



*DECLARATION
OF
RIO VISTAS*

TMT

TABLE OF CONTENTS

ARTICLE 1 - SUBMISSION/DEFINED TERMS 1

 Section 1.1 Submission of Real Estate 1

 Section 1.2 Defined Terms 2

ARTICLE 2 - NAMES/DESCRIPTION OF REAL ESTATE 4

 Section 2.1 Name and Type 4

 Section 2.2 Real Estate 4

 Section 2.3 Utility, Map and Plat Easements 4

 Section 2.4 Easements 5

 Section 2.5 Emergency Easements 5

 Section 2.6 Owners' Easements of Enjoyment 5

 Section 2.7 Delegation of Use 6

ARTICLE 3 - THE ASSOCIATION 6

 Section 3.1 Membership 6

 Section 3.2 General Purposes and Powers of the Association 6

 Section 3.3 Authority of the Association 7

 Section 3.4 Specific Powers 7

 Section 3.5 Allocated Interests 7

 Section 3.6 Association Agreements 7

 Section 3.7 Right to Notice and Comment 8

 Section 3.8 Indemnification 8

 Section 3.9 Declarant Control 8

ARTICLE 4 - UNITS, COMMON ELEMENTS AND LIMITED COMMON ELEMENTS 8

 Section 4.1 Number of Units 8

 Section 4.2 Identification of Units/Unit Descriptions 9

 Section 4.3 Maintenance and Improvements 9

 Section 4.4 Unit Boundaries 9

 Section 4.5 Association Maintenance 10

 Section 4.6 Common Elements 10

ARTICLE 5 - COVENANT FOR COMMON EXPENSE ASSESSMENTS 12

 Section 5.1 Creation of Association Lien and Personal Obligation to Pay Common Expense Assessments 12

 Section 5.2 Apportionment of Common Expenses 13

 Section 5.3 Annual Assessment/Commencement of Common Expense Assessments 13

 Section 5.4 Effect of Non-Payment of Assessments 13

 Section 5.5 Lien Priority 13

 Section 5.6 Working Fund 14

Section 5.7 Owner's Negligence or Misconduct 14

ARTICLE 6 - COVENANTS, RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY 14

Section 6.1 Use/Occupancy 15

Section 6.2 Leasing and Occupancy 15

Section 6.3 Restrictions on Animals, Pets and Dogs 15

Section 6.4 Nuisances 16

Section 6.5 Vehicular Parking 16

Section 6.6 Use of Common Elements 16

Section 6.7 Trash Containers 16

Section 6.8 Compliance with Insurance Requirements 16

Section 6.9 Utilities 17

Section 6.10 Restrictions on Structural Alterations and Exterior Improvements . . 17

Section 6.11 No Restrictions on Sale of a Unit 17

Section 6.12 No Restrictions on Mortgaging of a Unit 17

Section 6.13 Rules and Regulations 17

Section 6.14 Declarant's Use 17

ARTICLE 7 - DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS . 17

Section 7.1 Development Rights and Special Declarant Rights 17

Section 7.2 Additional Reserved Rights 19

Section 7.3 Boundaries of Individually Owned Development Rights 20

Section 7.4 Rights Transferrable/Rights Transferred 21

Section 7.5 No Further Authorizations Needed 21

Section 7.6 Amendment of the Declaration or Map 21

Section 7.7 Interpretation 21

Section 7.8 Termination of Reserved Rights 22

ARTICLE 8 - INSURANCE/CONDEMNATION 22

Section 8.1 Insurance Carried 22

Section 8.2 Hazard Insurance on the Units and Common Elements 23

Section 8.3 Liability Insurance 23

Section 8.4 Fidelity Insurance 24

Section 8.5 Worker's Compensation and Employer's Liability Insurance 24

Section 8.6 Officers' and Directors' Personal Liability Insurance 24

Section 8.7 Other Insurance 24

Section 8.8 Insurance Premium 24

Section 8.9 Managing Agent Insurance 24

Section 8.10 Waiver of Claims Against Association 24

Section 8.11 Annual Insurance Review 25

Section 8.12 Adjustments by the Association 25

Section 8.13 Duty to Repair 25

Section 8.14 Condemnation and Hazard Insurance Allocations and Distributions . 25

ARTICLE 9 - SPECIAL RIGHTS OF HOLDERS OF FIRST LIEN SECURITY INTERESTS 25

Section 9.1 General Provisions 25

Section 9.2 Special Rights 25

Section 9.3 Special Approvals 26

Section 9.4 Right to Pay Taxes and Insurance Premiums 26

ARTICLE 10 - GENERAL PROVISIONS 27

Section 10.1 Enforcement 27

Section 10.2 Master Declaration/Lawson Hill 27

Section 10.3 Severability 27

Section 10.4 Term of Declaration 27

Section 10.5 Amendment of Declaration, Map or Plat by Declarant 27

Section 10.6 Amendment of Declaration by Owners 28

Section 10.7 Amendment Required by Mortgage Agencies 28

Section 10.8 Required Consent of Declarant to Amendment 28

Section 10.9 Interpretation 28

Section 10.10 Singular Includes the Plural 28

Section 10.11 Captions 29

EXHIBIT A - DESCRIPTION OF REAL ESTATE 30

EXHIBIT B - PROPERTIES WHICH MAY BE ADDED TO THE DECLARATION 33

EXHIBIT C - UNITS/ALLOCATED INTERESTS 34

**DECLARATION
OF
RIO VISTAS**

THIS DECLARATION is made on the date hereinafter set forth by Lot P LLC, a Colorado limited liability company and RIO VISTAS LLC, a Colorado limited liability company, whose addresses are Post Office Box 3448, Telluride, Colorado 81435 (collectively referred to as the "Declarant").

RECITALS:

A. Declarant is the owner of certain real estate in the County of San Miguel, State of Colorado, which is more particularly described as set forth in Exhibit A attached hereto and by reference made a part hereof.

B. Declarant desires to create a Condominium Community on the real estate described in Exhibit A under the name of "Rio Vistas," in which Units are designated for separate ownership and uses of a residential, commercial or industrial nature, and in which portions of the real estate described in Exhibit A are to become co-owned by the Owners as Common Elements.

C. Declarant has caused the "Rio Vistas Owners Association, Inc.," a Colorado nonprofit corporation (the "Association"), to be incorporated under the laws of the State of Colorado, as an owners' association, for the purpose of exercising the functions as herein set forth.

**ARTICLE 1
SUBMISSION/DEFINED TERMS**

Section 1.1 Submission of Real Estate. The Declarant hereby submits the real estate described in Exhibit A, and such additional real property as may be subsequently added, pursuant to the expansion rights reserved in this Declaration, together with all easements, rights, and appurtenances thereto and the buildings and improvements erected or to be erected thereon (collectively, the "Real Estate") to the provisions of the Colorado Common Interest Ownership Act, C.R.S. §§ 38-33.3-101 *et seq.*, as it may be amended from time to time (the "Act"), and to the terms and conditions of this Declaration. In the event the Act is repealed, the Act on the effective date of this Declaration shall remain applicable. Declarant hereby declares that all of the Real Estate described in Exhibit A, and as added by expansion, shall be held or sold, and conveyed subject to the following easements, restrictions, covenants, and conditions. Declarant further declares that this Declaration is made for the purpose of protecting the value and desirability of the Real Estate, that this Declaration shall run with the Real Estate and shall be binding on all parties having any right, title or interest in the Real Estate or any part thereof, their

heirs, legal representatives, successors, and assigns and shall inure to the benefit of each Owner thereof.

Section 1.2 Defined Terms. Each capitalized term in this Declaration or in the Map shall have the meaning specified or used in the Act, unless otherwise defined in this Declaration or as set forth below:

(a) Act means the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101, *et seq.*, as it may be amended from time to time.

(b) Allocated Interests means the allocation of ownership interests in the Common Elements, the Common Expense liability and the allocation of votes in the Association allocated to each Unit.

(c) Assessment shall include all Common Expense assessments, insurance assessments, utility assessments, and any other expense levied to a Unit or against Individually Owned Development Rights, pursuant to this Declaration or the Act.

(d) Association means the Rio Vistas Owners Association, Inc., a Colorado nonprofit corporation, its successors and assigns.

(e) Common Elements means that portion of the Real Estate within this Condominium Community co-owned by the Owners, other than a Unit; which portion of the Real Estate is designated in a recorded map and is also generally and sometimes specifically described in this Declaration.

(f) Common Expense shall mean any expenditure made a liability received by or on behalf of the Association, together with any allocations to reserves.

(g) Commercial Unit or Industrial Unit means any one of the Units designated as Commercial, subject to restrictions of record, and subject to the reserved right to re-designate the type of use allowed. Units which are designated as Commercial shall not be limited to uses of only a commercial nature; but rather, commercial, retail, residential and other uses shall be permitted within Commercial Units, to the extent permitted by local zoning.

(h) Common Expense Assessment(s) shall include late charges, attorneys' fees, fines and interest charged by the Association.

(i) Community shall mean and refer to the Condominium Community of Rio Vistas, which Condominium Community is a Condominium Community as defined in the Act and which Condominium Community is also a Common Interest Community as defined in the Act.

(j) Declarant means only the declarant's named in this Declaration separately, or acting together, and to the extent any rights or powers reserved to declarant are sought to be transferred or assigned, any successor and/or assignee designated by written notice or assignment executed by the declarant named and designated in this Declaration, (or their written assignee), executed by the transferee and recorded.

(k) Development Rights means any right or combination of rights reserved by Declarant in this Declaration or allowed in the Act to: (a) add real estate to the Community; (b) create Units, Common Elements, or Limited Common Elements within the Community; (c) subdivide Units or convert Units into Common Elements; or (d) withdraw a portion of the Real Estate from the Community.

(l) Eligible Holder means a holder, insurer or guarantor of a first lien Security Interest who has delivered a written request to the Association containing its name, address, the legal description and the address of the Unit upon which it holds a Security Interest. Eligible insurers and guarantors of a first lien Security Interest shall have the same rights as Eligible Holder.

(m) Executive Board, Board or Board of Directors means the body, regardless of name, designated in this Declaration to act on behalf of the Association.

(n) Governing Documents means this Declaration, the plat and map, the Articles of Incorporation, the Bylaws, and any rules and regulations of the Association, as all of the foregoing may be amended from time to time.

(o) Improvement(s) means structures installed within or upon a Unit.

(p) Individually Owned Development Rights means any right or combination of rights reserved by Declarant in this Declaration or in the map and assigned to an Owner in writing to: create one or more Units (as those Units are planned by Declarant), as shown on the recorded map for the Community, and to create associated Common Elements and/or Limited Common Elements to or for those Units within the Community, the boundaries of which are approximately defined in the map and in Article 4 of this Declaration. Upon exercise of Individually Owned Development Right, with a map amendment and Declaration amendment made by the Owner of the Individually Owned Development Rights and consented to by Declarant, the Individually Owned Development Right shall be converted into a Unit, without the requirement of any further acts or actions other than the execution and recording of map and Declaration amendment as previously set forth.

(q) Map means the map depicting the Units and the Common Elements in the Community, as recorded in the records of the Clerk and Recorder of San Miguel County of Colorado, as amended from time to time.

(r) Limited Common Elements means those portions of the Common Elements, if any, designated for the exclusive use of one or more, but fewer than all of the Units, including any storage areas.

(s) Real Estate means the property described in Exhibit A, and such additional property as may be subsequently added, pursuant to the expansion rights reserved in this Declaration, together with all easements, rights, and appurtenances thereto and the buildings and improvements erected or to be erected thereon. All easements and licenses which the Community is subject to as of the date of this Declaration are recited in Exhibit A.

(t) Residential Unit means any of the Units designated as Residential, subject to restrictions of record, and subject to the reserved right to re-designate the type of use allowed. Units which are designated as Residential shall be limited to residential uses.

(u) Special Declarant Rights means those rights set forth in this Declaration and those rights set forth in the Act.

(v) Unit means a physical portion of the Community, designated for separate ownership, shown as a Unit on the recorded map for the Community, the boundaries of which are defined in the map and in Article 4 of this Declaration.

(w) Owner means the Declarant, or any other person or entity that owns a Unit or an Individually Owned Development Right.

ARTICLE 2 NAMES/DESCRIPTION OF REAL ESTATE

Section 2.1 Name and Type. The type of Common Interest Community is a Condominium Community. The name of the Community is "Rio Vistas." The name of the Association is "Rio Vistas Owners Association, Inc."

Section 2.2 Real Estate. The Community is located San Miguel County, State of Colorado. The initial Real Estate of the Community is described in Exhibit A. All easements and licenses to which the Community is presently subject are recited in Exhibit A and as established in the Act. The Community may be subject to other easements or licenses granted pursuant to this Declaration, or granted by authority reserved in any recorded document or established in the Act.

Section 2.3 Utility, Map and Plat Easements. Easements for utilities and other purposes over and across the Units, the Individually Owned Development Right and Common Elements may be as shown upon a recorded plat and on the recorded Map of the Community, and as may

be established pursuant to the provisions of this Declaration, or granted by authority reserved in any recorded document.

Section 2.4 Easements. Each Unit and each Individually Owned Development Right shall be subject to an easement in favor of the Declarant, Executive Board and to each Owner to allow for their performance of obligations or rights allowed for in this Declaration. Each Individually Owned Development Right has such easements of support as may be necessary for the creation of a Unit. Each Unit has such easements of support and shelter as may be necessary for the quiet enjoyment and possession of the Unit and the Improvements constructed within the Unit. In addition to the easement of support and shelter, the Owner of an Individually Owned Development Right or Unit has an easement for access for construction, improvement, repair and maintenance over and through other Individually Owned Development Rights and other Units, and an easement for pipes, ducts, utility ways and spaces, and chases, passing through or serving an Individually Owned Development Right or Unit. In addition, the Common Elements have an appurtenant easement for such elements serving the Common Elements and crossing through a Unit or through an Individually Owned Development Right. Physical structures and improvements within such easements and serving the dominant tenement exclusively will be the property of the dominant tenement Owner or considered a part of the Common Elements where appropriate. Physical structures serving Units will be shared on a mutually nonexclusive easement of enjoyment for all purposes for which the Improvements were intended. Access for nonemergency repairs and improvements to physical Improvements serving adjoining Units may be made by the owner of the dominant Unit or through the Association upon appointment and at reasonable times. Access for emergency repairs may be made at any time. Access to servient easement areas for repairs and construction will be in such manner as to not unreasonably disturb the possession of the servient tenement and in such manner as to preserve the function of the Improvements as necessary to perform its function and any damage will be reasonably restored. On exercising these easement rights, the party exercising the right shall be responsible for any resulting damages, and a lien therefore is authorized and established against that party's property, pursuant to this Declaration.

Section 2.5 Emergency Easements. A nonexclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance, and other similar emergency agencies or persons, now or hereafter servicing the Community, to enter upon any part of the Community in the performance of their duties.

Section 2.6 Owners' Easements of Enjoyment. Every Owner shall have a right and easement access to their Unit or their Individually Owned Development Right, with an easement of enjoyment in and to any Common Elements and such easement shall be appurtenant to and shall pass with the title or their Individually Owned Development Right, with an easement, subject to the following provisions:

- (a) The right of the Association to promulgate and publish rules and regulations which each Owner and their guests shall strictly comply with.

(b) The right of the Association to suspend the voting rights and rights to use the Common Elements by an Owner for any period during which any assessment against their Unit remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

(c) The right, power and authority of the Association to grant any easement, right-of-way, license, lease, dedication, transfer or conveyance or grant of any similar interest affecting the Common Elements, to the extent permitted by the Act.

(d) The right of the Association to close or limit the use of the Common Elements while maintaining, repairing and making replacements in the Common Elements.

(e) The Development and Special Declarant Rights of the Declarant reserved in this Declaration.

(f) The Individually Owned Development Rights of Owners.

Section 2.7 Delegation of Use. Any Owner may delegate their right of enjoyment to the Common Elements and facilities to the members of their family, their tenants, guests, or contract purchasers who reside at their Unit.

ARTICLE 3 THE ASSOCIATION

Section 3.1 Membership. Every person who is a record Owner shall be a member of the Association, including contract sellers. Owners of residential use units as may be defined or provided for in the Declaration, shall be members of a "residential" class of members, owners of commercial or industrial use units, as may be defined or provided for in the Declaration, shall be members of a "commercial" or "industrial" class of members. Membership shall be appurtenant to and may not be separated from ownership of any Unit or Individually Owned Development Right. Ownership of such Unit or Individually Owned Development Right shall be the sole qualification for such membership. Where more than one person holds an interest, all such persons shall be members.

Section 3.2 General Purposes and Powers of the Association. The Association, through its Executive Board, shall perform functions and manage the Community as provided in this Declaration so as to protect the value and desirability of the Community the Units and the Individually Owned Development Rights; and to further the interests of the residents, occupants, tenants and guests of the Community and members of the Association. Any purchaser of a Unit or Individually Owned Development Right shall be deemed to have assented to, ratified and approved such designation and management. The Association shall have all power necessary or desirable to effectuate such purposes.

Section 3.3 Authority of the Association. The business affairs of the Community shall be managed by the Association. The Association shall be governed by the Act, this Declaration, the map for the Community, its Articles of Incorporation and Bylaws, as amended from time to time, and any rules and regulations adopted by the Executive Board. The Executive Board may, by written resolution, delegate authority to a manager or managing agent for the Association, provided no such delegation shall relieve the Board of final responsibility.

Section 3.4 Specific Powers. The Association shall have the powers, authority and duties as follows and as necessary and proper to manage the business and affairs of the Community. The Association shall have all of the powers, authority and duties permitted or set forth in the Act. The Association shall have the power to assign its right to future income, including the right to assign its right to receive Common Expense Assessments, but only upon the affirmative vote of Owners to which at least fifty-one percent (51%) of the votes in the Association at a meeting called for that purpose.

Section 3.5 Allocated Interests. The ownership interest in the Common Elements, Common Expense liability and votes in the Association allocated to each Unit are set as follows:

(a) the percentage of ownership interest of the Common Elements, on the basis of square footage of improved space in each Unit, compared to the total improved square footage of all Units in the Condominium Community;

(b) the percentage of liability for Common Expenses, on the basis of square footage of improved space in each Unit, compared to the total improved square footage of all Units in the Condominium Community;

(c) the number of votes in the Association, on the basis of square footage of improved space in each Unit, compared to the total improved square footage of all Units in the Condominium Community;

(d) Supplementing the foregoing, the Common Expense liability allocated to each Individually Owned Development Right is on the basis of square footage as may be created or built for that Individually Owned Development Right, compared to the total available square footage as may be credited in the Condominium Community.

When Units or Individually Owned Development Rights are added to or withdrawn from the Community, pursuant to the provisions of this Declaration and the Act, the formulas set forth above shall be used to reallocate the Allocated Interests. Initial Allocated Interests are to be set forth in attached Exhibit C.

Section 3.6 Association Agreements. Any agreement for professional management of the Community or any contract providing for services of the Declarant, may not exceed one year. Any such agreement must provide for termination by either party without cause and without payment of a termination fee or penalty upon thirty (30) days' written notice. The Association

shall not be bound either directly or indirectly to contracts or leases (including management contracts) entered into during the declarant control period unless the Association is provided with a right of termination of any such contract or lease without cause, which is exercisable without penalty at any time after the turnover date upon not more than thirty (30) days' notice to the other party thereto.

Section 3.7 Right to Notice and Comment. Pursuant to C.R.S. § 38-33.3-205(1)(o), whenever the Governing Documents require that an action be taken after "Notice and Comment," and at any other time the Executive Board determines, the Owners have the right to receive notice of the proposed action and the right to comment orally or in writing. Further, any Owner may give "Notice and Comment" to the Owners of any matter affecting the Community, and Owners shall then have the right to comment, orally or in writing, on the matter. Notice shall be given to each Owner in writing, delivered personally or by mail to all Owners at such address as appears in the records of the Association, or notice shall be published in a newsletter or similar publication which is routinely circulated to all Owners. The notice shall be given not less than three days before proposed action is to be taken. The Notice shall invite comment to the Executive Board or a Owner, orally or in writing before the scheduled time of any meeting.

Section 3.8 Indemnification. To the full extent permitted by law, each officer and director of the Association shall be and are hereby indemnified by the Owners and the Association against all expenses and liabilities including attorneys' fees, reasonably incurred by or imposed upon them in any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been an officer or director of the Association, or any settlements thereof, whether or not they are an officer or director of the Association at the time such expenses are incurred; except in such cases wherein such officer or director is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification shall apply only when the Executive Board approves such settlement and reimbursement as being in the best interests of the Association.

Section 3.9 Declarant Control. The Declarant shall have the reserved power, pursuant to Section 303(5) of the Act, to appoint and remove officers and members of the Executive Board.

**ARTICLE 4
UNITS, COMMON ELEMENTS AND
LIMITED COMMON ELEMENTS**

Section 4.1 Number of Units. The number of Units initially included in the Community is six (6). Additional Units may be established by exercise of Development Rights. The Declarant reserves the right to create and add additional Units up to a total of forty (40) or to the maximum number of Units for the properties subject to this Declaration as allowed by any governmental entity having jurisdiction, whichever is greater.

Section 4.2 Identification of Units/Unit Descriptions. The identification number of each Unit is to be shown on the Map and Exhibit C of this Declaration. Every contract for sale, deed, lease, Security Interest, will or other legal instrument may legally describe a Unit by its identifying number, followed by the name of the Community, with reference to the Map and the Declaration. Reference to the Declaration and Map in any instrument shall be deemed to include any supplement(s) or amendment(s) to the Declaration and Map, without specific references thereto. An illustrative description is as follows:

Unit 1, the Rio Vistas, a Condominium Community, in accordance with the recorded Map and Declaration, San Miguel County, Colorado.

Section 4.3 Maintenance and Improvements. Owners of Units are responsible for the maintenance, repair and replacement of the Improvements and properties located within their boundaries. Owners of Individually Owned Development Rights are responsible for the improvement and exercise of their Individually Owned Development Rights to create a Unit.

Section 4.4 Unit Boundaries. The following are designated as boundaries of each Unit, as defined below and as to be depicted on the Map:

(a) Upper Boundaries. The horizontal plane of the unfinished lower surface of the ceilings, extended to an intersection with the vertical perimeter boundaries. Space above ceilings to which access is needed for repair and maintenance of the Unit and Common Elements above the Unit are Limited Common Elements to the Unit.

(b) Lower Boundaries. The horizontal plane of the undecorated or unfinished upper surfaces of the floors, extended to an intersection with the vertical perimeter boundaries.

(c) Vertical Perimeter Boundaries. The planes defined by the center or middle plane of the studs and framing or walls (if not built with studs and framing) of all perimeter walls between adjoining Units, the unfinished exterior surfaces of poured concrete or other exterior walls and the exterior unfinished surface of doors to Common Elements.

(d) Inclusions. Each Unit includes the spaces and improvements lying within the boundaries described above, including decks or patio areas to Units, as depicted on the Map. Each Unit also includes the spaces and improvements containing utility meters water heating facilities, all electrical switches, wiring, pipes, ducts, conduits, smoke detector or security systems and communications, television, telephone and electrical receptacles and boxes serving that Unit exclusively, the surface of these items being the boundaries of that Unit, whether or not the spaces are contiguous.

(e) Exclusions. Except when specifically included by other provisions of this Declaration or by the Map, the following are excluded from each Unit: the spaces and improvements lying outside the boundaries described above, air conditioners and heating systems, thresholds, exterior lighting and all chutes, pipes, flues, ducts, wires, conduits, skylights and other facilities running through or within any interior wall or partition for the purpose of furnishing utility and other service to other Units and the Common Elements.

(f) Noncontiguous Portions. Certain Units may include special portions or pieces of equipment, such as air conditioning compressors, utility meters, meter boxes, utility connection structures, air or gas pump and storage facilities and storage portions, which are situated in buildings or structures that are detached from the Unit. Such special equipment or storage portions are a part of the Unit, notwithstanding their non-contiguity with the principal portions. Each Unit includes the spaces and improvements lying within the boundaries described above, and also includes the utilities and utility meters and communications, television, telephone and electrical receptacles and boxes serving that Unit exclusively, whether or not in the boundaries or contiguous to the Unit, unless the same are maintained by a governmental agency or entity or by Lawson Hill Association, Inc. The Common Elements are excluded from each Unit and any utilities or other facilities running through or within any Unit for the purpose of furnishing utility and other service to other Units and/or the Common Elements are also excluded.

Section 4.5 Association Maintenance. The Executive Board of the Association shall determine the specifications, scope, extent, nature and parameters of the Association's maintenance responsibilities of the Common Elements. The Association shall be responsible for: (a) the improvement, maintenance, repair, upkeep and reconstruction, and replacement of the exteriors of the buildings in which the Units are located and the Common Elements; (b) the improvement, maintenance, repair and replacement of all common water and sewer lines and systems located within the Community, if not maintained by local government or the Lawson Hill Association while individual water and sewer lines and other utilities, serving just one (1) Unit, shall be maintained by the Owner; (c) the payment of expenses which may be incurred by virtue of agreement with or requirement of the Lawson Hill Association, any local governmental authority, San Miguel County or other government authorities; and (d) for operational expenses of the Association.

Section 4.6 Common Elements.

(a) The portions of the Real Estate described in the Map are the initial Common Elements. Portions of any Common Elements may be designated as a part of a Unit or as a Limited Common Element to a Unit, portions of the Common Elements may be withdrawn from the Community. Portions of Units may become Common Elements or Limited Common Elements, pursuant to rights reserved elsewhere in this Declaration.

(b) Should any Units have a driveway area designated by the Declarant as a Limited Common Element driveway, that driveway be equally maintained by the Owners with the rights to use that driveway.

(c) In the event a Common Expense is associated with the maintenance, repair or replacement of a Limited Common Element, those Common Expenses may be assessed equally against the Units to which the Limited Common Element is assigned.

(d) The Declarant reserves, through seven (7) years after the recording of this Declaration, the right to allocate areas as Common Elements, and further, to allocate areas which constitute a part of any Common Elements as Limited Common Elements for the exclusive use of the owners of Units to which those specified areas shall become appurtenant. The Declarant may allocate or assign Common Elements or Limited Common Element areas (i) by making such an allocation in a recorded instrument, or (ii) in the deed to the Unit to which such Limited Common Element shall be appurtenant, or (iii) by recording an appropriate amendment or supplement to this Declaration or (iv) by recording a supplement to the Map. Such allocations by the Declarant may be made as a matter of reserved right by the Declarant.

(e) After the expiration or release of Declarant's reserved right to allocate areas as Limited Common Elements, the Association shall have those rights. At that time, the Association may allocate or assign Common Elements or Limited Common Element areas (1) by making such an allocation in a recorded instrument, or (2) by recording an appropriate amendment or supplement to this Declaration or (3) by recording a supplement to the Map or plat. Such allocations by the Association may be made as a matter of reserved right.

(f) The following portions of the Common Elements are Limited Common Elements assigned to the Units as stated:

(i) If a chute, flue, pipe, water line, sewer line, duct, wire, conduit, bearing wall, bearing column or other fixture lies partially within and partially outside the designated boundaries of a Unit, the portion serving only the Unit is a Limited Common Element, allocated solely to the Unit, the use of which is limited to that Unit and any portion serving more than one (1) Unit is a Limited Common Element to those Units and any portion serving only the Common Elements is a part of the Common Elements.

(ii) Any shutters, awnings, window boxes, doorsteps, stoops, porches, decks, balconies, patios and exterior doors and windows or other fixtures designed to serve a single Unit, located outside the boundaries of the Unit, are Limited Common Elements allocated exclusively to the Unit and their use is limited to that Unit.

(iii) Stoops, steps and walls above door openings at the entrances to each building, which provide access to less than all Units, the use of which is limited to the Units to which they provide access.

(iv) Walks, fences, walls and hedges which jointly serve or lie within the boundary plane of more than one (1) Unit or within the boundary plane of a Unit and the Common Elements shall be considered Limited Common Elements appurtenant to the Units enclosed or served.

(v) Any sewage system, footings, foundations, slabs, drives, electrical wiring, lawns, planted shrubs, pavement, ducts, conduits, telephone and electrical receptacles and vaults, light fixtures, posts, vaults, boxes, and accessory structure and any other below ground, man-made Improvements serving the Unit exclusively, the surface of the foregoing being the boundaries of the Limited Common Elements appurtenant to the Unit, whether or not such spaces are contiguous or within the Limited Common Elements of adjoining Units or the Common Elements.

(vi) Utility areas, the use of which is limited to a Unit or Units.

ARTICLE 5
COVENANT FOR COMMON EXPENSE ASSESSMENTS

Section 5.1 Creation of Association Lien and Personal Obligation to Pay Common Expense Assessments. Each Owner, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association annual Common Expense Assessments, insurance assessments (assessed in proportion to risk), utility assessments (assessed in proportion to use), and such other assessments as imposed by the Association. Such assessments, including fees, charges, late charges, attorneys' fees, fines and interest charged by the Association shall be the personal obligation of the Owner at the time when the assessment or other charges became or fell due. The Association annual Common Expense Assessments and such other assessments as imposed by the Association, including fees, charges, late charges, attorney fees, fines and interest charged by the Association, shall be a charge and shall be a continuing lien. If any Assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment becomes due. The personal obligation to pay any past due sums due the Association shall not pass to a successor in title unless expressly assumed by them. No Owner may become exempt from liability for payment of the Common Expense Assessments by waiver of the use or enjoyment of the Common Elements or by abandonment. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted by any reason including, without limitation, any claim that the Association or the Executive Board is not properly exercising its duties and powers under this Declaration.

Section 5.2 Apportionment of Common Expenses. Except as provided in this Declaration, all Common Expense Assessments shall be assessed in accordance with formula for liability for the Common Expenses as set forth in this Declaration.

Section 5.3 Annual Assessment/Commencement of Common Expense Assessments. The Common Expense Assessment may be made on an annual basis against all Units and all Individually Owned Development Right and shall be based upon the Association's advance budget of the cash requirements needed by it to provide for the administration and performance of its duties during such assessment year. The budget shall be submitted to the Owners for ratification pursuant to Section 303(4) of the Act and as set forth in the Bylaws, as the Bylaws may be amended from time to time. The budget may be vetoed by votes of Owners representing a majority of the votes in the Association. Common Expense Assessments shall be due and payable in monthly, quarterly, or annual installments, or in any other manner, as determined by the Executive Board. Common Expense Assessments may begin on the first day of the month in which conveyance of the first Unit to a Owner other than the Declarant occurs. The omission or failure of the Executive Board to levy the assessment for any period shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay.

Section 5.4 Effect of Non-Payment of Assessments. Any assessment, charge or fee provided for in this Declaration, or any monthly or other installment thereof, which is not fully paid within ten (10) days after the due date thereof, as established by the Executive Board, shall bear interest at the rate as established by the Executive Board on a per annum basis from the due date, and the Association may assess a reasonable late charge thereon as determined by the Executive Board. Failure to make payment within sixty (60) days of the due date thereof shall cause the total amount of such Owner's Common Expense Assessment for the remainder of that fiscal year to become immediately due and payable at the option of the Board. Further, the Association may bring an action at law or in equity, or both, against any Owner personally obligated to pay such overdue assessments, charges or fees, or monthly or other installments thereof, and may also proceed to foreclose its lien, against such Owner's Unit. An action at law or in equity by the Association against a Owner to recover a money judgment for unpaid assessments, charges or fees, or monthly or other installments thereof, may be commenced and pursued by the Association without foreclosing, or in any way waiving, the Association's lien therefor. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessment, charges or fees, or monthly or other installments thereof, which are not fully paid when due. The Association shall have the power and right to bid on or purchase at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, vote the Association votes appurtenant to ownership thereof, convey or otherwise deal with the same. The rights of the Association shall be expressly subordinate to the rights of any holder of a first lien Security Interest as set forth in its deed of trust or mortgage (including any assignment of rents), to the extent permitted under the Act.

Section 5.5 Lien Priority. The lien of the Association under this Section is prior to all other liens and encumbrances on a Unit or Individually Owned Development Right except: (1)

liens and encumbrances recorded before the recordation of the Declaration; (2) a first lien Security Interest on the Unit (except as allowed by the Act with regard to the limited lien priority allowed to the Association); and (3) liens for real estate taxes and other governmental assessments or charges against the Unit or Individually Owned Development Right. This Section does not affect the priority of mechanics' or materialmen's liens. The lien of the Association under this Article is not subject to the provision of any homestead exemption as allowed under state or federal law. Sale or transfer of any Unit or Individually Owned Development Right shall not affect the lien for said assessments or charges except that sale or transfer pursuant to foreclosure of any first lien Security Interest, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture shall only extinguish the lien of assessment charges as provided by applicable state law. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture shall relieve any Unit or Individually Owned Development Right from continuing liability for any assessment charges thereafter becoming due, nor from the lien thereof.

Section 5.6 Working Fund. The Association or Declarant may require the first Owner of each Unit (other than Declarant) to make a non-refundable payment to the Association in an amount equal to one-fourth (1/4) of the annual Common Expense Assessment against that Unit in effect at the closing thereof, which sum shall be held, without interest, by the Association as a working fund. Said working fund shall be collected and transferred to the Association at the time of closing of the initial sale by Declarant of each Unit, as aforesaid, and shall be for the use and benefit of the Association. Such payment shall not relieve a Owner from making regular payments of assessments as the same become due.

Section 5.7 Owner's Negligence or Misconduct. In the event that the need for maintenance, repair, or replacement of the Common Elements, or any portion thereof, is caused through or by the negligent or willful act or omission or misconduct of an Owner, or the Owner's agents, employees, guests, customers, or invitees, then the expenses, costs, and fees incurred by the Association for such maintenance, repair, or replacement shall be a personal obligation of such Owner, and if not repaid to the Association within seven (7) days after the Association shall have given notice to the Owner of such expenses, costs, and fees, then the failure to so repay shall be a default by the Owner under the provisions of this Section, such expenses, costs, and fees shall automatically become a default assessment determined and levied against such Unit or Individually Owned Development Right, and the Association may proceed in accordance with the applicable provisions of Article 5 hereof.

**ARTICLE 6
COVENANTS, RESTRICTIONS ON USE,
ALIENATION AND OCCUPANCY**

All Real Estate and the Units within the Community shall be held, used and enjoyed subject to the following limitations and restrictions. The strict application of the following limitations and restrictions in any specific case may be modified or waived, in whole or in part,

by the Executive Board or by an appropriate committee (subject to review by the Executive Board) if such strict application would be unreasonable or unduly harsh under the circumstances. Any such modification or waiver must be in writing or must be contained in written guidelines or rules. The following use restrictions are also subject to the Development Rights and Special Declarant Rights reserved by the Declarant.

Section 6.1 Use/Occupancy. No Unit within the Community shall be used for any purpose other than as allowed by the local zoning codes. No Improvements located upon a Unit shall be occupied in any manner at any time prior to being fully completed in accordance with approved plans, nor shall any Improvements, when completed, be in any manner occupied until there is compliance with all requirements, conditions, covenants, and restrictions herein set forth. Units shall not be used for any purpose other than allowed pursuant to restrictions of record and by local zoning ordinances and regulations.

Section 6.2 Leasing and Occupancy. Subject to restrictions of record, any Owner shall have the right to lease or allow occupancy of a the Improvements on a Unit upon such terms and conditions as the Owner may deem advisable, except that short term occupancies and rentals (of less than thirty (30) days) are prohibited. Any lease or rental agreement (of over thirty (30) days) shall be in writing and shall provide that the lease or rental agreement is subject to the terms of this Declaration, the Bylaws of the Association, the Articles of Incorporation and the rules and regulations of the Association. All leases and rental agreements of Units shall state that the failure of the tenant, renter or guest to comply with the terms of the Declaration or Bylaws of the Association, Articles of Incorporation or the rules and regulations of the Association shall constitute a default of the lease or rental agreement and of this Declaration and such default shall be enforceable by either the Association or the landlord, or by both of them. All occupants of a Unit shall be subject to the right of the Association to remove and/or evict the occupant for failure of the occupant to comply with the terms of the Declaration, the Bylaws of the Association, the Articles of Incorporation or the rules and regulations of the Association. Except as restricted in this Declaration, and such Rules and Regulations as the Association may promulgate, the right to lease or allow occupancy of a Unit shall not be restricted.

Section 6.3 Restrictions on Animals, Pets and Dogs. Pets, including cats (and excluding dogs) or other animals, birds, and reptiles, hereinafter for brevity termed "animal," shall not be kept, maintained or harbored in the Community unless the same in each instance is expressly permitted in writing by the Managing Agent or if there is no Managing Agent, then by the Executive Board of the Association. Where such written permission is granted, or where any animal is kept by an Owner, such permission or right to keep the animal within the Community is revocable if the animal becomes obnoxious to other Owners, in which event the Owner or person having control of the animal shall be given a written notice to correct the problem or, if not corrected, the Owner upon written notice will be required to remove the animal from the Community. The written notices provided for herein shall be issued by the authorized representative of the Association or, if there is no authorized representative then by one (1) or more of the members of the Executive Board of the Association. Animals may not be kept for any commercial purposes. Owners or persons having control of an animal, shall, while the

animal is in the Condominium Community, be responsible for cleaning up after their pet. Owners shall hold the Association harmless from any claim resulting from any action of their animals. Seeing eye dogs and hearing ear dogs will be permitted for those persons holding certificates of necessity.

Section 6.4 Nuisances. No Nuisance shall be permitted within the Community, nor any use, activity or practice which is the source of unreasonable annoyance or embarrassment to, or which unreasonably offends or disturbs, any Owner or which may unreasonably interfere with the peaceful enjoyment or possession of the proper use of a Unit or Common Element, or any portion of the Community by Owners. Further, no immoral, improper, offensive or unlawful use shall be permitted within the Community or any portion thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Community or a portion thereof shall be observed. As used herein, the term nuisance shall not include any activities of Declarant or its assignees which are reasonably necessary to the development and construction of Improvements within this Community; provided, however, that such activities shall not reasonably interfere with any Owner's use and enjoyment of their Unit, or any Owner's ingress and egress to or from their Unit and a public way.

Section 6.5 Vehicular Parking. Vehicular parking upon the Common Elements shall be regulated by the Board of Directors. Each parking area may be subject to designation of individual spaces as a Limited Common Element appurtenant to certain designated Units. Any other parking spaces shall be used by the Owners for self-service parking purposes on a "first come, first served" basis; provided, however, that no Owner shall park more than one (1) vehicle (owned or leased by such Owner, a member of his or her family or Occupant of his or her Unit) on the Common Element parking spaces without the prior written consent of the Board of Directors. While any buildings under construction or completed are owned by Declarant, use of the parking spaces adjacent to that building may be restricted to Declarant's use for construction and sales purposes.

Section 6.6 Use of Common Elements. There shall be no obstruction of the Common Elements, nor shall anything be kept or stored on any part of the Common Elements without the prior written approval of the Association. Nothing shall be altered on, constructed in, or removed from the Common Elements without the prior written approval of the Association.

Section 6.7 Trash Containers. Trash containers may be restricted by the Lawson Hill Association or the Association and shall in all events be tamper-proof from wildlife.

Section 6.8 Compliance with Insurance Requirements. Except as may be approved in writing by the Executive Board, nothing shall be done or kept on the Community which may result in a material increase in the rates of insurance or would result in the cancellation of any insurance maintained by the Association.

Section 6.9 Utilities. All electric, television, radio and telephone line installations and connections shall be placed underground. All types of refrigerating, cooling or heating apparatus must be concealed.

Section 6.10 Restrictions on Structural Alterations and Exterior Improvements. No structural alterations to any Unit or any Common or Limited Common Elements shall be done by any Owner, without the prior written approval of the Association. No Improvement to the exterior of a building which includes a Unit or to the Common Elements or to any landscaping shall be constructed, erected, placed or installed within the Condominium Community, unless complete plans and specifications thereto shall have been first submitted to and approved in writing by the Executive Board.

Section 6.11 No Restrictions on Sale of a Unit. The right of a Owner to sell, transfer or otherwise convey their Unit shall not be subject to any right of first refusal or similar restriction and such Unit may be sold free of any such restrictions.

Section 6.12 No Restrictions on Mortgaging of a Unit. There are no restrictions on the right of the Owners to mortgage or otherwise encumber their Unit. There is no requirement for the use of a specific lending institution or particular type of lender.

Section 6.13 Rules and Regulations. In furtherance of the provisions of this Declaration, and the general plan, rules and regulations concerning and governing the Community or any portion thereof may be adopted, amended, or repealed from time to time by the Executive Board, or its successors and assigns. The Executive Board may establish and enforce penalties for the infraction thereof.

Section 6.14 Declarant's Use. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible for Declarant, its assigns, employees and agents, to perform such reasonable activities, and to maintain upon portions of the Community such facilities as deemed reasonably necessary or incidental to the construction and sale of Units in the development of the Community, specifically including, without limiting the generality of the foregoing, the maintenance of temporary business offices, storage areas, trash bins, construction yards and equipment, signs, model units, temporary sales offices, parking areas and lighting facilities.

ARTICLE 7 DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

Section 7.1 Development Rights and Special Declarant Rights. The Declarant reserves for itself and for any assignees assigned rights hereunder in writing, for seven (7) years after the recording of this Declaration, the following Development Rights and Special Declarant Rights:

(a) the right to relocate boundaries between adjoining Units, enlarge Units, enlarge the Common Elements, reduce or diminish the size of Units, reduce or diminish the size of areas of the Common Elements, subdivide or create Units or complete or make improvements, as the same may be indicated on Maps or plats filed of record or filed with the Declaration;

(b) the right to create or construct additional Units, Common Elements and Limited Common Elements, to subdivide Units and to convert Units into Common Elements or to convert Common Elements into Units;

(c) the right to exercise any development rights reserved or allowed in the Act;

(d) the right to designate the use of a Unit or to amend the use restrictions included in this Declaration, together with the right to add new use restrictions;

(e) the right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary;

(f) the right to merge or consolidate the Community with another Community;

(g) the right to appoint or remove any officer of the Association or any Director during the Declarant Control period;

(h) the right to add Units and to subject all or any part of the property described in Exhibit B attached hereto and hereby incorporated by reference and additional unspecified Real Estate to the provisions of this Declaration;

(i) the right of Declarant to withdraw all or any part of the Common Elements, Units, Limited Common Elements, or other undesignated property from the Community;

(j) the right, of the Association, to convey any private streets to the Lawson Hill Association, Inc.;

(k) the right to amend the Declaration in connection with the exercise of any development right; and

(l) the right to amend the Maps or plat in connection with the exercise of any development right.

As to the properties described in Exhibit B, Declarant makes no assurances concerning the construction, building types, architectural style and/or size of Units as may be created; provided, however, that the quality of construction will be consistent with the Improvements constructed on the property described in Exhibit A.

Subsequent to the initial Real Estate and Improvements made subject to this Declaration, any additional buildings, structures and types of Improvements to be placed on the Real Estate or any part thereof may be of such quality and type as the persons developing the same may determine, and those Improvements need not be of the same quality or type as the Improvements previously constructed on the Real Estate, nor of the same size, style or configuration. The Improvements may be located anywhere in the Common Elements of the Community, the same being reserved for future development, or on the additional Real Estate as may be added or as shown on the Map.

Section 7.2 Additional Reserved Rights. In addition to the rights set forth above, Declarant, for itself, and for its assignees assigned any of these rights, also reserves the following additional rights:

(a) Sales. The right to maintain sales offices, management offices and models in Units or on the Common Elements.

(b) Signs. The right to maintain signs and advertising on the Community to advertise the Community or other communities developed or managed by, or affiliated with, the Declarant.

(c) Dedications. The right to establish, from time to time, by dedication or otherwise, public streets, utility and other easements for purposes including, but not limited to, public access, access paths, walkways, drainage, recreation areas, parking areas, ducts, shafts, flues, conduit installation areas, and to create other reservations, exceptions and exclusions.

(d) Use Agreements. The right to enter into, establish, execute, amend, and otherwise deal with contracts and agreements for the use, lease, repair, maintenance or regulations of parking and/or recreational facilities and/or Common Elements, which may or may not be a part of the Community.

(e) Construction Easement. Declarant and its assignees expressly reserve the right to perform warranty work, and repairs and construction work, and to store materials in secure areas, in Units and in Common Elements, and the future right to control such work and repairs and the right of access thereto, until completion. All work may be performed without the consent or approval of any Owner or holder of a Security Interest. Declarant and its assignees have such an easement through the Common Elements as may be reasonably necessary for exercising reserved rights in this Declaration and for access and utilities to any properties which Declarant had the right to add to the Community but which have not been added. Such easement includes the right to construct underground utility lines, pipes, wires, ducts, conduits, and other facilities across the Real Estate.

(f) Other Rights. The right to exercise any additional reserved right created by any other provision of this Declaration.

Section 7.3 Boundaries of Individually Owned Development Rights. The following are designated as the approximate boundaries of each Individually Owned Development Right, as defined below or as depicted on the Map:

(a) Upper Boundaries. The horizontal plane of the unfinished lower surface or planned unfinished lower surface of the ceilings, extended to an intersection with the vertical perimeter boundaries. Space above ceilings to which access is needed for construction, repair and maintenance of the Unit to be constructed and any related Common Elements are Limited Common Elements.

(b) Lower Boundaries. The horizontal plane of the undecorated or unfinished upper surfaces or planned unfinished upper surfaces of the floors, extended to an intersection with the vertical perimeter boundaries.

(c) Vertical Perimeter Boundaries. The planes defined by the center or middle plane of the studs and framing or walls (if not built with studs and framing) of all perimeter walls between adjoining Units, the unfinished exterior surfaces of poured concrete or other exterior walls and the exterior unfinished surface of doors to Common Elements; or the planes defined by the unfinished center or middle plane of the studs and framing of walls to be constructed between adjoining Units, the unfinished exterior surfaces of concrete to be poured, and/or other exterior walls not yet completed and the exterior unfinished surface of doors to be installed to the Common Elements.

(d) Inclusions. Each Individually Owned Development Right includes the spaces and improvements lying within the boundaries described above, whether constructed or not, as depicted on the Map. Each Individually Owned Development Right also includes the spaces and improvements containing or to contain utility meters, water heating facilities, electrical switches, wiring, pipes, ducts, conduits, smoke detector or security systems, communications, television, telephone and electrical receptacles and boxes to serve or serving that Individually Owned Development Right and the Unit to be constructed, the surface of these planned items being the boundaries, whether or not the spaces are contiguous.

(e) Exclusions. Except when specifically included by other provisions of this Declaration or by the Map, the following are excluded from each Individually Owned Development Right: all Units, except the Unit to be constructed; the spaces and improvements lying outside the boundaries described above, air conditioners and heating systems, thresholds, exterior lighting and all chutes, pipes, flues, ducts, wires, conduits, skylights and other facilities running through or within any area designated as an Individually Owned Development Right, including interior walls or partitions for the purpose of furnishing utility and other service to other Units and the Common Elements.

(f) Noncontiguous Portions. Certain Individually Owned Development Rights may include special areas, portions or pieces of equipment, such as air conditioning

compressors, utility meters, meter boxes, utility connection structures, air or gas pump and storage facilities and storage portions, which are situated in buildings or structures that are detached. Such areas, special equipment or storage portions are a part of the Individually Owned Development Right, notwithstanding their non-contiguity. All other Units (other than the Unit to be constructed) and the Common Elements are excluded from each Individually Owned Development Right and any utilities or other facilities running through or within any Individually Owned Development Right for the purpose of furnishing utility and other service to other Units and/or the Common Elements are also excluded.

Section 7.4 Rights Transferrable/Rights Transferred. Any rights created or reserved under this Article or the Act for the benefit of Declarant may be transferred to any person by an instrument describing the rights transferred recorded in the real property records of San Miguel County, Colorado. Such instrument shall be executed by the transferor Declarant and the transferee. The rights transferred may then be exercised in compliance with the requirements of C.R.S. § 38-33.3-210 and C.R.S. § 38-33.3-209(6) without the consent of the Association, any Owners or any holders of a Security Interest.

Section 7.5 No Further Authorizations Needed. The consent of Owners or holders of Security Interests shall not be required for exercise of any reserved rights, provided the rights to be exercised are consistent with any planned unit development or other local governmental conditions or requirements, and Declarant or its assignees may proceed without limitation at its sole option. Declarant or its assignees may exercise any reserved rights on all or any portion of the property in whatever order determined. Declarant or its assignees shall not be obligated to exercise any reserved rights or to expand the Community beyond the number of Units initially submitted.

Section 7.6 Amendment of the Declaration or Map. If Declarant, any Owner, the Association, or their assignees elect to exercise any reserved rights, that party shall comply with the Act.

Section 7.7 Interpretation. Recording of amendments to the Declaration and the Map or plat pursuant to reserved rights in this Declaration shall automatically effectuate the terms and provisions of that amendment. Further, such amendment shall automatically (a) vest in each existing Owner the reallocated Allocated Interests appurtenant to their Unit, and (b) vest in each existing Security Interest a perfected security interest in the reallocated Allocated Interests appurtenant to the encumbered Unit. Further, upon the recording of an amendment to the Declaration, the definitions used in this Declaration shall automatically be extended to encompass and to refer to the Community as expanded and to any Additional Improvements, and the same shall be added to and become a part of the Community for all purposes. All conveyances of Units after such amendment is recorded shall be effective to transfer rights in all Common Elements, whether or not reference is made to any Amendment of the Declaration Map. Reference to the Declaration and Map in any instrument shall be deemed to include all Amendments to the Declaration, and the Map without specific reference thereto.

Section 7.8 Termination of Reserved Rights. The rights reserved to Declarant, for itself, its successors and assigns, shall expire as set forth above or in the Act, unless (i) reinstated or extended by the Association, subject to whatever terms, conditions, and limitations the Executive Board may impose on the subsequent exercise of the expansion rights by Declarant, (ii) extended as allowed by law or, (iii) terminated by written instrument executed by the Declarant, recorded in the records of the Clerk and Recorder of San Miguel County, Colorado.

ARTICLE 8 INSURANCE/CONDEMNATION

Section 8.1 Insurance Carried. The Association shall obtain and maintain in full force and effect to the extent reasonably available, and at all times, the insurance coverage set forth herein and as set forth in the Act, which insurance coverage shall be provided by financially responsible and able companies duly authorized to do business in the State of Colorado. Commencing not later than the time of the first conveyance of a Unit to a person other than a Declarant, the Association shall maintain, to the extent reasonably available, policies with the following terms or provisions:

(a) All policies of insurance shall contain waivers of subrogation and waivers of any defense based on invalidity arising from any acts of a Owner and shall provide that such policies may not be canceled or modified without at least thirty (30) days' prior written notice to all of the Owners, holders of first lien Security Interests and the Association.

(b) If requested, duplicate originals of all policies and renewals thereof, together with proof of payments of premiums, shall be delivered to all holders of first lien Security Interests at least ten (10) days prior to expiration of the then current policies.

(c) All liability insurance shall be carried in blanket form naming the Association, the Board, the manager or managing agent, if any, the officers of the Association, the Declarant, holders of first lien Security Interests, their successors and assigns, and Owners as insureds.

(d) Prior to obtaining any policy of casualty insurance or renewal thereof, pursuant to the provisions hereof, the Board may obtain an appraisal from a duly qualified real estate or insurance appraiser, which appraiser shall reasonably estimate the full replacement value of the Units and the Common Elements, without deduction for depreciation, review any increases in the cost of living, and/or consider other factors, for the purpose of determining the amount of the insurance to be effected pursuant to the provisions hereof. In no event shall any casualty insurance policy contain a co-insurance clause for less than one hundred percent (100%) of the full insurable replacement cost.

(e) Owners may carry and are advised to carry other insurance on the Improvements and personal property in their Unit for their benefit and at their expense, provided that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of any such additional insurance carried by Owners and provided, further, that the policies of insurance carried by the Association shall be primary, even if a Owner has other insurance that covers the same loss or losses as covered by policies of the Association. In this regard, Declarant discloses that the Association's insurance coverage, as specified hereunder and under the Act, does not obviate the need for Owners to obtain insurance for their own benefit.

(f) All policies of insurance shall provide that the insurance thereunder shall be invalidated or suspended only in respect to the interest of any particular Owner guilty of a breach of warranty, act, omission, negligence or non-compliance of any provision of such policy, including payment of the insurance premium applicable to the Owner's interest, or who permits or fails to prevent the happening of any event, whether occurring before or after a loss, which under the provisions of such policy would otherwise invalidate or suspend the entire policy, but the insurance under any such policy, as to the interests of all other insured Owners not guilty of any such act or omission, shall not be invalidated or suspended and shall remain in full force and effect.

Section 8.2 Hazard Insurance on the Units and Common Elements. The Association shall obtain adequate hazard insurance covering loss, damage or destruction by fire or other casualty to the Units, to the Common Elements and the other property of the Association. The insurance obtained on the Units is not required to include improvements and betterments installed by Owners. If coverage purchased by the Association includes improvements and betterments installed by Owners, the cost thereof shall be assessed to each Unit in proportion to risk. All policies shall contain a standard non-contributory mortgage clause in favor of each holder of first lien Security Interests, and their successors and assigns, which shall provide that the loss, if any thereunder, shall be payable to the Association for the use and benefit of such holders of first lien Security Interests, and their successors and assigns, as their interests may appear of record in the records of the office of the Clerk and Recorder of the City and County of Denver. If obtainable, the Association shall also obtain the following and any additional endorsements deemed advisable by the Executive Board: (a) an Inflation guard endorsement, (b) a Construction Code endorsement, (c) a demolition cost endorsement, (d) a contingent liability from operation of building laws endorsement, (e) an increased cost of construction endorsement, and/or (f) any special PUD endorsements.

Section 8.3 Liability Insurance. The Association shall obtain adequate comprehensive policy of public liability and property damage liability insurance covering all of the Units and the Common Elements, including structural coverage of the Units, in such limits as the Board may from time to time determine, but not in any amount less than One Million Dollars (\$1,000,000.00) per injury, per person, and per occurrence, and in all cases covering all claims for bodily injury or property damage. Coverage shall include, without limitation, liability for personal injuries, operation of automobiles on behalf of the Association, and activities in connec-

tion with the ownership, operation, maintenance and other uses of the Condominium Community. If there are steam boilers in operation on the Condominium Community, or if the Community has central heating or cooling, there must be in force boiler explosion and machinery coverage insurance providing for not less than One Million Dollars (\$1,000,000.00) per accident, per location. The foregoing liability insurance shall name the Association as the insured.

Section 8.4 Fidelity Insurance. The Association shall obtain adequate fidelity coverage or fidelity bonds to protect against dishonest acts on the parts of its officers, directors, trustees and employees and on the part of all others who handle or are responsible for handling the funds of the Association, including persons who serve the Association with or without compensation. The clause "officers, directors, trustees and employees" shall not include any officer, director, agent or employee of Declarant or any officer, director, agent or employee of any independent, professional manager or managing agent heretofore or hereafter employed by the Association. The fidelity coverage or bonds should be in an amount sufficient to cover the maximum funds that will be in the control of the Association, its officers, directors, trustees and employees.

Section 8.5 Worker's Compensation and Employer's Liability Insurance. The Association shall obtain worker's compensation and employer's liability insurance and all other similar insurance with respect to its employees in the amounts and forms as may now or hereafter be required by law.

Section 8.6 Officers' and Directors' Personal Liability Insurance. The Association may obtain officers' and directors' personal liability insurance to protect the officers and directors from personal liability in relation to their duties and responsibilities in acting as officers and directors on behalf of the Association. Neither the term "officers" nor the term "directors" shall include any officer, director, agent or employee of Declarant nor any officer, director, employee or agent of any professional manager or managing agent heretofore or hereafter employed by the Association.

Section 8.7 Other Insurance. The Association may obtain insurance against such other risks, of similar or dissimilar nature, including flood insurance, as it shall deem appropriate with respect to the Association responsibilities and duties.

Section 8.8 Insurance Premium. Except as assessed in proportion to risk, if permitted under the terms of this Declaration, insurance premiums for the above provided insurance shall be a Common Expense to be included as a part of the annual Assessments levied by the Association.

Section 8.9 Managing Agent Insurance. The manager or managing agent, if any, shall be adequately insured for the benefit of the Association, and shall maintain and submit evidence of such coverage to the Association.

Section 8.10 Waiver of Claims Against Association. As to all policies of insurance maintained by or for the benefit of the Association and Owners, the Association and the Owners

hereby waive and release all claims against one another, the Board and Declarant, to the extent of the insurance proceeds available, whether or not the insurance damage or injury is caused by the negligence of or breach of any agreement by and of said persons.

Section 8.11 Annual Insurance Review. The Board shall review the insurance carried by and on behalf of the Association at least annually, for the purpose of determining the amount of insurance required.

Section 8.12 Adjustments by the Association. Any loss covered by an insurance policy described above shall be adjusted by the Association, and the insurance proceeds for that loss shall be payable to the Association, and not to any holder of a first lien Security Interest. The Association shall hold any insurance proceeds in trust for the Association, Owners and holders of first lien Security Interests as their interests may appear. The proceeds must be distributed first for the repair or restoration of the damaged property, and the Association, Owners and holders of first lien Security Interests are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the damaged property has been completely repaired or restored.

Section 8.13 Duty to Repair. Any portion of the Condominium Community for which insurance is required under this Article which is damaged or destroyed must be repaired or replaced promptly by the Association or Owner, at the Owner's option on whether the repair is done by the Association or the Owner, except as provided in the Act.

Section 8.14 Condemnation and Hazard Insurance Allocations and Distributions. In the event of a distribution of condemnation proceeds or hazard insurance proceeds to the Owners, the distribution shall be as the parties with interests and rights are determined or allocated by record, and pursuant to the Act.

ARTICLE 9 SPECIAL RIGHTS OF HOLDERS OF FIRST LIEN SECURITY INTERESTS

Section 9.1 General Provisions. The provisions of this Article are for the benefit of Eligible Holders. To the extent applicable, necessary or proper, the provisions of this Article apply to both this Declaration and to the Articles and Bylaws of the Association.

Section 9.2 Special Rights. Eligible Holders shall be entitled to: (a) timely written notice from the Association of any default by a mortgagor of a Unit in the performance of the mortgagor's obligations under this Declaration, the Articles of Incorporation, the Bylaws or the Rules and Regulations, which default is not cured within sixty (60) days after the Association learns of such default; (b) examine the books and records of the Association during normal business hours; (c) receive a copy of financial statements of the Association, including any annual audited financial statement; (d) receive written notice of all meetings of the Executive Board or

Members of the Association; (e) designate a representative to attend any such meetings; (f) written notice of any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; (g) written notice of abandonment or termination of the Association of the plan contemplated under this Declaration; (h) thirty (30) days' written notice prior to the effective date of any proposed, material amendment to this Declaration, the Articles of Incorporation, or the Bylaws; (i) thirty (30) days' written notice prior to the effective date of termination of any agreement for professional management of the Association or the Common Elements, when professional management had been required previously under the legal documents for the Community or by an Eligible Holder; and (j) immediate written notice as soon as the Association receives notice or otherwise learns of any damage to the Common Elements or to the Unit on which the Eligible Holder holds a Security Interest, if the cost of reconstruction exceeds Twenty Thousand Dollars (\$20,000) and as soon as the Association receives notice or otherwise learns of any condemnation or eminent domain proceedings or other proposed acquisition with respect to any portion of the Common Elements or any Units.

Section 9.3 Special Approvals. Unless at least sixty-seven percent (67%) of the Eligible Holders of first lien Security Interests (based on one (1) vote for each mortgage owned) of Units in the Association and requisite Owners have given their written approval, neither the Association nor any Member shall (a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements or any improvements thereon which are owned, directly or indirectly, by the Association (except that the granting of access easements, utility easements, drainage easements and water facilities easements or easements for other public purposes consistent with the intended use of such Real Estate by the Association shall not be deemed within the meaning of this provision); (b) change the method of determining the obligations, Assessments or other charges which may be levied against Members or the method of allocating distributions of hazard insurance policy proceeds or condemnation awards; (c) by act or omission change, waive or abandon any scheme or regulation, or enforcement thereof, pertaining to architectural approval of improvement of Units, including the architectural design of the exterior appearance of Units, or the upkeep of the Common Elements; (d) fail to maintain the casualty, fire and extended coverage insurance as elsewhere provided in this Declaration; (e) use hazard insurance proceeds for losses other than the repair, replacement or reconstruction of the improvements which were damaged or destroyed; (f) take action to terminate the legal status of the Community after substantial destruction or condemnation occurs; (g) amend any material provision of this Declaration; and (h) establish self-management by the Association when professional management has previously been required by the legal documents for the Community or by an Eligible Holder. An amendment shall not be deemed material if it is for the purpose of correcting technical errors, or for clarification only. If an Eligible Holder of a first lien Security Interest receives written request for approval of the proposed act, omission, change or amendment by certified or registered mail, with a return receipt requested, and does not deliver or post to the requesting party a negative response within thirty (30) days, it shall be deemed to have approved such request.

Section 9.4 Right to Pay Taxes and Insurance Premiums. Any holder of a first lien Security Interest shall be entitled to pay any taxes or other charges which are in default and

which may or have become a lien against a Unit or any of the Common Elements and may pay any overdue premiums on hazard insurance policies or secure new hazard insurance coverage for the Common Elements or Units, and the holder of a first lien Security Interest making such payments shall be entitled to immediate reimbursement therefor from the Association.

**ARTICLE 10
GENERAL PROVISIONS**

Section 10.1 Enforcement. The Association or a Owner or Owners of any of the Units may enforce the restrictions, conditions, covenants and reservations imposed by the provisions of this Declaration by proceedings at law or in equity against any person or persons, either to recover damages for such violation, including reasonable attorneys fees incurred in enforcing these covenants, or to restrain such violation or attempted violation. Failure of the Association or of any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 10.2 Master Declaration/Lawson Hill. The provisions of this Declaration, the Articles of Incorporation of the Association, the Bylaws of the Association and the rules and regulations of the Association are subject and subordinate to the Declaration of Lawson Hill, recorded, as amended, all in the records of the Clerk and Recorder of San Miguel County, Colorado.

Section 10.3 Severability. Each of the provisions of this Declaration shall be deemed independent and severable. If any provision of this Declaration or the application thereof to any person or circumstances is held invalid, the invalidity shall not affect other provisions or applications of this Declaration which can be given effect without the invalid provisions or applications.

Section 10.4 Term of Declaration. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity.

Section 10.5 Amendment of Declaration, Map or Plat by Declarant. If Declarant shall determine that any amendments shall be necessary in order to make non-material changes, such as for the correction of a technical, clerical or typographical error or clarification of a statement or for any changes to property not yet part of the Community, then, subject to the following sentence of this Section, Declarant shall have the right and power to make and execute any such amendments without obtaining the approval of any Owners. Each such amendment of this Declaration shall be made, if at all, by Declarant prior to the expiration of seven (7) years from the date this Declaration is recorded. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Declarant to make or consent to an amendment under this section on behalf of each Owner and holder of a Security Interest. Each deed, Security Interest, other evidence of obligation or other instrument affecting a Unit and the acceptance

thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power of Declarant to make, execute and record an amendment under this Section.

Section 10.6 Amendment of Declaration by Owners. Except as otherwise provided in this Declaration, and subject to provisions elsewhere contained in this Declaration requiring the consent of Declarant or others, any provision, covenant, condition, restriction or equitable servitude contained in this Declaration may be amended or repealed at any time and from time to time upon approval of at least sixty-seven percent (67%) of each class of members, by their votes in the Association and with the written consent of the Association. The amendment or repeal shall be effective upon the recordation in the office of the Clerk and Recorder of San Miguel County, Colorado, of a certificate, setting forth the amendment in full and certifying that the amendment has been approved as set forth above, and containing the written consent and approval of the Association.

Section 10.7 Amendment Required by Mortgage Agencies. Prior to seven (7) years after recording of this Declaration, any provision, covenant, condition, restriction or equitable servitude contained in this Declaration which a holder of a first lien Security Interest, or FHA, VA, FHLMC, GNMA, FNMA or any similar entity authorized to insure, guarantee, make or purchase mortgage loans requires to be amended or repealed may be amended or repealed by Declarant or the Association. Any such amendment or repeal shall be effective upon the recordation in the office of the Clerk and Recorder of San Miguel County, State of Colorado, of a certificate, setting forth the amendment or repeal in full.

Section 10.8 Required Consent of Declarant to Amendment. Notwithstanding any other provision in this Declaration to the contrary, any proposed amendment or repeal of any provision of this Declaration reserving development rights or for the benefit of the Declarant, or the assignees, shall not be effective unless Declarant, and its assignees, if any, have given written consent to such amendment or repeal, which consent may be evidenced by the execution by Declarant or its assignees of any certificate of amendment or repeal. The foregoing requirement for consent to any amendment or repeal shall terminate seven (7) years after the recording of this Declaration, or upon conveyance of one hundred percent (100%) of the Units to Owners, whichever occurs first.

Section 10.9 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purposes of creating a uniform plan for the development of the Units and of promoting and effectuating the fundamental concepts as set forth in the recitals of this Declaration. This Declaration shall be construed and governed under the laws of the State of Colorado.

Section 10.10 Singular Includes the Plural. Unless the context otherwise requires, the singular shall include the plural, and the plural shall include the singular, and each gender referral shall be deemed to include the masculine, feminine and neuter.

Section 10.11 Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise affect that which is set forth in any paragraph, section or article hereof.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by its duly authorized agent this 30th day of March, 1999.

LOT P LLC,
a Colorado limited liability company

By: [Signature]
Eric Flora, Manager and Authorized Agent

RIO VISTAS, LLC,
a Colorado limited liability company

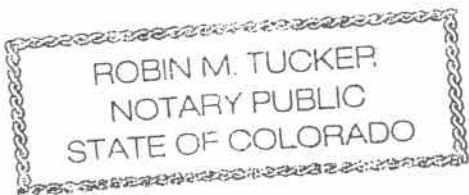
By: [Signature]
Eric Flora, Manager and Authorized Agent

STATE OF COLORADO)
COUNTY OF San Miguel) ss.

The foregoing was acknowledged before me this 30th day of March, 1999, by Eric Flora, as Manager and Authorized Agent of Lot P LLC, a Colorado limited liability company and as Manager and Authorized Agent of Rio Vistas, LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires: 06/26/2000



[Signature]
Notary Public

EXHIBIT A

DESCRIPTION OF REAL ESTATE

A portion of Lot O, Lawson Hill P.U.D., Phase I, San Miguel County Colorado, further described as follows:

Beginning at a point on the easterly boundary of said Lot O from which the most northerly corner of said Lot O bears N 05°30'00" E 150.00 feet; Thence S 61°00'00" E 95.00 feet along the northerly boundary of said Lot O; Thence N 35°00'00" E 40.00 feet along the northerly boundary of said Lot O; Thence S 61°00'00" E 60.00 feet along the northerly boundary of said Lot O; Thence S 13°30'00" E 25.00 feet along the northerly boundary of said Lot O; Thence S 61°00'00" E 100.00 feet along the northerly boundary of said Lot O; Thence S 07°00'00" W 22.47 feet along the easterly boundary of said Lot O; Thence 41.13 feet along a non-tangential curve concave to the south with a radius of 1225.00 feet and a delta angle of 01°55'26", being subtended by a chord which bears N 89°47'17" W for a chord distance of 41.13 feet along the southerly boundary of said Lot O; Thence S 89°15'00" W 68.16 feet along the southerly boundary of said Lot O to the northerly boundary of a 20' access and utility easement for Ridgeview at Lawson Hill, a Condominium Community recorded at Plat Book 1 at page 2340; Thence 27.48 feet along a non-tangential curve concave to the southwest with a radius of 60.00 feet and a delta angle of 26°14'26", being subtended by a chord which bears N 33°40'46" W for a chord distance of 27.24 feet along the northerly boundary of said 20' access and utility easement; Thence N 46°47'43" W 92.47 feet along the northerly boundary of said 20' access and utility easement; Thence N 53°29'46" W 14.87 feet along the northerly boundary of said 20' access and utility easement; Thence N 62°08'43" W 52.63 feet along the northerly boundary of said 20' access and utility easement; Thence N 71°09'13" W 0.62 feet along the northerly boundary of said 20' access and utility easement; Thence N 05°30'00" E 18.69 feet to the point of beginning.

AND

Beginning at the southern most corner of said Lot O; Thence N 66°41'38" W 78.31 feet along the southern boundary of said Lot O to the southeast corner of Top of The Hill at Lawson Hill as recorded in Plat Book 1 at page 2339; Thence N 17°38'03" E 99.92 feet to the northeast corner of said Top of The Hill at Lawson Hill; Thence S 71°09'13" E 17.17 feet along the southerly boundary of a 20' access and utility easement for Ridgeview at Lawson Hill, a Condominium Community recorded at Plat Book 1 at page 2340; Thence S 62°08'43" E 49.54 feet along the southerly boundary of said 20' access and utility easement; Thence S 53°29'46" E 12.19 feet along the southerly boundary of said 20' access and utility easement; Thence S 46°47'43" E 91.29 feet along the southerly

boundary of said 20' access and utility easement; Thence 10.82 feet along a tangential curve concave to the southwest with a radius of 40.00 feet and a delta angle of $15^{\circ}29'56''$, being subtended by a chord which bears $S\ 39^{\circ}03'09''\ E$ for a chord distance of 10.79 feet to the southern boundary of said Lot O; Thence $S\ 89^{\circ}15'00''\ W$ 33.96 feet along the southern boundary of said Lot O; Thence 70.98 feet along a tangential curve concave to the south with a radius of 136.40 feet and a delta angle of $29^{\circ}48'52''$, being subtended by a chord which bears $S\ 74^{\circ}20'33''\ W$ for a chord distance of 70.18 feet along the southern boundary of said Lot O to the point of beginning.

Subject to the following, as the same may be amended or supplemented:

1. Easements as recorded in Book 349 at page 1006, Book 349 at page 1007 and in Book 441 at page 962, and recorded in Book 441 at page 953.
2. Easement recorded in Book 429 at page 328.
3. County Resolution No. 1991-22, recorded May 3, 1991 in Book 477 at page 367 to 414, as amended by First Amendment recorded April 16, 1992 in Book 490 at page 1026.
4. Agreement recorded June 7, 1991 in Book 478 at pages 607 to 641.
5. United States Patent for the Keystone Placer, M.S. 244, recorded in Book 21 at page 449; and as reserved in United States Patent for the Boston Placer, M.S. 2019, recorded in Book 52 at page 129.
6. Agreement recorded June 7, 1991 in Book 478 at pages 642 to 671.
7. Easement recorded September 11, 1991 in Book 482 at page 403.
8. General Declaration for Lawson Hill recorded April 16, 1992 in Book 490 at page 925, as amended or supplemented.
9. Agreement recorded April 16, 1992 in Book 490 at page 999, as amended or supplemented.
10. Easements recorded April 16, 1992 in Book 490 at page 1016.
11. Deed recorded April 16, 1992 in Book 490 at page 1024.
12. The recorded plat of record.
13. Agreement recorded April 27, 1992 in Book 491 at page 350.

14. Easement recorded October 1, 1992 in Book 499 at page 3.
15. Insubstantial PUD Amendment recorded April 19, 1993 in Book 509 at page 763.
16. Easement recorded September 11, 1992 in Book 497 at page 899.
17. Notice recorded May 16, 1995 in Book 546 at page 36.
18. Letter dated April 11, 1994 and recorded in Book 546 at page 36.
19. Other documents of record.

EXHIBIT B

**PROPERTIES WHICH MAY BE
ADDED TO THE DECLARATION**

All or any part of any real property adjacent or contiguous to the "Real Estate," within San Miguel County, Colorado.