

**THIRD AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
SORREL RANCH
CITY OF AURORA, COUNTY OF ARAPAHOE, STATE OF COLORADO**

THIS THIRD AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR SORREL RANCH, CITY OF AURORA, COUNTY OF ARAPAHOE, STATE OF COLORADO is made on the date hereinafter set forth by the Sorrel Ranch Homeowners Association, Inc., a Colorado nonprofit corporation.

RECITALS:

A. On October 14, 2003, GMAC Model Home Finance, Inc., a Virginia corporation, (“Declarant”), submitted the real property described on Exhibit A thereto to the Declaration of Covenants, Conditions, and Restrictions for Sorrel Ranch, City of Aurora, County of Arapahoe, State of Colorado recorded in the real property records of Arapahoe County, Colorado, at Reception No. B3224972 (the “Original Declaration”). The Original Declaration, as it has and may in the future be amended and supplemented, is hereinafter referred to as the “Declaration.”

B. Pursuant to Article 11, Section 11.3 of the Declaration and the Colorado Revised Statutes 38-33.3-217(1)(a)(I), at least sixty-seven percent (67%) of the votes in the Association have approved the following amendment to the Declaration:

1. Article 2, Definitions, the following terms are hereby deleted or amended as stated:

“Base Assessment” - deleted

“Budget” - deleted

“First Mortgagee” - deleted

“Habitable Dwelling” - deleted

“Initial Assessment” - deleted

“Special Assessment”: assessments levied in accordance with Section 8.5 of this Declaration.

“Specific Assessment”: assessments levied in accordance with Section 8.6 of this Declaration.

2. Article 8, Sections 8.1 through 8.19 are hereby deleted in their entirety and replaced by the following:

Section 8.1 Creation of Association Lien and Personal Obligation to Pay Common Expense Assessments.

(a) The Association annual Common Assessments and such other assessments as imposed by the Association, including fees, charges, late charges, attorney fees, fines and interest charged by the Association, shall be a charge on each Lot and shall be a continuing lien

upon the Lot against which each such assessment or charge is made. If any assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment becomes due.

(b) Each Lot, and each Lot Owner, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association annual Common Assessments and such other assessments as imposed by the Association.

(c) Such assessments, including fees, charges, late charges, attorney fees, fines and interest charged by the Association shall be the personal obligation of the Lot Owner of such Lot at the time when the assessment or other charges became or fell due. The personal obligation to pay any past due sums due the Association shall not pass to a successor in title unless expressly assumed by them.

(d) No Lot Owner may become exempt from liability for payment of the Common Expense Assessments by waiver of the use or enjoyment of the Common Areas or by abandonment of the Lot against which the Common Expense Assessments are made.

(e) All assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted by any reason including, without limitation, any claim that the Association or the Board of Directors is not properly exercising its duties and powers under this Declaration.

Section 8.2 Levy of Annual Assessments.

(a) The Common Assessment may be made on an annual basis against all Lots and shall be based upon the Association's advance budget of the cash requirements needed by it to provide for the administration and performance of its duties during such assessment year as adopted by the Board.

(b) Within thirty (30) days after the Board of Directors's adoption of the proposed budget, the Board must mail or deliver a summary of the proposed budget to those entitled to vote and set a date for a special or annual meeting at which to consider ratification of the proposed budget.

(c) Notice for the meeting at which the budget will be considered must be mailed not less than fourteen (14) days nor more than sixty (60) days before the meeting.

(d) At the meeting for the budget, unless a majority of all Members reject the proposed budget, the proposed budget is ratified and becomes the approved budget of the Association.

(e) A quorum is not required at a budget meeting, but an annual meeting does require a quorum if other business is to be conducted.

(f) In the event the proposed budget is rejected by a majority of the Members entitled to vote on such proposed budget, the budget last ratified is continued until such time as a subsequent budget proposed by the Board of Directors is ratified.

(g) Common Assessments shall be due and payable in monthly, quarterly, or annual installments, or in any other manner, as determined by the Board of Directors.

(h) The omission or failure of the Board of Directors to levy the assessment for any period shall not be deemed a waiver, modification or a release of the Lot Owners from their obligation to pay.

Section 8.3 Apportionment of Common Expenses. Except as otherwise provided in this Declaration, all assessments for Common Expenses shall be assessed against all Lots among the Lot Owners equally.

Section 8.4 Surplus Funds. Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of or provision for reserves shall be retained by the Association as unallocated reserves and need not be paid to the Owners or credited to them to reduce their future Common Assessments.

Section 8.5 Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment 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 the Common Areas, including fixtures and personal property related thereto, or for any other purpose deemed necessary and appropriate by the Board of Directors, based upon a budget. The budget shall be adopted pursuant to Section 8.2 above.

Section 8.6 Specific or Default Assessments. All monetary fines assessed against an Owner pursuant to the Governing Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Governing Documents shall be a Default Assessment and shall become a lien against such Owner's Lot which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least thirty (30) days prior to the due date.

Section 8.7 Working Capital. At the time of the sale of each Lot to the first Owner thereof by the Declarant or any Limited Declarant, the Owner purchasing the Lot shall pay an amount equal to two-thirds (2/3) of the quarterly Common Assessment for such Lot as a contribution to the Association's working capital. Such contribution to the Association's working capital shall be nonrefundable and may be deposited into the Association's operating or reserve accounts as

determined by the Board of Directors to be in the best interest of the Association.

Section 8.8 Common Expenses Attributable to Fewer than All Lots. Any Common Expense incurred at the request of a Lot Owner or benefitting fewer than all Lots may be assessed against those Lots benefitted.

Section 8.9 Effect of Non-Payment of Assessments.

(a) Any assessment, charge or fee provided for in this Declaration, or any monthly or other installment, which is not fully paid within ten (10) days after the due date, as established by the Board of Directors, shall bear interest at the rate established by the Board of Directors, on a per annum basis from the due date, and the Association may assess a reasonable late charge as determined by the Board of Directors.

(b) Failure to make payment within sixty (60) days of the due date shall cause the total amount of such Lot Owner's Common Expense Assessment for the remainder of that fiscal year to become immediately due and payable at the option of the Board.

(c) The Association may bring an action at law or in equity, or both, against any Lot Owner personally obligated to pay such overdue assessments, charges or fees, or monthly or other installments thereof, and may also proceed to foreclose its lien against such Lot Owner's Lot. An action at law or in equity by the Association against a Lot Owner to recover a money judgment for unpaid assessments, charges or fees, or monthly or other installments, may be commenced and pursued by the Association without foreclosing, or in any way waiving, the Association's lien.

(d) Foreclosure or attempted foreclosure by the Association of its lien shall not preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessment, charges or fees, or monthly or other installments, which are not fully paid when due.

(e) If a foreclosure action is filed to foreclose any assessment lien, and a Lot Owner abandons or leaves vacant his or her Lot, the Board may take possession and rent the Lot or apply for the appointment of a receiver for the Lot without prior notice to the Lot Owner.

(f) The rights of the Association shall be expressly subordinate to the rights of any holder of a first lien security interest as set forth in its deed of trust or mortgage (including any assignment of rents), to the extent permitted under the Act.

(g) The Association shall have the power and right to bid on or purchase any Lot at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, convey or otherwise deal with the same.

Section 8.10 Application of Payments. All payments received on an account of any Owner or the Owner's Lot shall be applied in the following order:

- (a) any and all legal fees and costs (including attorney fees);
- (b) expenses of enforcement and collection;
- (c) interest, late fees, returned check fees, fines, and other charges;
- (d) Assessments.

Section 8.11 Lien Priority.

(a) The lien of the Association under this Section is prior to all other liens and encumbrances on a Lot except:

- 1) liens and encumbrances recorded before the recordation of the Declaration;
- 2) a first lien security interest on the Lot (except as allowed by the Act with regard to the limited lien priority allowed to the Association); and
- 3) liens for real estate taxes and other governmental assessments or charges against the Lot.

(b) This Section does not affect the priority of mechanics' or materialmen's liens.

(c) The lien of the Association under this Article is not subject to the provision of any homestead exemption as allowed under state or federal law.

(d) Sale or transfer of any Lot shall not affect the lien for assessments or charges except that sale or transfer of any Lot pursuant to foreclosure of any first lien security interest, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture, shall only extinguish the lien of assessment charges as provided by applicable state law. No such sale, transfer, foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, nor cancellation or forfeiture, shall relieve any Lot from continuing liability for any assessment charges thereafter becoming due, nor from the lien thereof.

Section 8.12 Owner's Negligence or Misconduct.

(a) In the event that the need for Maintenance, Repair, or Replacement of the Property, or any portion thereof for which the Association has a duty to insure, Repair, Maintain or Replace is caused through or by the negligent or willful act or omission or misconduct of an Owner, or the Owner's agents, employees, guests, customers, or invitees, then the expenses, costs, and fees incurred by the Association for such Maintenance, Repair, or Replacement shall be a personal obligation of such Owner.

(b) If such expenses costs and fees incurred by the Association are not repaid

to the Association within ten (10) days after the Association shall have given notice to the Owner of such expenses, costs, and fees, then the failure to so repay shall be a default by the Owner under the provisions of this Declaration.

(c) Such expenses, costs, and fees shall automatically become a Default Assessment determined and levied against such Lot, and the Association may proceed in accordance with the applicable provisions of this Article.

3. This amendment is limited to those provisions as stated above. All other covenants, restrictions, and conditions contained in the Declaration and on the Map remain in full force and effect unless otherwise amended by a separate amendment.
4. 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 of the Sorrel Ranch Homeowners Association, Inc., hereby certifies that the Association has obtained approval for this Third Amendment to the Declaration as stated above and as evidenced by written consents and documents maintained in the records of the Association.

Dated April 25th, 2013.

SORREL RANCH HOMEOWNERS ASSOCIATION, INC.

STATE OF Colorado

By: Reese Van Allen
President

COUNTY OF Arapahoe

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The foregoing Third Amendment to Declaration was acknowledged before me by Reese Van Allen, as President of the Sorrel Ranch Homeowners Association, Inc., a Colorado nonprofit corporation, on this 26th day of April, 2013.

Anna P
Notary Public

My commission expires: 12/21/16

