

**CONDOMINIUM DECLARATION
FOR
SOUTH PEARL COMMONS CONDOMINIUMS**

THIS DECLARATION is made as of the ____ day of _____, 2003, by the South Pearl Commons Condominiums, a nonprofit corporation whose address is 969 South Pearl Street, Denver, Colorado, 80209 ("Declarant").

RECITALS

Declarant is the owner of certain real property located in the City and County of Denver, Colorado, commonly known as 969 South Pearl Street and more particularly described as Lots 29 through 33, inclusive, Block 15, LINCOLN SUBDIVISION (the "Property"). Declarant wishes to establish a condominium on the Property to be known as South Pearl Commons Condominiums Condominium (the "Condominium"), in which the Property will be divided into condominium units for separate ownership, and has executed this Declaration to set forth the terms and conditions of such condominium ownership.

DECLARATION

1. Definitions. Certain capitalized terms are used regularly in this Declaration, and are defined as set forth below or elsewhere in the text.

(a) "Assessments" refers generally to expenditures for Condominium purposes which are allocated among the Units for payment as provided in this Declaration.

(b) "Association" shall mean South Pearl Commons Condominiums Owners Association, Inc., a non-profit corporation which Declarant has caused to be incorporated under the laws of the State of Colorado for the purpose of assuming and exercising certain functions relating to the Condominium as set forth below.

(c) "Bylaws" shall mean the bylaws of the Association.

(d) "Common Elements" refers generally to all those portions of the Condominium which are not contained in living spaces.

(e) "Common Expenses" shall generally mean all expenses which relate to the Common Elements and the management of the Condominium.

(f) "Covenants" shall mean the easements, restrictions, covenants and conditions set forth in this Declaration.

(g) "Executive Board" shall mean the Board of Directors of the Association.

(h) "Mortgage" refers generally to any lien against a Unit for the benefit of a third party.

(i) "Mortgagee" refers generally to any party which holds a lien against any Unit.

(j) "Owner" refers generally to any individual or entity which holds title to any Unit in the Condominium.

(k) "Unit" refers generally to any living space in the Condominium which is created by the recorded condominium plat of the Property.

2. Submission to Declaration. In order to protect the value and desirability of the Condominium, Declarant hereby declares that the Property and every part thereof shall hereafter be held, sold and conveyed subject to the Covenants, subject to planning and zoning restrictions and to the easements and other matters set forth on Exhibit A attached hereto and to any easements or licenses granted by Declarant pursuant to paragraph 6 below. The Covenants shall run with the Property, and shall be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, legal representatives, successors and assigns, and shall inure to the benefit of each Owner thereof. To the extent required by law, the Condominium is also subject to the provisions of the Colorado Common Interest Ownership Act (C.R.S §§ 38-33.3-101 *et seq.*) as currently in effect or as it may be amended, and the provisions of such Act shall control (to the extent so required) in the event of any conflict with the provisions of this Declaration.

3. The Association.

(a) The business affairs of the Condominium shall be managed by the Association. The Association shall have all of the powers, authority and duties permitted under the Act which are necessary and proper to manage the business and affairs of the Condominium, and shall be governed by its Bylaws; provided, however, that Declarant reserves to itself the power to appoint and remove officers and members of the Executive Board so long as Declarant owns any of the four Units.

(b) The Association shall provide prompt written notice (in such form as may be reasonably determined by the officers of the Association) of all matters which affect the Condominium in any material way.

(c) Each Owner shall have one vote in the Association for each Unit he or she owns, except that the Owners of any Unit owned jointly or in common by more than one person shall collectively have one vote in the Association for that Unit.

(d) The Association shall have the right to assign its future income, including Assessments, for purposes relating to the business and affairs of the Condominium, but such right may be exercised only if, at a meeting called for the purpose of considering such assignment, the Unit Owners of Units to which at least 51% of the votes in the Association are allocated vote in favor of the proposed assignment, and even then only to the extent that the income of the Association proposed to be assigned is not needed for payment of known expenses or to fund necessary reserve accounts.

(e) The Association shall have the right to enter upon any Unit (including any limited common elements) to effect emergency repairs and, in accordance with the Bylaws, to effect other repairs, replacement or maintenance that the Association deems necessary.

(f) The Association shall have the right, in accordance with the Bylaws, to take any action in regard to the common elements which is reasonably necessary to the development and continuing operation of the Condominium.

(g) The Association and any aggrieved Unit Owner shall have a right of action against any Unit Owner who fails to comply with the provisions of this Declaration, the Bylaws or any determination or order of the Association made in accordance with the Bylaws. Each Unit Owner shall have a similar right to act against the Association in the event that it fails to comply with the provisions of this Declaration, the Bylaws or any other governing document.

4. Units; Limited Common Elements.

(a) There are twenty-three (23) Units in the Condominium, as identified on the Condominium Plat (the "Plat") recorded _____, 2000, in Book _____ commencing at Page _____ of the real property records of the City and County of Denver, Colorado (the "Real Property Records"). Each Unit has been allocated a 4.347826% undivided interest in the Common Elements.

(b) Each deed, lease, mortgage or other instrument transferring or otherwise affecting title to any Unit shall legally describe such Unit as follows:

Unit ____, SOUTH PEARL COMMONS CONDOMINIUMS CONDOMINIUM, according to the Condominium Plat recorded on _____, 2000, in Plat Book _____ at Pages _____, and the Declaration recorded on _____ 2000, under Reception No.

_____, in the real property records of the City and County of Denver, Colorado.

Such a reference automatically includes membership in the Association and the undivided interest of the designated Unit in the Common Elements described in subparagraph (a) above. Any purported conveyance, encumbrance, judicial sale or other voluntary or involuntary transfer of membership in the Association or of an undivided interest in the Common Elements independent of the Unit to which such membership and interest is allocated is void.

(c) Each Unit shall be a legally distinct parcel separately assessed for the purpose of *ad valorem* and other real property taxation, and the County Assessor of the City and County of Denver is hereby directed to assess each Unit separately for that purpose.

(d) There shall be appurtenant to each Unit a perpetual right and easement for ingress and egress over the Common Elements to and from such Unit.

(e) In the event any portion of the Common Elements encroaches upon any Unit, or any Unit encroaches upon the Common Elements or another Unit as a result of the construction, reconstruction, repair, shifting, settlement, or movement of any portion of any improvements, and provided that such encroachment does not materially interfere with the use and enjoyment of any affected Unit or Common Elements, there shall be an easement for the existence and maintenance of the encroachment for so long as the encroachment exists. In no event shall any such easement exist, however, for any encroachment existing due to the willful conduct of any Owner or tenant of a Unit.

(f) No Unit may be partitioned or subdivided into two or more Units.

(g) There shall be no right of first refusal or any similar restriction on the conveyance of any Unit. A Unit may be leased, provided that (i) each such lease shall be in writing and for an initial term of at least six months, and (ii) the Unit Owner shall promptly provide to the Association a copy of the executed lease accompanied by a written certification that the tenant has received a copy of this Declaration.

(h) The boundaries of each Unit are shown on the Plat, and shall include the walls, floors and ceilings, any garage or carport attached to the Unit, the heating and hot water apparatus exclusively serving the Unit, and any air conditioning apparatus exclusively serving the Unit, whether or not located within the physical boundaries of the Unit, and any other areas or equipment designated as limited common elements on the Plat or reserved for the exclusive use of one or more but fewer than all of the Units. The Unit Owner shall be responsible for the cost of maintaining all limited common elements appurtenant to his or her Unit and

all facilities and equipment which supply utilities to the Unit exclusively (including without limitation fixtures such as plumbing, heating units, water heaters and air conditioning ducts), and all such maintenance shall be performed so as necessary, and in the manner necessary, to avoid damage to other Units or any Common Elements.

(i) Declarant reserves the right to allocate identified vehicle parking spaces located on the Property as shown on the Plat for the exclusive use of the Owners of particular Units. Such allocation may be made (i) in the deed to the Unit to which such Limited Common Element shall be appurtenant, (ii) by making such an allocation in a separate written instrument which may be recorded, or (iii) by recording an appropriate amendment or supplement to this Declaration. When Declarant no longer has any right to appoint the Executive Board, Declarant's right of allocation under this subparagraph (i) shall pass from the Declarant to the Executive Board.

5. Assessments.

(a) The Association, through its Executive Board, may levy Assessments against the Units for the purpose of promoting the health, safety and welfare of the residents of the Condominium, including without limitation maintenance and insurance of Common Elements, maintaining an adequate reserve fund for the periodic maintenance, repair and replacement of Common Elements.

(b) Commencing on the first day of the month in which conveyance of the first Unit to a Unit Owner other than Declarant occurs, Assessments shall be levied annually, based upon the Association's advance budget of its cash requirements for administration and performance of its duties during the assessment year.

(c) Common Expenses shall be assessed equally against all Units.

(d) Assessments shall be collected annually or in more frequent installments, as determined by the Executive Board. Any assessment, charge or fee provided for in this Declaration, or any monthly or other installment which is not fully paid within ten days after the due date shall bear interest at the rate determined by the Executive Board from time to time, and the Association may assess a late charge thereon.

(e) Declarant shall require the first Owner of each Unit (other than Declarant) to make a non-refundable payment to the Association in an amount equal to one-sixth of the annual Common Expense Assessment against that Unit in effect on the date of such Owner's acquisition of title to his Unit. All such payments shall be held by the Association, without interest, as a working fund for the use and benefit of the Association (the "Working Fund"). Payments by an Owner to the Working Fund pursuant to this subparagraph (e) shall not relieve

such Owner from the obligation to make regular payments of Assessments as they become due. Upon the transfer of a Unit, an Owner shall be entitled to a credit from the transferee equal to the Unit's proportionate share of the balance of the Working Fund at the time of the transfer.

(f) Declarant, for each Unit, hereby covenants and agrees, and each Unit Owner by acceptance of a deed therefor shall be deemed to covenant and agree (whether or not so expressed in such deed), to pay all Assessments imposed against a Unit in accordance with this Declaration. Such assessments, including fees, late charges, attorney fees, fines, interest and other charges, shall be the personal obligation of the Unit Owner at the time when the assessment or other charges became due. The personal obligation to pay any past-due amounts owed to the Association shall not pass to any successor in title of such Unit Owner unless expressly assumed by such successor.

(g) Assessments shall be a continuing lien upon the Unit against which each such Assessment is made (an "Assessment Lien"). An Assessment Lien shall be prior to all other liens and encumbrances against a Unit except the following ("Priority Liens"): (i) liens and encumbrances recorded prior to the recording of this Declaration, (ii) a first lien Security Interest in the Unit recorded before the date on which the Assessment sought to be enforced became delinquent, and (iii) liens for real estate taxes and other governmental assessments or charges against the Unit. Sale or transfer of a Unit pursuant to foreclosure of any Priority Lien, or proceeding or deed in lieu of foreclosure or cancellation or forfeiture, shall extinguish the Assessment Lien for Assessments which became payable prior to such sale or transfer, but shall not relieve any Unit from continuing liability for Assessments thereafter becoming due, nor from the lien thereof.

(h) The existence of an Assessment Lien shall not preclude the Association from commencing any action to recover delinquent assessments or from accepting a deed in lieu of foreclosure of the Assessment Lien. The Association may bring an action at law or in equity, or both, against any Owner personally obligated to pay such overdue assessments, charges or fees, or monthly or other installments thereof, without foreclosing, or in any way waiving, the Assessment Lien. The Association may also proceed to foreclose its lien against such Owner's Unit at the same time or subsequently.

6. Special Declarant Rights. Declarant hereby reserves the following Development Rights and other Special Declarant Rights [including the right to transfer such rights in accordance with the Act] for the maximum time permitted by the Act, unless sooner relinquished by a recorded instrument signed by Declarant: (i) the right to complete or make improvements indicated on the Plat; (ii) the right to maintain a sales/management office in a Unit; (iii) the right to maintain signs on the Common Elements advertising the Condominium; (iv) the right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary for the purpose

of discharging Declarant's obligations under this Declaration or the Act; and (v) the right to appoint or remove any officer of the Association or any Director consistent with the Act. In any event, however, such reservation of rights shall terminate five years after the first transfer of a Unit to an Owner other than Declarant or 120 days after at least 75% of the Units have been conveyed to Owners other than Declarant, whichever is earlier.

7. Use Restrictions.

(a) The Units shall be used primarily for residential purposes. All provisions of this Declaration, and any rules, regulations or use restrictions promulgated by the Association hereunder to regulate the conduct of Owners and which provide for sanctions against Owners shall also apply to tenants and other occupants of any Unit.

(b) Without the prior written approval of the Executive Board, which may be withheld for any reason, no owner or occupant of any Unit shall: (i) make any structural alterations to a Unit or to any Common Elements, (ii) make any alteration in the water, gas or steam pipes, electric conduits, plumbing or other fixtures serving either, or (iii) make any changes or alterations of any type or kind to the exterior surfaces of the doors or windows of a Unit or to any Common Elements (including, without limitation, the exterior portions of the Unit).

(c) No sign of any kind shall be erected by an Owner (other than Declarant) on the Property without the written consent of the Association.

(d) No animals, livestock or poultry of any kind may be raised, bred, kept or permitted in any Unit, with the exception of dogs, cats and other usual and common household pets in a reasonable number, as determined by the Association; however, those pets which are maintained for any commercial purpose, permitted to roam free, or, in the judgment of the Association, endanger health, make objectionable noise, or constitute a nuisance or inconvenience to Owners or occupants of other Units may be removed by the Association at the expense of the Owner of the Unit concerned.

(e) It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly or unkempt condition on or about such Owner's Unit. No Unit shall be used, in whole or in part, for the storage of any property or thing which will cause such Unit to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing or material be kept at any Unit that might emit foul or obnoxious odors or cause any unreasonable noise or other condition which might disturb the peace of the occupants of other Units. No activity shall be carried on at any Unit which might constitute a nuisance to adjoining Units. There shall not be maintained at any Unit any plants or animals or device or thing of any sort which is noxious, uncommonly dangerous, unsightly or unpleasant to the occupants of the Condominium.

(f) No exterior television or radio antennae or any kind shall be placed, allowed or maintained at any Unit without the prior written consent of the Association.

(g) The Association may from time to time, in accordance with the Bylaws, promulgate additional restrictions, rules or regulations which shall apply to the Property and shall be binding upon all Owners as though fully set forth herein.

8. Insurance.

(a) The Association shall obtain insurance for all insurable improvements on the Common Elements (including Limited Common Elements), on the building comprising the Units and on all fixtures, equipment or other property within the Units which are to be financed by a mortgage to be purchased by the Federal Home Loan Mortgage Corporation ("FHLMC") or the Federal National Mortgage Association ("FNMA") (regardless of whether or not such property is a part of the Common Elements). This insurance shall cover loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. The Association shall also obtain comprehensive general liability insurance applicable to all of the Common Elements, with reasonable limits from time to time, covering the Association and all Owners for all damage and injury caused by the negligence of the Association or any of its members or agents; directors' and officers' liability insurance, if reasonably available; and all other insurance coverage required by law. Premiums for all such insurance shall be common expenses of the Association. All such insurance coverage shall be written in the name of the Association as trustee for the Owners and their Mortgagees, as their interests may appear. All policies shall be written with companies licensed to do business in Colorado and holding a rating of XI or better in the Financial Category as established by A.M. Best Company, Inc., if available, or the most nearly equivalent rating.

(b) In no event shall the Association's insurance coverage be brought into contribution with insurance purchased by individual Owners, occupants or their Mortgagees, and the insurance carried by the Association shall be primary. All casualty insurance policies shall have an inflation guard endorsement and an agreed amount endorsement, if these are reasonably available, and all insurance policies shall be reviewed annually by one or more qualified persons, as least one of whom must be in the real estate industry and familiar with construction in the Denver metropolitan area.

(c) The Association shall make every reasonable effort to secure insurance policies that will provide the following:

(i) a waiver of subrogation by the insurer as to any claims against the Association, its Board of Directors, its manager, the Owners and their respective tenants, servants, agents and guests;

(ii) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

(iii) that no policy may be canceled, invalidated or suspended on account of any or more individual Owners;

(iv) that no policy may be canceled, invalidated or suspended on account of any defect or the conduct of any director, officer or employee of the Association or any duly authorized manager without prior demand in writing delivered to the Association to cure the defect or to cease the conduct and the allowance of a reasonable time thereafter within which a cure may be effected by the Association, its manager, any Owner or Mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Owner's policies from consideration; and

(vi) that no policy may be canceled or substantially modified without at least ten days' prior written notice to the Association.

(d) The Association (with power of substitution) is hereby designated and appointed by each Unit Owner as attorney-in-fact for the purpose of purchasing and maintaining all insurance required under this paragraph, including collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary or appropriate to accomplish such purpose.

9. Casualty.

(a) Immediately after the occurrence of any fire or other casualty to any insured improvements to the Condominium, the Association shall proceed to file and adjust all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property to substantially the same condition as existed prior to the casualty. Any Mortgagee having an interest in a casualty may participate in adjustment and settlement negotiations, if any, related thereto. The Association shall hold all insurance proceeds in trust for the Unit Owners and first Mortgagees, as their interests may appear.

(b) Any damage or destruction to a building comprising Units shall be repaired unless all the Owners of the Units in such building agree otherwise, and any damage or destruction to Common Elements shall be repaired unless, within 60 days after the casualty, Declarant (so long as Declarant owns any Unit) and at least 75% of the other Owners disapprove such action by vote or in writing. If for any reason either the amount of the insurance proceeds to be paid as a result of

such casualty, or reliable and detailed estimates of the cost of repair, or both, are not made available to the Association within such period, then the period shall be extended for up to 60 days until the information is available. No Mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired. In the event that the Association determines, in the manner described above, that damage or destruction will not be repaired and no alternative improvements are authorized, the affected property will be restored to its natural state and maintained by the Association in a neat and attractive condition.

(c) As used in this paragraph 9, repair means restoring all improvements to substantially their condition prior to the damage, with each Unit (including limited common elements) and the Common Elements having substantially the same vertical and horizontal boundaries as before the damage. The approval of an Eligible Holder Majority (as defined in subparagraph 12(c) below) shall be required if the Association proposes to restore or repair any such casualty damage otherwise than substantially in accordance with the original plans and specifications for the affected improvements, or if the Association proposes to reallocate interests in the Common Elements among the Units as a result of any plan for repair or restoration.

(d) If the damage or destruction for which the insurance proceeds are paid is to be repaired and such proceeds are not sufficient to pay the cost of repair in full, the Association shall, without the necessity of a vote by its members, levy a special assessment against all the Units (in the case of casualty to Common Elements). Additional assessments may be made in like manner at any time during or following the completion of the repair work. If the funds available from insurance exceed the costs of repair, or if the insured improvements are not repaired, the excess shall be deposited to the benefit of the Association or the affected Owners and Mortgagees, as their interests may appear.

10. Condemnation.

(a) The Association shall give timely written notice to each first Mortgagee of the commencement of any condemnation or eminent domain proceedings and shall notify the first Mortgagees in the event that all or part of the Common Elements are taken as the result of any such proceedings. The Association (with power of substitution) is hereby designated and appointed by each Unit Owner as attorney-in-fact for the purpose of representing the Unit Owners in any such proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of any Common Elements by the condemning authority. Any award or proceeds of settlement shall be payable to the Association to be held in trust for the Unit Owners and the holders of their first Mortgages, as their interests may appear.

(b) If the entire Condominium is taken or condemned, or sold or otherwise disposed of in lieu of such taking, condominium ownership of the Property pursuant to this Declaration shall terminate. The condemnation award shall be apportioned among the Owners in proportion to their respective undivided interests in the Common Elements; provided, however, that if a standard different than the value of the Condominium as a whole is employed to measure the condemnation award in the negotiation, judicial decree or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable.

(c) If less than the entire Condominium is taken or condemned, or sold or otherwise disposed of in lieu of such taking, the condominium ownership of the Property pursuant to this Declaration shall not terminate. Each Owner shall be entitled to a share of the condemnation award, determined by the Association reasonably, promptly and in good faith, in accordance with this subparagraph (c). The net condemnation award shall be divided into three categories: compensation, damages and other proceeds. Unless another allocation is already established in negotiation, judicial decree or otherwise, the total amount allocated to taking of or injury to the Common Elements shall be apportioned among the Owners in proportion to their respective undivided interests therein; the total amount allocated to severance damages shall be apportioned to those Units which were not taken or condemned; and any amounts allocated to the taking of or injury to particular Units (including limited common elements appurtenant thereto) shall be distributed to the Owner of the particular Units involved. Any amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association shall determine to be reasonable under the circumstances. Any distribution of condemnation proceeds by the Association shall be made by checks payable jointly to the Owners and their first Mortgagees.

(d) If condemnation by any governmental authority results in the taking of any building containing Units, the Owners of the Units in the affected building shall, in cooperation with the Association, decide how the building shall be reconstructed and how the cost of such reconstruction shall be allocated among them. Such Owners may petition the court in the condemnation proceeding for a separate award to cover the cost of reconstruction. The approval of an Eligible Holder Majority (as defined in subparagraph 12(c) below) shall be required if the Association proposes to restore or repair any such condemnation damage otherwise than substantially in accordance with the original plans and specifications for the affected improvements, or if the Association proposes to reallocate interests in the Common Elements among the Units as a result of any plan for repair or restoration.

(e) In the event a partial taking results in the taking of one or more complete Units, the Owner or Owners of such Units shall automatically cease to be members of the Association, and such Owners' interests in the Common Elements

shall thereupon terminate. Thereafter, the Association shall recalculate each remaining Unit's undivided interest in the Common Elements and submit such reallocation to the Owners of the remaining Units to be incorporated into an amendment to this Declaration in accordance with the provisions of paragraph 15 below.

11. Obsolescence.

(a) The Owners representing an aggregate ownership interest of at least 75% in the Common Elements may agree that the Units are obsolete and should be sold in accordance with a plan approved by all first Mortgagees. In that event, the Association shall record a notice of such agreement in the Real Property Records, and thereafter the Association shall, as attorney-in-fact for all of the Owners, sell the entire Condominium free and clear of this Declaration, the Plat, and all other rights and interests of the Owners and the Association. The proceeds of such sale shall be apportioned among the Owners based on their respective undivided interests in the Common Elements. The apportioned proceeds shall be paid into separate accounts in the name of the Association, identified by the designation of the Unit and the name of its Owner, and shall be disbursed by the Association in the following order (the "Order of Priority"): (i) to pay the balance of the lien of any first Mortgage; (ii) to pay taxes and special assessments in favor of any assessing entity; (iii) to pay unpaid Common Expenses; (iv) to pay junior Mortgages and encumbrances in the order of and to the extent of their priority; and (v) the balance remaining, if any, shall be paid to the Owner of the Unit.

(b) The Owners representing an aggregate ownership interest of at least 75% in the Common Elements may agree that the Units are obsolete and should be reconstructed in accordance with a plan approved by all first Mortgagees (the "Renewal Plan"). If a Renewal Plan is so agreed to and approved, the Association shall record notice of the plan in the Real Property Records. Any Owner who is not a party to the Renewal Plan may, not later than 15 days after the adoption of such plan (the "Tender Deadline"), notify the Association in writing that he will tender his Unit for sale to the Association for its fair market value if the Renewal Plan is continued. The Association may, within 15 days after the Tender Deadline, withdraw the Renewal Plan.

(c) If the Renewal Plan is not withdrawn by the Association as provided above, the Association shall purchase the Unit of any Owner who timely submitted a written notice of tender, and the proceeds of such sale shall be paid in the Order of Priority. If an Owner and the Association can agree on the fair market value of the Unit involved, then such sale shall be consummated within 30 days after such agreement. If such parties are unable to agree, each party shall name a qualified appraiser who shall together name a third appraiser. The panel of three appraisers shall, by majority determination, establish the fair market value of the Unit as promptly as possible, and the sale of the Unit shall be consummated within 30 days

after the date of such determination. The expenses and fees of the three appraisers shall be shared equally by the Association and the Owner involved.

12. Mortgagee Provisions.

(a) Any institutional holder, insurer or guarantor of a first Mortgage which submits to the Association a written request stating its name and address and the address of an encumbered Unit (an "Eligible Holder") shall be entitled to timely written notice of:

(i) any amendment of the Plat or this Declaration effecting any change in (A) the boundaries of any Unit or the exclusive easement rights appurtenant thereto, (B) the interests in any Common Elements appurtenant to any Unit or the liability for Common Expenses appurtenant thereto, (C) the number of votes in the Association appurtenant to any Unit, or (D) the purposes to which any Unit or the Common Elements are restricted;

(ii) any termination of the condominium regime of the Condominium;

(iii) any condemnation loss or any casualty loss which affects a material portion of the Condominium or which affects the Unit encumbered by the first Mortgage held, insured, or guaranteed by the Eligible Holder:

(iv) any delinquency in the payment of assessments or charges assessed against the Unit encumbered by such first Mortgage, where such delinquency has continued for a period of 60 days or more;

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

(vi) any proposed action which would require the consent of a specified percentage of Mortgage holders.

Any holder of a first Mortgage, whether or not an Eligible Holder, may obtain from the Association upon request a written notice of any default in the payment or performance of any obligation assessed against or imposed upon an encumbered Unit which is not cured within 60 days.

(b) So long as required by FHLMC, the following provisions shall apply in addition to the foregoing. Unless two-thirds of the first Mortgagees and Owners (other than Declarant) give their consent, the Association shall not:

(i) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any Common Elements (the granting of easements for public utilities or similar purposes consistent with the

intended use of such property shall not be deemed a transfer within the meaning of this clause);

(ii) change the method of determining the obligations, assessments, dues or other charges which may be levied against any Unit;

(iii) by act or omission change, waive or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of the Condominium (the issuance and amendment of architectural standards, procedures, rules and regulations or use restrictions shall not constitute a change, waiver or abandonment within the meaning of this clause);

(iv) fail to maintain fire and extended coverage insurance as required by this Declaration; or

(v) use hazard insurance proceeds from damage to any Common Elements for any purpose other than the repair, replacement or reconstruction of the property insured.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Elements and may pay overdue premiums on casualty insurance policies, or secure new casualty insurance coverage upon the lapse of an Association policy, and the first Mortgagee or Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

(c) Any election to terminate the condominium regime after substantial destruction or a substantial taking in condemnation of Units or Common Elements shall require the approval of Eligible Holders of first Mortgages encumbering Units to which at least 51% of the votes of Units subject to Mortgages held by all Eligible Holders are allocated (an "Eligible Holder Majority").

(d) No provision of this Declaration gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of any Common Elements.

(d) Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering the Owner's Unit.

13. Amendment.

(a) This Declaration may be amended unilaterally by Declarant at any time and from time to time (i) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation or judicial determination which shall be in conflict herewith, (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any Unit, (iii) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, such as FHLMC or FNMA, to enable such lender or purchaser to make or purchase mortgage loans secured by the Units, or (iv) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans secured by the Units; provided, however, that in no event shall any such amendment adversely affect the title to any Owner's Unit without the consent of such Owner.

(b) Except as provided in paragraph 12 above or in subparagraphs (c) and (d) below, this Declaration may also be amended with the affirmative vote or written consent of Declarant (so long as Declarant owns any Unit) and at least 51% of the other members of the Association.

(c) Any action or amendment to this Declaration which would result in termination of the condominium regime of the Condominium shall require the affirmative vote or written consent of Owners of Units to which at least 67% of the votes in the Association are allocated and of the Eligible Holders of first Mortgages on Units to which at least 67% of the votes of Units subject to a Mortgage appertain.

(d) The affirmative vote or written consent of Owners of Units to which at least 67% of the votes in the Association are allocated and of an Eligible Holder Majority shall be required to amend any provisions included in this Declaration or the Bylaws which are for the express benefit of holders or insurers of first Mortgages on Units in the Condominium, or to add or materially amend any provisions of this Declaration or the Bylaws which establish, provide for, govern or regulate any of the following: (i) voting; (ii) assessments, assessment liens or subordination of such liens; (iii) reserves for maintenance, repair and replacement of Common Elements; (iv) insurance or fidelity bonds; (v) rights to use of the Common Elements; (vi) responsibility for maintenance and repair of the several portions of the Condominium; (vii) expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium (other than as provided in this Declaration); (viii) boundaries of any Unit; (ix) the undivided interests in Common Elements; (x) convertibility of Units into Common Elements, or of Common Elements into Units; (xi) leasing of Units; (xii) imposition of any right of first refusal or similar restriction on the right of a Unit

Owner to sell, transfer, or otherwise convey his or her Unit; and (xiii) establishment of self-management by the Association where professional management has been required by FNMA, FHLMC or any similar agency.

(e) All Mortgages of record which are subordinate to this Declaration, by reason of recording order, voluntary subordination or otherwise, shall also be subordinate to any amendment of this Declaration made in accordance with the provisions of this paragraph 13.

(f) Amendments to this Declaration shall become effective upon recordation in the Real Property Records, unless a later effective date is specified therein.

14. Miscellaneous Provisions.

(a) Each Owner and every occupant of a Unit shall comply strictly with the rules, regulations and use restrictions of the Association as they may be lawfully amended or modified from time to time, and with the covenants, conditions and restrictions set forth in this Declaration and in the deed to such Owner's Unit, if any. The Association may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure of an Owner or occupant to so comply shall be grounds for an action to recover sums due as damages or injunctive relief, or both, by the Association or, in a proper case, by an aggrieved Owner. Failure of the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter.

(b) In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon a Unit to abate or remove, using such force as may be reasonably necessary, any thing or condition which violates this Declaration or any rules or regulations promulgated by the Association hereunder. Unless an emergency situation exists, the Association shall give the violating Owner ten days' prior written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorney fees actually incurred, shall be assessed against the Unit concerned and shall be collected as provided for herein for the collection of Assessments.

(c) The provisions of this Declaration shall run with and bind the land and shall remain in effect perpetually.

(d) There shall be no partition of any Common Elements, and no Owner shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners and all Mortgagees having an interest in any Unit.

(e) The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and the feminine.

(f) Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any Person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

(g) Paragraph captions have been used herein only for convenience, and shall have no effect in the construction or application of the text to which they refer.

(h) If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until 21 years after the death of the last survivor of the now-living descendants of Elizabeth, Queen of England.

(i) This Declaration, the Bylaws, copies of rules and use restrictions and the membership roster, minutes, books of account, and the most recent annual financial statement of the Association shall be available for inspection and copying (at the expense of the inspecting party) by any Owner or prospective Owner (or his duly appointed representative) and by holders, insurers or guarantors of any existing or prospective first Mortgage at designated times during business hours for any legitimate purpose, at the office of the Association or at such other reasonable place that the Association may designate. An audit of the accounts of the Association shall be conducted annually in accordance with the Bylaws.

(j) In the event an Owner sells or leases a Unit, such Owner shall notify the Association in writing of the name of the purchaser or lessee and such other information as the Association may reasonably require.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of the date set forth above.

LS ASSOCIATES, LLC,
a Colorado limited liability company

By _____
Joseph F. Lambright, Member

STATE OF COLORADO)
)
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ____ day of _____, 2001, by Joseph F. Lambricht as Member of LS Associates, LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires:_____.

[S E A L]

Notary Public

Guaranty Bank and Trust Company, being the beneficiary of a certain deed of trust encumbering the Property recorded June 2, 1999, under Reception No. 9900096844 (the "Deed of Trust"), hereby consents to and approves the foregoing Condominium Declaration for Pearl Street Common Condominium, and agrees that no foreclosure of the Deed of Trust shall disturb or interfere in any way with the rights, powers, obligations, easements, covenants, conditions, reservations, rights of way and other matters set forth in the Condominium Declaration.

GUARANTY BANK AND TRUST COMPANY

STATE OF COLORADO)
)
CITY AND COUNTY OF DENVER)

Witness my hand and official seal.

Notary Public

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EXHIBIT A

Exceptions to Title

1. Terms, Conditions and provisions of Cable Television Installation Agreement recorded December 3, 1991, under Reception No. R-91-0118931.
2. Laundry Lease recorded June 4, 1998, under Reception No. 9800083705.
3. Any encroachments shown on the condominium map of South Pearl Commons Condominiums Condominium.