

Recorded at 9:20 o'clock A. M FEB - 6 1986
Reception No 2629795 MARJORIE PAGE, Recorder

BOOK 4665 PAGE 584

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

HILLCREST AT HOMESTEAD HOMEOWNERS ASSOCIATION

ARAPAHOE COUNTY, COLORADO

Article X
Paragraph 7

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FOR
HILLCREST AT HOMESTEAD HOMEOWNERS ASSOCIATION

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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
HILLCREST AT HOMESTEAD HOMEOWNERS ASSOCIATION

THIS DECLARATION, made on the date hereinafter set forth, by Sanford Homes, Inc., hereinafter referred to as "Declarant."

W I T N E S S E T H :

WHEREAS, Declarant is the owner of certain real property in the County of Arapahoe, State of Colorado, which is more particularly described as:

Lots 1 to 9, and Tracts Y and Z, Homestead Farm Filing 7, First Amended Final Plat, being a resubdivision of a portion of Homestead Farm Filing 7; and Tracts B, C, D, E, G, H, J, K, L, M, N, P, Q, R and S of Homestead Farm Filing 7, according to the recorded plat thereof;

AND WHEREAS, Declarant will convey the said properties, subject to certain protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth;

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of the real property. These easements, covenants, restrictions and conditions shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

The following words, when used in this Declaration or any supplemental declaration, unless the context shall prohibit, shall have the following meanings:

Section 1. "Association" shall mean and refer to Hillcrest at Homestead Homeowners Association, a Colorado corporation not for profit, its successors and assigns. "Board of Directors" or "Directors" shall refer to the Board of Directors of the Association.

Section 2. "Properties" shall mean and refer to that certain real property hereinabove described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Lot" shall mean and refer only to any numbered plot of land shown upon any recorded subdivision plat of the Properties which is not designated Common Area.

Section 4. "Common Area" shall mean Tracts A, B, C, D, E, F, (17) G, H, J, K, L, M, N, P, Q, R, and S of Homestead Farm Filing 7, Arapahoe County, Colorado, including any improvements thereon, owned by the Association for the common use and enjoyment of the Owners. "Private Drives" shall mean Tract S of Homestead Farm Filing 7, which are private streets.

Section 5. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee or undivided fee interest in any Lot, as defined herein, which is part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 7. "Living Unit" shall mean and refer to that portion of a building situated upon any lot designed and intended for use and occupancy as a residence by a single family.

Section 8. "Multifamily Structure" shall mean and refer to any building containing more than one Living Unit separated partially or totally by a common wall.

Section 9. "Designated Public Properties" shall mean land within property dedicated to public use not owned by the Declarant or Association and which may be maintained by the Association. Such Designated Public Properties shall include but not be limited to sidewalks and those portions of the streets known as the north side of East Kettle Avenue, the west side of South Jersey Street, the south side of East Dry Creek Road and the east side of South Holly Street where such streets are adjacent to the Properties and not actually being used for road purposes.

Section 10. "Declarant" shall mean and refer to Sanford Homes, Inc., a Colorado corporation, its successors and assigns if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 11. "FHA" shall mean the Federal Housing Administration of the United States Department of Housing and Urban

Development, including such department or agency of the United States government as shall succeed to the FHA in insuring notes secured by mortgages and deeds of trust on residential real estate.

Section 12. "VA" shall mean the Veterans Administration of the United States of America, including such department or agency of the United States government as shall succeed to the VA in its present function of issuing guarantees with respect to notes secured by mortgages on residential sites.

Section 13. "FHLMC" shall mean the Federal Home Loan Mortgage Corporation or The Mortgage Corporation created by Title III of the Emergency Home Finance Act of 1970, including any successors thereto.

Section 14. "FNMA" shall mean the Federal National Mortgage Association, a government-sponsored private corporation established as such pursuant to Title VIII of the Housing and Urban Development Act of 1968, including any successor thereto.

Section 15. "GNMA" shall mean the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, including any successor thereto.

Section 16. "Government Mortgage Agencies" shall mean the FHA, VA, FHLMC, GNMA, FNMA, or any similar entity, public or private, authorized, approved or sponsored by any governmental agency to insure, guarantee, make or purchase mortgage loans.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every owner of a Lot which is subject to assessment, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership. When more than one person holds a membership interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Section 2. Voting Rights. There shall be two (2) classes of voting membership:

A. Class A Members will be all those Members other than the Declarant. Class A Members will be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as the persons holding such interest shall determine between themselves, provided that in no event shall more than one vote be cast with respect to any such Lot.

B. Class B Members shall be Declarant, or its successor or assigns, and shall be entitled to twenty votes for each Lot owned, the Living Unit on which is neither leased nor rented nor otherwise occupied as a residence. Leasing, renting or allowing entry for residential occupancy shall terminate the Declarant's weighted voting advantage in relation to any Lot on which a Living Unit is leased, rented or occupied as a residence, and will limit Declarant in relation to any such Lots to the same voting rights as a Class A member. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(i) one hundred twenty (120) days after that date on which the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(ii) one hundred twenty (120) days after 75% of the Lots in the Properties have been conveyed to Lot purchasers; or

(iii) December 31, 1992; or

(iv) when voluntarily terminated by Declarant by a writing delivered to the secretary of the Association.

ARTICLE III

ADMINISTRATION AND MANAGEMENT

Section 1. The administration of the Properties shall be governed by these Covenants, the Articles of Incorporation, Bylaws and published rules and regulations of the Association.

Section 2. The Association shall:

a. Manage, supervise, maintain, repair and pay all taxes and assessments on the Common Area, including but not limited to private drives, landscaped tracts and any recreational facilities.

b. Contract and pay for snow removal on private drives in the Properties.

c. Paint the exterior surfaces of each Living Unit at such times and with such colors as may be determined by the Board of Directors of the Association.

d. Maintain and replace exterior garage light bulbs and photo cell security system appurtenant to the garages.

e. Maintain such insurance on the Common Area and Living Units as set forth in Article VII hereof.

Section 3. The Association may but shall not be obligated to:

a. Install and maintain security gates and other security structures and system, and lights on utility easements.

b. Contract and pay for snow removal on sidewalks, driveways and walkways appurtenant to each Living Unit.

c. Maintain Designated Public Properties and/or the grass and landscaping in the front yards of the Lots between the adjoining Private Drives and the sideyard fences where originally installed by the Declarant.

d. Contract and pay for the pick up of trash and garbage from the Lots and Living Units.

Section 4. The Owner of each Lot hereby grants to the Association, its agents, employees and independent contractors, an easement over and across his or her Lot for the purpose of performing such maintenance and repair work.

Section 5. The Association may utilize professional management in performing its duties hereunder. Any agreement for professional management of the Association's business shall have a maximum term of three (3) years and shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon thirty (30) days prior written notice. Any such management contracts entered into by the Association with a manager or managing agent while there is a Class B membership shall be subject to review and approval by the FHA or VA.

Section 6. Any contracts, licenses or leases entered into by the Association while there is a Class B membership shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, at any time after termination of the Class B membership, upon ninety (90) days prior written notice; provided, however, that any contract entered into at any time by the Association providing for services of the Declarant shall provide for termination at any time by either party thereto without cause and without payment of a termination fee upon ninety (90) days prior written notice.

ARTICLE IV

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PROPERTY RIGHTS IN THE COMMON AREA

Section 1. Dedication of Common Area. Declarant hereby dedicates the Common Area to the common use and enjoyment of the Members, as provided herein, but not for use by the general public.

Section 2. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

A. The right of the Association to promulgate and publish rules and regulations which each Owner shall strictly comply with.

B. The right of the Association, as provided in its Articles and Bylaws, to suspend the voting rights and rights to use the Common Area by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty days for any infraction of its published rules and regulations.

C. The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer shall be effective unless an instrument signed by two-thirds of each class of membership hereunder has been recorded, agreeing to such dedication, transfer, purpose or condition, and unless written notice of the proposed agreement and action thereunder is sent to every Owner at least thirty (30) days in advance of any action taken; and provided further that the granting of easements for public utilities or for other public purposes consistent with the intended use of such Common Area shall not be deemed a transfer within the meaning of this clause.

D. The right of the Association to close or limit the use of the Common Area while maintaining, repairing and making replacements in the Common Area.

Section 3. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on his Lot.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments and Special Assessments. Declarant for each Lot owned within the Properties shall be deemed to covenant and agree, and each Owner of any Lot, except those exempt under Section 11 of this Article, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, be deemed to covenant and agree to pay to the Association annual common expense assessments, insurance assessments and special assessments, together with such interest thereon and costs of collection thereof as hereinafter provided. Said assessments, interest and costs of collection, including reasonable attorneys fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Such assessments, together with such interest thereon, cost of collection and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for any delinquent assessment shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments and Reserves. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents of the Properties, for the improvement and maintenance of the Common Area and to carry out the powers and duties provided for in this Declaration. The Association shall establish adequate reserves for the maintenance, repair and replacement of the Common Area facilities, funded through the annual common expense assessment.

Section 3. Basis and Maximum of Annual Common Expense Assessments. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual common expense assessment shall be \$800, to be used to defray the expenses of the Association.

(a) Commencing with the second assessment year and thereafter, each maximum annual common expense assessment shall be based upon the Association's advance budget of the cash requirements which may be needed by the Association to provide for the payment of all estimated expenses related to or connected with the administration, maintenance, ownership, repair, operation, addition, alteration and improvement of the Common Area, the personal property owned by the Association, and the Living Units and Lots, as specifically set forth in Article III hereof. The maximum annual common expense assessment per Lot, except those Lots owned by Declarant, which shall be subject to a rate of assessment

as more fully provided in Section 6 of this Article V, shall be calculated by taking the total amount of the aforesaid advance budget of all cash requirements estimated to be needed by the Association for the annual assessment year, multiplied by a fraction, the numerator of which shall be one and the denominator of which shall be the total number of all Lots. The amount of said advance budget may include, but shall not be limited to: expenses of management; premiums for insurance; landscaping and care of common grounds; common lighting; repairs, maintenance and replacement of private drives and other Common Area and facilities; snow removal; wages; common water and sewer charges; taxes, legal and accounting fees; management fees; costs, expenses and liabilities incurred by the Association's Board of Directors on behalf of the Owners under or by reason of this Declaration, the Articles of Incorporation or Bylaws of the Association; the creation of reasonable contingency reserves, working capital and/or sinking funds; and any and all other costs and expenses related to the Common Area.

(b) In the event the Board of Directors of the Association determines, at any time and from time to time, during any annual common expense assessment period, that all important and essential functions of the Association may be adequately funded by levying a common expense assessment less than the maximum for that annual common expense assessment period, then, upon written notification thereof to each Owner, the Association may levy and collect such lesser common expense assessment; provided, however, that Declarant shall have no obligation for any shortfall in assessments, as more fully provided in Section 6 of this Article V, during any such annual common expense assessment period in which less than the maximum common expense assessment is levied by the Association, unless the Association obtains the written approval of Declarant prior to levying such lesser common expense assessment. Further, in the event the Board of Directors of the Association determines, at any time and from time to time, during any annual common expense assessment period in which the Association shall have levied a common expense assessment in an amount less than the maximum, that the rate of common expense assessment then in effect is less than may be necessary to adequately fund all important and essential functions of the Association, then the Association may increase the common expense assessment against each Lot, upon written notification thereof to each Owner, to an amount not in excess of the maximum annual common expense assessment for that annual common expense assessment period.

Section 4. Insurance Assessment. Assessments against each Lot shall be made at least annually sufficient in amount to pay in advance the casualty insurance premiums on the blanket policy provided for in Section 2 of Article VII. The Association shall allocate such insurance premiums equally among the Lots on which

Living Units have been completed without reference to the size of the Living Units.

Section 5. Special Assessments for Capital Improvements. In addition to the annual and insurance assessments authorized above, the Association may levy in any calendar year a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting.

Section 6. Rate of Assessment. Both annual common expense and special assessments shall be fixed at a uniform rate for all Lots sufficient to meet the expected needs of the Association, provided that, notwithstanding anything to the contrary contained in this Declaration, the annual common expense and special assessment rate set for each Lot on which a Living Unit is completed and owned by Declarant and which is neither leased, nor rented, nor otherwise occupied as a residence, shall be fixed at twenty-five percent (25%) of the assessment rate for other Lots. Lots which are owned by Declarant and which are leased, rented, or otherwise occupied as a residence shall, commencing on the date of residential occupancy thereof, be assessed at the same rate as other Lots. In the event all assessed fees, including but not limited to all other income from whatever source (except reserves), due to the Association fail to equal or exceed the actual expenses incurred by the Association during any annual common expense assessment period because of such partial Declarant assessment, then Declarant shall, upon written notice from the Association, pay a sufficient amount, as a subsidy and not as an assessment, but not exceeding that amount which the Declarant would have had to pay as assessments but for the aforesaid reduced assessment rate, to the Association to meet any such shortfall so long as (a) such notice must be given within one (1) year after the end of each annual common expense assessment period and is waived if not made in such timely manner (such final one (1) year period to terminate one (1) year after the date the Class B membership is converted to Class A membership, as set forth in Article II hereof) and (b) Declarant shall have no obligation for any such shortfall caused by any decrease in assessments, including without limitation the levying of any common expense assessment in an amount less than the maximum for that annual common expense assessment period, or by expenditures for capital improvements, unless the same has been previously approved in writing by Declarant; provided, however, that in the event there is more than one Declarant, as defined in

this Declaration, each such Declarant shall pay its proportional share of such subsidy, as hereinabove provided, such proportional share to be based on the amount of the Property owned by each Declarant compared to the total amount of the Property owned by all Declarants.

Section 7. Quorum for any Action Authorized under Sections 3 and 5. The quorum required for any action authorized by Sections 3 and 5 hereof shall be as follows:

At the first meeting called, as provided in Sections 3 and 5 hereof, the presence at the meeting of Members, or of proxies, entitled to cast sixty percent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth in Sections 3 and 5, and the required quorum at any such subsequent meeting shall be one-half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty days following the preceding meeting. 2

Section 8. Date of Commencement of Annual Common Expense and Insurance Assessments; Due Dates. The annual common expense and insurance assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the first Lot by the Declarant. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual common expense assessment at least 30 days in advance of said commencement date and any change in the assessments must be fixed by the Board of Directors at least 30 days in advance of the commencement of the changed assessment amount. Written notice of the assessment shall thereupon be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. Such certificate shall be conclusive evidence of the facts stated therein. The Board shall cause to be prepared a roster of the Properties subject to assessment with assessments applicable to each Lot and shall keep such roster in the Association office subject to inspection by any Owner. The omission or failure to fix an assessment or deliver or mail a statement for any period shall not be deemed a waiver, modification or release of an Owner from his obligation to pay the same.

Section 9. The Effect of Nonpayment of Assessments; Lien of Association. If any assessment is not paid within thirty days after the due date hereinabove set forth, such assessment shall become delinquent and shall bear interest at the rate of twelve percent (12%) per annum from such due date and the delinquent

Member shall pay a reasonable late charge to be determined by the Board of Directors of the Association. The secretary of the Association may file in the office of the Clerk and Recorder of the County of Arapahoe anytime after such delinquency a lien statement of the amount of the delinquent assessments together with interest, and upon payment in full thereof shall execute and file a proper release of such lien statement. Such assessment, late charge and interest shall constitute a lien on such Lot from the date of filing notice of delinquency until the lien is released. The Association may bring an action at law to enforce payment of a delinquent assessment against the Owner personally obligated to pay the same and may enforce the lien for such assessment in the manner provided by law with respect to a lien on real property.

In the event a judgment or decree is obtained in favor of the Association, the Owner shall be liable for the Association's court costs and disbursements and a reasonable attorney's fee to be fixed by the Court, such costs, disbursements and attorney fees to be further secured by such lien. No Owner may waive or otherwise escape liability for assessments by non-use of the Common Area or abandonment of his Lot.

Section 10. Subordination of the Lien to Mortgages. Except as provided below, the lien of the assessments provided for herein shall be subordinate to the lien of any purchase money loan evidenced by a first mortgage of record (including deed of trust) and to any executory land sales contract wherein the Administrator of Veterans Affairs (Veterans Administration) is seller, whether such contract is owned by the Veterans Administration or its assigns, and whether such contract is recorded or not. Sale or transfer of any Lot shall not affect the lien for said assessment charges except that sale or transfer of any Lot pursuant to foreclosure of any mortgage or any such executory land sales contract, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract shall only extinguish the lien of assessment charges which became due more than six months prior to a first mortgagee's acquisition of title as a result of any such sale or transfer, or foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture of any such executory land sales contract shall relieve any Lot from liability for any assessment charges thereafter becoming due, nor from the lien thereof.

Section 11. Exempt Property. The following property subject to the Declaration shall be exempted from the Assessments, charges and liens created herein:

A. All properties to the extent of any easement or other interest therein dedicated and accepted by a municipal or quasi-municipal corporation or other local public utilities or authority and devoted to public use.

B. All Common Area.

Section 12. Records of Receipts and Expenditures. The Association shall keep detailed and accurate records in chronological order of all of its receipts and expenditures, specifying and itemizing the maintenance and repair expenses of the Common Area and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available on request for examination by the Owners and others with an interest such as encumbrancers or prospective lenders.

Section 13. Homestead. The lien of the Association assessments shall be superior to any homestead exemption as is now or may hereafter be provided by Colorado or federal law. The acceptance of a deed to land subject to this Declaration shall constitute a waiver of the homestead exemption as against said assessment lien.

Section 14. Working Fund. The Association or Declarant shall require the first Owner of each Lot (other than Declarant) to make a non-refundable payment to the Association in an amount equal to one-sixth of the annual common expense assessment against that Lot 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 sale by Declarant of each Lot, as aforesaid, and shall be maintained in a segregated account for the use and benefit of the Association. Such payment shall not relieve an Owner from making regular payments of assessments as the same become due. Upon the transfer of his Lot, an Owner shall be entitled to a credit from his transferee for the aforesaid payment to working fund.

ARTICLE VI

SEPARATE ASSESSMENT AND TAXATION AND OWNERS' RESPONSIBILITY TO MAINTAIN LIVING UNIT

Section 1. Notice. Declarant shall give written notice to the Assessor of the County of Arapahoe, Colorado of the creation of townhouse ownership so that each Lot and Living Unit thereon shall be deemed a separate parcel and subject to separate assessment and taxation.

Section 2. Maintenance. Each Owner shall maintain and keep in repair his own Living Unit and any drainage easements, as provided in Article XIII, Section 6E. The Owner shall not be deemed to own lines, pipes, wire, conduits or systems (which for

brevity are hereafter referred to as utilities) running through his Living Unit which serve one or more other Living Units in a multi-family structure except as a tenant in common with the other Owners. Such utilities shall not be disturbed or relocated by an Owner without the written consent and approval of the other Owner in that multi-family structure. Such right to repair, alter and remodel shall carry the obligation to replace any finishing or other materials removed with same or similar kinds of materials. All fixtures and equipment installed within the Living Unit and all lines, wire, pipes, conduits or systems within the Living Unit commencing at a point where the utilities enter the Living Unit, and which do not serve another Living Unit, shall be maintained and kept in repair by the Owner thereof. An Owner shall do nothing that will impair the structural soundness or integrity of the Living Unit or impair any easement or hereditament.

Section 3. Failure to Maintain. In the event an Owner of any Lot in the Properties shall fail to maintain the Lot and the fences, drainage easements, exterior of the Living Unit thereon and other improvements situated thereon in a clean, attractive, functional and healthful condition as reasonably determined by the Board of Directors, the Association shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore the Lot, the fences, drainage easements, the exterior of the Living Unit thereon, and other improvements situated thereon, provided such self help is preceded by Notice and Hearing as set forth in the Bylaws. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject.

ARTICLE VII

INSURANCE

Section 1. Insurance Requirements Generally. The Association shall obtain and maintain in full force and effect at all times certain casualty, liability and other insurance as hereinafter provided. All such insurance shall be underwritten, to the extent possible, with companies licensed to do business in Colorado having a Best's Insurance Report rating of B/VI or better covering the risks below.

To the extent possible, the casualty, property and liability insurance shall:

A. Provide for a waiver of subrogation by the insurer as to claims against the Association, its directors, officers, employees, agents and members;

B. Contain a "severability of interest" clause that the insurance cannot be cancelled, invalidated or suspended on account

of the negligent or intentional acts of the Association, its officers, directors, employees and agents; and

C. Provide that the policy of insurance shall not be terminated, cancelled or substantially modified without at least thirty (30) days' prior written notice to the Association.

Any insurance policy may contain deductible provisions not to exceed the lower of \$10,000 or 1% of the applicable amount of coverage. Any loss falling within the deductible portion of a policy shall be borne by the Association and funds for such deductibles must be included in the Association's reserves and be so designated. The cost and expense of all insurance obtained by the Association shall be paid for out of Association funds collected by insurance assessments, as provided in this Declaration.

Section 2. Casualty Insurance. The Association or its agents shall obtain and maintain at all times insurance coverage providing all risk coverage or the nearest equivalent available for the full replacement cost of the Common Area improvements and personal property of the Association and each Living Unit in the amount of the full replacement value without deduction for depreciation or coinsurance. The insurance shall be carried in blanket policy form naming the Association the insured, shall identify each Owner and the address of his Living Unit, shall provide a standard non-contributory mortgagee clause in favor of each first mortgagee, and shall provide that it cannot be cancelled by either the insured or the insurance company until after at least thirty (30) days prior written notice is given to each Owner and each first mortgagee. Proceeds from insurance on a Living Unit shall be paid to the Association as trustee for the Owner of the Living Unit. The Association shall furnish a certified copy of such blanket policy and the certificate identifying the interest of the mortgagor, to any party in interest at his request. All policies of insurance shall provide that the insurance covering the interest of a particular Owner shall be invalidated or suspended only if such Owner is guilty of a breach of warranty, act, omission, negligence or noncompliance with any provision of such policy, including nonpayment of the insurance premium applicable to his interest, or if he permits or fails to prevent the happening of any event, either before or after a loss which under the provision of such policy would invalidate or suspend the entire policy, but the insurance under any such policy as to the interest 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.

The insurance described in this paragraph shall be inflation coverage insurance, if such insurance is available, which insurance at all times represents one hundred percent (100%) of the replacement value of each Living Unit and all facilities in the

Common Area except land, foundation, excavation and other items normally excluded from coverage and except for any deductible provisions as permitted under Section 1 hereof. The Association shall at least annually obtain an appraisal for insurance purposes which shall be maintained as a permanent record showing that the insurance in any year represents one hundred percent (100%) of the replacement value of each Living Unit and any facilities in the Common Area.

Section 3. Public Liability and Property Damage Insurance. The Association shall obtain and maintain comprehensive public liability insurance including non-owned and hired automobile liability coverage, owned automobile liability coverage if there are any owned automobiles, personal injury liability coverage, products coverage covering liabilities of the Association, its officers, directors, employees, agents and members arising in connection with ownership, operation, maintenance, occupancy, or use of the Common Area and any other area the Association is required to restore, repair or maintain pursuant to this Declaration with a minimum single limit or per occurrence limit of One Million Dollars.

Section 4. Workmen's Compensation and Employer's Liability Insurance. The Association shall obtain and maintain workmen's compensation and employer's liability insurance as may be necessary to comply with applicable laws.

Section 5. Insurance by Owners. Insurance coverage on furnishings, including carpet, draperies, oven, range, refrigerator, wallpaper and other items of personalty, or other property belonging to an Owner, and public liability coverage within each Living Unit, shall be the sole and direct responsibility of the Owner(s) thereof, and the Association, its Board of Directors and/or the managing agent of the Association shall have no responsibility therefor. Owners may carry other insurance for their benefit and at their expense, provided that all such policies shall contain waivers of subrogation, and provided further that no liability of the carriers issuing insurance obtained by the Association shall be affected or diminished by reason of any such additional insurance carried by any Owner.

Section 6. Fidelity Insurance. The Association shall also maintain adequate fidelity coverage, if available, to protect against dishonest acts on the part of directors, officers, trustees and employees and managing agents of the Association and all others who handle, or are responsible for handling, funds of the Association. Such fidelity bonds shall (i) name the Association as an obligee; (ii) be written in an amount equal to at least one and one-half times the estimated annual operating expenses of the Association, including reserves; (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar

expression; and (iv) provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premiums) without at least fifteen (15) days' written notice to the first mortgagees and the Association.

Section 7. Flood Insurance. If the Properties are located in an area identified by the Secretary of the US Department of Housing and Urban Development as an area having special flood hazards and the sale of Flood Insurance has been made available under the National Flood Insurance Act of 1968, the Association shall obtain a "blanket" policy of flood insurance on the Properties in an amount which is the lesser of the maximum amount of insurance available under the Act or the aggregate of the current market value of the developed Lots in the Properties.

Section 8. Other Insurance. The Association may obtain such additional insurance coverage against such additional risks as it shall determine to be appropriate.

ARTICLE VIII

-INDEMNIFICATION AND AUDIT

Section 1. 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 him in any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been an officer or director of the Association, or any settlements thereof, whether or not he is 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 Board of Directors approves such settlement and reimbursement as being for the best interests of the Association.

Section 2. Audit. The Association shall provide an audited financial statement for the immediately preceding fiscal year, free of charge to any Owner, First Mortgagee of a Living Unit, or any insuror or guarantor of such a First Mortgage, within a reasonable time if written request therefor is given within 30 days after the end of any fiscal year for the Association by any such Owner, First Mortgagee, or any insuror or guarantor of such a First Mortgage. Otherwise, the Association shall deliver free of charge on request to each Owner and any First Mortgagee, insuror or guarantor of a first mortgage an unaudited financial statement for the Association for the preceding fiscal year.

ARTICLE IX

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PARTY WALLS AND FENCES

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of a multi-family structure and placed on or near the dividing line between two Lots shall constitute a party wall. As used herein, party walls shall also include any retaining wall or fence which is not necessarily a part of a Living Unit or Multifamily Structure but which is located on or near the dividing line between Lots. To the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

X Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, subject, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

X Section 4. Weatherproofing. Notwithstanding any other provision of this Article, any Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of refurnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under the Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of a dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all arbitrators.

ARTICLE X

DECLARANT'S EXCEPTIONS, EXCLUSIONS AND RESERVATIONS

So long as Declarant owns a Lot in the Properties, Declarant excepts, excludes and reserves the following from each and every deed and instrument of conveyance executed and delivered by it to a Lot Owner:

1. The right to maintain a sales office, construction office and model homes on the Properties and to conduct sales activities therein.

2. The right to construct and complete the construction of Living Units, Garages, buildings, drives, lanes and roads and all other improvements on the Properties, and to repair and maintain the Common Area. In connection therewith, Declarant reserves (a) the right to use and excavate the surface and subsurface of the ground for the erection, construction and installation of said improvements and foundations, footings, floorings and basements. Declarant reserves the right to extend the drives, lanes and roads located or to be located on the Properties; (b) the right to lease and rent such Living Units and the right to sell, grant and convey title to purchasers of such subsequently constructed Living Units; (c) the right to use and occupy so much of the Properties as may be necessary for the construction, reconstruction, maintenance and operation of any of said Living Units, Lots, and Common Area and other improvements including, but not limited to the right to locate, install, maintain and repair all utilities and utility lines necessary for such construction, reconstruction, maintenance and operation. Prior to December 31, 1992, Declarant reserves the right to convey to any municipality, water district, sanitary sewer district or other municipal or quasi-municipal corporation all sewer lines and mains, and water mains and pipelines constructed or to be constructed on the property, together with suitable rights of way over said lands for the required maintenance, repair, replacement and operation thereof.

ARTICLE XI

RESTRICTIONS ON USE OF PROPERTY BY OCCUPANTS

Section 1. Use Restrictions. The following restrictions shall be applicable to the use of any property subject to this Declaration:

A. Each Living Unit shall be occupied only by a single family and members thereof, its servants and guests and only as a residence and for no other purpose. "Single family", for the purpose of this Declaration, shall be defined as an individual or

two or more persons related by blood, marriage or adoption, or a group of not more than three (3) persons who need not be related living as a single housekeeping unit.

B. No animals, livestock or poultry of any kind shall be raised, bred or kept on any part of a Lot or in any Living Unit, except that not more than two (2) dogs, cats, or other household pets in the aggregate may be kept on any Lot or in the Living Unit thereon or on the Common Area but only if they are not raised, bred, kept or maintained for any commercial purpose. No horses shall be kept on the Properties. Dogs owned by Owners or their guests shall not be permitted to run at large but shall be kept under the control of such Owner or guest of such Owner by leash, cord or chain. The Owner of any dog shall immediately remove excrement deposited by said dog upon the Common Area or any Lot.

The Association is hereby authorized to submit a written request to the Arapahoe County Department of Public Safety authorizing that department, upon approval by the Board of County Commissioners, to enter upon the Common Areas for the purpose of enforcing all animal control restrictions in these Covenants, as well as applicable animal control ordinances and laws of the County of Arapahoe and the State of Colorado.

C. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in the Properties, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in the Properties. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon the Properties.

D. No noxious or offensive activity shall be carried on upon the Properties or any part thereof, nor shall anything be done or maintained thereon which may be or become an annoyance or nuisance to the neighborhood or detract from its value as an attractive residential community. Habitually barking, howling or yelping dogs shall be deemed a nuisance. Garage doors shall be kept closed when not in use. Patios and balconies shall not be used for storage other than of patio furniture.

E. No Owner or occupant shall remove or significantly alter any tree in any street, right-of-way, park, or recreational area or other part of the Common Area unless permission in writing is first granted by the Association.

F. No Lot shall be used or maintained as a dumping ground for rubbish, grass clippings, garbage or trash. Garbage and other waste shall be kept in sanitary containers. All containers for the storage or disposal of such materials shall be kept inside

the Living Unit or Garage, except on the scheduled trash pick-up days.

G. No lease of a Lot or Living Unit shall be for a period of less than 30 days and every lease shall be in writing and subject to this Declaration and the Articles, Bylaws and rules of the Association.

ARTICLE XII

RESTRICTIONS ON TYPE OF STRUCTURE PERMITTED

Section 1. Restrictions on Structures. In addition to the requirements imposed by any County or municipal corporation having jurisdiction over the Properties, the following restrictions apply to structures, improvements and personal property on the Properties.

A. No Living Unit shall be erected on any part of the herein described real property containing less than one thousand (1000) square feet of principal living area, said living area to be fully enclosed. Porches, terraces, basements and garages shall not be construed as a living area. No outhouse of any kind, tent, shed or trailer, or any other temporary dwelling, shall be erected or maintained on any Lot or be used for living purposes, nor shall any Garage be converted to or used for dwelling purposes.

Section 2. Restrictions on Parking Vehicles. No trailer, motor home, house car, bus, camper, large commercial-type vehicle, including vehicle mounted camper, whether chassis or slide-in, or pickup coach, tent, boat or truck (except a pickup) shall be parked, placed, erected, maintained or constructed on any Lot or Common Area for any purpose. However, trailers, campers, motor homes, pickup coaches, tents or boats which can be and are stored completely within a Garage and are not used for living purposes will not be in violation of these restrictions. Garage doors shall be kept closed when not in use. The Board of the Association may adopt rules and regulations restricting the use and parking of vehicles on Common Area and may request that certain portions of the Common Area be designated for use only by authorized vehicles and may take such other necessary action to enforce parking restrictions as provided in C.R.S. §42-4-1111 as amended.

ARTICLE XIII

RESTRICTIONS REGARDING CONSTRUCTION AND MAINTENANCE

Section 1. Design Review Committee. The Design Review

Committee ("the Committee") is composed of Greg Cook, Larry J. Borger and Earl A. Anderson. The majority of the Committee may designate a representative to act for it in all or a portion of the Committee's duties and on such terms and conditions as the Committee in its discretion may set forth in writing. In the event of death or resignation of any member of the Committee, the remaining members shall have full authority to designate a successor. Neither the members of the Committee nor its designated representative shall be entitled to any compensation for the services performed under this covenant. When Declarant no longer owns a Lot in the Properties, the Board of Directors of the Association shall thereafter act as the Committee, or may appoint three or more representatives to act as the Committee on its behalf.

Section 2. Restrictions on Construction, Maintenance and Improvements. The following restrictions are applicable to construction, maintenance and improvements on the Properties.

A. No building, fence, roof, wall, exterior lighting, flag pole, hot tub, swim pool, window or roof cooler, window or roof air conditioner, solar panels or systems, basketball backboard, dog house or dog run or other structure shall be erected, placed or altered on any Lot and no alteration or repainting to the exterior of a structure shall be made until the construction plans and specifications and a plot plan showing the exterior design, height, building material and color scheme thereof, the location of the structure plotted horizontally and vertically, fencing, walls and windbreaks, and the grading plan shall have been submitted to and approved by the Committee as to the quality of the workmanship and materials, harmony of external design and color with existing structures, and as to location with respect to topography and finished grade elevation and relationship to other residences. The Committee shall have the right to refuse to approve any such plans, specifications or grading plans which are not suitable or desirable in its opinion, and shall not be liable in damage to any person submitting requests for approval or to any owner by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove with regard to such requests. Any decision by the Committee shall be in writing and a finally approved plan shall be lodged permanently with said Committee.

B. The Committee's approval or disapproval as required in these Covenants shall be in writing. In the event the Committee, or its designated representative, fails to approve or disapprove within thirty (30) days after plans and specifications have been submitted to it, approval will not be required and these Covenants shall be deemed to have been fully complied with.

C. No sign or radio, TV antenna or satellite dish of any kind shall be displayed to the public view on any part of the Properties, except one (1) professional sign per Living Unit of not more than five (5) square feet advertising a Living Unit for sale or rent, and signs used by a builder to advertise dwellings or dwelling during the construction and sale period. The Declarant is permitted to use larger signs during the promotional period and erect permanent signs near the entrances to the subdivisions.

D. No permanent outdoor overhead wire or service drop for the distribution of electric energy or for telecommunication purposes nor any pole, tower or other structure supporting said outdoor overhead wires shall be erected, placed, or maintained with the Properties. All purchasers of Lots, their heirs, successors and assigns shall use underground service wires to connect their Living Units to the underground electric, telephone or cable TV utility facilities.

E. No fence, wall, hedge, shrub, structure or other obstruction to view which is over 42 inches in height shall be erected, placed or maintained within a triangle formed by the point of the intersection of the flow lines (extended) of intersecting streets and the points along those flow lines which are 25 feet from that point of intersection, except that on any intersection involving collector or arterial streets, this 25-foot distance shall be measured along the right of way lines. In addition, no obstacle shall be placed or retained in such a manner as to obstruct the clear vision at corners or curb cuts or otherwise cause a traffic hazard.

F. As soon as the growing season reasonably permits: (1) the grounds in the backyard area of each Lot shall be seeded, sodded or otherwise planted by the Owner thereof with grass or other ground cover or hardscape and maintained in a clean and attractive manner free of dust and weeds; and (2) the front yard area of each Lot shall be seeded, sodded or otherwise planted by Declarant and shall thereafter be maintained by the Owner thereof in a clean and attractive manner free of dust and weeds.



G. Fences located and erected by Declarant on the Lots and on the perimeter of the subdivision known as Homestead Farm Filing 7, Arapahoe County, Colorado shall not be removed or altered without the written consent of the Association. Any such fence shall be maintained, repaired and replaced by the Owner of the lot on which it is located. All fences on lots, including party fences described in Article IX hereof, shall be maintained in good repair and in a clean and attractive manner.

Section 3. Right of Entry of Association Representative. Any agent or officer of the Association may at any reasonable hour or hours during construction or remodeling, enter and inspect the

Common Area and the exterior of any Living Unit as to its maintenance or improvements to determine if there has been compliance with the provisions hereof. The Association, and any agent, or officer thereof, shall not thereby be deemed guilty of any manner of trespass for such entry or inspection. The Association may issue a certificate of completion and compliance as to any property so inspected.

Section 4. Evidence of Compliance with Restrictions. Records of the Association with respect to compliance with the provisions of this Declaration shall be conclusive evidence as to all matters shown by such records. Issuance of a certificate of completion and compliance by the Secretary or an Assistant Secretary of the Association showing that the plans and specifications for the improvements or other matters herein provided for have been approved and that such improvements have been made in accordance therewith, or a certificate as to any matters relating to this Declaration by the Secretary or an Assistant Secretary of the Association shall be conclusive evidence that shall justify and protect any title company insuring title to any property subject to this Declaration and shall fully protect any purchaser or encumbrancer in connection therewith. After the expiration of one (1) year following the issuance of a building permit therefor by municipal or county governmental authority, any structure, work, improvement or alteration shall be deemed to be in compliance with the provisions thereof unless a notice of non-compliance executed by the Association shall have been recorded in the office of the County Clerk and Recorder in which the property is located, or unless legal proceedings shall have been instituted to enforce compliance or completion.

Section 5. Minor Violations of Setback Restrictions. If upon the erection of any Living Unit upon any Lot, it is disclosed by survey that a minor violation or infringement of setback lines has occurred, such violation or infringement may be waived by the written consent and waiver of the Owners of the Lots immediately adjoining on either side of the Lot upon which the violation or infringement occurs, and such waiver shall be binding upon all other Owners which are subject to these restrictions. Nothing herein contained shall prevent the prosecution of a suit for any other violation of the restrictions contained in this Declaration. A "minor violation" for the purpose of this section is a violation of not more than two (2) feet beyond the required setback lines. This provision shall apply only to the original structures and shall not be applicable to any alterations or repairs to such structure.

Section 6. Easements and Tariffs.

A. Public Service Company: All Lots are subject to and bound by Public Service Company tariffs which are now and may in

the future be filed with the Public Utilities Commission of the State of Colorado relating to street lighting in the Properties, together with rates, rules and regulations therein provided and subject to all future amendments and changes thereto. The Owner or Owners shall pay as billed a portion of the cost of public street lighting in the Properties, if any, according to Public Service Company rates, rules and regulations, including future amendments and changes on file with the Public Utilities Commission of the State of Colorado. Nothing herein shall preclude the Association from installing lights of its own selection in lieu of or in addition to those provided by Public Service Company. The Association may elect to pay the cost of any public or private street lighting in lieu of the Owners.

B. Encroachment Easement: Owners of the Lots agree that if any portion of the Common Area and facilities encroach upon a Lot or Living Unit, or if a Living Unit or retaining wall or any supporting beams or structures therefor encroaches upon the Common Area or another Lot, an easement shall exist for the encroachment and for the maintenance of the same, so long as it stands or as the same may be reconstructed. For title or other purposes, such encroachments and easements shall not be considered or determined to be encumbrances either on Common Area or Lots. There is hereby created a blanket easement upon, across, over and under the Properties for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, gas, telephones and electricity, and a master television antenna system, if any. By virtue of this easement, it shall be expressly permissible for the providing electrical and/or telephone company to install and maintain the necessary equipment on the Properties and to affix and maintain electrical, telephone and TV wires, circuits and conduits in and under the Living Units. Notwithstanding anything to the contrary contained herein, no sewers, electrical wires, water lines or other utilities may be installed or relocated on said Properties except as initially programmed and approved by Declarant or thereafter approved by the Board of Directors of the Association. This easement shall in no way affect any other recorded easement on said Properties. For title or other purposes, such encroachments and easements shall not be considered or determined to be encumbrances either on the Common Area or the Lots.

C. Construction Easement: If any portion of an exterior wall of a Living Unit is situated within three feet of any adjoining Lot line, a valid easement shall and does exist over such adjoining Lot of sufficient width not to exceed three feet to reasonably permit the construction, reconstruction and maintenance of said exterior wall of the Living Unit so situated.

D. Maintenance Easement: If any portion of a Living Unit or retaining wall encroaches upon the Common Area or any

adjoining Lot established under the provisions of B or C above, a valid easement on the surface and for subsurface support below such surface and for the maintenance of same shall and does exist as long as it stands.

E. Drainage Easements. Drainage easements where originally located by Declarant on some Lots shall be easements for the benefit of all Owners and shall not be blocked, changed, altered or destroyed without the consent of the Association and the Owners adjoining the easements. No fence shall be placed or maintained on any Lot closer than twelve inches from the bottom of any swale in a drainage easement nor shall any plant or shrub material which is over four inches in height be planted or maintained within any drainage easement. Each Owner of a Lot on which any such drainage easement is located shall be responsible for maintaining and repairing such easement including the improvements located on or in such easement at such Owner's sole expense. The Association and its agents may enter each Lot to inspect the condition of and repair, if necessary, such drainage easements, as provided in Article VI, Section 3 hereof.

F. Maintenance Access Easement. The Owner of each Living Unit which is located on a property line shall have an access easement over the adjoining Lot for the purpose of maintaining, repairing and reconstructing such Living Unit. Any damage to such adjoining Lot caused by the Owner of such Living Unit shall be repaired promptly by the Owner of such Living Unit.

ARTICLE XIV

DAMAGES, DESTRUCTION AND OBSOLESCENCE

Section 1. Association - Attorney-in-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Properties upon its damage, destruction or obsolescence. Title to any Lot is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a Deed from the Declarant or from any Owner shall constitute appointment of the attorney-in-fact herein provided. All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney in their name, place and stead for the purpose of dealing with their property upon its damage, destruction or obsolescence as is hereinafter provided. As attorney-in-fact, the Association shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interest of an Owner which may be necessary and appropriate to exercise the powers herein granted. Repair and reconstruction of the improvements as used in the succeeding subparagraphs means restoring the improvements to substantially the same condition in which they existed prior to the damage, with each unit and multi-family structure having the same vertical and horizontal boundaries as before. The proceeds of any insurance collected shall be

available to the Association for the purpose of repair, restoration or replacements.

Section 2. Damage or Destruction.

A. In the event of damage or destruction due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the improvements, shall be applied by the Association, as attorney-in-fact, to such reconstruction, and the improvements shall be promptly repaired and reconstructed unless a plan is adopted within 90 days of the damage or destruction under subsection B, Section 3 of this Article XIV. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair and restoration of the improvements.

B. If the insurance proceeds are insufficient to repair and reconstruct the improvements, such damage or destruction shall be promptly repaired and reconstructed (unless a plan is adopted within 90 days of the damage or destruction under subsection B, Section 3 of this Article XIV) by the Association as attorney-in-fact using the proceeds of insurance on the Living Unit or Multi-family Structures which have been damaged or destroyed and the proceeds of an assessment against all the Owners. Any such assessments, which shall only be made by the Board of Directors, shall be a common expense and made assessable equally to the Owners of each Lot and shall be due and payable as provided by resolution of the Board of Directors, but not sooner than thirty (30) days after written notice thereof. Such deficiency assessment shall be in an amount determined exclusively and finally by the Association after consultation with such Owners, appraisers, and others as it deems appropriate. The Association shall have full authority, right and power as attorney-in-fact to cause the repair or restoration of the improvements, using all of the insurance proceeds for such purpose notwithstanding the failure of an Owner to pay the assessment. The assessment provided for herein shall be a debt of each Owner and a lien on his Lot and may be enforced and collected as is provided in Article V. In addition thereto, the Association as attorney-in-fact shall have the absolute right and power to sell the Lot of any Owner refusing or failing to pay such deficiency assessment within the time provided, and if not so paid the Association shall cause to be recorded a notice that the Lot of the delinquent Owner shall be sold by the Association, as attorney-in-fact, under the provisions hereof. The proceeds derived from the sale of such Lot shall be used and disbursed by the Association, as attorney-in-fact, in the following order: (1) for payment of the balance of the lien of a first mortgage; (2) for payment of taxes and special assessment liens in favor of any assessing entity; (3) for payment of unpaid common expenses; (4) for payment of junior liens and encumbrances in the order of and to the extent of their priority; and (5) the balance remaining, if any, shall be paid to the Lot Owner.

Section 3. Obsolescence.

A. The Owners representing sixty-seven percent (67%) or more of all the Lots may agree that the Living Units are obsolete and adopt a plan for the renewal and reconstruction. Such plan must have the approval of sixty-seven percent (67%) of the first mortgagees of record at the time of adoption of the plan who have given the Association written notice of the existence of their mortgage. Mortgagees shall be entitled to one vote for each Lot on which they hold a first mortgage. If a plan for the renewal or reconstruction is adopted, notice of such plan executed by the President and Secretary of the Association shall be recorded, and the expense of the renewal and reconstruction shall be payable by all of the Owners as common expenses, whether or not they may have previously consented to the plan of reconstruction.

B. The Owners representing sixty-seven percent (67%) or more of all the Lots may agree that the Living Units are obsolete and that the Properties should be sold. Such plan must have the approval of sixty-seven percent (67%) of the first mortgagees of record at the time of the adoption of the plan who have given the Association written notice of the existence of their mortgage. Mortgagees shall be entitled to one vote for each Lot on which they hold a first mortgage. In such instance, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association the Properties shall be sold by the Association, as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration, the plat and the Bylaws. The sale proceeds shall be apportioned equally among the Owners on the basis of one part for each Lot, and such apportioned proceeds shall be paid into separate accounts, each such account representing one Lot. Each such account shall be in the name of the Association and shall be further identified by number of the Lot and the name of the Owner. From each separate account, the Association, as attorney-in-fact, shall use and disburse the amount of each account without contribution from one account to another, for the same purposes and in the same order as is provided in subparagraph B of Section 2.

Section 4. Condemnation. In the event proceedings are initiated by any government or agency thereof seeking to take by eminent domain the Common Area, any part thereof or any interest therein, any improvement thereon, or any interest therein, with a value (including loss of value to the balance of the Common Area and improvements thereon), as reasonably determined by the Association, in excess of \$10,000, the Association shall give prompt notice thereof, including a description of the part of or interest in the Common Area or improvement thereon sought to be so condemned, to all Owners and first mortgagees who have given the Association prior notice of their interest in any Lot. The Association shall have full power and authority as attorney in fact to

defend in said proceedings; provided that the Association shall not enter into any settlement or other nonadversary disposition of said proceeding pursuant to which the Common Area or any part thereof or any interest therein, or any improvement thereon or any part thereof or interest therein is relinquished without giving all Owners at least fifteen (15) days prior written notice thereof.

In the event following such proceedings, there is such a taking in condemnation or by eminent domain of a part or all of the Common Area, the award made for such taking shall be payable to the Association. Unless two-thirds or more of the Owners and fifty-one percent (51%) of the first mortgagees of Lots agree not to repair and restore the Common Area, the Association shall arrange for the same and shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event two-thirds of the Owners and fifty-one percent (51%) of the first mortgagees of record who have given the Association written notice of the existence of their mortgage vote not to repair and restore such Common Area, the Association shall disburse the net proceeds of such award to the Owners, the Owner of each Lot receiving one (1) equal share, provided that the Association shall first pay out of the share of each Owner the amount of any unpaid liens or encumbrances on his Lot in the order of the priority of such liens or encumbrances. Mortgagees shall be entitled to one vote for each lot on which they hold a first mortgage. No provision of this Declaration or of any other document relating to the Properties shall be deemed to give an Owner or any other party priority over the rights of a first mortgagee pursuant to the mortgage on such Owner's Lot in the case of a distribution to an Owner of insurance proceeds or condemnation award for losses to or a taking of Lots or Common Area.

Section 5. General.

A. The power of attorney hereinabove referred to shall also apply to the Association's right to maintain, repair and improve all of the structures, if any, in the Common Area.

B. Since the subject property is zoned under the Planned Unit Development resolutions and ordinances of the County of Arapahoe, Colorado, any sale of all or a part of the property by the Association shall be subject to the terms and conditions of such resolutions and ordinances.

ARTICLE XV

MECHANIC'S LIEN RIGHTS

Subsequent to the completion of the improvements on all the

Lots by the Declarant, no labor performed or materials furnished and incorporated into a Living Unit with the consent of or at the request of the Owner thereof, or his agent, or his contractor or subcontractor, shall be the basis for filing of a lien against the Living Unit or Lot of any other Owner not expressly consenting to or requesting the same. Each Owner shall indemnify and hold harmless all other Owners from and against all liability arising from the claim of any lien against the Lot of any other Owner for construction performed or for labor, materials, service or products incorporated into the Owner's Living Unit at such Owner's express or implied request.

ARTICLE XVI

GENERAL PROVISIONS

Section 1. Enforcement. The Association or the Owner or Owners of any of the Lots may enforce the restrictions, conditions, covenants and reservations imposed by the provisions of this Declaration or any rules or regulations promulgated by the Association which are consistent with this Declaration by proceedings at law or in equity against any person or persons or against the Association violating or attempting to violate any of the said rules, regulations, restrictions and limitations, either to recover damages for such violation, including reasonable attorneys fees incurred in enforcing these covenants, or to restrain such violation or attempted violation or to modify or remove structures fully or partially completed in violation hereof, or both. Every suit to enforce these covenants or restrain a violation or attempted violation hereof, or to modify or remove a structure fully or partially completed or in violation hereof shall be commenced no later than one (1) year from the date of the violation for which the action is sought to be brought or maintained. 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. The Association shall not be liable to reimburse any Owner for attorneys fees or costs incurred in any suit brought by an Owner to enforce or attempt to enforce these covenants.

Section 2. Posting. The Board of Directors may post on a bulletin board at a conspicuous place on the Common Area notices of any covenant violations by members and copies of any recorded lien statements. Failure to post shall not affect the validity of any lien or covenant violation.

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no ways affect any other provisions which shall remain in full force and effect.

Section 4. Term of Declaration. Unless amended as herein provided, each provision contained in this Declaration which may be subject to the rule against perpetuities or the rule prohibiting unreasonable restraints on alienation shall continue and remain in full force and effect for the period of twenty-one (21) years following the death of the survivor of Charles H. Sanford, Steven D. Pjesky and Larry J. Borger, and the now living issue of said persons, or until this Declaration is terminated as hereinafter provided, whichever first occurs. Unless amended as herein provided, all other provisions, covenants, conditions, restrictions and equitable servitudes contained in this Declaration shall be effective until terminated by the vote of Members holding at least seventy-five percent (75%) of the voting power of Members of the Associations. The termination of this Declaration shall be effective upon the Recording of a certificate, executed by the President or a Vice President and the Secretary of an Assistant Secretary of the Association stating that this Declaration has been terminated by the vote of Members as provided herein.

Section 5. Amendment of Declaration by Declarant. Until the first Lot has been conveyed by Declarant by deed recorded in the office of the County Clerk and Recorder of Arapahoe County, Colorado, any of the provisions, covenants, conditions, restrictions and equitable servitudes contained in this Declaration may be amended or terminated by Declarant by the recordation of a written instrument, executed by Declarant, setting forth such amendment or termination. Thereafter if Declarant shall determine that any amendments to this Declaration or any amendments to the Articles of Incorporation or Bylaws of the Association shall be necessary in order to make non-material changes, such as the correction of a technical, clerical or typographical error or clarification of a statement, then, subject to the following sentence of this Section 5, 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 or of the Articles of Incorporation or Bylaws of the Association shall be made, if at all, by Declarant prior to (a) conveyance of the last Lot by Declarant to the first Owner thereof (other than Declarant) or (b) December 31, 1992, whichever shall first occur; and each such amendment must contain thereon the written approval of the Veterans Administration or the Federal Housing Administration of the U. S. Department of Housing and Urban Development. Any such non-material changes shall conclusively be deemed approved by each such mortgagee who fails to submit a response to any written proposal by Declarant for an amendment within thirty days after the proposal is made. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Declarant to make or consent to a Special Amendment on behalf of each Owner and Mortgagee. Each deed, mortgage, trust deed, other evidence of obligation or other instrument affecting a Lot 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 Special Amendments.

Section 6. Amendment of Declaration by Members. 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 the amendment or repeal by Members of the Association holding at least sixty-seven percent (67%) of the voting power of the Association present in person or by proxy at a duly constituted meeting of the Members. The approval of any such amendment or repeal shall be evidenced by the certification by the Board of Directors of the Association of the vote of Members. The amendment or repeal shall be effective upon the recordation in the office of the Clerk and Recorder of Arapahoe County, Colorado, of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Association setting forth the amendment or repeal in full and certifying that the amendment or repeal has been approved by the Members and certified by the Board of Directors as set forth above.

Section 7. Amendment Required by Government Mortgage Agencies. Prior to December 31, 1992 and notwithstanding the provisions of Section 3 hereof, any provision, covenant, condition, restriction or equitable servitude contained in this Declaration which any Government Mortgage Agency requires to be amended or repealed may be amended or repealed by vote of a majority of the Board of Directors of the Association at a duly constituted meeting of the Board. Any such amendment or repeal shall be effective upon the recordation in the office of the Clerk and Recorder of Arapahoe County, Colorado, of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Association setting forth the amendment or repeal in full with the written approval of FHA or VA and certifying that the amendment or repeal has been approved by the vote of the Board of Directors as herein provided.

Section 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 Articles V and X of this Declaration shall not be effective unless Declarant has given its written consent to such amendment or repeal, which consent may be evidenced by the execution by Declarant of any certificate of amendment or repeal. The foregoing requirement for consent of Declarant to any amendment or repeal shall terminate at such time as the last Lot within the Properties has been sold and conveyed by Declarant.

Section 9. Special Rights of First Mortgagees. Any First Mortgagee (meaning a mortgage with first priority over other mortgages) of a mortgage encumbering any Lot, upon filing a written request therefor with the Association, shall be entitled to (a) written notice from the Association of any default by the Mortgagor of such Lot 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 as provided in Section 2 of Article VIII hereof; (d) receive written notice of all meetings of the Board of Directors or Members of the Association; (e) designate a representative to attend any such meeting; (f) receive written notice of abandonment or termination of the Association of the plan contemplated under this Declaration; (g) receive 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; (h) receive thirty (30) days written notice prior to the effective date of termination of any agreement for professional management of the Association or the Common Area following a decision of the Association to assume self-management of the Common Area; and (i) receive immediate written notice as soon as the Association receives notice or otherwise learns of any damage to the Common Area if the cost of reconstruction exceeds Ten Thousand Dollars (\$10,000) 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 Area.

Section 10. Priority of First Mortgage over Assessments. Each First Mortgagee of a mortgage encumbering a Lot who obtains title to such Lot pursuant to the remedies provided in the mortgage or by judicial foreclosure shall take title to the Lot free and clear of any claims for unpaid Assessments or charges against such Lot which accrued prior to the time such holder acquires title to such Lot, other than allocation of any deficiency prorated among all Members of the Association.

Section 11. First Mortgagee Right to Pay Taxes and Insurance Premiums. Any such First Mortgagee or any such First Mortgagees, jointly or singly, shall be entitled to pay any taxes or other charges which are in default and which may or have become a lien against any of the Common Area and may pay any overdue premiums on hazard insurance policies or secure new hazard insurance coverage for the Common Area or Living Units, and the First Mortgagees making such payments shall be entitled to immediate reimbursement therefor from the Association.

Section 12. Agreements with Government Mortgage Agencies. The Association may enter into such contracts or agreements on behalf of the Association as may be required in order to satisfy the requirements or guidelines of any Government Mortgage Agency so as to allow for the purchase, guarantee or insurance, as the case may be, by a Government Mortgage Agency of First Mortgages encumbering Lots. Each Owner hereby agrees that it will benefit the Association and the Members thereof, as a class of potential mortgage borrowers and potential sellers of Lots, if Government Mortgage Agencies approve the Properties as a qualifying subdivision under their respective policies, rules and regulations as adopted from time to time.

Section 13. Association Right to Mortgage Information. Each owner hereby authorizes any First Mortgagee holding a Mortgage on such Owner's Lot to furnish information to the Association concerning the status of such First Mortgage and the loan which it secures.

Section 14. Special Approvals by First Mortgagees. Unless at least sixty-seven percent (67%) of the First Mortgagees (based on one vote for each mortgage owned) of Lots in the Association 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 Area 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 property 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 Lots, including the architectural design of the exterior appearance of Living Units, the exterior maintenance of Living Units, or the upkeep of lawns and plantings on the Common Area; (d) fail to maintain the casualty, fire and extended coverage insurance on insurable Association Properties or Living Units, as elsewhere provided in this Declaration; (e) use hazard insurance proceeds for losses to any Association Properties for other than the repair, replacement or reconstruction of the improvements which were damaged or destroyed; (f) amend any material provision of this Declaration, the Articles of Incorporation or the Bylaws; and (g) establish self-management by the Association when professional management has previously been required by any first mortgagee or insuror or guarantor of a first mortgage on a Lot. An amendment shall not be deemed material if it is for the purpose of correcting technical errors, or for clarification only. If a First Mortgagee who receives a written

request for approval of the proposed act, omission, change or amendment does not deliver or post to the requesting party a negative response within 30 days, it shall be deemed to have approved such request. To be eligible either to approve of or object to any such written request for approval, a First Mortgagee must have previously given the Association written notice of the existence of its mortgage. Eligible insurers and guarantors of a First Mortgagee shall have the same rights as eligible First Mortgagees.

Section 15. FHA/VA Approval. As long as there is a Class B Member, and provided further that the FHA or the VA is insuring or guaranteeing or has agreed to insure or guarantee loans with respect to initial sales of Lots by Declarant, the following action shall require the prior approval of the FHA or the VA, in accordance with the procedure set forth herein: (a) dedication of any of the Common Area; (b) granting of a mortgage covering any portion of the Common Area; (c) establishment of additional reservations by Declarant in the Common Area; (d) amendment of this Declaration; and (e) any merger or consolidation of the Association with any other entity. Declarant shall give prior written notice of such proposed action to FHA in Denver, Colorado and VA in Denver, Colorado, and for thirty (30) days following the receipt of such notice, FHA or VA shall have the power to prohibit such action by written notice to Declarant. If no written notice of veto is received by Declarant within such thirty (30) day period, then such approval shall be deemed given and Declarant may proceed as if such approval was obtained with respect to the request contained in such notice. Any certificate of amendment or repeal shall state whether or not any such consent is required and, if required, shall state whether or not such consent has been obtained, and the statements in the certificate shall be binding and conclusive on all persons.

Section 16. Notices. Any notice permitted or required to be given under this Declaration shall be in writing and may be given either personally or by mail, telephone or telegraph. If served by mail, each notice shall be sent postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the Lot of such person if no address has been given to the Association, and shall be deemed given, if not actually received earlier, at 5:00 p.m. on the second business day after it is deposited in a regular depository of the United States Postal Service. Such address may be changed from time to time by notice in writing to the Association.

ARTICLE XVII

SUBJECTING ADDITIONAL PROPERTY TO THIS DECLARATION

Section 1. Additions to the Properties. At any time before

December 31, 1992, Declarant, its successors and assigns, in future stages of development, shall have the right to annex to and bring within the scheme of this Declaration additional properties located in the subdivision known as Homestead Farm Filing 7, Arapahoe County, Colorado, according to the recorded plat thereof, without the assent of the Class A Members, and said lands on the date of annexation shall be deemed a part of the Properties, provided, however, that the development of such additional Lots shall be in accordance with a general plan submitted to FHA or VA with the processing papers of the First Phase. Detailed plans for the development of additional Lots must be submitted to FHA or VA prior to such development. If FHA or VA determine that such detail plans are not in accordance with the general plan on file, the development of the additional Lots must have the assent of two-thirds of each class of Members. A public road intersecting between two properties shall not be deemed to deprive them of contiguity.

Section 2. Method of Making Additions. Additions authorized under this Article shall be made by filing for record a Supplemental Declaration of covenants and restrictions with respect to the additional property. Such Supplemental Declaration may contain such additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character of the added properties in the sole discretion of the Declarant. In no event, however, shall such Supplemental Declaration revoke, modify or add to the covenants established by this Declaration with respect to the Properties subject to this Declaration just prior to such Supplemental Declarations being filed for record.

Section 3. Additions by Others. So long as Declarant is a Class B member, additions may be made by any other owner of property who with the approval of the Board of Directors of the Association desires to add such property located within the boundaries described in Section 1 of this Article XVII to the scheme of this Declaration and to subject it to the jurisdiction of the Association. When Declarant ceases to be a Class B member, such additions may be made upon approval of the Association pursuant to a vote of its members, as provided in its Articles of Incorporation, and approval of two-thirds of the holders of first mortgages on Lots who have previously given written notice to the Association of the existence of their mortgages. Mortgagees shall be entitled to one vote for each Lot on which they hold a first mortgage. Such approval by the Membership and first mortgagees shall be evidenced by a certified copy of such resolution of

approval and a Supplemental Declaration, both recorded in Arapahoe County, Colorado.



SANFORD HOMES, INC.

By Charles H. Sanford
President

Linda A. Elliott
Secretary

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

The foregoing Declaration of Covenants, Conditions and Restrictions was acknowledged before me this 3rd day of February, 1986 by Charles H. Sanford as President and Linda A. Elliott as Secretary of SANFORD HOMES, INC., a Colorado corporation.

WITNESS my hand and official seal.

My commission expires: November 19, 1987



Joan K. Kearney
Notary Public
6851 S. Holly Circle, Suite 200
Englewood, Colorado 80112

AMENDMENT TO DECLARATION OF COVENANTS

BOOK 6811 PAGE 197

FOR HILLCREST AT HOMESTEAD HOMEOWNERS ASSOCIATION

This Amendment to Declaration, made on January 26, 1993, by the Hillcrest at Homestead Homeowners Association, a Colorado non-profit corporation ("Association")

WHEREAS, the Declaration of Covenants and Restrictions of Hillcrest at Homestead Homeowners Association was recorded on February 6, 1986 in Book 4665 at Pages 584-623, under Reception No. 2629705 of the public records of the County of Arapahoe, State of Colorado ("Declaration");

WHEREAS, Article XVI, Section 6 of the Declaration provides that the Association has the right to amend the Declaration upon the affirmative vote of 67% of its members; and

WHEREAS, 67% of the members of the Association approved the following amendment to the Declaration at a meeting duly noticed and held on January 26, 1993.

NOW, THEREFORE, BE IT RESOLVED, that Article XI, Section 1 of the Declaration is hereby amended by the addition of new paragraph H as follows:

H. No Lot or Living Unit shall be used for commercial or business purposes, and no group homes, day cares (whether for children or others), senior citizens centers or other similar care facilities, whether on not for profit, shall be conducted from any Lot or Living Unit without the prior approval of the Board of Directors. This covenant is intended as a restriction on the use of the Lots and Living Units and not on the type of structures permitted within and without the Properties.

FURTHER RESOLVED, that Article XII, Section 1, paragraph A of the Declaration is hereby amended by the addition of the following:

No free-standing or attached wood-burning fireplaces, stoves and/or open fire pits shall be placed or used on any Lot, nor shall they be attached to or become part of the exterior of any Living Unit.

IN WITNESS WHEREOF, the Association approve this Declaration this 26th day of January, 1993.

HILLCREST AT HOMESTEAD
HOMEOWNERS ASSOCIATION

By: Joseph F. Gaylick
Its: President

Attested By: Susan Sutton
Its: Secretary

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

KRENDEL HOROWITZ & KRENDEL
320 17TH STREET, SUITE 2320
DENVER, CO 80202

The foregoing instrument was acknowledged before me this 27th day of January, 1993 by JOSEPH F. GAYLICK, president and SUSAN SUTTON, secretary, of Hillcrest at Homestead Homeowners Association, a Colorado non-profit corporation.

Witness my hand and official seal.

My commission expires: September 3, 1993



Kathleen R. Vigil
Notary Public: Kathleen R. Vigil
555-17th St., Ste. 1900
Denver, CO 80202

**AMENDMENT TO DECLARATION OF COVENANTS
FOR HILLCREST AT HOMESTEAD HOMEOWNERS ASSOCIATION**

This Amendment to Declaration, made on November ____, 1991, by the Hillcrest at Homestead Homeowners Association, a Colorado non-profit corporation ("Association").

WHEREAS, the Declaration of Covenants and Restrictions of Hillcrest at Homestead Homeowners Association, was recorded on February 6, 1986, in Book 4665 at Pages 584 - 623 under Reception No. 2629705 of the public records of the County of Arapahoe, State of Colorado ("Declaration");

WHEREAS, Article II, Section 2, Paragraph B provides that Sanford Homes, Inc., the Declarant of the Declaration, shall lose its enhanced voting powers at such time that 75% of the lots covered by the Declaration have been transferred, and at such time the Association shall have the power to amend the Declaration;

WHEREAS, 75% of the lots covered by the Declaration have been transferred, and therefore pursuant to Article XVI, Section 6, the Association has the right to amend the Declaration upon the affirmative vote of 67% of its members; and

WHEREAS, 67% of the members of the Association approved the following amendment to the Declaration at a meeting duly noticed and held on November 14, 1991.

NOW, THEREFORE, BE IT RESOLVED, that Article XII, Section 1, Paragraph A of the Declaration is hereby amended as follows:

No Living Unit shall be erected on any part of the Properties containing less than 1,400 square feet of principal living area, said living area to be fully enclosed. Porches, terraces, basements and garages shall not be construed as a living area. No outhouse of any kind, tent, shed or trailer, or any other temporary dwelling, shall be erected or maintained on any Lot or be used for living purposes, nor shall any Garage be converted to or used for dwelling purposes. Construction materials, designs and workmanship shall be compatible and consistent with existing construction on the Properties. Without limiting the generality of the foregoing, each Living Unit shall have a masonry fireplace, full brick fireplace chimney, heavy cedar shake roof, exterior shutters, and a two-car garage. The exterior walls of each Living Unit shall be primarily brick in a manner, use, and style compatible and consistent with existing construction on the Properties. The highest exterior height of each Living Unit shall not be less than 22 feet, nor more than 31 feet. The Committee (as defined in Article XIII, Section 1) shall have the right to review all proposed building plans to ensure that such plans conform to the above requirements and the general character of the subdivision, and to ensure that other property values will not be adversely affected by the construction of the proposed building.

FURTHER RESOLVED, that Article XIII, Section 1 of the Declaration is hereby amended as follows:

Section 1. Design Review Committee. The Design Review Committee ("the Committee") shall be appointed by the Board of Directors and shall consist of at least one Member. In the absence of any appointment to the Committee, the Board of Directors shall serve as and have all the powers of the Committee.

16-
Arapahoe County Clerk & Recorder, Tracy K. Baker

Reception #: B4032757

Recording Fee: \$16.00

Receipt #: 5192570

Pages Recorded: 3

Date Recorded: 2/24/2004 10:25:49 AM

**AFTER RECORDING, RETURN TO:**

Powers Phillips, P.C.
700 17th Street, Suite 1600
Denver, Colorado 80202

**LIMITED AMENDMENT
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
HILLCREST AT HOMESTEAD HOMEOWNERS ASSOCIATION**

THIS LIMITED AMENDMENT TO THE DECLARATION is made on the date hereinafter set forth by the Hillcrest at Homestead Homeowners Association, a Colorado nonprofit corporation (the "Association").

RECITALS:

A. On February 6, 1986, Sanford Homes, Inc., a Colorado corporation (the "Declarant"), submitted the real property described therein to the Declaration of Covenants, Conditions and Restrictions for Hillcrest at Homestead Homeowners Association recorded in the real property records of Arapahoe County, Colorado, at Reception No. 2629705, Book 4665, Page 584 to its covenants, conditions and restrictions (the "Declaration").

B. On July 8, 1986, the Declarant submitted additional real property to the Declaration by recording of a Supplemental Declaration of Covenants for Hillcrest at Homestead Homeowners Association in the real property records of Arapahoe County, Colorado, at Reception No. 2691068, Book 4810, Page 163, which was re-recorded on September 18, 1986, at Reception No. 2725508, Book 4891, Page 154, to include Veterans Administration Approval.

C. On December 4, 1991, the Association amended the Declaration by recording an Amendment to Declaration of Covenants for Hillcrest at Homestead Homeowners Association in the real property records of Arapahoe County, Colorado, at Reception No. 09100012176, Book 6316, Page 312, amending Article XII, Section 1, Paragraph A and Article XIII, Section 1 of the Declaration;

D. On February 17, 1993, the Association amended the Declaration by recording an Amendment to Declaration of Covenants for Hillcrest at Homestead Homeowners Association in the real property records of Arapahoe County, Colorado, at Reception No. 09300018856, Book 6811, Page 197, amending Article XI, Section 1 of the Declaration.

E. Pursuant to the requirements set forth in Article XVI, Section 6 of the Declaration, the Association has the right to amend the Declaration upon the affirmative vote of members of the Association holding at least sixty-seven percent (67%) of the voting power of the

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Association present in person or by proxy at a duly constituted meeting of the members.

F. Members holding at least sixty-seven percent (67%) of the voting power of the Association present in person or by proxy at a duly constituted meeting of the members held on JANUARY 28, 2004, approved the following amendment.

NOW, THEREFORE:

1. Article XII, Section 1, Paragraph A of the Declaration is amended as follows:

The fifth sentence, which reads: "Without limiting the generality of the foregoing, each Living Unit shall have a masonry fireplace, full brick fireplace chimney, heavy cedar shake roof, exterior shutters, and a two-car garage."

is hereby amended to read: "Without limiting the generality of the foregoing, each Living Unit shall have a masonry fireplace, full brick fireplace chimney, exterior shutters, and a two-car garage."

2. This amendment is limited to Article XII, Section 1, Paragraph A of the Declaration as stated above. All other covenants, restrictions, and conditions contained in the Declaration remain in full force and effect unless otherwise amended by a separate amendment.
3. All challenges to the validity of this amendment must be made within one (1) year after the date of recording of this document. The covenants and restrictions of the Declaration shall run with and bind the property in perpetuity.

IN WITNESS WHEREOF, the undersigned, being the President and the Secretary of Hillcrest at Homestead Homeowners Association, hereby certify that the Association has obtained the favorable vote for this Amendment to the Declaration from at least sixty-seven percent (67%) of the voting power of the Association present in person or by proxy at a duly constituted meeting of the members held on JANUARY 28, 2004, as evidenced by written ballots filed with the records of the Association.

HILLCREST AT HOMESTEAD HOMEOWNERS ASSOCIATION

By: _____

President

ATTEST:

Secretary

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STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

The foregoing Amendment to the Declaration was acknowledged before me by Joe Bolton, as President and by MIKE Chestnut, as Secretary, of Hillcrest at Homestead Homeowners Association, a Colorado nonprofit corporation, on this 12 day of Feb., 2004.

Kevin Hayter
Notary Public

My commission expires: 9-22-2007