarant's employees and others engaged in sales, maintenance, construction or management activities.

22.5 Certain Amendments by Declarant. Declarant reserves the right to amend, without the consent of Owners or First Lienors this Declaration, The Map, the Association's Articles or Bylaws, any time within the limitations set forth herein, as follows:

(a) to make nonmaterial changes, such as the correction of a technical, clerical, grammatical or typographical error or clarification of a statement;

(b) to comply with any requirements of the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development/Federal Housing Administration, the Veteran's Administration or any similar governmental or quasi-governmental agency or to induce any of such agencies to make, purchase, sell, insure or guarantee first Mortgages;

(c) to comply with any requirements of the Act;

(d) to reflect the addition of Units upon exercise of development rights as provided in Section 22.6.

22.6 Development Rights to Construct Additional Buildings; Parking. The Declarant reserves the development right to build additional Buildings within the Project, provided that the total number of Buildings shall not exceed nine (9), and in such additional Buildings to create additional Units, provided that the total number of Condominium Units in the Project shall not exceed ninety (90). Any additional Buildings must be built within the areas denominated as Parcels 1 through 9 and Tract A on the Map, and must be exercised (including recordation of supplements to the Map with respect to newly-created Units) within the Period of Declarant Control. This development right may be exercised separately with respect to each additional Building; and no assurances are made with respect to the exact boundaries of particular Buildings or the order in which individual Buildings shall be constructed. Exercise of a particular development right to construct a particular Building shall not require Declarant to exercise any

other development right with respect to construction of any other Building. Construction of parking may be phased, provided that adequate parking (including one garage space per Unit) will be provided for each Unit before issuance of a certificate of occupancy with respect to such Unit in accordance with the following ratios, provided that such parking need not be specifically assigned unless the rules and regulations of the Association provide otherwise:

3 Bedroom units	2.5 Spaces per unit
2 Bedroom units	2.0 Spaces per unit
1 Bedroom units	1.5 Spaces per unit

ARTICLE 23

FIRST LIENOR PROVISIONS

The following provisions are for the benefit of all persons or entities who or that are holders, insurers, or guarantors of holders of first Mortgages recorded against Condominium Units within the Project and have delivered a written request to the Association containing its name, address, the legal description and address of the Condominium Unit encumbered. To the extent applicable, necessary, or proper, the provisions of this Article 23 apply to this Declaration and to the Articles and Bylaws of the Association.

23.1 Notices of Action. Each such person shall be entitled to timely written notice of:

(a) any material condemnation loss or casualty loss which affects a material portion of the Project or any Unit in which there is a first mortgage held, insured, or guaranteed by such person;

(b) any delinquency in the payment of the General or Limited Common Expense owed by an Owner whose Unit is subject to a first Mortgage held, insured or guaranteed by such person, or any default by such Owner in any obligation under the Declaration, Articles or Bylaws if and when the Board of Directors has actual knowledge of such default, and such delinquency or default remains uncured after sixty (60) days;

(c) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and

(d) any proposed action that would require the consent of a specified percentage of First Lienors.

23.2 Special FHLMC Provisions. So long as required by the Federal Home Loan Mortgage Corporation, the following requirements apply in addition to and not in lieu of any other requirements contained herein or in the Bylaws, unless at least sixty-seven percent (67%) of the First Lienors (based on one vote for each first mortgage owned) and Owners (other than Declarant) have given their prior written approval, the Association is not entitled to take any of the following actions:

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

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

(c) by act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to the architectural design or the exterior appearance of Units, the exterior appearance of the Units, the maintenance of the Common Areas, and the upkeep of lawns and plantings in the Project;

(d) fail to maintain fire and extended coverage on insurable Common Areas on a current replacement cost basis in an amount at not less than one hundred percent (100%) of the insurable value (based on current replacement cost), less applicable deductibles; and

(e) use hazard insurance proceeds for property losses in the Common Areas for purposes other than repair, replacement or reconstruction of said property.

Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Section or make any such requirements less stringent, the Board of Directors, without approval of the Owners or First Lienors, may cause an amendment to this Section to be recorded to reflect such changes.

23.3 Implied Approval. Implied approval by a First Lienor shall be assumed when a First Lienor fails to submit a response to any written proposal for an amendment within thirty (30) days after such First Lienor receives proper notice of the proposal, provided this notice was delivered by certified or registered mail with return receipt requested.

23.4 Books and Records. Owners and First Lienors shall have the right to examine the books and records of the Association at the office of the Association in accordance with the procedure set forth in the Association's Bylaws.

23.5 FHA/VA Approval. If the Project has been or is to be approved by the Federal Housing Administration and/or the Veterans Administration, then until the termination of the Period of Declarant Control, the following actions will require the prior approval of the Federal Housing Administration and/or the Veterans Administration: annexation of additional properties, amendment of this Declaration and special assessments.

ARTICLE 24

MISCELLANEOUS

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

24.2 The Act. The provisions of this Declaration shall be in addition and supplemental to the Act and to all other provisions of law; and in the event of any conflict between the Act and this Declaration, the terms of the Act shall control.

24.3 References. References made in this Declaration, including by use of a pronoun, shall be deemed to include where applicable masculine, feminine, neuter, singular or plural. As used in this Declaration, "person" shall mean any natural person, corporation, partnership, trust, estate or other entity.

24.4 Governing Law. This Declaration shall be governed by and construed in accordance with the laws of the State of Colorado.

24.5 Captions and Recitals. The captions of the Articles and Sections of this Declaration are for convenient reference only and shall not be considered or referred to in resolving questions of interpretation of this Declaration. The Recitals of this Declaration are included as an aid to interpretation of this Declaration, but do not themselves create, limit or define any rights or obligations hereunder.

24.6 Attachments. The Attachments referred to in this Declaration are hereby incorporated by this reference and constitute a part of this Agreement.

24.7 Conflicts with Articles and Bylaws. In the event of any conflict between the terms of this Declaration and the terms of the Articles or Bylaws, the terms of this Declaration shall control.

IN WITNESS WHEREOF, Declarant has duly executed this Declaration this 10th day of NOVEMBER, 1994.

VILLAS AT ELK RUN JOINT VENTURE, a Colorado joint venture

By: WINTERGREEN HOMES III, LLC, a Colorado limited liability company, Managing Venturer

By: [Signature]
Arthur Kleinstein, Manager

The undersigned holder of a deed of trust upon the property covered by this Declaration hereby ~~subordinates its interest in such property~~ ^{consents} to the provisions of this Declaration.

ATTEST:

[Signature]
Bonnie P. McCoy
Secretary

1501
~~BONJEN CORPORATION~~
By: [Signature]
President

STATE OF COLORADO)
) ss.
COUNTY OF Engle)

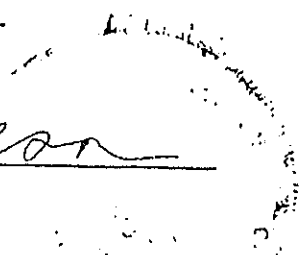
The foregoing instrument was acknowledged before me this 10th day of NOV, 1994 by Arthur Kleinstein as Manager of Wintergreen Homes III, LLC, a Colorado limited liability company as managing venturer of Villas at Elk Run Joint Venture, a Colorado joint venture.

Witness my hand and official seal.

My commission expires: 5/5/98

Claudia J. Nelson
Notary Public

Address: BOX 978
AVON CO 81620



STATE OF COLORADO)
) ss.
COUNTY OF Pitkin)

The foregoing instrument was acknowledged before me this 28th day of NOVEMBER, 1994 by THOMAS D. MCCLOSKEY, JR. as PRESIDENT of BONJEN CORPORATION, a COLORADO CORPORATION.

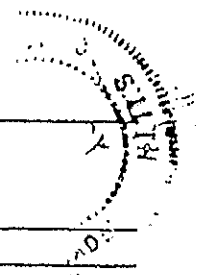
AND BONNIE P. MCCLOSKEY AS SECRETARY

Witness my hand and official seal.

My commission expires: 10/23/97

Janet C. Smith
Notary Public

Address: 1909 Wheel Circle
Carbondale CO 81623



ATTACHMENT A

(Attached to and made a part of Condominium Declaration
for The Villas at Elk Run)

Description of Real Property

Parcels 1 through 9 and Tract A
of the Villas at Elk Run,
according to the Final Plat
recorded on DECEMBER 12, 1994,
in Plat Book 35 at Page 74
as Reception No. 377096,
Town of Basalt,
County of Pitkin,
State of Colorado.

ATTACHMENT B

(Attached to and made a part of Condominium Declaration
for The Villas at Elk Run)

I. Interests in General Common Elements

A. Assuming that all nine Buildings are built as contemplated, the various Units shall have the interest in General Common Elements set forth below upon completion of all Buildings and recording of Supplements to the Map describing all Units.

UNIT #	PERCENTAGE INTEREST	MODEL TYPE	ESTIMATED SQ. FT.
1101	1.09427	A	1040
1102	1.09427	A	1040
1201	1.07955	F	1026
1202	1.07955	F	1026
1203	0.90908	C	864
1204	0.90908	C	864
2101	1.09427	A	1040
2102	1.18161	B	1123
2103	1.18161	B	1123
2104	1.09427	A	1040
2201	1.07955	F	1026
2202	1.49411	E	1420
2203	1.49411	E	1420
2204	1.07955	F	1026
2205	0.90909	C	864
2206	1.03325	D	982
2207	1.03325	D	982
2208	0.90909	C	864
3101	1.09427	A	1040
3102	1.18161	B	1123

UNIT #	PERCENTAGE INTEREST	MODEL TYPE	ESTIMATED SQ. FT.
3103	1.18161	B	1123
3104	1.09427	A	1040
3201	1.07955	F	1026
3202	1.49411	E	1420
3203	1.49411	E	1420
3204	1.07955	F	1026
3205	0.90909	C	864
3206	1.03325	D	982
3207	1.03325	D	982
3208	0.90909	C	864
4101	1.09427	A	1040
4102	1.18161	B	1123
4103	1.18161	B	1123
4104	1.09427	A	1040
4201	1.07955	F	1026
4202	1.49411	E	1420
4203	1.49411	E	1420
4204	1.07955	F	1026
4205	0.90909	C	864
4206	1.03325	D	982
4207	1.03325	D	982
4208	0.90909	C	864
5101	1.09427	A	1040
5102	1.18161	B	1123
5103	1.18161	B	1123
5104	1.09427	A	1040
5201	1.07955	F	1026

UNIT #	PERCENTAGE INTEREST	MODEL TYPE	ESTIMATED SQ. FT.
5202	1.49411	E	1420
5203	1.49411	E	1420
5204	1.07955	F	1026
5205	0.90909	C	864
5206	1.03325	D	982
5207	1.03325	D	982
5208	0.90909	C	864
6101	1.09427	A	1040
6102	1.09427	A	1040
6201	1.07955	F	1026
6202	1.07955	F	1026
6203	0.90909	C	864
6204	0.90909	C	864
7101	1.09427	A	1040
7102	1.18161	B	1123
7103	1.18161	B	1123
7104	1.09427	A	1040
7201	1.07955	F	1026
7202	1.49411	E	1420
7203	1.49411	E	1420
7204	1.07955	F	1026
7205	0.90909	C	864
7206	1.03325	D	982
7207	1.03325	D	982
7208	0.90909	C	864
8101	1.09427	A	1040
8102	1.18161	B	1123

UNIT #	PERCENTAGE INTEREST	MODEL TYPE	ESTIMATED SQ. FT.
8103	1.18161	B	1123
8104	1.09427	A	1040
8201	1.07955	F	1026
8202	1.49411	E	1420
8203	1.49411	E	1420
8204	1.07955	F	1026
8205	0.90909	C	864
8206	1.03325	D	982
8207	1.03325	D	982
8208	0.90909	C	864
9101	1.09427	A	1040
9102	1.09427	A	1040
9201	1.07955	F	1026
9202	1.07955	F	1026
9203	0.90909	C	864
9204	0.90909	C	864
TOTAL	100	-	95040

- B. Prior to completion of all Buildings, and thereafter, and subject to Declarant's development right to complete all Buildings, Units in Buildings that are complete from time to time shall have a percentage interest in General Common Elements equal to the quotient of (i) the number of square feet in their respective Units, divided by (ii) the number of square feet in all Units in all Buildings then complete. Such percentage interests shall be subsequently reduced upon completion of subsequent Units as evidenced by amendments to the Map from time to time reflecting such additional Units.
- C. Declarant may alter the number of square feet in, or the configuration of, any Unit or Units. The estimated number of square feet in each Unit is not binding on Declarant. However, Declarant may construct no more than nine (9) buildings and ninety (90) Units. In the event changes from the estimates set forth in A. above are required to be made, financial percentage interests shall be computed based on the formula set forth in B. above.

SQ FT TOTAL

ATTACHMENT C

(Attached to and made a part of Condominium Declaration
for The Villas at Elk Run)

Recorded Easements and Licenses

1. Right of the proprietor of a vein or lode to extract or remove his ore therefrom, should the same be found to penetrate or intersect the property as reserved in United States Patent recorded in Book 55 at Page 26.
2. Terms, conditions, provisions and obligations as set forth in Subdivision Agreement for Basalt South Planned Unit Development recorded September 2, 1980 in Book 394 at Page 137.
3. Terms, conditions, provisions and obligations as set forth in the Master Declaration of Covenants, Conditions and Restrictions, Basalt South Planned Unit Development recorded September 27, 1983 in Book 452 at Page 548 and Amendment to Master Declaration recorded in Book 611 at Page 6.
4. Easements and rights-of-way as disclosed on Plat of the Villas at Elk Run recorded December 12, 1994 in Book 35 at Page 74.