

NONPROFIT

ARTICLES OF INCORPORATION
OF
THE PINE MEADOWS HOMEOWNERS ASSOCIATION, INC.

The undersigned hereby signs and acknowledges, for delivery in duplicate to the Secretary of State of Colorado, these Articles of Incorporation for the purpose of forming a nonprofit corporation under the Colorado Nonprofit Corporation Act ("Act").

I. NAME

The name of this corporation shall be THE PINE MEADOWS HOMEOWNERS ASSOCIATION, INC. ("Association").

II. DURATION

The period of duration of the Association shall be perpetual.

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III. PURPOSES

The Association is organized to be and constitutes the Association to which reference is made in the Declaration of Covenants, Conditions and Restrictions for a Common Interest Community known as The Pine Meadows Condominiums ("Declaration"). The Declaration is executed or will be executed by Royal Pine LLC, a Colorado limited liability company ("Declarant"). The Declaration is recorded or will be recorded in the office of the Clerk and Recorder of San Miguel County, Colorado. All capitalized terms used herein shall have the same meanings as used in the Declaration, unless otherwise defined herein.

The Declaration relates to real property in San Miguel County, Colorado, which may become subject to the Declaration ("Community Area").

The Association is not organized in contemplation of pecuniary gain or profit to Members.

Specific purposes for which the Association is organized are:

- (a) To exercise all of the rights, powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration or in any amendment to the Declaration.
- (b) To provide for maintenance, preservation and architectural control of the Community Area, including Units, Common Elements and Limited Common Elements within the Community Area.
- (c) To promote, foster and advance the health, safety and welfare of residents within the Community Area.
- (d) To fix, levy, collect and enforce payment of, by any lawful means, assessments and other amounts payable by or with respect to Owners of Units within the Community Area as provided in the Declaration.

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(e) To manage, control, operate, maintain, repair and improve Common Elements and Limited Common Elements, and to perform services and functions for or relating to the Community Area, all as provided in the Declaration.

(f) To enforce covenants, restrictions, conditions and equitable servitudes affecting the Community Area.

(g) To make and enforce rules and regulations with respect to the use of Units and Common Elements and Limited Common Elements within the Community Area, as provided in the Declaration.

(h) To establish and maintain the Community Area as property of the highest quality and value, and to enhance and protect its value, desirability and attractiveness.

Each purpose specified herein is an independent purpose and is not to be restricted by reference to or inference from the terms of any other purpose.

IV. POWERS

The Association shall have all of the powers which a nonprofit corporation may exercise under the Act and the laws of the State of Colorado in effect from time to time.

V. REGISTERED OFFICE AND AGENCY

The initial registered office in the State of Colorado of the Association shall be at 117 Lost Creek Lane, P. O. Box 11144, Telluride, Colorado 81435 and the initial registered agent of the Association upon whom process may be served is Sally Morgan, Property Management Services at the same address. The registered office and registered agent may be changed, without amendment of these Articles of Incorporation, as provided by statute.

VI. BOARD OF DIRECTORS

The affairs of the Association shall be managed by a Board of Directors. The duties, qualifications, number and term of Directors and the manner of their election, appointment and removal shall be as set forth in the Bylaws.

The number of the first Board of Directors shall be five. The names and addresses of the persons who are to serve as the Initial Directors are as follows:

Name	Address
Donald A. Caldwell	655 Fourth Avenue Longmont, Colorado 80501
Jerome Remien	2505 St. Stephens Green Northbrook, Illinois 60062
Patty L. McIntosh	655 Fourth Avenue Longmont, Colorado 80501
Lynn Remien	2505 St. Stephens Green Northbrook, Illinois 60062

Susan Winters

88 Bellchase Circle
Schauamburg, Illinois 60173

VII. MEMBERS

Members. A "Member," as defined in the Declaration, is the Person, or if more than one, all Persons collectively, who constitute the Owner of a Unit, including, but not limited to, Declarant.

Memberships Appurtenant to Units. Each Membership shall be appurtenant to the fee simple title to a Unit. The Person or Persons who constitute the Owner of fee simple title to a Unit shall automatically be the holder of the Membership appurtenant to that Unit and the Membership shall automatically pass with fee simple title to the Unit.

Voting Rights of Members. Each Member shall have the right to cast one vote for each Unit owned by such Member in accordance with the Bylaws; provided, however, that in no event shall there be more than one vote per Unit. Notwithstanding the foregoing, Declarant shall be entitled to select and appoint, in its sole discretion, Directors, in accordance with the Bylaws (the "Declarant's Control Period"), until the expiration of the Declarant's Control Period as hereinafter provided; provided, however, that not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created within the Community Area by Declarant to Owners other than Declarant, at least one Member, and not less than twenty-five percent (25%) of the Members of the Board of Directors must be elected by Owners other than Declarant and that no later than sixty (60) days after the conveyance of fifty percent (50%) of the Units that may be created within the Community Area to Owners other than Declarant, not less than thirty-three and one-third percent (33-1/3%) of the Members of the Board of Directors must be elected by Owners other than Declarant. The Declarant's Control Period shall cease on the happening of any of the following events, whichever occurs earlier: (a) when seventy-five percent (75%) of the Units that may be created within the Community Area have been conveyed to Persons other than Declarant and certificates of occupancy have been issued for residences constructed thereon; (b) two (2) years after the last conveyance of a Unit by Declarant in the ordinary course of business; (c) two (2) years after any right to add new Units was last exercised; or (d) when, in its discretion, Declarant so determines.

VIII. PROXY VOTING

A Member shall be entitled to vote in person and may be authorized as provided in the Bylaws of the Association to vote by proxy on any matters on which such Members are entitled to vote.

IX. CUMULATIVE VOTING

Cumulative voting by Members in the election of Directors shall not be permitted.

X. BYLAWS

The Association shall have the power to make and alter Bylaws, not inconsistent with these Articles of Incorporation or with the laws of the State of Colorado or with the Declaration, for the administration and regulation of the affairs of the Association. The initial Bylaws of the Association shall be adopted by the Board of Directors. The power to alter, amend or repeal the Bylaws or adopt new Bylaws shall be vested in the Members, subject to provisions in the Declaration for approval, prior to the termination of the Declarant's Control Period of amendments by Declarant.

XI. AMENDMENT OF ARTICLES

The Association may amend these Articles of Incorporation from time to time in accordance with the Act by vote of the Members, but only so long as the Articles of Incorporation as amended contain such provisions as are lawful under the Act and are not contrary to or inconsistent with any provision of the Declaration. In the event of a conflict between the terms and provisions of these Articles and the terms and provisions of the Declaration, the terms and provisions of the Declaration shall govern and control. In the event of a conflict between the terms and provisions of these Articles and the terms and provisions of the Bylaws adopted by the Association, the terms and provisions of the Articles shall govern and control.

XII. DISSOLUTION

In the event of dissolution of the Association as a corporation, either voluntarily or involuntarily by the Members hereof, by operation of law or otherwise, then the assets of the Association shall be deemed to be owned by the Members as of the date of dissolution as a part of their Unit unless otherwise agreed or provided by law.

XIII. LIMITATION OF LIABILITY

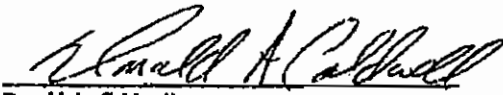
The Association, Directors, Officers, Declarant, and any Member, agent or employee of any of the same, shall not be liable to any person for any action taken or for any failure to act if the action taken or failure to act was not a breach of the duty of loyalty, was done in good faith, and did not result in an improper personal benefit to the party taking such action or failing to act.

XIV. INCORPORATOR

The name and address of the Incorporator is as follows:

Name	Address
Donald A. Caldwell	655 Fourth Avenue Longmont, Colorado 80501

IN WITNESS WHEREOF, these Articles are executed this 7th day of MARCH,
1995.


Donald A. Caldwell

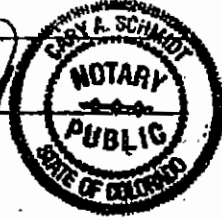
STATE OF COLORADO)
COUNTY OF Boulder) ss.

The foregoing instrument was acknowledged before me this 7th day of MARCH, 1995,
by Donald A. Caldwell.

WITNESS my hand and official seal.

My commission expires: 7/29/95

[Signature]
Notary Public



BYLAWS

OF

THE PINE MEADOWS HOMEOWNERS ASSOCIATION, INC.

**BYLAWS
OF
THE PINE MEADOWS HOMEOWNERS ASSOCIATION, INC.**

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**BYLAWS
OF
THE PINE MEADOWS HOMEOWNERS ASSOCIATION, INC.**

1. GENERAL.

1.1 Purpose of Bylaws. These Bylaws are adopted for the regulation and management of the affairs of The Pine Meadows Homeowners Association, Inc. ("Association"). The Association has been organized as a Colorado corporation under the Colorado Nonprofit Corporation Act to be and constitutes the Association under the Declaration of Covenants, Conditions and Restrictions for The Pine Meadows Condominiums ("Declaration"). The Declaration has been or will be executed by Royal Pine LLC, a Colorado limited liability company ("Declarant"). The Declaration relates to real property in San Miguel County, Colorado, which becomes subject to the Declaration ("Community Area").

1.2 Terms Defined in the Declaration. Terms used in these Bylaws which are defined in the Declaration shall have the same meaning and definition as in the Declaration.

1.3 Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of the Colorado Nonprofit Corporation Act, the Colorado Common Interest Ownership Act, the Declaration and the Articles of Incorporation of the Association filed with the Secretary of State of Colorado, as any of the foregoing may be amended from time to time.

2. OFFICES.

2.1 Principal Office. The Board of Directors, in its discretion, may fix and may change, from time to time, the location of the principal office of the Association provided that, until such time as suitable quarters can reasonably be obtained within the Community Area, the principal office of the corporation shall be located at 655 Fourth Avenue, Longmont, Colorado 80501.

2.2 Registered Office and Agent. The Colorado Nonprofit Corporation Act requires that the Association have and continuously maintain in the State of Colorado a registered office and a registered agent whose business office is identical with such registered office. The registered office need not be the same as the principal office of the Association. The initial registered office and the initial registered agent are specified in the Articles of Incorporation of the Association but may be changed by the Association at any time, without amendment to the Articles of Incorporation, by filing a statement as specified by law in the Office of the Secretary of State of Colorado.

3. MEMBERS.

3.1 Members. A "Member," as defined in the Declaration, is a Person, or if more than one, all Persons collectively, who constitute the Owner of a Unit.

3.2 Memberships Appurtenant to Units. Each Membership shall be appurtenant to the fee simple title to a Unit. The Person or Persons who constitute the Owner of fee simple title to a Unit shall automatically be the holder of the Membership appurtenant to that Unit and the Membership shall automatically pass with fee simple title to the Unit.

3.3 Voting Rights of Members. Each Member shall have the right to cast one vote for each Unit owned by such Member. Notwithstanding the foregoing, Declarant shall be entitled to select and appoint, in its sole discretion, Directors, in accordance with the provision of Section 5.5 hereof (the "Declarant Control Period"); provided, however, that not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created within the Community Area by Declarant to

Owners other than Declarant, at least one Member, and not less than twenty-five percent (25%) of the Members of the Board of Directors must be elected by Owners other than Declarant and that no later than sixty (60) days after the conveyance of fifty percent (50%) of the Units that may be created within the Community Area to Owners other than Declarant, not less than thirty-three and one-third percent (33-1/3%) of the Members of the Board of Directors must be elected by Owners other than Declarant. The Declarant Control Period shall cease on the happening of any of the following events, whichever occurs earlier: (a) when seventy-five percent (75%) of the Units that may be created within the Community Area have been conveyed to Persons other than Declarant and certificates of occupancy have been issued for residences constructed thereon; (b) two (2) years after the last conveyance of a Unit by Declarant in the ordinary course of business; (c) two (2) years after any right to add new Units was last exercised; or (d) when, in its discretion, Declarant so determines.

3.4 Voting by Joint Owners. If there is more than one person who constitutes the Owner of a Unit, each such Person shall be entitled to attend any meeting of Members, but the voting power attributable to the Unit shall not be increased. In all cases in which more than one Person constitutes the Owner of a Unit, including instances in which a Unit is owned by a husband and wife, then, unless written notice to the contrary, signed by any one of such Persons, is given to the Board of Directors of the Association prior to the meeting, only one such Person shall be entitled to cast, in person or by proxy, the vote attributable to the Unit. If, however, more than one Person constituting such Owner attends a meeting in person or by proxy, then such Persons shall designate one Person to vote on behalf of such Owner, and the vote of such person shall be the vote attributable to such Unit.

3.5 Resolution of Voting Disputes. In the event of any dispute as to the entitlement of any Member to vote or as to the results of any vote of Members, the Board of Directors of the Association shall act as arbitrators and the decision of a disinterested majority of the Board of Directors shall, when rendered in writing, be final and binding as an arbitration award and may be acted upon in accordance with the Colorado Uniform Arbitration Act of 1975, as the same may be amended; provided, however, that the Board of Directors shall have no authority or jurisdiction to determine matters relating to the entitlement of Declarant to vote or relating to the manner of exercise by Declarant of its voting rights. No dispute as to the entitlement of any Member to vote shall postpone or delay any vote for which a meeting of Members has been duly called pursuant to the provisions of these Bylaws and a quorum is present.

3.6 Suspension of Voting Rights. The Board of Directors may suspend the voting rights of a Member during any period of breach by such Member of any provision of the Declaration or of any Rule or Regulation adopted by the Association including, but not limited to, the failure to pay any assessment pursuant to the Declaration, and for a period of up to 10 days following the cure of any such breach by such Member.

3.7 Determination of Member Voting Percentage. Notwithstanding anything to the contrary contained herein, only Members whose voting rights are in good standing (e.g., voting rights which have not been suspended as provided herein) shall be entitled to vote on Association matters. In accordance therewith, any and all provisions contained herein requiring the approval of a requisite percentage of Members of the Association shall be deemed satisfied when the requisite percentage of Members entitled to vote has been met.

3.8 Transfer of Memberships on Association Books. Transfers of Memberships shall be made on the books of the Association only upon presentation of evidence, satisfactory to the Association, of the transfer of ownership of the Unit to which the Membership is appurtenant. Prior to presentation of such evidence, the Association may treat the previous owner of the Membership as the owner of the Membership entitled to all rights in connection therewith, including the rights to vote and to receive notice.

3.9 Assignment of Voting Rights to Tenants and Mortgagees. A Member may assign his right to vote to a tenant occupying his Unit or to a Mortgagee of his Unit for the term of the lease or the Mortgage and any sale, transfer or conveyance of the Unit shall, unless otherwise provided in the document of sale, transfer or conveyance, be subject to any such assignment of voting rights to any tenant or Mortgagee. Any such assignment of voting rights and any revocation or termination of any assignment of voting rights shall be in writing and shall be filed with the Secretary of the Association.

4. MEETINGS OF MEMBERS.

4.1 Place of Members' Meetings. Meetings of Members shall be held at the principal office of the Association or at such other place, within or convenient to the Community Area, as may be fixed by the Board of Directors and specified in the notice of the meeting.

4.2 Annual Meetings of Members. Annual meetings of the Members shall be held each year beginning in 1996 on such day, in such place and at such time of day as is fixed by the Board of Directors and specified in the notice of meeting. The annual meetings shall be held to transact such business as may properly come before the meeting.

4.3 Special Meetings of Members. Special meetings of the Members may be called by the Board of Directors of the Association or by Members holding not less than 25 % of the total votes of all Members entitled to vote, excluding votes of Declarant, or by Members holding not less than 25 % of the total votes of all Members entitled to vote, including votes of Declarant. No business shall be transacted at a special meeting of Members except as indicated in the notice thereof.

4.4 Record Date. For the purpose of determining Members entitled to notice of, or to vote at, any meeting of Members or in order to make a determination of such Members for any other proper purpose, the Board of Directors of the Association may fix, in advance, a date as the record date for any such determination of Members. The record date shall be not more than 50 days prior to the meeting of Members or the event requiring a determination of Members.

4.5 Notice of Members' Meetings. Written notice stating the place, day and hour or any meeting shall be delivered not less than 10 nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary of the Association or the officers or persons calling the meeting, to each Member entitled to vote at such meeting. The notice of an annual meeting shall identify any matter which it is known may come before the meeting including, but not limited to, the general nature of any proposed amendment to the Declaration or Bylaws, any Budget changes, and any proposal to remove an officer or member of the Board of Directors. The notice of a special meeting shall state the purpose or purposes for which the meeting is called. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid. Such notice may be posted in a conspicuous place in the Community Area, such as on a notice board outside the principal office of the Association, and such notice shall be deemed to be delivered to any Member upon such posting if such Member has not furnished an address for mailing of notice to the Association.

4.6 Proxies. A Member entitled to vote may vote in person or by proxy executed in writing by the Member or his duly authorized attorney-in-fact and filed with the Chairman of the meeting prior to the time the proxy is exercised. Any proxy may be revocable by attendance of a Member in person at a meeting or by revocation in writing filed with the Chairman of the meeting prior to the time the proxy is exercised. A proxy shall automatically cease upon the conveyance by a Member of the Unit of the Member and the transfer of the Membership on the books of the Association. No proxy shall be valid: (a) 60 days after the date of its execution unless otherwise provided in the proxy; and in any event, for no more than 11 months after the date of its execution; (b) unless the signatures of the Members

providing the proxy are notarized; (c) unless the proxy contains the signature of all Members entitled to vote such interest; and (d) unless the proxy states the specific purpose and the specific meeting for which it was granted. Any form of proxy furnished or solicited by the Association and any form of written ballot furnished by the Association shall afford an opportunity thereon for Members to specify a choice between approval and disapproval of each matter or group of related matters which is known at the time the form of proxy or written ballot is prepared, may come before the meeting and shall provide, subject to reasonably specified conditions, that if a Member specifies a choice with respect to any such matter, the vote shall be cast in accordance therewith.

4.7 Quorum at Members' Meetings. Except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting, the presence, in person or by proxy, of Members entitled to cast at least ten percent (10%) of the votes of all Members entitled to vote shall constitute a quorum at any meeting of such Members. Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members so as to leave less than a quorum. If the required quorum is not present in person or by proxy at any such meeting of Members, another meeting may be called, subject to the notice requirements hereinabove specified, and the presence, in person or by proxy, of Members entitled to cast at least five percent (5%) of the votes of all Members, shall, except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, constitute a quorum at such meeting.

4.8 Adjournments of Members' Meetings. Members present in person or by proxy at any meeting may adjourn the meeting from time to time, whether or not a quorum shall be present in person or by proxy, without notice other than announcement at the meeting, for a total period or periods of not to exceed 30 days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally called.

4.9 Vote Required at Members' Meetings. At any meeting, if a quorum is present, a majority of the votes present in person or by proxy and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater proportion is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

4.10 Order of Business. The order of business at any meeting of Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; and (d) the conducting of the business for which the meeting was called.

4.11 Expenses of Meetings. The Association shall bear the expenses of all annual meetings of Members and of special meetings of Members.

4.12 Waiver of Notice. A waiver of notice of any meeting of Members, signed by a Member, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Member. Attendance of a Member at a meeting, either in person or by proxy, shall constitute waiver of notice of such meeting except when the Member attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

4.13 Action of Members Without a Meeting. Any action required to be taken or which may be taken at a meeting of Members may be taken without a meeting if a consent, in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

5. BOARD OF DIRECTORS.

5.1 General Powers and Duties of Board. The Board of Directors shall have the duty to manage and supervise the affairs of the Association and shall have all powers necessary or desirable to permit it to do so. Without limiting the generality of the foregoing, the Board of Directors shall have the power to exercise or cause to be exercised for the Association, all of the powers, rights and authority of the Association, not reserved to Members, and provided in the Declaration, the Articles of Incorporation, these Bylaws, the Colorado Nonprofit Corporation Act or the Colorado Common Interest Ownership Act.

5.2 Special Powers and Duties of Board. Without limiting the foregoing statement or general powers and duties of the Board of Directors or the powers and duties of the Board of Directors as set forth in the Declaration, the Board of Directors of the Association shall be vested with and responsible for the following specific powers and duties:

(a) **Assessments.** The duty to fix and levy from time to time as it deems necessary General Assessments and Special Assessments upon the Members of the Association as provided in the Declaration; to determine and fix the due date for the payment of such Assessments and the date upon which the same shall become delinquent; and to enforce the payment of such delinquent assessments as provided in the Declaration.

(b) **Taxes.** The duty to pay all taxes and assessments levied upon the Association Properties and all taxes and assessments payable by the Association. The Board of Directors shall also have the power to contest any such taxes or assessments in accordance with the provisions contained in the Declaration.

(c) **Insurance.** The duty to contract and pay premiums for fire and casualty and blanket liability and other insurance in accordance with the provisions of the Declaration.

(d) **Contract.** The duty and power to contract for and pay bills for maintenance, legal service, accounting service, gardening, common utilities and other materials, supplies and services relating to the Common Elements and Limited Common Elements, Easements, perimeter fencing located along the boundaries of the Community Area, if any, and to employ personnel necessary for the care and operation of the Association Properties and tracts adjacent to the Association Properties, and to contract and pay for necessary Improvements on the Association Properties.

(e) **Agents and Employees.** The power to select, appoint, and remove all officers, agents, and employees of the Association and to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Declaration and these Bylaws; and to fix their compensation and to require from them security for faithful service as deemed advisable by the Board.

(f) **Borrowing.** The power, with the approval of Members representing at least eighty percent (80%) of the voting power of the Association (exclusive of the voting power of the Declarant and those Members not entitled to cast votes), to borrow money and to incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

(g) **Enforcement.** The power to enforce the provisions of the Declaration, the Rules and Regulations, these Bylaws or other agreements of the Association.

(h) **Delegation of Powers.** The power to delegate its powers according to law.

(i) **Easements.** The power to grant easements where necessary for utilities and other facilities over the Common Elements and Limited Common Elements to serve the Community Area as set forth in the Declaration and to grant and convey such other easements as the Board of Directors deems prudent including, but not limited to, easements which benefit property located outside the Community Area.

(j) **Rules and Regulations.** The power to adopt such Rules and Regulations as the Board may deem necessary for the management of the Community Area. Such Rules and Regulations may concern, without limitation, use of the Common Elements and Limited Common Elements, signs, parking restrictions; commence collection and disposal of refuse; minimum standards of property maintenance consistent with the Declaration; and any other matters within the jurisdiction of the Association as provided in the Declaration; provided, however, that such Rules and Regulations shall be enforceable only to the extent that they are consistent with the Declaration, the Articles and these Bylaws.

5.3 Qualifications of Directors. A Director may be any natural person and need not be an Owner of a Unit within the Community Area; provided, however, that upon the expiration of the Declarant's Control Period, at least a majority of the Directors shall be Owners, other than Declarant, or designated representatives of Owners other than Declarant. A Director may be reelected and there shall be no limit on the number of terms a Director may serve.

5.4 Number of Directors. The initial number of Directors of the Association shall be five. The number of Directors may be increased in accordance with these Bylaws provided that the number of Directors shall not be less than five and no decrease in number shall have the effect of shortening the term of any incumbent director.

5.5 Appointment, Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Prior to the time Members, other than Declarant, own twenty-five percent (25%) of the Units, all Directors shall be appointees of Declarant. All Directors appointed by Declarant shall be subject to removal at any time and from time to time, by Declarant, in its sole and absolute discretion.

(b) Within thirty (30) days after the time Members, other than Declarant, own twenty-five percent (25%) of the Units which may be created within the Community Area or whenever Declarant earlier determines, in its sole and absolute discretion, the Association shall call a special meeting at which Members other than Declarant shall elect one (1) of the five (5) Directors. The remaining four (4) Directors shall be appointed by Declarant. The Director elected by the Members other than Declarant shall not be subject to removal by Declarant acting alone and shall be elected for a term of one (1) year or until the happening of the event described in subparagraph (c) below, whichever is shorter. If such Director's term expires or such Director is removed prior to the happening of the event described in subparagraph (c) below, a successor shall be elected by the Members other than Declarant for a like term.

(c) Within thirty (30) days after the time Members, other than Declarant, own fifty percent (50%) of the Units which may be created within the Community Area, or whenever Declarant earlier determines, in its sole and absolute discretion. The Association shall call a special meeting at which time the Members, other than Declarant, shall elect another Director. The remaining three (3) Directors shall be appointed by Declarant. The new Director elected by the Members shall not be subject to removal by Declarant acting alone and shall be elected for a term of one (1) year or until the happening of the event described in subparagraph (d) below, whichever is shorter. If such Directors' terms expire or such Director is removed prior to the happening of the event described in subparagraph (d) below, successors shall be elected by Members other than Declarant for a like term.

(d) Within thirty (30) days after the time the Declarant's Control Period terminates as provided herein, the Association shall call a special meeting at which time the Members, including Declarant, if Declarant is the owner of any Units, shall elect the remaining three (3) Directors. The Directors elected by the Members, including Declarant, shall serve until the first annual meeting following the termination of the Declarant Control Period. If such annual meeting occurs within thirty (30) days after termination of the Declarant Control Period, this subparagraph shall not apply and Directors shall be elected in accordance with subparagraph (e) below.

(e) Within sixty (60) days after the Owners elect a majority of the Board of Directors, Declarant shall deliver to the Association all property of the Owners and of the Association held by or controlled by Declarant, including without limitation the following items:

(i) The original, or a certified copy of, the Recorded Declaration as amended, the Association's Articles of Incorporation, Bylaws, minute books, other books and records, and any rules and regulations which may have been promulgated;

(ii) An accounting for Association funds and financial statements, from the date the Association received funds and ending on the date the Declarant's Control Period is terminated. The financial statements shall be audited by an independent certified public accountant and shall be accompanied by the accountant's letter, expressing either the opinion that the financial statements present fairly the financial position of the Association in conformity with generally accepted accounting principles or a disclaimer of the accountant's ability to attest to the fairness of the presentation of the financial information in conformity with generally accepted accounting principles and the reasons therefor. The expense of the final audit shall not be paid for or charged to the Association;

(iii) The Association funds or control thereof;

(iv) All of Declarant's tangible personal property that has been represented in a financial statement by Declarant to be the property of the Association and all of Declarant's tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of the Association Properties, if any;

(v) A copy of any plans and specifications used in the construction of the Improvements in the Community Area which are completed within two (2) years before the Declaration was recorded;

(vi) All insurance policies then in force, in which the Owners, the Association, or its Directors and Officers are named as insured persons;

(vii) Copies of any certificates of occupancy that may have been issued with respect to any Improvements comprising the Association Properties;

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

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

(x) A roster of Owners and Mortgagees and their addresses and telephone numbers, if known, as shown on Declarant's records;

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

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

(f) At the first annual meeting of the membership after the termination of the Declarant's Control Period, the five (5) Directors shall be elected as follows: Directors shall be elected by the Members, including Declarant, if Declarant is the owner of any Unit in the Community Area. Three (3) Directors shall be elected for a term of two (2) years, and two (2) Directors shall be elected for a term of one (1) year. At the expiration of the initial term of office of each member of the Board of Directors and at each annual meeting thereafter, a successor shall be elected to serve for a term of two (2) years.

5.6 Removal of Directors. Except as set forth in Section 5.5, at any meeting of Members, the notice of which indicates such purpose, any Director may be removed, with or without cause, by vote of two-thirds (2/3) of the Members of the Association entitled to vote and a successor may be then and there elected to fill the vacancy thus created.

5.7 Resignation of Directors. Any Director may resign at any time by giving written notice to the President, to the Secretary or to the Board of Directors stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

5.8 Vacancies in Directors. Any vacancy occurring in the Board of Directors shall, unless filled in accordance with Sections 5.5 and 5.6 or by election at a special meeting of Members, be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors may be present. A Director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office. A Directorship to be filled by reason of an increase in the number of Directors shall be filled only by vote of the Members.

5.9 Executive Committee. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint an Executive Committee, which shall consist of three or more Directors and which, unless otherwise provided in such resolution, shall have and exercise all the authority of the Board of Directors except authority with respect to the matters specified in the Colorado Nonprofit Corporation Act and the Colorado Common Interest Ownership Act as matters which such committee may not have and exercise the authority of the Board of Directors..

5.10 Other Committees of Association. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more other committees, which may consist of or include Members who are not Directors. Any such committee shall have and exercise such authority as shall be specified in the resolution creating such Committee except such authority as can only be exercised by the Board of Directors.

5.11 General Provisions Applicable to Committees. The designation and appointment of any committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon it or him by law. The provisions of these Bylaws with respect to notice of meeting, waiver of notice, quorums, adjournments, vote required and action by consent applicable to meetings of Directors shall be applicable to meetings of committees of the Board of Directors.

6. MEETINGS OF DIRECTORS.

6.1 Place of Directors' Meetings. Meetings of the Board of Directors shall be held at the principal office of the Association or at such other place, within or convenient to the Community Area, as may be fixed by the Board of Directors and specified in the notice of the meeting.

6.2 Annual Meeting of Directors. Annual meetings of the Board of Directors shall be held on the same date as, or within 10 days following, the annual meeting of Members. The business to be conducted at the annual meeting of Directors shall consist of the appointment of officers of the Association and the transaction of such other business as may properly come before the meeting. No prior notice of the annual meeting of the Board of Directors shall be necessary if the meeting is held on the same day and at the same place as the annual meeting of Members at which the Board of Directors is elected or if the time and place of the annual meeting of the Board of Directors is announced at the annual meeting of such Members.

6.3 Other Regular Meetings of Directors. The Board of Directors shall hold regular meetings at least quarterly and may, by resolution, establish in advance the times and places for such regular meetings. No prior notice of any regular meetings need be given after establishment of the times and places thereof by such resolution.

6.4 Special Meetings of Directors. Special meetings of the Board or Directors may be called by the President or any two members of the Board of Directors.

6.5 Notice of Directors' Meetings. In the case of all meetings of Directors for which notice is required, notice stating the place, day and hour of the meeting shall be delivered not less than three nor more than 50 days before the date of the meeting, by mail, telegraph, telephone or personally, by or at the direction of the persons calling the meeting, to each member of the Board of Directors. If mailed, such notice shall be deemed to be delivered at 5:00 p.m. on the second business day after it is deposited in the mail addressed to the Director at his home or business address as either appears on the records of the Association, with postage thereon prepaid. If telegraphed, such notice shall be deemed delivered at 5:00 p.m. on the next calendar day after it is deposited in a telegraph office addressed to the Director at either such address, with all charges thereon prepaid. If by telephone, such notice shall be deemed to be delivered when given by telephone to the Director or to any person answering the phone who sounds competent and mature at this home or business phone number as either appears on the records of the Association. If given personally, such notice shall be deemed to be delivered upon delivery of a copy of a written notice to, or upon verbally advising, the Director or some person who appears competent and mature at his home or business address as either appears on the records of the Association. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of such meeting.

6.6 Proxies. A Director shall not be entitled to vote by proxy at any meeting of Directors.

6.7 Quorum of Directors. A majority of the number of Directors fixed in these Bylaws shall constitute a quorum for the transaction of business.

6.8 Adjournment of Director's Meetings. Directors present at any meeting of Directors may adjourn the meeting from time to time, whether or not a quorum shall be present, without notice other than an announcement at the meeting, for a total period or periods not to exceed 30 days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present, any business may be transacted which may have been transacted at the meeting as originally called.

6.9 Vote Required at Directors' Meeting. At any meeting of Directors, if a quorum is present, a majority of the votes present in person and entitled to be cast in a matter shall be necessary for the adoption of the matter, unless a greater proportion is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

6.10 Order of Business. The order of business at all meetings of Directors shall be as follows: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) unfinished business; and (g) new business.

6.11 Officers at Meetings. The President shall act as chairman and the Board of Directors shall elect a Director to act as secretary at all meetings of Directors.

6.12 Waiver of Notice. A waiver of notice of any meeting of the Board of Directors, signed by a Director, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Director. Attendance of a Director at a meeting in person shall constitute waiver of notice of such meeting except when the Director attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

6.13 Action of Directors Without a Meeting. Subject to Declarant's right to disapprove actions in Section 5.6 hereof, any action required to be taken or which may be taken at a meeting of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

7. OFFICERS.

7.1 Officers, Employees and Agents. The officers of the Association shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers, assistant officers, employees and agents as may be deemed necessary by the Board of Directors. Officers other than the President need not be Directors. No person shall simultaneously hold more than one office except the offices of Secretary and Treasurer. Any two offices may be held by the same person except the offices of President and Secretary.

7.2 Appointment and Term of Office of Officers. The officers shall be appointed by the Board of Directors at the annual meeting of the Board of Directors and shall hold office, subject to the pleasure of the Board of Directors until the annual meeting of the Board of Directors or until their successors are appointed, whichever is later, unless the officer resigns, or is earlier removed.

7.3 Removal of Officers. Any officer, employee or agent may be removed by the Board of Directors, with or without cause, whenever in the Board's judgment the best interests of the Association will be served thereby. The removal of an officer, employee or agent shall be without prejudice to the contract rights, if any, of the officer, employee or agent so removed. Election or appointment of an officer, employee or agent shall not of itself create contract rights.

7.4 Resignation of Officers. Any officer may resign at any time by giving written notice to the President, to the Secretary or to the Board of Directors of the Association stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

7.5 Vacancies in Officers. Any vacancy occurring in any position as an officer may be filled by the Board of Directors. An Officer appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office.

7.6 President. The President shall be a member of the Board of Directors and shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall direct, supervise, coordinate and have general control over the affairs of the Association, and shall have the powers generally attributable to the chief executive officer of a corporation. The President shall preside at all meetings of the Board of Directors and of Members of the Association.

7.7 Vice President. The Vice President may act in place of the President in case of his death, absence or inability to act, and shall perform such other duties and have such authority as is from time to time delegated by the Board of Directors or by the President.

7.8 Secretary. The Secretary shall be the custodian of the records and the seal of the Association and shall affix the seal to all documents requiring the same; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law and that the books, reports and other documents and records of the Association are properly kept and filed; shall take or cause to be taken and shall keep minutes of the meetings of Members, of the Board of Directors and of committees of the Board; shall keep at the principal office of the Association a record of the names and addresses of the Members; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him by the Board of Directors or by the President. The Board may appoint one or more Assistant Secretaries who may act in place of the Secretary in case of his death, absence or inability to act.

7.9 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association; shall deposit all such funds in the name of the Association in such depositories as shall be designated by the Board of Directors; shall keep correct and complete financial records and books of account and records of financial transactions and condition of the Association and shall submit such reports thereof as the Board of Directors may, from time to time, require; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him by the Board of Directors or by the President. The Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of his death, absence or inability to act.

7.10 Bonds - Segregation of Funds. The Association shall obtain and keep in force at all times a fidelity bond or bonds for any person handling funds of the Association. Each such bond shall name the Association as obligee and shall be in an amount not less than \$50,000.00 or such higher amount as the Board of Directors may require. In addition to the foregoing, any Person or managing agent managing any funds or accounts of the Association shall keep such funds or accounts separate from the funds and accounts of other associations managed by such person or managing agent and maintain all reserve accounts of each association so managed separate from operational accounts of the Association. The person or managing agent maintaining the funds and accounts of the Association shall prepare an annual accounting for Association funds and a financial statement. Such documents may be prepared by the managing agent, a public accountant or a certified public accountant.

8. INDEMNIFICATION OF OFFICIALS AND AGENTS.

8.1 Certain Definitions. A "Corporate Official" shall mean any Director, officer or Member and any former Director, officer or Member of the Association. A "Corporate Employee" shall mean any employee and any former employee of the Association. "Expenses" shall mean all costs and expenses, including attorneys' fees, liabilities, obligations, judgments and any amounts paid in reasonable settlement of a Proceeding. "Proceeding" shall mean any claim, action, suit or proceeding, whether threatened, pending or completed, and shall include appeals.

8.2 Right of Indemnification. The Association shall indemnify any Corporate Official and any Corporate Employee against any and all Expenses actually and necessarily incurred by or imposed upon him to the fullest extent provided by law. The right of indemnification shall not extend to any matter as to which such indemnification would not be lawful under the laws of the State of Colorado.

(a) **Standards of Conduct.** The Association shall indemnify any Corporate Official and any Corporate Employee against liability incurred in or as a result of the Proceeding if the Corporate Official or Corporate Employee: (i) conducted himself or herself in good faith; (ii) reasonably believed (A) in the case of a Director acting in his or her official capacity, that his or her conduct was in the Association's best interests, or (B) in all other cases, that the Corporate Official's or Corporate Employee's conduct was at least not opposed to the Association's best interests; and (iii) in the case of any criminal proceeding, the Corporate Official and Corporate Employee had no reasonable cause to believe his or her conduct was unlawful.

(b) **Settlement.** The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, is not of itself determinative that the Corporate Official or Corporate Employee did not meet the applicable standards of conduct as set forth in subsection 8.2(a).

8.3 Indemnification Prohibited. The right of indemnification shall not extend to matters as to which the Corporate Official or Corporate Employee: (i) has been adjudged liable for gross negligence or willful misconduct in the performance of the Corporate Official's or Corporate Employee's duty to the Association; or (ii) in connection with any Proceeding charging improper personal benefit to such Corporate Official or Corporate Employee, in which the party was adjudged liable on the basis that personal benefit was improperly received by such Corporate Official or Corporate Employee (even if the Association was not thereby damaged). Notwithstanding the foregoing, the Association shall indemnify such Corporate Official or Corporate Employee if and to the extent required by the court conducting the Proceeding, or any other court of competent jurisdiction to which such Corporate Official or Corporate Employee has applied, if it is determined by such court, upon application by such Corporate Official or Corporate Employee, that despite the adjudication of liability in the circumstances in clauses (i) and (ii) of this subsection 8.3 or whether or not the party met the applicable standards of conduct set forth in subsection 8.2(a), and in view of all relevant circumstances, the Corporate Official or Corporate Employee is fairly and reasonably entitled to indemnification for such expenses as the court deems proper in accordance with the Colorado Nonprofit Corporation Code.

8.4 Prior Authorization Required. Any indemnification under Section 8.2 (unless ordered by a court or in accordance with Section 8.5 below) shall be made by the Association only if authorized in the specific case after a determination has been made that the Corporate Official or Corporate Employee is eligible for indemnification in the circumstances because such Corporate Official or Corporate Employee has met the applicable standards of conduct set forth in subsection 8.2(a) and after an evaluation has been made as to the reasonableness of the Expenses. Any such determination, evaluation and authorization shall be made by the Board of Directors by a majority vote of a quorum of such Board, which quorum shall consist of Directors not parties to the Proceeding, or by such other person or body as permitted by law.

8.5 Success on Merits or Otherwise. Notwithstanding any other provision of this Article 8, the Association shall indemnify such Corporate Official or Corporate Employee to the extent that such party has been successful, on the merits or otherwise, including, without limitation, dismissal without prejudice or settlement without admission of liability, in defense of any Proceeding to which the party was a party against Expenses incurred by such party in connection therewith.

8.6 Advancement of Expenses. The Association shall pay for or reimburse the Expenses, or a portion thereof, incurred by a party in advance of the final disposition of the Proceeding if (a) the party furnishes the Association a written affirmation of such party's good faith belief that he or she has met the standard of conduct described in subsection 8.2(a)(i); (b) the party furnishes the Association a written undertaking, executed personally or on behalf of such party, to repay the advance if it is ultimately determined that the party did not meet such standard of conduct; and (c) authorization of payment and a determination that the facts then known to those making the determination would not preclude indemnification under this Article have been made in the manner provided in Section 8.4. The undertaking required by clause (b) must be an unlimited general obligation of the party, but need not be secured and may be accepted without reference to financial ability to make repayment.

8.7 Payment Procedures. The Association shall promptly act upon any request for indemnification, which request must be in writing and accompanied by the order of court or other reasonably satisfactory evidence documenting disposition of the Proceeding in the case of indemnification under Section 8.4 and by the written affirmation and undertaking to repay as required by Section 8.5 in the case of indemnification under such Section. The right to indemnification and advances granted by this Article shall be enforceable in any court of competent jurisdiction if the Association denies the claim, in whole or in part, or if no disposition of such claim is made within 90 days after written request for indemnification is made. A party's Expenses incurred in connection with successfully establishing such party's right to indemnification, in whole or in part, in any such Proceeding shall also be paid by the Association.

8.8 Notification to Members. Any indemnification of or advance of Expenses to a Director (but not to any other party) in accordance with this Article, if arising out of a Proceeding by or on behalf of the Association, shall be reported in writing to the Members with or before the notice of the next meeting of Members.

8.9 Authority to Insure. The Association may purchase and maintain liability insurance on behalf of any Corporate Official or Corporate Employee against any liability asserted against him and incurred by him as a Corporate Official or Corporate Employee or arising out of his status as such, including liabilities for which a Corporate Official or Corporate Employee might not be entitled to indemnification hereunder.

8.10 Right to Impose Conditions to Indemnification. The Association shall have the right to impose, as conditions to any indemnification provided or permitted in this Article, such reasonable requirements and conditions as may appear appropriate to the Board of Directors in each specific case and circumstances, including, but not limited to, any one or more of the following: (a) that any counsel representing the party to be indemnified in connection with the defense or settlement of any proceeding shall be counsel mutually agreeable to the party and to the Association; (b) that the Association shall have the right, at its option, to assume and control the defense or settlement of any Proceeding made, initiated, or threatened against the party to be indemnified; and (c) that the Association shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified party's right of recovery, and that the party to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to the Association.

8.11 Other Rights and Remedies. The indemnification provided by this Article shall be in addition to any other rights which a party may have or hereafter acquire under any law, provision of the Articles of Incorporation, any other or further provision of these Bylaws, vote of the Members or Board of Directors, agreement, or otherwise.

8.12 Applicability; Effect. The indemnification provided in this Article shall be applicable to acts or omissions that occurred prior to the adoption of this Article, shall continue as to any party

entitled to indemnification under this Article who has ceased to be a Director, officer, or employee of the Association. The repeal or amendment of this Article or of any Section or provision hereof that would have the effect of limiting, qualifying, or restricting any of the powers or rights of indemnification provided or permitted in this Article shall not, solely by reason of such repeal or amendment, eliminate, restrict, or otherwise affect the right or power of the Association to indemnify any person, or affect any rights of indemnification of such person, with respect to any acts or omissions that occurred prior to such repeal or amendment. All rights to indemnification under this Article shall be deemed to be provided by a contract between the Association and each party covered hereby.

8.13 Indemnification of Agents. The Association shall have the right, but shall not be obligated, to indemnify any agent of the Association not otherwise covered by this Article to the fullest extent permissible by the laws of Colorado. Unless otherwise provided in any separate indemnification arrangement, any such indemnification shall be made only as authorized in the specific case in the manner provided in Section 8.3.

8.14 Savings Clause; Limitation. If this Article or any Section or provision hereof shall be invalidated by any court on any ground, or if the Colorado Nonprofit Corporation Act is amended in such a way as to affect this Article, then the Association shall nevertheless indemnify each party otherwise entitled to indemnification hereunder to the fullest extent permitted by law or any applicable provision of this Article that shall not have been invalidated.

9. MISCELLANEOUS.

9.1 Amendment of Bylaws. The Board of Directors shall not have the power to alter, amend or repeal these Bylaws or to adopt new Bylaws. The Members, at a meeting called for that purpose, shall have the sole power to alter, amend or repeal the Bylaws and to adopt new Bylaws by a majority of votes present at the meeting and entitled to vote hereunder, if a quorum is present. The Bylaws may contain any provision for the regulation or management of the affairs of the Association not inconsistent with law, the Declaration or the Articles of Incorporation. Notwithstanding anything to the contrary contained herein and to the extent permitted by the Act, prior to the termination of the Declarant's Control Period, these Bylaws shall not be amended without Declarant's prior written consent and approval.

9.2 Compensation of Officers, Directors and Members. No Director or Officer shall have the right to receive any compensation from the Association for serving as such Director except for reimbursement of expenses as may be approved by resolution of disinterested members of the Board of Directors.

9.3 Books and Records. The Association shall keep correct and complete books and records of account and shall keep, at its principal office in Colorado, a record of the names and addresses of its Members, including Declarant, and copies of the Declaration, the Articles of Incorporation and these Bylaws which may be purchased by any Member at reasonable cost. All books and records of the Association, including the Articles of Incorporation, Bylaws as amended and minutes of meetings Members and Directors may be inspected by any Member, or his agent or attorney, and any First Mortgagee of a Member for any proper purpose. The right of inspection shall be subject to any reasonable rules adopted by the Board of Directors requiring advance notice of inspection, specifying hours and days of the week during which inspection will be permitted and establishing reasonable fees for any copies to be made or furnished.

9.4 Annual Report. The Board of Directors shall cause to be prepared and distributed to each Member and to each First Mortgagee who has filed a written request therefor, not later than 90 days after the close of each fiscal year of the Association, an annual report of the Association containing (a) an income statement reflecting income and expenditures of the Association for such fiscal year; (b) a

balance sheet as of the end of such fiscal year; (c) a statement of changes in financial position for such fiscal year; and (d) a statement of the place of the principal office of the Association where the books and records of the Association, including a list of names and addresses of current Members, may be found. The financial statements of the Association shall be reviewed by an independent public accountant and a report based upon such review shall be included in the annual report.

9.5 Statement of Account. Upon written request of an Owner of a Unit or any person with any right, title or interest in a Unit or intending to acquire any right, title or interest in a Unit, the Association shall furnish a written statement of account setting forth the amount of any unpaid assessments, or other amounts, if any, due or accrued and then unpaid with respect to the Unit, the Owner of the Unit and the amount of the assessments for the current fiscal period of the Association payable with respect to the Unit. Such statement shall be issued within fourteen (14) business days after receipt of such request by the Association and, with respect to the party to whom it is issued, shall be conclusive against the Association and all parties, for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other assessments have then been levied.

9.6 Biennial Corporate Reports. The Association shall file with the Secretary of State of Colorado, within the time prescribed by law, biennial Corporate reports on the forms prescribed and furnished by the Secretary of State and containing the information required by law and shall pay the fee for such filing as prescribed by law.

9.7 Fiscal Year. The fiscal year of the Association shall begin on January 1 and end the succeeding December 31 except that the first fiscal year shall begin on the date of incorporation. The fiscal year may be changed by the Board of Directors without amending these Bylaws.

9.8 Seal. The Board of Directors may adopt a seal which shall have inscribed thereon the name of the Association and the words "SEAL" and "COLORADO."

9.9 Shares of Stock and Dividends Prohibited. The Association shall not have or issue shares of stock and no dividend shall be paid and no part of the income or profit of the Association shall be distributed to its Members directors or officers.

Notwithstanding the foregoing paragraph, the Association may issue certificates evidencing membership therein, may confer benefits upon its Members in conformity with its purposes and, upon dissolution or final liquidation, may make distributions as permitted by law, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profit.

9.10 Loans to Directors and Officers Prohibited. No loan shall be made by the Association to any Director or officer, and any Director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

9.11 Limited Liability. As provided in the Articles of Incorporation and Declaration, the Association, the Board of Directors, the Design Review Committee, Declarant, and any Member, agent or employee of any of the same, shall not be liable to any Person for any action or for any failure to act if the action taken or failure to act was in good faith and without malice.

9.12 Special Rights of First Mortgagees. Any First Mortgagee of a Mortgage encumbering any Unit in the Community Area, upon filing a written request therefor with the Association, shall be entitled to (a) receive written notice from the Association of any default by the Mortgagor of such Unit in the performance of the Mortgagor's obligations under the Declaration, the Articles of Incorporation, these Bylaws or Rules and Regulations, which default is not cured within 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 financial statement within 90 days following the end of any fiscal year of the Association; (d) receive written notice of all meetings of Members; (e) designate a representative to attend any meeting of Members; (f) receive written notice of abandonment or termination of the Declaration; (g) receive 30 days written notice prior to the effective date of any proposed, material amendment to the Declaration, the Articles of Incorporation or these Bylaws; and (h) receive immediate written notice as soon as the Association receives notice or otherwise learns of any damage to the Association Properties if the cost of reconstruction exceeds \$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 Association Properties.

9.13 Minutes and Presumptions Thereunder. Minutes or any similar record of the meetings of Members, or of the Board of Directors, when signed by the Secretary or acting Secretary of the meeting, shall be presumed to truthfully evidence the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

9.14 Record of Mortgagees. Under the Declaration, First Mortgagees have certain special rights. Therefore, any such First Mortgagee or, upon the failure of such First Mortgagee, any Member who has created or granted a First Mortgage, shall give written notice to the Association, through its Manager, or through the Secretary in the event there is no Manager, which notice shall give the name and address of the First Mortgagee and describe the Unit encumbered by the First Mortgage. The Association shall maintain such information in a book entitled "Record of First Mortgages on Units." Any such First Mortgagee or such Member shall likewise give written notice to the Association at the time of release or discharge of any such First Mortgage.

9.15 Checks, Drafts and Documents. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons, and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

9.16 Execution of Documents. The Board of Directors, except as these Bylaws otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of The Pine Meadows Homeowners Association, Inc., a Colorado nonprofit corporation ("Association"); and
2. The foregoing Bylaws, comprising 17 pages, constitute the Bylaws of the Association duly adopted by unanimous consent of the Board of Directors of the Association.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Association this 6th day of June, 1995.

(SEAL)

Patty Caldwell
Secretary

RULES AND REGULATIONS

I. General.

The following are the rules and regulations pertaining to the conduct of persons and the use of Common Elements within ~~The Pine Meadows at Telluride Mountain Village~~ Condominiums, which rules and regulations are duly adopted by the Board of Directors of ~~The Pine Meadows at Telluride Mountain Village Homeowner's~~ Homeowners Association, Inc., pursuant to the Declaration therefor. All words and phrases defined in the Declaration shall have the same meaning when used herein.

- A. Common sidewalks, driveways, entrances and passageways shall not be obstructed or used by any Unit Owner for any other purpose than ingress to and egress from the Units.
- B. No articles shall be placed on or in any of the Common Elements except for those articles of personal property which are the common property of all of the Unit Owners.
- C. Unit Owners, Members of their families, their guests, residents, tenants or lessees shall not use sidewalks, entrances and passageways as a play area.
- D. Except as otherwise provided in the Declaration, no signs shall be placed or permitted within the Condominium Project, except those identifying this Condominium Project, the selection and location of which is reserved to Declarant until all of the Units have been sold, at which time such authority shall vest in the Board of Directors of the Association. Except as provided below, so long as any Unit is owned by Declarant in the Condominium Project and remains unsold, no Owner shall be permitted to place any sign on the Condominium Project or on his Unit or any Building advertising his Unit for sale or lease. Notwithstanding the above, Owners of Commercial Units may, without the prior written consent of the Association, place signs on, outside, or within their Units which relate to the marketing of business activities currently being conducted by such Owner including, but not limited to, signs or advertisements used for the purpose of store identification and sales of goods, and "For Sale" and "For Lease" signs.
- E. Except as may otherwise be provided in the Declaration, no Unit Owner shall perform any kind of work on the exterior building walls or upon the Common Elements. Such work is the responsibility of the Association.
- F. Except as may otherwise be approved by the Board of Directors or as may be permitted by the Declaration, no Owner, resident or lessee of a Unit shall install wiring for electrical or telephone installation or for any other purpose, nor shall any television or radio

antenna, machines or air conditioning Units be installed on the exterior of the Condominium Project or protrude through the walls or the roof of the condominium improvements.

G. Owners and occupants shall exercise reasonable care to avoid making or permitting to be made loud, disturbing or objectionable noises, and in using or playing or permitting to be used or played musical instruments, radios, phonographs, television sets, amplifiers and any other instruments or devices in such manner as may disturb or tend to disturb owners, tenants or occupants of other Units.

H. Decks and patios, if any, shall be used only for the purposes intended and shall not be used for hanging garments or other articles or for cleaning rugs, household articles or other items. No rugs or other materials shall be dusted from windows, courts, decks or patios.

I. An Owner shall maintain strict control of and over any cat, dog or other animal owned by such Owner at all times, and shall be responsible for all damage done by such animal. Any damage to the Common Elements caused by an owner's animal shall be repaired at the expense of that Unit Owner.

J. No sweepings, trash, rubbish, rags, papers, ashes or other substances shall be deposited in the sanitary sewer system from any Unit, which may tend to impede the flow of liquid through such system.

K. Children shall not be permitted to loiter or play on the stairways, hallways or entryways nor in any storage, parking, laundry or maintenance areas.

L. Any damage to the Common Elements or common personal property caused by the Owner or a member of his family or their guests shall be repaired at the expense of that Unit Owner.

M. The moving of furniture in and out of Units shall be accomplished only in accordance with the then current Association rules and regulations with a schedule prearranged between an Owner and the Association or a designated agent of the Association and shall be delivered to and removed from the Project only at designated loading areas. Any damage to the Common Elements resulting from the moving or carrying of articles to or from Units shall be repaired at the cost of the Owner to or from whose Unit such moving or carrying occurred.

N. No water, natural gas or electricity shall be needlessly consumed by any Owner in his Unit or about the Common Elements.

O. No Owner or his Guests shall interfere in any manner with any common heating or lighting apparatus in or about the Project.

P. The Association may retain a pass key to each Unit and no Owner or his Guests shall alter any lock or install any new lock on any exterior door of any Unit without the prior written consent of the Association. If such consent is given, the requesting Owner shall forthwith deliver to the Association a key which actuates such altered or new lock.

II. Procedures and Enforcement.

Reasonable procedures, including notice of alleged violations and opportunity to be heard, shall be implemented by the Association for enforcement of the within rules and regulations. All fees and charges imposed by the Association and all costs incurred by the Association in enforcement of these rules and regulations, including, but not limited to, the cost of any corrective actions, shall constitute assessments enforceable against Owners pursuant to the provisions of the Declaration. For each day any violation continues after notice, it shall be considered a separate violation. The Association shall have the authority to take any remedial action it deems appropriate in the event of a violation of these rules and regulations, the Bylaws, the Declaration or the Articles.

The foregoing Rules and Regulations are subject to amendment and to the promulgation of further regulations.

No failure by the Association to insist upon the strict performance of any term or provision contained in the Rules and Regulations shall constitute a waiver of any such term or provision unless such waiver is made in writing by the Association. Any waiver of a breach of a term or provision of these Rules and Regulations shall not prevent a subsequent act, which would have originally constituted a violation under these Rules and Regulations, from having all the force and effect of a violation or prevent the Association from exercising all of its rights and remedies hereunder.

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Gay Capps, County Cler.) San Miguel County, CO

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE PINE MEADOWS CONDOMINIUMS**

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE PINE MEADOWS CONDOMINIUMS**

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**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE PINE MEADOWS CONDOMINIUMS**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration") is made as of this 6th day of March, 1995, by ROYAL PINE LLC, a Colorado limited liability company ("Declarant").

ARTICLE 1

GENERAL

1.1 Community Area. Declarant is the owner of that certain parcel of land located in the San Miguel County, Colorado, more particularly described on Exhibit A attached hereto and incorporated herein by reference which is defined in this Declaration as the "Community Area." Declarant intends to develop the Community Area as a high quality, condominium project of clusters of attached residential units with a maximum of thirteen (13) Units, in accordance with the terms and provisions of the Colorado Common Interest Ownership Act.

1.2 Purposes of Declaration. Property which is subject to this Declaration in the manner hereinafter provided shall be referred to as the Community Area. This Declaration is executed (i) in furtherance of a common and general plan for the Community Area; (ii) to protect and enhance the quality, value, aesthetic, desirability and attractiveness of the Community Area; (iii) to provide for an Association as a vehicle to hold, maintain, care for and manage the Condominium Project, including landscaped areas which will benefit all Owners of Units; (iv) to define the duties, powers and rights of the Association, including, without limitation, performance of certain maintenance obligations with respect to certain off-site facilities and such other matters whether similar or dissimilar which the Association elects to undertake in accordance with the provisions hereof; (v) to define certain duties, powers and rights of Owners of Units within the Community Area; (vi) to define certain special Declarant rights; and (vii) to comply with and effectuate the terms and provisions of the Act.

1.3 Declaration. Declarant, for itself, its successors and assigns, hereby declares that all property which becomes subject to this Declaration in the manner hereinafter provided, and each part thereof, shall, from the date the same becomes subject to this Declaration, be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered and improved subject to the covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes and other provisions set forth in this Declaration, for the duration hereof, all of which are declared to be part of, pursuant to, and in furtherance of a common and general plan of development, improvement, enhancement and protection of the Community Area. The provisions of this Declaration are intended to and shall run with the land and, until their expiration in accordance with the terms hereof, shall bind, be a charge upon and inure to the mutual benefit of (i) the Community Area and all of the property which becomes part of the Community Area and each part or parcel thereof, (ii) Declarant and its successors and assigns, (iii) the Association and its successors and assigns, and (iv) all Persons having or acquiring any right, title or interest in any property which becomes part of the Community Area or any part or parcel thereof or any Improvement thereon and their heirs, personal representatives, successors and assigns. This Declaration shall be Recorded in every county in which any portion of the Community Area is located and shall be indexed in the grantee's index in the name of The Pine Meadows

Village and the Association and in the Grantor's Index in the name of each person or entity executing this Declaration.

ARTICLE 2
DEFINITIONS

Unless otherwise expressly provided herein, the following words and phrases when used in this Declaration shall have the meanings hereinafter specified.

2.1 Act. "Act" shall mean the Colorado Common Interest Ownership Act as provided in C.R.S. § 38-33.3-101, *et seq.*, as the same may be amended from time to time.

2.2 Amended Map. "Amended Map" shall mean and include any land survey plat which is recorded by Declarant for the purpose of modifying the Condominium Map.

2.3 Articles of Incorporation. "Articles of Incorporation" shall mean the Articles of Incorporation of The Pine Meadows Homeowners Association, Inc., which have been or will be filed in the office of the Secretary of State of the State of Colorado, as the same may be amended from time to time.

2.4 Assessment. "Assessment" shall mean a General Assessment, Special Assessment, or a Reimbursement Assessment.

2.5 Association. "Association" shall mean The Pine Meadows Homeowners Association, Inc., a Colorado non-profit corporation, its successors and assigns.

2.6 Board of Directors. "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

2.7 Budget. "Budget" shall mean a written itemized estimate of the expenses to be incurred by the Association in performing its functions under this Declaration and prepared pursuant to the Section of this Declaration entitled "Assessments for Common Expenses."

2.8 Building. "Building" shall mean the building improvements located within the Condominium Project.

2.9 Bylaws. "Bylaws" shall mean the Bylaws of the Association which have been or will be adopted by the Board of Directors of the Association, as the same may be amended from time to time.

2.10 Cluster. "Cluster" shall mean a Building which contains two or three Units connected by one or more common walls.

2.11 Common Elements. "Common Elements" shall mean all portions of the Community Area other than the Units, including, but not limited to, those portions of the Community Area depicted as "Common Elements" and "Limited Common Elements" and Easements described herein and/or on the Map.

2.12 Community Area. "Community Area" shall mean the real property which is subject to this Declaration.

2.13 Condominium Project. "Condominium Project" shall mean and include the Community Area, and all Common Elements, Units, improvements and structures located thereon, and all rights, easements and appurtenances belonging thereto.

2.14 Declarant. "Declarant" shall mean Royal Pine LLC, a Colorado limited liability company, its successors, assigns, and affiliates. A Person shall be deemed to be a "successor and assign" of Royal Pine LLC as Declarant only if specifically designated in a duly Recorded instrument as a successor or assign of Declarant under this Declaration and shall be deemed a successor and assign of Declarant only as to the particular rights or interests of Declarant under this Declaration which are specifically designated in the written instrument. However, a successor to Royal Pine LLC, by consolidation or merger shall automatically be deemed a successor or assign of Royal Pine LLC as Declarant under this Declaration.

2.15 Declaration. "Declaration" shall mean this instrument and the Map and the supplements and amendments thereto, if any, recorded in the office of the Clerk and Recorder of San Miguel County, Colorado, in accordance with the Act.

2.16 Deed of Trust. See Paragraph 2.30, Mortgage.

2.17 Development Rights. "Development Rights" means any right or combination of rights reserved by Declarant in the Declaration to (i) add real estate to the Condominium Project; (ii) create Units, Common Elements or Limited Common Elements within the Condominium Project; (iii) subdivide Units or convert Units into Common Elements; or (iv) withdraw real estate from the Condominium Project.

2.18 Easement. "Easement" means any area designated as such on the Map or within Recorded Easement documents referenced on the Map including, without limitation, the following:

(a) **Pedestrian Easement.** "Pedestrian Easement" shall mean that certain six-foot wide pedestrian walkway easement from the Community Area to Wall Street as described in Paragraph 3 of Exhibit WD-8-2 as recorded March 10, 1988, in Book 442 at Page 791, and re-recorded March 11, 1988, in Book 442 at Page 802 in the records of the Clerk and Recorder of San Miguel County, State of Colorado, by which easement owners of the Community Area were granted a perpetual non-exclusive easement for ingress and egress thereover the Walkway Easement area for the installation and maintenance of a pedestrian walkway no greater than six feet in width.

(b) **Ski Trails Easement.** "Ski Trails Easement" shall mean that certain easement from the Community Area to Wall Street as described in Paragraph 3 of Exhibit WD-8-2 as recorded March 11, 1988, in Book 442 at Page 791, and re-recorded March 11, 1988, in Book 442 at Page 802 in the records of the Clerk and Recorder of San Miguel County, State of Colorado, by which the owners of the Community Area were granted a perpetual non-exclusive easement to construct and maintain ski trails for ingress and egress from the Community Area unto the existing or future ski trails located on Track OS-1 (as defined therein) and to remove vegetation, including trees, if necessary to improve and maintain the Ski Trail Easement area provided that reasonable efforts are made to preserve mature trees.

(c) **Utility Line Easement.** "Utility Line Easement" shall mean that certain easement from the Community Area to Wall Street as described in Paragraph 3 of Exhibit WD-8-2 as recorded March 11, 1988, in Book 442 at Page 791, and re-recorded March 11, 1988, in Book 442 at Page 802 in the records of the Clerk and Recorder of San Miguel County, State of Colorado, by which the owners of the Community Area were granted a perpetual non-exclusive easement over a portion or portions of

Track OS-1 as described on Exhibit WD-8-3 as illustrated on Telluride Mountain Village Filing 1, recorded in Plat Book 398 at 145 in the Clerk and Recorder of San Miguel County for installation and maintenance of underground utility lines connecting utility lines on Lot 8 to existing utility lines.

2.19 General Assessment. "General Assessment" shall mean assessments levied by the Association for the purpose of covering General Common Expenses incurred by the Association for the administration, management, repair and/or replacement of the Common Elements including, but not limited to: (i) expenses incurred by the Association in connection with any authorized function of the Association; (ii) expenses incurred by the Association in connection with the operation, maintenance and repair of Limited Common Elements; provided that such expenses shall be allocated among the Owners as more particularly provided herein; (iii) charges assessed against the Community Area or Units pursuant to the terms and provisions of the Master Declaration; and (iv) expenses incurred by the Association to improve and maintain the Easements. General Assessments are to be paid to the Association by each Owner for the purposes provided herein and shall be charged to such Owner and to the Unit of such Owner.

2.20 General Common Expenses. "General Common Expenses" means and includes expenses incurred by the Association for the administration, operation, management, repair and/or replacement of the Common Elements, including, but not limited to those expenses described in Paragraph 2.19 above and such other expenses declared as General Common Expenses by the Board of Directors pursuant to the provisions of this Declaration or the Bylaws.

2.21 Improvement. "Improvement" shall mean all structures and any appurtenances thereto of every type or kind located within the Community Area, including, but not limited to, buildings, outbuildings, swimming pools, patio covers, awnings, painting of any exterior surfaces of any structure, relocation or installation of windows, additions, walkways, outdoor sculptures or artwork, sprinkler pipes, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, fixtures, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior tanks, solar equipment, exterior air conditioning and water softener fixtures.

2.22 Improvement to Property. "Improvement to Property" shall mean any Improvement, change, alteration, or addition to any property within the Community Area. Improvement to Property shall include, but not be limited to, those improvements more particularly described in Section 7.1 of this Declaration.

2.23 Leases. "Lease" shall mean and refer to any agreement for the leasing or rental of a Unit, and shall specifically include, without limitation, a month-to-month rental.

2.24 Limited Common Elements. "Limited Common Elements" shall mean those parts of the Common Elements which are reserved for the exclusive use of the Owner of one or more particular Unit(s) or Cluster(s) as designated herein or on the Condominium Map. Limited Common Elements appurtenant to a particular Unit shall mean and include those Limited Common Elements designated for the use and benefit of a single Unit as depicted on the Map. Limited Common Elements appurtenant to a particular Cluster shall mean and include: (i) the exterior of balconies or patios associated with the Units within a particular Cluster, if any, and only to the extent that such Limited Common Elements are not Limited Common Elements appurtenant to a particular Unit; (ii) the exterior and structural components of the Building in which the Units of each Cluster are located including, without limitation, all foundations, columns, girders, beams, supports, exterior walls of a Unit, bearing walls, roofs, common walls, bearings floorings and subfloorings; and (iii) any and all utility pipes, lines or systems which service the Units within a Cluster;

2.25 Maintenance Funds. "Maintenance Funds" shall mean the accounts into which the Board shall deposit monies paid to the Association and from which disbursements shall be made in the performance of the functions of the Association.

2.26 Managing Agent. "Managing Agent" shall mean the person or entity whom the Board of Directors of the Association may engage to administer and manage the affairs of the Association.

2.27 Map. "Map" or "Condominium Map" shall mean and include the engineering survey (and any supplements and amendments thereto) of the Condominium Project depicting and locating thereon the location of the Units and Common Elements, the Improvements, the floor and elevation plans of Units, the Easements, and all of the land and improvements thereon, and other information required by the Act, which Map is incorporated herein and made a part of this Declaration by reference. For purposes of this Declaration, the term "Map" shall also mean and include each Amended Map recorded by Declarant.

2.28 Master Association. "Master Association" shall mean The Telluride Mountain Village Resort Company, created and existing pursuant to the Master Declaration.

2.29 Master Declaration. "Master Declaration" shall mean the general Declaration for The Telluride Mountain Village dated March 9, 1984, and filed of record with the San Miguel Clerk and Recorder on March 9, 1984, at Reception No. 233116, in Book 409, Page 714 and all supplements and amendments thereto.

2.30 Mortgage. "Mortgage" shall mean any mortgage or deed of trust or other such instrument, given voluntarily by the Owner of a Unit, encumbering the Unit to secure the performance of an obligation or the payment of a debt and which is required to be released upon performance of the obligation or payment of the debt. The term "Deed of Trust" when used herein shall be synonymous with the term "Mortgage."

2.31 Mortgagee. "Mortgagee" shall mean a mortgagee under a Mortgage or a beneficiary under a Deed of Trust, as the case may be, and the assignees of such Mortgagee.

2.32 Mortgagor. "Mortgagor" shall mean the Person who mortgages his or its property to another (i.e., the maker or grantor of a Mortgage). The term "Mortgagor" shall include a trustor or grantor under a Deed of Trust.

2.33 Owner. "Owner" shall mean the Person, including Declarant, or, if more than one, all Persons collectively, who hold fee simple title of Record to a Unit, including sellers under executory contracts of sale and excluding buyers thereunder.

2.34 Person. "Person" shall mean a natural person, a corporation, a partnership, or any other entity.

2.35 Record or Recorded. "Record" or "Recorded" shall mean the filing for record of any document in the office of the Clerk and Recorder of the County of San Miguel, Colorado.

2.36 Reimbursement Assessment. "Reimbursement Assessment" shall mean a charge against a particular Owner and the Owner's Unit for the purpose of reimbursing the Association for expenditures and other costs of the Association in curing any violation, directly attributable to the Owner, of the Declaration or the Rules and Regulations, together with late charges and interest as provided for herein.

2.37 Rules and Regulations. "Rules and Regulations" shall mean rules and regulations adopted by the Board of Directors as provided in this Declaration.

2.38 Special Assessment. "Special Assessment" shall mean a charge against each Owner and such Owner's Unit representing a portion of the costs of the Association for the purpose of funding major capital repairs, maintenance, replacements, and Improvements pursuant to this Declaration, or for any other purpose authorized by the Board of Directors as provided herein.

2.39 Special Declarant Rights. "Special Declarant Rights" means rights reserved for the benefit of Declarant to: (i) complete improvements indicated on plats and maps filed with the Declaration; (ii) exercise any Development Rights; (iii) maintain sales offices, management offices, signs and advertising within the Condominium Project; (iv) use easements through the Common Elements for the purpose of making Improvements within the Condominium Project; or (v) appoint or remove any officer of the Association or any Board member during any Declarant Control Period. All Units within the Condominium Project shall be deemed subject to Special Declarant Rights.

2.40 Supplemental Declaration. "Supplemental Declaration" shall mean a written instrument containing amendments, covenants, conditions, restrictions, reservations, easements or equitable servitudes or any combination thereof which may be recorded by Declarant to exercise Special Declarant Rights.

2.41 Unit. "Unit" shall mean the fee simple interest and title in and to a portion of the Condominium Project which is designated for separate ownership and occupancy and the boundaries of which are described in, or determined from, the Declaration. The definition of Unit shall include such Unit's appurtenant, undivided interest in and to the Common Elements and all improvements and fixtures contained therein, including all windows, glass, and doors.

ARTICLE 3

CONDOMINIUM MAP

3.1 Recordation. Prior to the conveyance of any Unit to a purchaser, a Condominium Map, which is incorporated herein and made a part hereof by this reference, which complies with the requirements of the Act shall be filed for record in the office of the Clerk and Recorder of the County of San Miguel, Colorado. The Condominium Map may be filed in whole or in parts or sections, from time to time. Each section of the Condominium Map filed subsequent to the first or initially filed Condominium Map shall be termed a Supplement thereto and the numerical sequence of any such Supplement shown thereon.

3.2 Amendment to Map. Except as otherwise provided herein, the Map may not be amended or supplemented except with the vote or agreement of the Unit Owners owning a 67% interest in and to the Common Elements. Notwithstanding the foregoing, Declarant shall be entitled to amend and/or supplement the Map without the approval of the Unit Owners, or any Mortgagees, in its sole and absolute discretion, (i) to reflect the subdivision or combination of any Unit by Declarant as provided hereunder; (ii) to construct the Units subject to Special Declarant Rights as provided hereunder; or (iii) as may be otherwise permitted by the Act. The Association shall be entitled to amend and/or supplement the Map without the approval of the Unit Owners, or any Mortgagee, in its sole and absolute discretion: (i) to reallocate the boundaries between Units; (ii) for the subdivision or combination of Units; (iii) to conform the Map to the actual location of constructed improvements and to establish, vacate and relocate utility and access easements; or (iv) as may otherwise be permitted by the Act.

ARTICLE 4

DIVISION OF PROPERTY INTO UNITS

4.1 Creation of Condominium/Allocation of Interests. Declarant hereby submits the Condominium Project to condominium ownership pursuant to the Act. The Condominium Project shall be deemed a "Condominium" as that term is defined in the Act. The name of the Condominium Project shall be "The Pine Meadows Condominiums." Each Unit shall consist of a separate fee simple estate in a separately designated Unit and an appurtenant undivided interest in and to the Common Elements and Limited Common Elements. The undivided interest in the Common Elements appurtenant to each Unit shall be expressed as a percentage determined by a fraction, the numerator of which shall be the number one and the denominator of which shall be the total number of all Units then subject to this Declaration. The sum of the undivided interests in the Common Elements shall be one hundred percent (100%). The initial undivided interest in the Common Elements and the Limited Common Elements appurtenant to each Unit is set forth on the Schedule of Undivided Interests, attached hereto as Exhibit B.

4.2 Combination of Units. Declarant or the Owner or Owners of one or more Units, shall have the right to: (i) physically combine the entire space within one Unit with the entire space within one or more adjoining Units, or (ii) combine a part of, or combination of parts of, the space of one Unit with a part of, or combination of parts of, the space within one or more adjoining Units. Upon the complete combination of any Units, the Unit resulting from such combination shall be allocated the undivided interest of the predecessor Unit(s) in and to the Common Elements. Such allocation shall be reflected by an amendment to the Schedule of Undivided Interests attached hereto. Upon the partial combination of one or more Units, the allocation of each Unit Owner's undivided interest in the Common Elements shall not change. An Owner, other than Declarant, must first (i) obtain the consent of Unit Owners owning more than a sixty-seven percent (67%) interest in the Common Elements and the consent of first lien Mortgage holders of the Units affected; and (ii) obtain the approval of Declarant and then comply with the provisions of this Declaration before exercising its rights herein. The cost and expense incurred for legal, architectural, engineering fees and all other costs and expenses incurred by Declarant and/or the Association shall be borne by that person or entity requesting such physical change. The right of the Declarant to approve the combination of two Units, as hereinafter defined, or to physically combine Units without the consent of the Association shall terminate upon conveyance by Declarant of all of the Units within the Condominium Project including Units subject to Special Declarant Rights or the date which is fifty (50) years following the Declarant's conveyance of the first Unit to a third party, whichever event first occurs (referred to herein as "the expiration of Declarant's reconfiguration rights").

4.3 Subdivision of a Unit. Declarant shall have and hereby reserves the right to subdivide the space within a Unit to its original configuration prior to any combination of Unit space permitted hereunder or to divide such space into time-space estates (a combination of an undivided interest in a present estate in a fee simple Unit together with an exclusive right to possession and occupancy of said Unit during an annually recurring period of time). In no event shall the Owner of a Unit be permitted to subdivide the space within a Unit. Declarant's right to so divide such space shall be deemed a Declarant's reconfiguration right described in subparagraph 4.2 above and shall not require the consent of the Association. Upon the subdivision of any Unit in accordance with the terms and conditions contained herein, the Units resulting from such division shall be allocated a proportionate interest in and to the Common Elements in accordance with the allocation formula set forth in subparagraph 4.1 above. Such allocation shall be reflected by an amendment to the Schedule of Undivided Interests. The right of the Declarant to divide Units without the consent of the Association shall end upon the expiration of Declarant's reconfiguration rights.

4.4 Combination Procedure. In order to combine any Units as provided above, the Owner(s) of such Units, other than Declarant prior to the expiration of Declarant's reconfiguration rights, shall submit an application to the Board of Directors, which application shall be executed by such Owner(s).

and shall include (i) evidence that the proposed combination or subdivision of a Unit or Units complies with all building codes, fire codes, zoning codes, and other applicable ordinances or resolutions adopted and enforced by the Telluride Mountain Village, San Miguel County and the State of Colorado, and the proposed combination does not violate the terms of any Mortgage encumbering the Unit; (ii) the proposed reallocations; (iii) the proposed form for amendments to the Declaration, including the Map, as may be necessary to show the Unit or Units which are created by the combination or resubdivision of a Unit or Units and their dimensions and identifying numbers; (iv) a deposit against attorneys' fees and costs which the Association may incur in reviewing and effectuating the transaction, in an amount reasonably estimated by the Board of Directors; and (v) such other information as may be reasonably requested by the Board. Nothing contained herein shall prevent Declarant from combining Units like any other Owner after the expiration of Declarant's reconfiguration rights. Upon exercising any right to combine or subdivide Units owned by Declarant, Declarant shall record an amendment to the Map reflecting any changes to the Map resulting from the exercise of any such right, sufficient to satisfy the requirements of the Act.

ARTICLE 5

NON-PARTITION OF LIMITED COMMON ELEMENTS

Limited Common Elements are hereby made appurtenant to, and shall not be partitioned from, the Unit(s) or Cluster to which they are reserved, and no reference thereto may be, nor shall be required to be, made in a deed, Mortgage, instrument of conveyance, or other instrument describing the Unit.

ARTICLE 6

USE OF CERTAIN COMMON ELEMENTS

Except for Limited Common Elements appurtenant to a particular Unit or Cluster, all Owners of Units in the Condominium Project shall have a non-exclusive right to the use of all of the Common Elements, including without limitation those Common Elements used for access easements, loading dock, dumpsters, recreational facilities, areas provided for community recreation, utilities, and open spaces located within the Condominium Project, and each such Owner may make such use without hindering or encroaching upon the lawful rights of the other Owners. Without the prior written consent of both Owners owning 67% of the Common Elements and 67% of the Mortgagees holding a first lien Mortgage on a Unit, no Common Element may be abandoned, partitioned, subdivided, encumbered, sold or transferred to any person or entity; provided, however, that easements may be granted by Declarant and/or the Association over such Common Elements for public utilities, private cable television, or for other purposes consistent with the intended use of the Common Elements without such approval being required. No reference to such Common Elements and may be, nor shall be, required to be made in any deed, Mortgage, instrument of conveyance, or other instrument describing the Unit.

ARTICLE 7

DEVELOPMENT OF UNITS

7.1 Right to Construct Improvements upon Units. Declarant desires to construct Improvements upon Units within the Community Area which, as of the date of this Declaration, are unimproved Units. In accordance with the foregoing, Declarant shall have and hereby reserves the right, for a period of fifty (50) years from the date of Recording of this Declaration, to construct (the "Development Period") Improvements upon Units located within the Community Area. Such Improve-

ments may include, but shall not be limited to: (i) the construction of Improvements which shall redefine the horizontal and vertical boundaries of existing Units; and (ii) such other Improvements as are necessary or incidental to the development of the Condominium Project. In accordance with the foregoing, Declarant hereby reserves unto itself the right to: (i) create Units, Common Elements or Limited Common Elements within the Community Area; (ii) subdivide Units or convert Units into Common Elements; (iii) redefine the horizontal and vertical boundaries of existing Units upon the completion of Improvements; and (d) such other development rights as may be permitted by the Act.

By acceptance of a deed to a Unit, each Owner of a Unit hereby grants to Declarant the right to construct one or more of such Improvements within the Community Area and to modify such Owner's right to the Common Elements as more particularly set forth in this Article, if applicable. Declarant makes no assurances that all, or any portion, of the Improvements will be constructed and Declarant reserves the right to construct Improvements on all or any portion of the Units in any order it deems fit in its sole and absolute discretion, in no particular, pre-established order. Declarant may provide that the such Improvements are to be phased so that they are constructed at different times. No construction of Improvements shall make or constitute any amendment or modification to this Declaration until such time as a Supplemental Declaration and Amended Map containing the redefined boundaries of the Units located within such Improvements are Recorded. Any such Supplemental Declaration shall incorporate the covenants, conditions and restrictions set forth herein and contain such additional covenants, conditions and restrictions as may be applicable to the Units described therein, including a designation of Common Elements and Limited Common Elements associated therewith. Furthermore, the Declarant shall have the right to reserve in such Supplemental Declaration any development right which is necessary or appropriate to complete the construction of such Improvements or which is otherwise necessary to meet the unique and particular aspects of the Units created thereby. The Supplemental Declaration shall contain a modification of Exhibit B, Revised Schedule of Undivided Interests, if necessary, reallocating to the Units a proportionate interest in and to the Common Elements in accordance with the allocation formula set forth in subparagraph 4.1 above. Every Owner of a Unit redefined by a Supplemental Declaration shall, by virtue of ownership of such Unit, be a member of the Association and be entitled to the same rights and privileges and subject to the same duties and obligations as any other member of the Association. The Recording of the Supplemental Declaration shall operate automatically to grant, transfer and convey to all Owners of Units located within the Community Area, their respective, pertinent, undivided rights, titles, interests, privileges, duties and obligation in and to both the existing Common Elements and any additional Common Elements added to the existing Common Elements by virtue of construction of the Improvements, if any. Notwithstanding any provision herein to the contrary, during the Development Period, the Declarant, its agents, employees, contractors, and subcontractors may use the Common Elements of the Condominium Project, without charge to maintain such facilities as may be reasonably required, convenient or incidental for construction and marketing of Improvements constructed upon Units located within the Community Area and the Common Elements associated therewith.

7.2 No Easement for View. DECLARANT HEREBY PROVIDES NOTICE THAT THE DEVELOPMENT OR REDEVELOPMENT OF THE UNITS SUBJECT TO SPECIAL DECLARANT RIGHTS MAY RESTRICT OR ELIMINATE CERTAIN VIEWS FROM THE UNITS FROM TIME TO TIME. THERE SHALL BE NO EXPRESS OR IMPLIED EASEMENT FOR LIGHT, VIEW, OR AIR FOR THE BENEFIT OF ANY UNIT, SUCH EXPRESS OR IMPLIED EASEMENT BEING EXPRESSLY WAIVED.

ARTICLE 8

DESCRIPTION OF UNIT

8.1 Description of Unit. Every contract, deed, lease, Mortgage, trust deed, will, or other instrument may legally describe a Unit which is located in this Condominium Project by its identifying Unit number followed by the name of this Condominium Project with further reference to the Map and Declaration filed for record and shall be substantially in the following form:

Unit _____, The Pine Meadows Condominiums, according to the Declaration of Covenants, Conditions and Restrictions for The Pine Meadows Condominiums, recorded _____, 199__, at Reception No. _____ and the Condominium Map recorded _____, 199__, at Reception No. _____ in the records of the Clerk and Recorder of the County of San Miguel, State of Colorado.

Every such description shall be good and sufficient for all purposes to sell, convey, transfer, encumber, or otherwise affect not only the Unit but also the undivided interest in Common Elements appurtenant thereto. Each such description shall be construed to include: (i) a perpetual, non-exclusive easement for ingress and egress to and from an Owner's Unit on, over, and across the Common Elements; (ii) the exclusive use of the Limited Common Elements appurtenant solely to such Owner's Unit; (iii) and the other easements, obligations, limitations, rights, encumbrances, covenants, conditions, and restrictions created in this Declaration. The undivided interest in the Common Elements appurtenant to any Unit shall be deemed conveyed or encumbered with that Unit, even though the legal description and the instrument conveying or encumbering said Unit may only refer to the title to that Unit. The reference to the Map and Declaration in any instrument shall be deemed to include any Supplements or Amendments to the Map or Declaration without specific reference thereto.

8.2 Inseparability of a Unit. Each Unit and the appurtenant undivided interest in the Common Elements reserved to such Unit shall together comprise one Unit, shall be inseparable and may be conveyed, leased, devised, or encumbered only as a condominium, except as provided in Article 4 of this Declaration entitled "Division of Property into Units."

8.3 Non-Partitionability of Common Elements. The Common Elements shall be owned in common as tenants-in-common by all of the Owners of the Units and shall remain undivided, and no Owner or other person shall bring any action for partition or division of the Common Elements or Limited Common Elements. By acceptance of a deed or other instrument of conveyance or assignment, each Owner shall have specifically waived such Owner's right to institute and/or maintain a partition action or any other cause of action designed to cause a division of the Common Elements and/or the Limited Common Elements, and the provisions of this Paragraph may be plead as a bar to the maintenance of any such action. Any Owner who shall institute or maintain any such action shall be liable to the Association for and hereby agrees to reimburse the Association for all of the Association's costs, expenses, and reasonable attorneys' fees incurred in defending such action.

8.4 Form of Ownership — Title. A Unit may be held and owned in any real property tenancy relationship recognized under the laws of the State of Colorado.

8.5 Separate Assessment and Taxation of Units.

(a) **Notice to Assessor.** Declarant shall give written notice and a copy of this Declaration to the Assessor of the County of San Miguel, Colorado, notifying the Assessor of the creation

of real property ownership interests in the Property, as is provided by the Act, so that each Unit shall be deemed a parcel subject to separate assessment and taxation by each assessing unit and special district for all types of taxes assessed by law including, without limitation, ad valorem levies and special assessments. No portion of the Community Area other than the Units shall be deemed a taxable parcel, including, without limitation, any Common Element. The lien for taxes assessed to any Unit shall be confined to that Unit. No forfeiture or sale of any Unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Unit. In the event the taxes or assessments for any year are not separately assessed to each Owner but rather are assessed on the Community Area as a whole, then each Owner shall pay his proportionate share thereof in accordance with such Owner's ownership interest in the Common Elements, and in such event, such taxes or assessments shall be a General Assessment. In such event, the Board of Directors shall have the authority to collect from the Owners their proportionate share of taxes or assessments for any year in which taxes are assessed on the Property as a whole.

(b) *Termination of Mechanic's Lien Rights.* No labor performed or materials furnished and incorporated in a Unit with the consent or at the request of the Owner thereof or his agent or his contractor or subcontractor shall be the basis for the filing of a lien against the Unit of any other Owner not expressly consenting to or requesting the same or against the Common Elements appertaining to the particular Unit. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against all liability or loss, including reasonable attorneys' fees, arising from the claim of any lien against the Unit of any other Owner or against the Common Elements appertaining to the particular Unit for construction performed or for labor, materials, services, or other products incorporated in the Owner's Unit at such Owner's request. In the event that any contractor, subcontractor, materialman, or any other person or entity files a mechanics' or any other similar type of lien which burdens or encumbers any portion of the Common Elements, or any other Unit not owned by the Unit Owner contracting for such work, the Unit Owner contracting for such work shall have such mechanics' or other lien removed within 30 days of the filing of such lien of record or post a bond for the benefit of the Association and/or the affected Unit Owner in an amount not less than 150% of the amount claimed by any such person or entity claiming such mechanics' lien.

ARTICLE 9

OWNERS' RESPONSIBILITY TO MAINTAIN UNITS

9.1 Maintenance, Repair and Alteration. For purposes of maintenance, repair, alteration, and remodeling, an Owner shall be deemed to own and shall have the obligation to maintain and repair the interior nonsupporting walls and interior floors and ceilings, the material making up the finished surface of the perimeter and supporting walls, ceilings, and floors such as, but not limited to, plaster, gypsum, drywall, paneling, wallpaper, paint, windows, glass, wall coverings, wall and floor tile, and flooring (but not including the subflooring) within the Unit and the appurtenant Limited Common Elements including, without limitation, the exterior surfaces of the Unit doors, and the appurtenant patio, deck, or balcony, if any. Except as provided below, the maintenance, repair, and replacement of the Common Elements shall be the responsibility of the Association and the cost thereof shall be a General Common Expense. The Association shall also be responsible for the maintenance, repair, alteration and remodeling of Limited Common Elements that are appurtenant to a particular Cluster, for example, without limitation, the exterior walls, structural elements and roof of any Improvement and the cost thereof shall be a General Common Expense to be paid only by the Units benefitted by such Limited Common Elements as determined by the Board of Directors in its sole and absolute discretion. No Owner of a Unit shall make any changes or alterations of any type or kind to the exterior portions of his Unit, including the exterior surfaces of doors and windows, or to any other Common Element. Any

repairs, alterations, or remodeling to the exterior portions of any Unit shall carry the obligation to replace any finishing or other materials removed with similar or other types or kinds of materials of at least the same quality, such that there is no reasonably observable difference between that portion of the exterior of the Unit which was repaired, altered or remodeled and the remaining portions of the exterior of the Unit. An Owner shall maintain and keep in good repair and in a clean, safe, attractive, and sightly condition the interior of the Unit, including the fixtures, doors, and windows thereof and the improvements affixed thereto, and such other items and areas as may be required in the Bylaws or Rules or Regulations of the Association. Also, an Owner shall maintain, clean, and keep in a neat and clean condition the deck, yard, porch, and/or patio area adjoining and/or leading to a Unit, if any, and any skylight or washer and dryer duct, if any, which may be Limited Common Elements appurtenant to such Unit.

9.2. Servicing of Utility Lines. The Owner shall not be deemed to own lines, pipes, wires, conduits, cables, or systems (which for brevity are hereafter referred to as "utilities") running through a Unit which serve one or more other Units except as a tenant in common with other Owners. Such utilities shall not be disturbed or relocated by an Owner without the written consent and approval of the Association. All fixtures and equipment installed within the Unit, and all lines, wires, pipes, conduits, or systems within the Unit commencing at a point where the utilities enter the Unit and which do not serve another Unit shall be maintained and kept in repair by the Owner thereof.

9.3 Failure to Perform Maintenance/Damage. An Owner shall do no act or any work that will impair any easement or hereditament. If any Owner fails to carry out or neglects the responsibilities set forth in any subparagraph of this Article, the Association or the Managing Agent may fulfill the same and assess such Owner therefor. Any expense incurred by the Association, or its Managing Agent under this paragraph, including, but not limited to, reasonable attorneys' fees and other costs and expenses, shall be the sole expense of said Owner.

9.4 Association Repairs. Determination of whether any repair or maintenance is the obligation of the Association or a Unit Owner shall rest solely with the Association, which shall have the sole responsibility for determining the kind and type of materials used in such repair and maintenance.

ARTICLE 10

OWNERS' COMPLIANCE MANDATORY

10.1 Compliance with Provisions. Each Owner shall strictly comply with the provisions of this Declaration, the Articles of Incorporation and the Bylaws of the Association, and the Rules and Regulations, decisions, and resolutions of the Board of Directors or the Association adopted pursuant thereto, as the same may be lawfully adopted and amended from time to time. Failure to comply with any of the same shall subject an Owner to such fines and penalties or special assessments as the Board of Directors may set from time to time and shall be grounds for an action to recover sums due for damages or injunctive relief, or both, and for reimbursement of all costs and expenses, including reasonable attorneys' fees, incurred in connection therewith, which action shall be maintainable by the Board of Directors or its Managing Agent in the name of the Association on behalf of the Owners or, in a proper case, by an aggrieved Owner. In addition, any such failure of compliance shall give the Association and its Managing Agent the right to enter a Unit as shall be necessary to remedy such violation using such force as may be necessary in so doing, without being liable in damages therefor, and the Association or Managing Agent shall not be deemed guilty in any manner of trespass in so doing. Further, the Board of Directors may suspend the voting rights of an Owner in the Association and an Owner's right to use any Common Element not reasonably necessary for ingress and egress to a Unit of

the Condominium Project during any period or periods when an Owner fails to comply with the aforesaid items.

10.2 Notice of Default. Upon the request of a holder of a first lien Mortgage on a Unit, the Association shall report to such holder any default by the Owner of such Unit under Paragraph 10.1 above, if such default has continued for a period of thirty (30) days or more.

ARTICLE 11

EASEMENTS

11.1 Easement for Encroachments. If any portion of the Common Elements encroaches upon a Unit, a valid easement for the encroachment and for the maintenance of same, so long as it stands or as the same may be reconstructed pursuant to the provisions of this Declaration, shall and does exist. If any portion of a Unit encroaches upon the Common Elements or upon an adjoining Unit, a valid easement for the encroachment and for the maintenance of the same so long as it stands in or as the same may be reconstructed pursuant to the provisions of this Declaration, shall and does exist. For title or other purposes, such encroachments and easements shall not be considered or determined to be encumbrances either on the Common Elements or the Units. Encroachments referred to herein include, without limitation, encroachments caused by error in the original construction of the Buildings; by error in the Map; by settling, construction, rising, or shifting of the earth; or by changes in position caused by repair or reconstruction of the Condominium Project or any part thereof.

11.2 Access for Maintenance, Repair, and Emergencies. The Owners shall have the irrevocable right, to be exercised by the Association or its Managing Agent, to have access to each Unit, any Limited Common Element appurtenant thereto, from time to time as may be necessary for the maintenance, repair, or replacement of any of the Common Elements or Limited Common Elements therein or accessible therefrom, and for making emergency repairs therein necessary to prevent damage to the Common Elements or Limited Common Elements or to another Unit. No Owner shall change the locks on doors providing access to a Unit without first providing the Association or Managing Agent with a duplicate key for such changed lock. Non-emergency repairs shall be made only during regular business days upon at least 24 hours' notice to the occupants of the Unit wherein such repairs are to be made, except where the occupants have no objections to earlier entry for repairs. In emergency situations, the occupants of the affected Unit shall be warned of the impending entry as early as is reasonably possible. Damage to the interior or any part of a Unit or to a part of the Unit resulting from such maintenance, repair, emergency repair, or replacement of any of the Common Elements or Limited Common Elements or as a result of such emergency repair within another Unit, shall be classified as a General Assessment, and assessed as such in accordance with the terms and conditions contained herein; provided, however, that if any such damage is caused by the negligent or tortious act of an Owner, members of his family, his agents, employees, invitees, licensees, or tenants, then such Owner shall be responsible and liable for all of such damage. All damaged improvements shall be restored substantially to the same condition in which they existed prior to the damage. No diminution or abatement of General Assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements or from action taken to comply with any law, ordinance, or order of any governmental authority. Except as otherwise provided herein, all maintenance, repairs, and replacements of the Common Elements, whether located inside or outside of Units (unless necessitated by the carelessness, negligence, misuse, or tortious act of an Owner, in which case such expense shall be the sole expense of and charged to such Owner), shall be classified as a General Common Expense in accordance with the provisions of this Declaration entitled "Assessment for Common Expenses."

11.3 Easements for Access, Support, and Utilities. Each Owner shall have a non-exclusive easement for access between his Unit and the roads and streets adjacent to the Condominium Project over and across the halls, corridors, stairs, walks, bridges, and exterior access and other Easements which are part of the Common Elements. Each Owner shall have a non-exclusive easement in, on, and over the Common Elements, including the Common Elements within the Unit of another Owner, for horizontal, vertical, and lateral support of the Unit, for utility service to the Unit, including, without limitation, water, sewer, gas, electricity, telephone, and television service and for the release of steam from any washer or dryer vent leading therefrom.

11.4 Easements Deemed Appurtenant. The easements, uses, and rights created herein for an Owner shall be appurtenant to the Unit of that Owner and all conveyances of and other instruments affecting title to a Unit shall be deemed to grant and reserve the easements, uses, and rights as are provided for herein, even though no specific reference to such easements, uses, and rights appears in any such conveyance.

11.5 Emergency Easement. A non-exclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance, and other similar emergency agencies or persons now or hereafter servicing the Condominium Project, to enter upon all streets, roads, and driveways located in the Condominium Project and upon the Property, if any, in performance of their duties. A non-exclusive easement for ingress and egress is hereby granted to all Unit Owners to enter upon any Common Element in the event of any emergency.

ARTICLE 12

DECLARANT'S RIGHTS AND RESERVATIONS

12.1 Period of Declarant's Rights and Reservations. Declarant shall have, retain, and reserve certain rights as set forth hereinafter in this Article 12 with respect to the Association and the Condominium Project from the date hereof, until (i) the time that the last Unit within the Condominium Project has been sold and conveyed by Declarant to persons other than Declarant including Units subject to Special Declarant Rights, or (ii) the date which is fifty (50) years from Recordation of this Declaration, or (iii) the last date allowed for retention of such rights by the Act, as it may be amended from time to time, whichever event occurs first. The rights and reservations hereinafter set forth shall be deemed excepted and reserved in each conveyance of property by Declarant whether or not specifically stated therein and in each deed or other instrument by which any property within the Condominium Project is conveyed by Declarant. The rights, reservations, and easements hereinafter set forth shall be prior and superior to any other provisions of this Declaration and may not, without Declarant's prior written consent, be modified, amended, rescinded, or affected by any amendment of this Declaration. Declarant's consent to any one such amendment shall not be construed as consent to any other subsequent amendment.

12.2 Sales and Construction Activities of the Declarant. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for the Declarant, its agents, employees, and contractors to maintain in those areas of the Common Elements as in the sole opinion of the Declarant may be reasonably required, convenient, or incidental to the construction and sale or rental of Units, construction yards, signs, model units, sales offices, construction offices, parking areas, and lighting; and Declarant, its agents and employees, shall have reasonable rights of ingress and egress over the Common Elements of the Condominium Project during any construction, repair, refurbishing and sale period.

12.3 Declarant's Rights to Complete Development of Condominium Project. Declarant shall have the right, and no provision of this Declaration shall be construed to prevent or limit Declarant's rights, to complete the development of the Condominium Project including the construction of Improvements upon Units as more particularly described in Article 7 herein; to construct or alter improvements on any property owned by Declarant within the Condominium Project, including temporary buildings; or to post signs incidental to development, construction, promotion, marketing, or sales of property within the boundaries of the Condominium Project. Nothing contained in this Declaration shall limit the rights of Declarant or require Declarant to obtain approvals to (i) construct, alter, demolish, or replace any improvements on any property owned by Declarant or in the Units subject to Special Declarant Rights; (ii) to use any structure on any property owned by Declarant as a real estate sales office in connection with the sale of any property within the boundaries of the Condominium Project; or (iii) to require Declarant to seek or obtain the approval of the Board of Directors or of the Association for any such activity or improvement to property on any property owned by Declarant. Nothing in this Declaration shall limit or impair the reserved rights of Declarant as elsewhere provided in this Declaration.

12.4 Declarant's Rights to Grant and Create Easements. Declarant shall have and hereby reserves the right to grant or create temporary or permanent easements for access, utilities, drainage, water, and other purposes incidental to development and sale of the Condominium Project located in, on, under, over, and across (i) Units owned by Declarant, (ii) the Units subject to Special Declarant Rights, and (iii) Common Elements.

12.5 Assignment or Transfer of Declarant's Rights. Declarant shall have and hereby reserves the right to assign or transfer all or any portion of Declarant's rights reserved by Declarant under this Declaration. Such assignment or transfer shall be executed when the transferee/ assignee Records the written instrument evidencing the transfer in every county in which any portion of the Community Area is located. A transfer of Declarant's Rights under this section shall be limited to those rights enumerated in the transfer instrument and shall not be construed as a general conveyance or transfer of all of Declarant's Rights under this Declaration.

ARTICLE 13

THE ASSOCIATION

13.1 General Purposes and Powers. The Association, through the Board of Directors and/or the Managing Agent, shall perform functions and hold title to and manage real and personal property as provided in this Declaration so as to further the interests of Owners of Units in the Condominium Project. It shall have all powers necessary or desirable to effectuate such purposes including, but not limited to the right, power and obligation to exercise and perform all rights and obligations granted to the Association under the Articles, the Bylaws, the Act, or the Colorado Non-Profit Corporation Act. The administration and management of this Condominium Project shall be governed by the Articles of Incorporation, the Bylaws, and duly adopted Rules and Regulations and resolutions of the Association and Board of Directors.

13.2 Membership. The Owner of a Unit shall automatically be a member of the Association which may be referred to herein as a "Member." Said membership is appurtenant to the Unit of said Owner and shall automatically pass with fee simple title to the Unit. Each Owner shall automatically be entitled to the benefits and subject to the burdens relating to membership for his Unit. If a fee simple title to a Unit is held by more than one person or entity, then each such person or entity shall

appoint one of its constituent persons as a proxy with power of attorney to exercise the rights and obligations of membership in the Association.

13.3 Voting Rights of Members. Each Owner shall have the right to cast one vote for each Unit owned by such Owner in accordance with the Bylaws. Notwithstanding the foregoing, Declarant shall be entitled to select and appoint Directors, in its sole discretion in accordance with the Bylaws until the happening of the events described below (the "Declarant's Control Period"). Notwithstanding the foregoing, not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created within the Community Area by Declarant to Owners other than Declarant, at least one Member, and not less than twenty-five percent (25%) of the Members of the Board of Directors must be elected by Owners other than Declarant and no later than sixty (60) days after the conveyance of fifty percent (50%) of the Units that may be created within the Community Area to Owners other than the Declarant, not less than thirty-three and one-third percent (33-1/3%) of the Members of the Board of Directors must be elected by Owners other than Declarant. The Declarant's Control Period shall cease on the happening of any of the following events, whichever occurs earlier: (i) when seventy-five percent (75%) of the Units that may be created within the Community Area have been conveyed to Owners other than Declarant; (ii) two years after the last conveyance of a Unit by Declarant in the ordinary course of business; (iii) two years after the right to add new Units was last exercised; or (iv) when, in its discretion, Declarant so determines.

13.4 Determination of Member Voting Percentages. Notwithstanding anything to the contrary contained herein, only Owners whose voting rights are in good standing under the Association's Bylaws (e.g., voting rights which have not been suspended as provided therein) shall be entitled to vote on Association matters. In accordance therewith, any and all provisions contained herein requiring the approval of a requisite percentage of Owners of the Association shall be deemed satisfied when the requisite percentage of Members entitled to vote has been met.

13.5 Managing Agent. The Association may employ a Managing Agent to administer and manage the affairs of the Association. Any contract with a Managing Agent shall provide for the right of the Association to terminate such contract without penalty at any time upon not more than ninety (90) days' notice.

13.6 Duty to Keep Association Records. The Association shall keep financial records sufficiently detailed to enable the Association to comply with the Act, including, but not limited to, financial records sufficiently detailed to provide a statement setting forth the amount of any unpaid Assessments currently levied against an Owner.

ARTICLE 14

ASSESSMENT FOR COMMON EXPENSES

14.1 Assessments. All Owners, including Declarant, shall be obligated to pay the assessments imposed by the Association to meet the General Common Expenses ("General Assessments"). The Limited Common Elements shall be maintained in the same manner as Common Elements, and Owners having exclusive use thereof shall be responsible for any and all special charges or assessments for the repair or maintenance thereof, which exclusive use may be shared by more than one Unit Owner. Assessments for the General Common Expenses shall be due in advance on the first day of each month or such other period as may be determined from time to time by the Board of Directors. For the purposes of this Declaration, the term "Assessments" shall collectively refer to General Assessments, Special Assessments, as hereinafter defined, and Reimbursement Assessments, as hereinafter defined.

Any General Common Expense associated with maintenance, repair or replacement of a Limited Common Element shall be assessed against the Units to which that Limited Common Element is assigned, equally or in any other proportion as determined by the Board of Directors. Any General Common Expense or portion thereof benefitting fewer than all of the Units shall be assessed exclusively against the Units benefitted and the cost of insurance shall be assessed in proportion to risk all as determined by the Board of Directors.

14.2 Commencement of Assessments. General Assessments shall commence upon the conveyance by Declarant of the first Unit to a third party. Until the Association makes a General Assessment as provided hereunder, Declarant shall pay all General Common Expenses. In the event the ownership of a Unit, title to which is derived from Declarant, commences on a day other than the first day of the assessment period, the assessment for that period shall be prorated.

14.3 Budget. The Board of Directors shall cause to be prepared, at least sixty (60) days prior to the commencement of each calendar year, a Budget for such calendar year. The Budget shall show, in reasonable detail, the categories of expenses and the amount of expenses for the General Common Expenses, any required Capital Expenditures, as hereinafter defined, any expected income of the Association for the coming calendar year and any expected surplus from the prior year and any existing surplus held by the Association. The Budget may include an amount for contingencies and amounts deemed necessary or desirable to create, replenish, or add to Association funds for capital expenditures, as that term is defined under generally accepted accounting principles ("Capital Expenditures") related to the Common Elements and such other Association expenditures permitted hereunder. Within thirty (30) days after the adoption of any Budget by the Board of Directors, the Board shall cause a copy of the Budget to be distributed to each Owner, and shall set a date for a meeting of the Owners to consider ratification of the Budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Such meeting may be concurrent with the annual meeting of Owners as provided in the Bylaws. Unless at that meeting a majority of the Owners entitled to vote reject the Budget, the Budget shall be deemed ratified, whether or not a quorum is present. In the event the Budget is rejected, the periodic Budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent Budget proposed by the Board.

14.4 Amount of Assessments. General Assessments shall be based upon the cash requirements of the Association which shall be deemed to be such aggregate sum as the Board of Directors of the Association shall annually determine as represented by the Budget, and as such Budget shall, from time to time, be adjusted. Such assessments shall be paid by the Owners in order to provide for the payment of all estimated expenses growing out of or connected with the maintenance, repair, operation, additions, alterations, and improvement of and to the Common Elements, which sum shall include, but shall not be limited to, expenses of management; taxes and special assessments (subject to the provisions of the section of this Declaration entitled "Special Assessment and Taxation of Units — Notice to Assessor"); premiums for insurance; landscaping and care of grounds; common lighting and heating and other common utility charges; cable television charges; repairs and renovations; trash and garbage collections; wages; common water and sewer charges; legal and accounting fees; management fees; fees and charges for recreational facilities; Capital Expenditures made by the Board during any calendar year expenses and liabilities incurred by the Association or its Managing Agent, on behalf of the Unit Owners under or by reason of this Declaration, the Articles of Incorporation of the Association, or the Bylaws of the Association; any deficit remaining from a previous period; the creation of a reasonable contingency reserve and working capital; all other costs and expenses related to the Common Elements; and provision shall be made for an adequate reserve fund for replacement of the Common Elements and for a general operating reserve, which reserve funds shall be funded by periodic payments.

14.5 Assessments/Utilities. In addition, the General Assessments shall include each Owner's pro rata share of common sewer, water, and Building electricity. Charges for utilities separately metered to Units shall be the separate responsibility of each Owner and shall not be deemed a General Common Expense; provided, however, that the Association shall have the right to pay for such utilities on behalf of a delinquent Owner, as an advance to such Owner for the purpose of preventing damage to any portion of the Condominium Project, and the amount of such advance shall be due without demand from such Owner therefor, together with interest on the amount advanced at the rate provided herein for delinquent assessments from the date of advance until paid.

14.6 Special Assessments. The Board of Directors shall have the further right during any calendar year upon thirty (30) days' notice to the Owners to levy and assess against all of the Owners according to each Owner's interest in the applicable Common Elements, a special assessment ("Special Assessment") for such purpose or purposes, in accordance with this Declaration and the Articles and Bylaws of the Association, as may be necessary or appropriate to keep the Condominium Project as a first class project including, without limitation, assessments for Capital Expenditures and the cost of any construction, reconstruction, repair or replacement of any Common Element, including fixtures and personal property.

14.7 Reimbursement Assessments. The Board of Directors may, subject to the provisions hereof, levy an assessment against any Owner of a Unit if the willful or negligent failure of the Owner, or a person occupying a Unit through the Owner, to comply with this Declaration, the Articles of Incorporation, the Bylaws, or the rules and regulations of the Association shall have resulted in the expenditure of funds by the Association to cause such compliance including, but not limited to, attorneys' fees ("Reimbursement Assessment"). The amount of the Reimbursement Assessment shall be due and payable to the Association thirty (30) days after notice to the Owner of the decision of the Board of Directors that the Reimbursement Assessment is owing, and the Association shall have the power to enforce such assessment in accordance with the provisions of this Declaration entitled "Association Lien for Non-Payment of Assessments."

14.8 Assessment Deposit. At the closing of a purchase of a Unit, each Owner shall deposit with the Association a sum to be determined by the Association, but which sum shall not exceed twice the amount of the total estimated monthly assessment for such Unit, which shall be held by the Association as a reserve and for working capital. The deposit of such sums shall not relieve an Owner from making the regular payment of any Assessment as the same comes due. While Declarant is in control of the Association, it cannot use any of the working capital funds of the Association to defray Declarant's expenses or reserve contributions, or non-Association construction costs, or to make up any non-Association budget deficits.

14.9 Failure to Fix Assessment. The omission or failure to fix the assessment or deliver or mail a statement for any period shall not be deemed a waiver, modification, or a release of the Owners from their obligation to pay the same.

14.10 Surplus Funds. The Association shall not be required to credit any surplus funds of the Association remaining after payment of, or provision for, Common Expense reserves against future Assessments to be levied by the Association against the Unit Owners.

14.11 Association Funds. As more particularly provided in the Bylaws, the Board of Directors shall appoint a President, Vice-President, Secretary and Treasurer to act as the officers of the Association. The Treasurer shall have the responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association; provided;

however, that in the event that a Managing Agent has been delegated the responsibility of collecting and disbursing funds, the Treasurer's responsibility shall be to review the accounts of the Managing Agent not less often than semi-annually.

ARTICLE 15

OWNER'S PERSONAL OBLIGATION FOR PAYMENT OF ASSESSMENTS, FINES AND PENALTIES

Any Assessment assessed against each Unit pursuant to this Declaration and all fines or penalties assessed in accordance with this Declaration or the Bylaws of the Association shall be separate, distinct and the personal or individual debt of the Owner thereof. No Owner may exempt himself from liability for the payment of Assessments, or fines and penalties by waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Unit. Both the Board of Directors of the Association and its Managing Agent shall have the responsibility to take prompt action to collect any unpaid Assessment, or fine and penalty which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default in the payment of any Assessment, including, but not limited to, any Special or Reimbursement Assessment, or the failure to pay any fine or penalty for more than thirty (30) days from the due date for payment thereof, the Owner shall be obligated to pay a late fee together with interest thereon in the amount of the delinquent Assessment, or fine and penalty from the due date thereof, together with all expenses incurred by the Association, including reasonable attorneys' fees in amounts as determined by the Board of Directors. The late fee and rate of default interest specified herein may be changed by the Board of Directors from time to time. Suit to recover a money judgment for unpaid Assessments, fines and penalties shall be maintainable without foreclosing the lien set forth below, nor shall such suit be or construed to be a waiver of the lien.

ARTICLE 16

ASSOCIATION LIEN FOR NON-PAYMENT OF ASSESSMENTS

16.1 Notice of Default. If any General Assessment, Special Assessment, or Reimbursement Assessment or any installment thereof is not paid within thirty (30) days after its due date, the Board of Directors may mail a notice of default ("Notice of Default") to the Owner and to each first mortgagee of the Unit who has requested a copy of the notice. The notice shall specify:

- (a) The fact that the installment is delinquent;
- (b) The action required to cure the default;
- (c) A date, not less than thirty (30) days from the date the notice is mailed to the Owner by which such default must be cured; and
- (d) That failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the Assessment or the installments of the Assessment for the then current calendar year, if applicable, and the filing and foreclosure of the lien for the Assessment against the Unit of the Owner.

The notice shall further inform the Owner of any right to cure the default and of any right to bring a court action to assert the non-existence of a default or any other defense of the Owner. If the delinquent Assessment and any late charges or interest thereon are not paid in full on or before the date specified

in the notice, the Board, at its option, may declare all of the unpaid balance of the Assessment to be immediately due and payable without further demand, if applicable, and may enforce the collection of the Assessment and all charges and interest thereon in any manner authorized by law or in this Declaration, except for protection afforded to mortgagees under this Declaration.

16.2 Lien. All unpaid Assessments chargeable to any Unit, including Special and Reimbursement Assessments, and all fines, penalties or interest assessed but unpaid in accordance with this Declaration or the Bylaws or Rules and Regulations of the Association shall constitute a lien on such Unit with the highest priority granted to a condominium assessment lien pursuant to the Act and other provisions of Colorado law. To evidence such lien, the Board of Directors of the Association or its Managing Agent may, but shall not be required to, prepare a written notice of lien assessment setting forth the amount of such unpaid indebtedness, the amount of the accrued interest and late charges thereon, the name of the Owner of the Unit and a description of the Unit.

16.3 Enforcement of Lien. Such lien may be enforced by (i) court foreclosure proceedings in a manner similar to foreclosure of a mortgage on real property or (ii) as otherwise provided by Colorado law, whichever the Association chooses. The Owner shall be required to pay and the lien shall also secure the costs, expenses, and attorneys' fees incurred in connection with filing the lien and collecting such delinquent assessments, and in the event of foreclosure proceedings, all additional costs, expenses, and reasonable attorneys' fees incurred. The Owner of the Unit being foreclosed shall be required to pay to the Association the assessment for the Unit during the period of foreclosure, and the Association shall be entitled to a receiver during foreclosure. The Association shall have the power to bid on the Unit at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the same.

16.4 Homestead Exemption. Each Owner hereby agrees that the Association's lien on a Unit for assessments as hereinbefore described shall be superior to the Homestead Exemption provided by Colorado Revised Statutes, 1973, as amended, § 38-41-201, *et seq.*, and each Owner hereby agrees that the acceptance of the deed or other instrument of conveyance in regard to any Unit within the Condominium Project shall signify such grantee's waiver of the Homestead Exemption granted in said section of the Colorado statutes.

16.5 Mortgagee Payment. Except as required by the Act, any Mortgagee holding a lien on a Unit may pay, but shall not be required to pay, any unpaid Assessment assessed against a Unit, including any Special or Reimbursement Assessment payable with respect to such Unit. Except as may otherwise be provided by the Act, or other provisions of Colorado law, any holder of a first lien Mortgage who comes into possession of a Unit pursuant to the remedies provided in the Mortgage, by way of foreclosure of the Mortgage, or by way of a deed given in lieu of foreclosure, shall take the Unit free of any claims for unpaid Assessments, including Special or Reimbursement Assessments, and shall only be responsible for Assessments, including Special or Reimbursement Assessments, arising after the date such first Mortgagee acquires title to the Unit. All Assessments, fines, penalties and charges waived by this provision shall remain a personal or individual obligation of the prior Owner of such Unit.

16.6 Release of Lien. A recorded lien may be released by recording a Release of Lien to be signed by a director or officer of the Association or by its Managing Agent on behalf of the Association.

ARTICLE 17

ASCERTAINABILITY OF UNPAID GENERAL ASSESSMENTS; FINANCIAL STATEMENTS

Upon written request for a statement of account by an Owner or his agent, Mortgagee or prospective Mortgagee, or prospective grantee of a Unit, the Association, or its Managing Agent, shall furnish a copy of the most recent financial statement of the Association, if any, and a written statement of the amount of any unpaid Assessment, including, but not limited to Special or Reimbursement Assessments remaining unpaid for longer than thirty (30) days after the same is due, the amount of the current assessments, the dates that assessments are due, the amount for any advanced payments made, prepaid items such as insurance premiums and reserves therefor, and deficiencies in reserve accounts, which statements shall be conclusive upon the Association in favor of all persons who rely thereon in good faith. Any such statement shall be delivered within fourteen (14) days after the receipt of the request and shall be binding on the Association, the Board of Directors, and all Unit Owners. In the event no such statement is furnished as heretofore requested to the requesting party, then the Association shall have no right to assert a priority lien upon the Unit for unpaid Assessments which were due as of the date of the request. The holder, insurer or guarantor of a first lien Mortgage encumbering a Unit shall be entitled to have an audited financial statement for the preceding fiscal year for the Association, at the sole cost and expense of such Mortgagee, if such party submits a written request therefor.

ARTICLE 18

PRIORITY OF UNIT ENCUMBRANCES

18.1 Mortgage of Unit. Any Owner of a Unit shall have the right from time to time to mortgage or encumber his interest in the Unit by a first lien Mortgage. A first lien Mortgage shall be one which has first and paramount priority under applicable law.

18.2 Junior Mortgage. Any Owner of a Unit shall have the right from time to time to mortgage or encumber his interest in the Unit by a junior mortgage or other junior encumbrance (junior to a first lien Mortgage); provided, however, that any such junior Mortgage or junior encumbrance shall always be subordinate to the prior and paramount lien of the Association for all Assessments, and all of the terms, conditions, covenants, restrictions, uses, limitations, and obligations under this Declaration and under the Bylaws of the Association, and provided further that the holder of such junior Mortgage or junior encumbrance shall release, for purposes of restoration of any improvements upon the encumbered Unit, all of the holder's right, title, and interest in and to the proceeds under all insurance policies covering the premises, which insurance policies were effected and placed upon the premises by the Association. Such release shall be furnished forthwith by such holder upon written request of the Association; and if such request is not granted, such release may be executed by the Association as attorney-in-fact for such holder.

ARTICLE 19

INSURANCE

19.1 Property Insurance. The Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, property insurance on (i) the entire Condominium Project (including all of the Units and fixtures therein initially installed by Declarant, but not including personal property supplied by or installed by Declarant or Owners); and (ii) all insurable real property and personal property owned or maintained by the Association, including, but not limited to, the Common

Elements, for broad form covered causes of loss, including, casualty, fire, and extended coverage insurance including, if available at reasonable cost, coverage for vandalism and malicious mischief and, if available and if deemed appropriate, coverage for flood, earthquake, and war risk. Such insurance shall, to the extent reasonably obtainable, be for the full insurable replacement cost of the insured property, less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavation, foundations and other items normally excluded from property policies. Such insurance shall also contain a standard mortgage clause in favor of each first lien Mortgagee of a Unit, which clause shall provide that the loss, if any, thereunder with respect to the Unit described in such Mortgage shall be payable to such Mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Association as may otherwise be provided herein. The insurance described herein shall be in the name of the Association as attorney-in-fact for all the Unit Owners and first lien Mortgagees.

19.2 Liability Insurance. The Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, general liability insurance covering public liability for bodily injury and property damage and, if the Association owns or operates motor vehicles, public liability for bodily injury and property damage arising as a result of the ownership and operation of motor vehicles. Such liability insurance shall (i) have limits as determined by the Board of Directors from time to time; (ii) insure the Board, the Association, the officers of the Association, first lien Mortgagees (if so required), the Unit Owners as their interests may appear, the Managing Agent, if any, and their respective employees, agents and all persons acting as agents; (iii) include the Declarant as an additional insured in such Declarant's capacity as a member of the Association, as the Condominium Project developer or as a member of the Board of Directors; (iv) include the Owners as additional insureds, but only for claims and liabilities arising in connection with the ownership, existence, use or management of the Condominium Project; and (v) cover claims of one or more insured parties against other insured parties.

19.3 Miscellaneous Insurance Provisions. Insurance obtained by the Association may contain such deductible provisions as good business practice may dictate. If the insurance described is not reasonably available, or if any policy of such insurance is cancelled or renewed without a replacement policy thereof having been obtained by it, the Association shall promptly cause notice of that fact to be delivered to all Members. The Association may carry any other type of insurance it considers appropriate in amounts it deems appropriate, to insure the interests of the Association. Insurance policies carried pursuant to this section shall provide that (i) each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Elements or membership in the Association; (ii) the insurer waives its right of subrogation under the policy against the Association, each Owner and first lien Mortgagee, and any person claiming by, through, or under such Owner or any other director, agent, or employee of the foregoing; (iii) no act or omission by any Owner, unless acting within the scope of such Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and (iv) if at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy shall be the primary insurance. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment. To the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefiting from such repair or restoration for all deductibles paid by the Association. Insurance obtained by the Association shall, to the extent reasonably possible, and provided Declarant reimburses the Association for any additional premium payable on account thereof, name Declarant as an additional insured and shall contain a waiver of rights of subrogation as against Declarant. Insurance policies and insurance coverage shall be reviewed at least annually by the Board of Directors to ascertain whether coverage under the policies is sufficient in light

of the current values of the insured property and in light of the possible or potential liabilities of the Association. The aforementioned insurance may be provided under blanket policies covering the insured property and property of Declarant. In no event shall insurance coverage obtained or maintained by the Association be bought in conjunction with insurance purchased by Owners, occupants or their Mortgagees.

19.4 Owner Insurance. 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 the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of any such additional insurance carried by any such Owner. Insurance coverage on furnishings, furniture, appliances, and other items of personal or other property belonging to an Owner and public liability coverage within each Unit shall be the sole and direct responsibility of the Owner thereof, and the Board of Directors of the Association and its Managing Agent shall have no responsibility therefor.

19.5 Workmen's Compensation Insurance. The Association or the Managing Agent shall also obtain workmen's compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association, if any, in the amounts and in the forms now or hereafter provided by law.

19.6 Fidelity Insurance. The Association and its Managing Agent shall also obtain and maintain fidelity coverage against dishonesty of directors, officers, employees of the Association, the Managing Agent and any other person handling funds of the Association, against destruction or disappearance of money or securities and forgery. Said policy shall also contain endorsements thereto covering any persons who serve the Association without compensation. Such fidelity bond shall name the Association as obligee and such coverage shall not be less in aggregate than two months' current assessments plus reserves, as calculated from the current Budget of the Association. The Association shall require of any Managing Agent that (i) such Managing Agent maintain fidelity insurance coverage or a bond in an amount as the Board of Directors may require; (ii) that the Managing Agent maintain all funds and accounts of the Association in trust accounts separate from the funds and accounts of other associations managed by the Managing Agent and maintain all reserve accounts of each association so managed separate from operational accounts of the Association; and (iii) that an annual accounting for Association funds and a financial statement be prepared and presented to the Association by the Managing Agent, a public accountant, or a certified public accountant. The Board of Directors may, but shall not be required to, obtain directors' liability insurance in such amount as it shall determine from time to time.

ARTICLE 20

DESTRUCTION, DAMAGE, OR OBSOLESCENCE

20.1 Association as Attorney-in-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Condominium Project upon its damage or destruction, for its repair and reconstruction, or its obsolescence, and to maintain, repair and improve the Units, Buildings, Common Elements, and Limited Common Elements. Title to any Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed or other instrument of conveyance from the Declarant or from any Owner or grantor shall constitute appointment of the attorney-in-fact herein provided. All of the Owners of Units or holders of any equitable interest in the Condominium Project irrevocably constitute and appoint the Association their true and lawful attorney in their name, place, and stead for the purpose of dealing with the Condominium Project upon its damage, destruction, or obsolescence as is hereafter provided. As attorney-in-fact, the

Association, by its duly authorized officers or agents, 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 a Unit Owner which is 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 the Common Elements having substantially 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, reconstruction, or replacement unless the Owners and holders of first lien Mortgages agree not to rebuild in accordance with the provisions set forth hereinafter. In the event that insurance proceeds, condemnation proceeds, or proceeds from the sale of all or a portion of the Condominium Project are to be apportioned among the Owners in accordance with the provisions hereof, or in the event the Owners are to be specially assessed in accordance with the provisions hereof, such apportionment or assessment shall be made in accordance with the terms and conditions contained herein.

20.2 Damage or Destruction. Except as provided by the Act, which may be amended from time to time, any portion of the Condominium Project for which insurance is required to be carried hereunder and which is damaged or destroyed must be repaired or replaced promptly by the Association unless (i) the Condominium Project is terminated in accordance with the provisions hereof; (ii) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; (iii) Owners owning an undivided eighty percent (80%) interest in the Common Elements, including every Owner of a Unit that will not be rebuilt, vote not to rebuild; or (iv) prior to the conveyance of any Unit to a person other than Declarant, the holder of a Mortgage on the damaged portion of the Condominium Project rightfully demands all or a substantial portion of the insurance proceeds. The Association shall have full authority, right, and power as attorney-in-fact to cause the repair and restoration of the improvements. Assessments for General Common Expenses shall not be abated during the period of insurance adjustment and repair and reconstruction.

20.3 Restoration. If the insurance proceeds are insufficient to repair and reconstruct the improvements and the Owners do not vote to terminate the Condominium Project as provided herein, such damage or destruction shall be promptly repaired and reconstructed by the Association, as attorney-in-fact, using the proceeds of insurance and the proceeds of a Special Assessment to be made against all of the Owners and their Units. Such Special Assessment shall be made pro rata according to each Owner's undivided interest in the Common Elements and shall be due and payable within thirty (30) days after written notice thereof. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair, replacement, or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an Owner to pay the Special Assessment. The Special Assessment provided for herein shall be a debt of each owner and a lien on his Unit and may be enforced and collected as provided herein. In addition thereto, the Association, as attorney-in-fact, shall have the absolute right and power to sell the Unit of any Owner refusing or failing to pay such Special Assessment within the time provided; and if not so paid, the Association shall cause to be recorded a notice that the Unit of the delinquent Owner shall be sold by the Association, as attorney-in-fact, pursuant to the provisions of this paragraph. Assessments for General Common Expenses shall not be abated during the period of insurance adjustment and repair and reconstruction. The delinquent Owner shall be required to pay to the Association the costs and expenses for filing the notices, interest at the rate of eighteen percent (18%) per annum (or such other rate as may be set from time to time by the Board of Directors) on the amount of the assessment, and all reasonable attorneys' fees in the collection thereof. The proceeds derived from the sale of such Unit shall be used and disbursed by the Association as attorney-in-fact in the following order:

- (a) For payment of taxes and special assessment liens of record in favor of any governmental assessing entity;
- (b) For payment of the balance of the lien of any first lien Mortgage of record;
- (c) For payment of the customary expenses of sale;
- (d) For payment of unpaid General Common Expenses (including interest and late fees), fines, penalties and all costs, expenses, and fees, including reasonable attorney's fees, incurred by the Association;
- (e) For payment of junior liens and encumbrances of record in the order of and to the extent of their priority; and
- (f) The balance remaining, if any, to the Unit Owner.

20.4 Restoration Plan. Except as otherwise provided herein, in the event of damage or destruction to the Condominium Project a plan for reconstruction or restoration of the Condominium Project shall be prepared by the Association (the "Restoration Plan"), which plan shall have the approval of eligible Mortgage holders who represent at least sixty-seven percent (67%) of the votes of Unit estates that are subject to Mortgages, and all of the Owners shall be bound by the terms and other provisions of such plan. In the event the Association is unable to obtain the consent of the requisite percentage of the first lien Mortgage holders to the Restoration Plan, the Association shall be entitled to resubmit a revised Restoration Plan for the approval of the first lien Mortgage holders. In the event the Association is unable to obtain the approval of such Mortgage holders of any revised Restoration Plan, the Condominium Project shall be terminated pursuant to the provisions hereof. Any assessment made in connection with such plan shall be made pro rata according to each Owner's undivided interest in the Common Elements and shall be due and payable as provided by the terms of such plan, but not sooner than thirty (30) days after written notice thereof. The Association shall have full authority, right, and power as attorney-in-fact to cause the repair, replacement, or restoration of improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an Owner to pay the assessment. General Common Expenses shall not be abated during the period of insurance adjustment and repair and reconstruction. The assessment provided for herein shall be a debt of each Owner and a lien on his Unit and may be enforced and collected as is provided herein. In addition thereto, the Association as attorney-in-fact shall have the absolute right and power to sell the Unit of any Owner refusing or failing to pay such assessment within the time provided; and if not so paid, the Association shall cause to be recorded a notice that the Unit of the delinquent Owner shall be sold by the Association. The delinquent Owner shall be required to pay to the Association the costs and expenses for filing the notices, interest at the rate of eighteen percent (18%) per annum (or such other rate as may be set from time to time by the Board of Directors) on the amount of the assessment and all reasonable attorneys' fees. The proceeds derived from the sale of such Unit shall be used and disbursed by the Association as attorney-in-fact for the same purposes and in the same order as is provided in subparagraphs (a) through (f) of Paragraph 20.3 above.

20.5 Obsolescence of Common Elements. The Unit Owners owning more than sixty-seven percent (67%) of the Common Elements may agree that the Common Elements are obsolete and adopt a plan for renewal and reconstruction, which plan shall have the approval of the eligible holders of a first lien Mortgage of record at the time of the adoption of such plan representing at least sixty-seven percent (67%) of the votes of Unit estates that are subject to Mortgages held by eligible first lien Mortgage holders. If such a plan for renewal or reconstruction is adopted, notice of such plan shall be recorded and the expense of renewal and reconstruction shall be payable by all of the Owners in accordance with

their undivided interest in the Common Elements as a Special Assessment, whether or not they have previously consented to the plan or renewal and reconstruction. The Association as attorney-in-fact shall have the absolute right and power to sell the Unit of any Owner refusing or failing to pay such assessment within the time provided; and if not so paid, the Association shall cause to be recorded a notice that the Unit of the delinquent Owner shall be sold by the Association. The delinquent Owner shall be required to pay to the Association the costs and expenses for filing the notices, interest at the rate of eighteen percent (18%) per annum (or such other rate as may be set from time to time by the Board of Directors), on the amount of the assessment and all reasonable attorneys' fees. The proceeds derived from the sale of such Unit shall be used and disbursed by the Association as attorney-in-fact for the same purposes and in the same order as is provided in subparagraphs (a) through (f) of Paragraph 20.3.

20.6 Termination of Condominium Project. Unit Owners owning a sixty-seven percent (67%) undivided interest of the Common Elements may agree that the Units are obsolete and that the same should be sold and that the Condominium Project should be terminated. Such plan or agreement must have the approval of eligible first lien Mortgage holders of record representing at least sixty-seven percent (67%) of the votes of Unit estates that are subject to Mortgages. 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 entire premises 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 Map, and the Association's Bylaws. Any contract of sale for such purpose, if required by the Act, shall be approved by Unit Owners owning a sixty-seven percent (67%) undivided interest in the Common Elements. The sales proceeds, together with any insurance proceeds in the event of the partial or total destruction of the Condominium Project, shall be apportioned among the Owners on the basis of each Owner's Distribution Interest, as hereinafter defined, and such apportioned proceeds shall be paid into separate accounts, each such account representing one Unit. Each such account shall be in the name of the Association and shall be further identified by the Unit designation and the name of the Owner. From each separate account the Association as attorney-in-fact shall use and disburse the total amount of each of such accounts, without contribution from one account to another, for the same purposes and in the same order as provided in Paragraph 20.3 above.

20.7 Eminent Domain. In the event of a taking or condemnation of the entire Condominium Project, condominium ownership pursuant to this Declaration shall terminate and the condemnation award shall be apportioned among the Owners in proportion to their respective Distribution Interests and shall be disbursed in accordance with subparagraphs (a), (b), (d), (e) and (f) of Paragraph 20.3 above. In the event of a condemnation of a portion of the Condominium Project, its Common Elements, Limited Common Elements or any Unit constructed thereon by any entity having the authority and right in condemnation, the provisions set forth in this section relating to destruction, damage, or obsolescence shall apply, except that the proceeds of such condemnation shall be utilized in lieu of insurance proceeds as therein set forth and except that restoration shall not be undertaken unless the same is legally permissible. Notwithstanding the above, in the event restoration is not possible and a specific award is made for a Unit or Units, the amounts allocated to those certain Units shall belong to the Owners of such Units, subject to any valid liens against the ownership of such Unit.

20.8 Distribution Interest. For the purposes of this Declaration, each Owner's Distribution Interest shall be expressed as a percentage determined by a fraction, the numerator of which shall be the fair market value of such Owner's Unit(s) and the denominator of which shall be the sum of the fair market value for all Units. In the event that the Condominium Project is damaged or destroyed and a determination of the fair market value of the Units is required to be determined hereunder, the fair market value of the Units shall be appraised at their fair market value immediately before such damage or destruction. In the event the Condominium Project is declared obsolete by the Owners as provided

herein, or is condemned by any federal, state or local authority, and the fair market value of the Units is required to be determined hereunder, the fair market value of the Units shall be appraised at their market value immediately prior to such time that the Condominium Project is declared obsolete or is condemned. The fair market value of the Units shall be determined by an MAI appraiser selected by the Board of Directors. The appraisal shall be certified to the Association and the cost of such appraisal shall be borne by the Association.

ARTICLE 21

REVOCATION, TERMINATION, OR AMENDMENT TO DECLARATION

The covenants, restrictions, and obligations of this Declaration shall run with and bind land for a term of fifty (50) years from the date this Declaration is Recorded after which time they shall be automatically extended for successive periods of ten (10) years unless during any successive ten (10) year period this Declaration is revoked or terminated by Owners owning an eighty percent (80%) undivided interest in the Common Elements and the eligible holders of recorded first lien Mortgage(s) representing at least sixty-seven percent (67%) of the votes of Unit estates that are subject to Mortgages consent and agree to such revocation by an instrument or instruments duly executed and Recorded. Declarant reserves the right to terminate this Declaration until such time as the conveyance of any of the Units has taken place. In addition, Declarant reserves the right to amend this Declaration as may be permitted under the Act without the prior written approval of the Association until the conveyance by deed of the last of the Units hereunder including the Units subject to Special Declarant Rights; provided, however, that such amendment shall not materially affect the rights and obligations of an Owner or first lien Mortgagee hereunder. In all other respects, this Declaration shall not be amended unless Owners owning a seventy-five percent (75%) undivided interest in the Common Elements, and the eligible holders of recorded first lien Mortgages representing at least sixty-seven percent (67%) of the votes of Unit estates that are subject to Mortgages consent and agree to such amendment by an instrument or instruments duly executed and recorded. The amendment provisions of this paragraph shall be subject to and governed by the provisions in Article 4 concerning the Common Elements. The consent of any Mortgagees other than the holders of any recorded first lien Mortgage shall not be required under the provisions of this Declaration entitled "Use of Certain Common Elements." Every amendment to the Declaration must be Recorded and shall be effective only upon Recordation. An amendment must be indexed in the grantee's index in the name of each person executing the amendment. Amendments to this Declaration required by this paragraph to be recorded shall be prepared, executed, recorded, and certified on behalf of the Association by any officer of the Association designated for that purpose, or in the absence of such designation, the President of the Association.

ARTICLE 22

PERIOD OF CONDOMINIUM OWNERSHIP

The separate condominium estates created by this Declaration and the Map shall continue until this Declaration is revoked or terminated in the manner and as is provided herein or until terminated in the manner and as is provided herein.

ARTICLE 23**REAL AND PERSONAL PROPERTY FOR COMMON USE**

The Association may acquire and hold for the use and benefit of all Owners real and tangible and intangible personal property and may dispose of the same by sale or otherwise; and the beneficial interest in any such property shall be owned by the Owners and their interest therein shall not be transferable except upon the transfer of the Owner's Unit. A transfer of a Unit shall transfer to the transferee ownership of the transferor's beneficial interest in such real or personal property without any reference thereto or execution of a bill of sale. Each Owner may use such real and personal property in accordance with the purpose for which it is intended, without hindering or encroaching upon the lawful rights of the other Owners. A sale of a Unit under foreclosure or power of sale shall thereby entitle the purchaser thereof to the beneficial interest in the real and personal property associated with the sold Unit.

ARTICLE 24**REGISTRATION OF MAILING ADDRESS; NOTICES**

Each Owner shall register a voting representative and mailing address with the Association upon taking title to any Unit, and notices or demands intended to be served upon an Owner shall be sent by mail, postage prepaid, addressed in the name of the representative at such registered mailing address. If no such registration is made, all notices and demands shall be sent to an Owner, postage prepaid, at the address of the Unit and shall be deemed properly given to the Owner. All notices required or permitted hereunder shall be in writing and shall be sent, postage prepaid, to the address of the Owners as provided in this paragraph, to the Mortgagees as provided hereinbelow, and to the Declarant and the Association at Property Management Services, 117 Lost Creek Lane, P. O. Box 11144, Telluride, Colorado 81435, until such address is changed by written notice to the Association.

ARTICLE 25**MORTGAGEE'S NOTICE OF ENCUMBRANCE**

- (a) Every holder of a Mortgage on a Unit shall give notice of such encumbrance to the Association by delivering a copy of such recorded encumbrance along with such Mortgagee's mailing address to the Association.
- (b) Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor of any Mortgage, such person will be entitled to timely notice of:
- (i) Any condemnation loss or any casualty loss which affects a material portion of the Condominium Project or any Unit on which there is a first lien Mortgage, held, insured, or guaranteed by such person;
 - (ii) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and
 - (iii) Any proposed action which requires the consent of a specified percentage of holders of first lien Mortgages.

In the event that any first lien Mortgage holder fails to submit a response to any proposal requiring the consent of such Mortgage holder hereunder within thirty (30) days after it receives proper notice thereof, such Mortgagee shall be deemed to have consented to such proposal.

ARTICLE 26

RESTRICTIVE COVENANTS

26.1 No Unlawful Use. No unlawful use shall be permitted or made within the Condominium Project or any part thereof. All valid laws, ordinances, and regulations of all governmental bodies having jurisdiction shall be observed.

26.2 Signs. Except as otherwise provided, no signs shall be placed or permitted within the Condominium Project, except those identifying this Condominium Project, the selection and location of which is reserved to Declarant until all of the Units have been sold, at which time such authority shall vest in the Board of Directors of the Association. Except as provided below, so long as any Unit is owned by Declarant in the Condominium Project and remains unsold, no Owner shall be permitted to place any sign on the Condominium Project or on its Unit or any Building advertising its Unit for sale or lease.

26.3 Antennas. No radio, television or other types of antennae ("Antennae"), nor air conditioning units or machines, nor any type or kind of wiring or fixtures shall be installed or permitted which are not located wholly within a Unit without the prior written consent of the Board of Directors, which consent will not be unreasonably withheld.

26.4 Animals. No animals, livestock, reptiles or birds shall be kept on any part of the Units, except that domesticated dogs, cats, birds or fish may be kept in a Unit, subject to all governmental animal ordinances and laws and subject to rules and regulations promulgated by the Association or Board of Directors in regard thereto. An Owner is responsible for any damage caused by its animal(s) and shall be obligated to clean up after his animal(s) on the Condominium Project. No animals shall be allowed to remain tied or chained to any balconies, patios or other parts of the Condominium Project, and any such animal(s) so tied or chained may be removed by the Association or its agents.

26.5 Property to be Maintained. Each Unit at all times shall be kept in a clean, sightly and wholesome condition. No trash, litter, junk, boxes, containers, bottles, cans, implements, machinery, lumber or other building materials shall be permitted to remain exposed upon any Units so that same are visible from any neighboring Unit or street, except as necessary during the period of construction. No unsightliness or waste shall be permitted on or in any part of the Condominium Project. Without limiting the generality of the foregoing, no Owner shall keep or store anything (except in designated storage areas) on or in any of the Common Elements; nor shall any Owner hang, erect, affix or place anything upon any of the Common Elements (except for decorative items within his Unit); and nothing shall be placed on or in windows or doors of Units, which would or might create an unsightly appearance.

26.6 No Noxious, Offensive, Hazardous or Annoying Activities. No noxious or offensive activity shall be carried upon any part of the Condominium Project nor shall anything be done or placed on or in any part of the Condominium Project which is or may become a nuisance or cause embarrassment, disturbance or annoyance to others. No activity shall be conducted on any part of the Condominium Project which is or might be unsafe or hazardous to any person or property. No sound shall be emitted on any part of the Condominium Project which is unreasonably loud or annoying. No sound shall be emitted from any Unit which exceeds 35 decibels as measured from an adjacent Unit. No odor shall

be emitted on any part of the Condominium Project which is noxious or offensive to others. No light shall be emitted from any part of the Condominium Project which is unreasonably bright or causes unreasonable glare. In no event shall the items set forth herein be deemed to be a complete list of noxious activities prohibited hereunder and the Board of Directors shall have the right to terminate any other noxious or otherwise offensive activity carried on by a Unit Owner in violation of the provisions hereof.

26.7 Rules and Regulations. Rules and regulations may be adopted by the Board of Directors concerning and governing the use of the Common Elements; provided, however, that such rules and regulations shall be uniform and nondiscriminatory. Copies of all such rules and regulations shall be furnished to Unit Owners prior to the time that they become effective. No Owner nor any guests, licensee or invitee of an Owner shall violate the rules and regulations adopted from time to time by the Board of Directors, whether relating to the use of Units, the use of Common Elements, or otherwise. The Board may impose a fine in an amount as may be determined from time to time on any Owner for each violation of such rules and regulations by such Owner, his family, tenants, guests, invitees or licensees.

26.8 Leasing. The Owner of a Unit, including Declarant, shall have the right to lease a Unit under the following conditions:

- (a) No Owner may lease less than his entire Unit;
- (b) All leases shall provide that the terms of the lease and lessee's occupancy of the Unit shall be subject in all respects to the provisions of this Declaration and to the provisions of the Articles, Bylaws, and any and all rules and regulations enacted by the Association in accordance therewith. Any failure by the lessee to comply therewith shall be a default under the lease; and
- (c) the Association and/or the Manager shall have no obligation for services, maintenance, or repair required by any lessee.

ARTICLE 27

ARCHITECTURAL/AESTHETIC CONTROL; COVENANT ENFORCEMENT

27.1 Approval of Additions or Alterations to Residential Units. No Owner of a Unit shall undertake any work in his Unit which would jeopardize the soundness, safety or operation of the Condominium Project, reduce the value thereof or impair an easement or hereditament thereon or thereto. Except as provided herein, no Owner of a Unit shall enclose, by means of screening or otherwise, any balcony, yard, deck, patio or porch, or any portion of the roof, nor shall any Owner make structural alterations to a Unit or to the water, gas, or steam pipes, electric and cable television conduits, plumbing or other fixtures connected therewith, until and unless the plans and specifications showing the nature, kind, scope, height, materials, locations and engineering aspects of such work shall have been submitted and approved by the Board of Directors. No exterior additions or alterations to any Unit, or any fences, walls, or other structures or any landscaping additions or alterations or any other action which may affect the Common Elements shall be commenced, erected, or maintained within a Unit until and unless the plans and specifications showing the nature, kind, scope, height, materials, location and engineering aspects of such addition or alteration shall have been submitted to and approved by the Board of Directors. The Board of Directors shall have the right to refuse to approve any such plans or specifications or landscaping plans which are not suitable or desirable in its opinion, for practical, engineering,

aesthetic or other reasons in its sole and absolute discretion; and in so passing upon such plans, the Board of Directors shall have the right to take into consideration the suitability of the proposed improvement and of the materials of which it is to be built, the harmony thereof with the surroundings, the effect of the improvement as planned on the outlook from the adjacent or neighboring property, and the effect of the proposed improvements on the soundness, safety or operation of the Condominium Project. Any and all projects approved by the Board of Directors hereunder shall be performed by a licensed and insured contractor previously approved by the Board of Directors in its sole and absolute discretion (a "Licensed Contractor"). Any such Licensed Contractor shall carry insurance in such types and amounts as the Board of Directors may determine in its reasonable discretion and any such Licensed Contractor shall provide the Board of Directors with a certificate of insurance evidencing such insurance and naming the Association as an additional insured.

27.2 Failure to Approve Plans. If the Board of Directors fails either to approve or to disapprove such plans and specifications (including resubmission of disapproved plans and specifications which have been revised) within thirty (30) days after the same have been submitted to it (provided that all required information has been submitted), it shall be conclusively presumed that said plans and specifications have been approved. The Board of Directors shall notify the Unit Owner in writing upon receipt of all required plans and specifications and the aforesaid thirty (30) day period shall commence on the date of such notification.

27.3 Architectural Control Committee. The Board of Directors may, pursuant to this grant of authority, establish a committee or committees for the purpose of enforcing the provisions for architectural, structural and aesthetic control contained in this Declaration and, separately, for enforcement of the covenants contained in this Declaration. Any reference to the Board of Directors in this section shall be deemed to mean the appropriate committee, once the same has been established by the Board of Directors. The Board of Directors and such committee shall have the right from time to time and as it determines necessary to adopt rules and regulations designed to implement the provisions set forth in this Declaration regarding architectural, structural and aesthetic control of the Condominium Project and with regard to the enforcement of the covenants contained in this Declaration.

27.4 Liability for Plans. Neither the Board of Directors, the members of the committee(s) specified above, the Managing Agent, nor the Declarant or their respective successors or assigns, shall be liable in damages to anyone submitting plans to them for approval or to any Unit Owner by reason of mistake in judgment, negligence, gross negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve any such plans and specifications, or in connection with the enforcement of the covenants contained in this Declaration. Every Unit Owner or other person who submits plans for approval agrees, by submission of such plans and specifications, that he will not bring any action or suit against the Board, the committee, or Declarant to recover any such damages. Approval by the Board, the Declarant, or the committee shall not be deemed to constitute compliance with the requirements of any local building codes, and it shall be the responsibility of the Unit Owner or other person submitting plans to the Architectural Review Committee to comply therewith.

ARTICLE 28

ACCEPTANCE OF PROVISIONS OF ALL DOCUMENTS

The conveyance or encumbrance of a Unit shall be deemed to include the acceptance of all of the provisions of this Declaration, Association Articles of Incorporation and Bylaws, and the duly adopted Rules and Regulations and resolutions of the Association and its Board of Directors, and each shall be

binding upon each grantee or encumbrancer without the necessity of inclusion of such an express provision in the instrument of conveyance or encumbrance.

ARTICLE 29

RESERVATION OF UNUSED DENSITY RIGHTS

29.1 Unused Density Rights. Declarant reserves unto itself, its successors and assigns, any and all unused density and/or development rights associated with the Property as may be provided by any applicable code and any subsequent amendments, replacements or substitutions thereof, or as may otherwise be provided. These unused density and/or development rights are excluded from the definition of Property and are not part of the estate in land which is being converted to a Condominium Project. The Property may not be used, or further developed or reconstructed, or the improvements thereon otherwise modified by the Owners, their heirs, personal representatives, successors, or assigns, or other parties in interest so as to impair the unused density and/or development rights reserved herein.

29.2 Power of Attorney. In the event the reservation as set forth above is insufficient to permit the Declarant to utilize the unused density rights, this Declaration does hereby make mandatory the irrevocable appointment of the Association as attorney-in-fact for the Owners to effectuate the designation and use of the unused density rights as Declarant may designate in its sole discretion. In connection with the foregoing, the Association, as attorney-in-fact for all Owners, and all Owners shall, at no cost or liability to the Association and the Owners, cooperate fully with Declarant and pursue any matters reasonably related thereto, which cooperation shall include, but shall not be limited to, the execution of any and all required and related documents. The reservations and restrictions contained herein shall be deemed to run with the land, shall inure to the benefit and be binding upon all of the Owners and their successors and assigns and shall survive the amendment, revocation, or termination of this Declaration in the manner and as is provided herein.

ARTICLE 30

GENERAL

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

30.2 Singular/Plural. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

30.3 Paragraph References. Paragraph titles are for the convenience of reference and are not intended to limit, comment, enlarge, or change the meaning of the contents of the various paragraphs.

30.4 Enforcement. The terms and provisions of this Declaration may be enforced, through judicial action or otherwise in accordance with the terms hereof, by the Association, the Declarant, during any period during which the Declarant is entitled to appoint any Board Member, or by any Unit Owner aggrieved by any violation of the terms and provisions hereof.

30.5 Waiver. No failure by the Association to insist upon the strict compliance or performance with any term or provision contained in this Declaration shall constitute a waiver of any such term or provision unless such waiver is made in writing by the Association. Any waiver of a breach or violation made by the Association in writing shall not prevent a subsequent act which constitutes a violation of any term, provision or covenant hereunder from having all the force and effect of a violation or prevent the Association from exercising all of its rights and remedies hereunder.

30.6 Disclaimer Regarding Safety. Declarant hereby disclaims any obligations regarding the security of any persons or property within the Community Area. Any Owner of property within the Community Area acknowledges that Declarant is only obligated to those acts specifically enumerated herein, or in the Articles of Incorporation and Bylaws, and is not obligated to do any other acts with respect to the safety or protection of persons or property within the Community Area.

30.7 Liability of Declarant. Neither the Association nor any Owner, except the Declarant, is liable for any cause of action based upon the Declarant's acts or omissions in connection with any responsibilities the Declarant has hereunder. The Declarant's obligations and responsibilities shall be specifically limited to matters expressly described in this Declaration as obligations and responsibilities of the Declarant and as to express obligations and responsibilities of the Declarant under the Act. Declarant shall have no implied responsibility. If any act or omission is asserted to have occurred during the development, the Association must give the Declarant reasonable notice of and an opportunity to cure such act or omission and to defend against the allegations.

30.8 Successors and Assigns. This Declaration shall be binding upon and inure to the benefit of Declarant, the Association, and each Owner, and the heirs, personal representatives, successors and assigns of each of them.

IN WITNESS WHEREOF, Declarant has duly executed this Declaration this 6TH day of MARCH, 1995.

ROYAL PINE LLC,
a Colorado limited liability company

By: Jerome Remien
Jerome Remien, as Trustee under Declaration of Trust establishing Jerome Remien Revocable Trust dated June 13, 1989, Member

By: Donald A. Caldwell
Donald A. Caldwell, Member

STATE OF Colorado)
City and)
COUNTY OF Dance) ss.

The foregoing instrument was acknowledged before me this 6th day of March, 1995,
by Jerome Remien as Trustee under Declaration of Trust establishing Jerome Remien Revocable Trust
dated June 23, 1989 as a Member of Royal Pine LLC, a Colorado limited liability company.



WITNESS my hand and official seal.

My commission expires 11-23-96

Sharon M. Seese
Notary Public

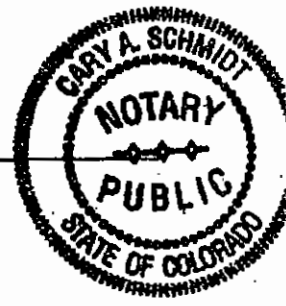
STATE OF Colorado)
COUNTY OF Boulder) ss.

The foregoing instrument was acknowledged before me this 6TH day of MARCH, 1995,
by Donald A. Caldwell as a Member of Royal Pine LLC, a Colorado limited liability company.

WITNESS my hand and official seal.

My commission expires 1/29/95

Carol S. D.
Notary Public



List of Exhibits

- | | |
|-----------|--|
| Exhibit A | Legal Description |
| Exhibit B | Schedule of Undivided Interests in Common Elements |

EXHIBIT A**Legal Description**

Lot 8, Telluride Mountain Village according to the Plat recorded February 3, 1988 in Plat Book 1 at Page 793 as Amended and Clarified by Clarification to the Plat of Lot 8 recorded February 11, 1988 in Book 442 at Page 117, together with those easements described in Exhibit WD-8-2 of Deed recorded March 10, 1988 in Book 442 at Page 791 and rerecorded March 11, 1988 in Book 442 at Page 802.

EXHIBIT B

Schedule of Undivided Interests in Common Elements

<u>Unit Designation</u>	<u>Percentage of Common Elements</u>
136	7.6923%
138	7.6923%
A	7.6923%
B	7.6923%
C	7.6923%
D	7.6923%
E	7.6923%
F	7.6923%
G	7.6923%
H	7.6923%
I	7.6923%
J	7.6923%
<u>K</u>	<u>7.6923%</u>
TOTAL	13 Units
	100%

**FIRST AMENDMENT
TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE PINE MEADOWS CONDOMINIUMS**

This First Amendment to the Declaration of Covenants, Conditions and Restrictions for The Pine Meadows Condominiums is made and executed in San Miguel County, Colorado, this ___ day of _____, 1995, by Royal Pine LLC, a Colorado limited liability company (hereinafter called "Declarant").

RECITALS

WHEREAS, the Declaration of Covenants, Conditions and Restrictions for The Pine Meadows Condominiums was recorded May 31, 1995 in Book 546 at Page 540 in the office of the Clerk and Recorder of San Miguel County, Colorado (the "Declaration"); and

WHEREAS, Article 21 of the Declaration gives the right to amend the Declaration to Owners owning 75% undivided interest in the Common Elements. As of the date hereof, Declarant owns 100% of the Common Elements; and

WHEREAS, Declarant desires to amend the Declaration to establish a plan of timeshare ownership ("Plan of Fractional Ownership") for all of the Condominium Project, whereby Units may be submitted to timeshare ownership; and

WHEREAS, Declarant desires to make the Plan of Fractional Ownership as flexible as possible to accommodate a variety of different Use Week formats in different Fractional Units (as hereinafter defined).

NOW, THEREFORE, Declarant does hereby amend the Declaration to declare and publish and add the following:

**ARTICLE 31
PLAN OF FRACTIONAL OWNERSHIP**

31.1 Definitions. The following definitions shall apply to those Units which are submitted to and sold under the Plan of Fractional Ownership set forth herein.

(a) "Fractional Estate" means a time-span estate consisting of an undivided interest as tenant-in-common in the present estate in fee simple in a Unit together with an exclusive right to possession and occupancy of the Unit during the Use Weeks assigned by deed, established pursuant to this Declaration.

(b) "Floating Fractional Estate" means a Fractional Estate subject to the use right easement and reservation procedures set forth herein.

(c) "Fractional Owner" or, if the context requires, "Owner" means a person vested with legal title to a Fractional Estate.

(d) "Fractional Unit" means a Unit which is divided into Use Weeks and/or Maintenance Weeks pursuant to this Amendment.

(e) "Maintenance Weeks" means those Use Weeks, if any, designated by Declarant, by notice duly recorded, as Maintenance Weeks. Maintenance Weeks shall be appurtenant to the Fractional Estates in a Fractional Unit and the transfer of a Fractional Estate shall transfer to the grantee an interest in the Maintenance Weeks without further reference thereto; provided, however, that the Association shall have a superior and prior right to use, possession and occupancy of the Fractional Unit during the Maintenance Weeks in order to service, clean, repair, maintain, and refurbish the Fractional Unit and for such other purposes as the Association may deem necessary or desirable.

(f) "Use Week" means a period of exclusive possession and occupancy of a Fractional Unit established by the person submitting the Unit to the Plan of Fractional Ownership in the deed conveying the initial Fractional Estate in the Fractional Unit to a Fractional Owner. Use Weeks are computed as follows:

Use Week No. 1 is the seven days commencing at 12:00 p.m. on the first _____ in January each year. All other Use Weeks are calculated by working forward from Use Week No. 1 each year. All extra days which accumulate become a part of Use Week No. 53 as established by the calendar prepared by the Association. Use Weeks run from 12:00 p.m. on the first day of the Use Week to the same time on the last day of the Use Week; provided, however, the Association shall have the right to promulgate rules and regulations establishing arrival and check out times which may result in possession and occupancy of a Fractional Unit commencing later than the commencement of the Use Week and terminating prior to the termination of the Use Week. All Use Weeks in a Fractional Unit shall be computed on the same basis and shall commence and end at the same time, on the same day of the week, according to this paragraph.

(g) "Fractional Unit Maintenance Fee" means the fee paid by the Fractional Owners as set forth herein.

(h) "Plan of Fractional Ownership" means the plan for ownership of Fractional Estates in Units as described in this amendment.

31.2 Units Subject to Plan of Fractional Ownership. The provisions of this Plan of Fractional Ownership shall relate only to those Units submitted to the Plan of Fractional Ownership described herein and shall govern the ownership of all Fractional Estates in said Units and the rights, duties and obligations of the Fractional Owners for so long as a Unit remains a Fractional Unit. Until one hundred twenty (120) days after the date by which title to seventy-five percent (75%) of the Units has been sold (meaning title has been conveyed by Declarant) or until ten (10) years after the recording date of this Amendment to Declaration, whichever first occurs, the right to submit a Unit to the Plan of Fractional Ownership shall extend only to the Declarant and shall specifically not be available to purchasers of Units in the Condominium Project, their successors or assigns, except with the prior written consent of Declarant. Thereafter, any Owner may submit a Unit to the Plan of Fractional Ownership. Unless expressly provided otherwise, the provisions of the Declaration shall apply to the Fractional Estates created hereunder; provided however, in the event of an inconsistency between this Plan of Fractional Ownership and other provisions of the Declaration with respect to the ownership of a Fractional Estate and the rights, duties and obligations of Fractional Owners, then the provisions of this Plan of Fractional Ownership shall control.

31.3 Submission of Unit to Plan of Fractional Ownership. A Unit shall be submitted to the Plan of Fractional Ownership by execution, delivery and recordation of a deed conveying a Fractional Estate in the Unit to a Fractional Owner. Submission of a Unit to the Plan of Fractional Ownership shall be subject to the prior written consent of any Mortgagee of the Unit to be submitted. By acceptance of a deed to a Fractional Estate, each Fractional Owner waives his right to bring a suit for partition except in accordance with the provisions of the Declaration.

31.4 Conveyance by Purchaser. Each Fractional Estate shall constitute an estate in real property separate and distinct from all other Fractional Estates in the Unit and other Units, which estate may be separately conveyed and encumbered. A purchaser may acquire more than one Fractional Estate and thereafter convey or encumber each estate so acquired separately. In no event, however shall a Fractional Owner convey or encumber less than a Fractional Estate as defined herein, or attempt to subdivide such an estate into lesser interests. In the event all Fractional Estates in a Fractional Unit are acquired by one Owner, such Unit may, at such Owner's election by notice duly recorded, be withdrawn from this Plan of Fractional Ownership.

31.5 Legal Description of Fractional Estates. After submission of a Unit to the Plan of Fractional Ownership, every contract for sale, deed, lease, mortgage, trust deed, or other instrument relating to a Fractional Estate shall legally describe the Fractional Estate as follows:

An undivided _____ interest as tenant-in-common in Unit _____, according to the Declaration of Covenants, Conditions and Restrictions for The Pine Meadows Condominiums, recorded May 31, 1995, at Book 546 at Page 540, and the Map thereof recorded on May 31, 1995, together with the exclusive right to possession and occupancy of said Unit _____ during Use Weeks _____

_____ (insert Use Week numbers or reference recorded
calendar or schedule for assignment of Use Weeks).

Each such description shall be good and sufficient for all purposes to sell, convey, transfer and encumber or otherwise effect a Fractional Estate and all common elements, easements, rights of use and the interest in the Maintenance Weeks appurtenant thereto.

Access to and/or the use of any Common Elements or amenities pertaining to the Association by Fractional Owners shall be expressly limited to the Use Week(s) acquired with the Fractional Estate. Further, all use rights pertaining to a Fractional Estate shall be subject to the rules and regulations, as they may be from time to time amended or modified, promulgated by the Association.

31.6 Administration and Management of the Fractional Estates. The Association will manage the Fractional Units in furtherance of the interest of all Fractional Owners. The Association shall have all powers necessary or desirable to effectuate such purposes. A Fractional Owner, upon becoming the owner of a Fractional Estate, shall be a member of the Association and shall remain a member for the period of his ownership. A Fractional Owner shall be entitled to a vote corresponding to the Fractional Owner's undivided interest as tenant-in-common in the Fractional Unit. Voting by proxy shall be permitted.

31.7 Association powers as to Fractional Estates. By way of enumeration and without limitation, the Association shall have the following powers and duties as to the Fractional Estates:

- (i) coordinate the plans of Fractional Owners for moving their personal effects into and out of the Fractional Units with a view toward scheduling such move so that there will be a minimum of inconvenience to other Owners;
- (ii) maintain business-like relations with Fractional Owners whose service requests shall be received, considered and recorded in a systematic fashion in order to show the action taken with respect to each request;
- (iii) cause each Fractional Unit to be maintained in a first class manner and condition. The Association shall own the furnishings, appliances, kitchenware, linens and fixtures of the Fractional Unit and shall determine the color scheme, decor and furnishing of each Fractional Unit as well as the proper time for redecorating the Fractional Unit and replacement of the furnishings;
- (iv) bill each Fractional Owner for the expenses of occupancy of a Fractional Unit during said Fractional Owner's Use Weeks, which the Association determines are the individual expenses of the particular Fractional Owner including, but not limited to, long distance and other extraordinary telephone charges, extraordinary repairs or charges for damage to the Fractional Unit, its furnishings, equipment, fixtures, appliances and carpeting caused by a Fractional Owner or his guest(s), other charges

rendered by the Association on behalf of the particular Fractional Owner, janitorial and maid service in addition to the standard janitorial and maid service provided for each Use Week and included in the Fractional Unit Maintenance Fee;

- (v) collect the Fractional Unit Maintenance Fee; and
- (vi) prepare a calendar of Use Weeks which shall at all times establish the dates of each Use Week at least five years into the future.

31.8 Fractional Unit Maintenance Fee. In addition to the Assessment by the Association, the Association shall also establish a separate Fractional Unit Maintenance Fee which will be assessed against Fractional Units to cover the additional costs of operating the Fractional Units including, but not limited to, the following:

- (i) the pro rata share of the Assessment as defined in the Declaration attributable to each Fractional Estate;
- (ii) maintenance and regularly scheduled cleaning and maid service and upkeep of the Fractional Unit;
- (iii) repair and replacement of furniture, fixtures, appliances, carpeting, and utensils;
- (iv) any additional premium for property or liability insurance occasioned by the submission of a Unit to the Plan of Fractional Ownership;
- (v) utilities separately metered to the Fractional Unit;
- (vi) real and personal property taxes assessed against the Fractional Estates;
- (vii) management fees assessed by the Managing Agent to cover the cost of operating a Unit pursuant to the Plan of Fractional Ownership; and
- (viii) any other expenses incurred in the normal operation of the Condominium Project attributable to operation of the Unit as a Fractional Unit and not included within the definition of Assessment provided for in the Declaration.

The Fractional Unit Maintenance Fee shall be assessed and pro rated among the Fractional Owners on the basis of each Fractional Owner's undivided interest as tenant-in-common in the Fractional Unit. The Fractional Unit Maintenance Fee shall be paid by the Fractional Owners pursuant to a schedule established by the Board of Directors of the Association. These assessments shall be the personal obligation of the Fractional Owners as provided in the Declaration and all sums assessed but unpaid shall constitute a lien against the Fractional Estate

and may be collected by the Association in the manner provided in the Declaration for the collection of Assessments.

31.9 Acceptance of Plan of Fractional Ownership, Enforcement, Indemnification. By acceptance of a deed to a Fractional Estate, a Fractional Owner agrees to be bound by the terms and conditions of the Declaration, specifically including, but not limited to, the provisions of this Amendment. In addition to the foregoing, in the event any Fractional Owner fails to vacate a Fractional Unit after termination of his Use Weeks or otherwise uses or occupies or prevents another Fractional Owner from using a Use Week, the Fractional Owner shall be in default hereunder and shall be: (i) subject to immediate removal, eviction or ejection from the Fractional Unit wrongfully occupied; (ii) deemed to have waived any notices required by law with respect to any legal proceedings regarding removal, eviction or ejection; and (iii) obligated to pay to the Fractional Owner entitled to use the Fractional Unit during such wrongful occupancy for wrongful use of a Fractional Unit, a sum equal to two hundred (200%) percent of the fair rental value per day for the Fractional Unit wrongfully occupied as determined by the Association in its sole discretion for each day, or portion thereof, including the day of surrender, during which the Fractional Owner wrongfully occupies the Fractional Unit, plus all costs and reasonable attorneys' fees incurred in the enforcement of this provision, which amount may be collected by the Association in the manner provided in the Declaration for the collection of Assessments, plus any other expenses or damages incurred by the Fractional Owner entitled to use the Fractional Unit as a result of the wrongful use.

Any Fractional Owner who suffers or allows a mechanic's lien or any other lien to be placed against the Fractional Unit shall indemnify, defend and hold each of the other Fractional Owners harmless from and against all liability or loss arising from the claim of such lien. The Association shall enforce such indemnity by collecting from the Fractional Owner who suffers or allows such a lien the amount necessary to discharge the lien and all costs incidental thereto, including reasonable attorneys' fees. If such amount is not promptly paid, it may be collected by the Association in the manner provided in the Declaration for the collection of Assessments.

31.10 Cross Use Easements Pertaining to floating Fractional Estates. A Floating Fractional Estate is a Fractional Estate subject to the following cross use easement rights and reservation procedures:

(i) **Cross Use Easement Rights.** In order to maximize the availability of space to fulfill Fractional Owners' desired use, subject to the provisions of (ii) below relating to reservations, Fractional Estates designated as "Floating Fractional Estates" in the deed to a Fractional Owner shall be available for reservation, occupancy and use (the "Use Right Easement") by Owners of comparable Floating Fractional Estates in the Condominium Project. The Floating Fractional Estate and Use Weeks which are comparable shall be designated either in the deed to the Fractional Owner or in a notice duly executed and recorded by the person submitting the Unit to the Plan of Fractional Ownership. Floating Fractional Estates shall be designated by the addition of the words "Floating Fractional Estate" in the legal description set forth in Paragraph 5 of this

Amendment. Each deed conveying a Floating Fractional Estate shall be deemed to include a reservation of this Use Right Easement benefiting all Owners of Floating Fractional Estates.

(ii) **Reservation Procedure.** All Owners of Floating Fractional Estates shall be entitled to make reservations with the Association for the Use Weeks the Owner desires to use pursuant to the reservation procedure from time to time established by the Association by rule and regulation (the "Reservation Procedure"). The Reservation Procedure shall specify the manner in which reservations are to be requested and confirmed. Owners of Floating Fractional Estates shall be entitled to reserve one Use Week each calendar year for each comparable Use Week appurtenant to the Floating Fractional Estate owned; provided, however, subject to space availability, an Owner of a Floating Fractional Estate may make a reservation for use and occupancy of any Bonus Time, as hereinafter defined, in a Floating Fractional Estate without prejudice to any other advance reservation outstanding for such Owner. The right to reserve a Use Week, if unused in any calendar year, is lost and does not accrue. The Reservation Procedure shall contain such schedules, conditions, restrictions and limitations as are deemed necessary or desirable by the Association. The Association may from time to time, without the consent of the Owners or Mortgagees, amend the Reservation Procedure to include, by way of enumeration and without limitation, one or more of the following features:

(a) A preferential reservation system for holidays, such as New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Veterans' Day, Thanksgiving, Christmas or other holiday period which allocates the opportunity to reserve the more popular holidays among the Owners of Floating Fractional Estates;

(b) A procedure for determining priority of reservation by lot or drawing on an annual or rotating basis;

(c) Restrictions on use and occupancy of a Use Week if an Owner is not current on assessments or is otherwise in violation of the provisions of the Plan of Fractional Ownership;

(d) Penalties, including forfeiture of reservation rights for the calendar year, for untimely cancellations or reservations; and

(e) Short term reservation procedures to allow Owners to use, on short term notice, Use Weeks in Floating Fractional Estates, or portions thereof, which might otherwise remain unoccupied;

(f) Such other conditions, restrictions and limitations as the Association shall deem necessary under the circumstances to assure a manageable and fair system.

(iii) **Bonus Time.** Bonus Time shall mean any period of time not otherwise reserved which is used by an Owner of a Floating Fractional Estate pursuant

to the short term notice provisions (e.g., upon only 24 or 48 hours prior notice) of the Reservation Procedure and is in excess of the Use Week(s) to which the Owner is entitled. The purpose of the Bonus Time is to allow Owners to use and occupy on short term notice Use Weeks, or portions thereof, which might otherwise remain unoccupied.

31.11 Creation and Use of Alternating Fractional Estate. An Alternating Fractional Estate shall be created by a deed adding the designation "A" or "B" to the legal description of the Fractional Estate or Floating Fractional Estate conveyed. Alternating Fractional Estate followed by the letter "A" shall entitle the Owner thereof to exclusive use and occupancy of the Fractional Estate during even numbered years. Alternating Fractional Estate followed by the letter "B" shall entitle the Owner thereof to exclusive use and occupancy of the Fractional Estate during odd numbered years.

31.12 Combination and Reconveyance. Until 120 days after the date by which title to seventy-five percent (75%) of the Units has been sold (meaning title to said estates has been conveyed by Declarant) or until ten (10) years from the recordation date of this Amendment, whichever first occurs, there is hereby reserved to the Declarant, and thereafter to the Association, the right to change the Use Weeks assigned to Fractional Estates upon the request of any two or more Owners. Such reassignment shall be accomplished by conveyance of the Fractional Estates involved to the Declarant or the Association followed by reconveyance of such Fractional Estates to the Owners with the Use Weeks reassigned as requested. All costs and expenses, including attorneys' fees, of such reassignment shall be paid by the Owners requesting it.

IN WITNESS WHEREOF, Declarant has duly executed this First Amendment to Declaration this 6th day of July, 1995.

DECLARANT:

ROYAL PINE LLC,
a Colorado limited liability company

By: Jerome Remien
Jerome Remien, as Trustee under Declaration
of Trust establishing Jerome Remien
Revocable Trust dated June 13, 1989,
Member

By: Donald A. Caldwell
Donald A. Caldwell, Member

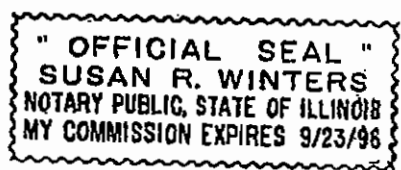
STATE OF Illinois)
) ss.
COUNTY OF Cook)

The foregoing instrument was acknowledged before me on this 6th day of July, 1995, by Jerome Remien as Trustee under Declaration of Trust establishing Jerome Remien Revocable Trust dated June 13, 1989 as a Member of Royal Pine LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires on: September 23, 1996

Susan R. Winters
NOTARY PUBLIC



STATE OF COLORADO)
) ss.
COUNTY OF Boulder)

Subscribed to and sworn to before me this 12 day of July, 1995, by Donald A. Caldwell as a Member of Royal Pine LLC, a Colorado limited liability company.

Witness my hand and official seal.

[Signature]
NOTARY PUBLIC

My Commission Expires: 7/29/95



**SECOND AMENDMENT
TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE PINE MEADOWS CONDOMINIUMS**

This Second Amendment to the Declaration of Covenants, Conditions and Restrictions for The Pine Meadows Condominiums is made and executed in San Miguel County, Colorado by Royal Pine LLC, a Colorado limited liability company (hereinafter called "Declarant").

RECITALS

WHEREAS, the Declaration of Covenants, Conditions and Restrictions for The Pine Meadows Condominiums (the "Declaration") was recorded May 31, 1995 in Book 546 at Page 540 in the office of the Clerk and Recorder of San Miguel County, Colorado (the "Records") and a First Amendment to Declaration was recorded on July 17, 1995 in Book 548 at Page 474 of the Records; and

WHEREAS, Article 21 of the Declaration gives the right to amend the Declaration to Owners owning 75% undivided interest in the Common Elements. As of the date hereof, Declarant owns 100% of the Common Elements; and

WHEREAS, Declarant desires to amend Paragraph 31.1(f) of the Declaration.

NOW, THEREFORE, Declarant does hereby amend the Declaration to declare and publish and add the following:

Paragraph 31.1(f) is amended in its entirety to read as follows:

(f) "Use Week" means a period of exclusive possession and occupancy of a Fractional Unit established by the person submitting the Unit to the Plan of Fractional Ownership in the deed conveying the initial Fractional Estate in the Fractional Unit to a Fractional Owner. Use Weeks are computed as follows:

Use Week No. 1 is the seven days commencing at 12:00 p.m. on the first Friday in January each year. All other Use Weeks are calculated by working forward from Use Week No. 1 each year. All extra days which accumulate become a part of Use Week No. 52 as established by the calendar prepared by the Association. Use Weeks run from 12:00 p.m. on the first day of the Use Week to the same time on the last day of the Use Week; provided, however, the Association shall have the right to promulgate rules and regulations establishing arrival and check out times which may result in possession and occupancy of a Fractional Unit

commencing later than the commencement of the Use Week and terminating prior to the termination of the Use Week. All Use Weeks in a Fractional Unit shall be computed on the same basis and shall commence and end at the same time, on the same day of the week, according to this paragraph.

IN WITNESS WHEREOF, Declarant has duly executed this Second Amendment to Declaration this 1st day of December, 1995.

DECLARANT:

ROYAL PINE LLC,
a Colorado limited liability company

By: Jerome Remien
Jerome Remien, as Trustee under Declaration of Trust establishing Jerome Remien Revocable Trust dated June 13, 1989, Member

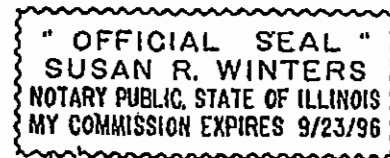
By: Donald A. Caldwell
Donald A. Caldwell, Member

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

The foregoing instrument was acknowledged before me on this 13th day of November, 1995, by Jerome Remien as Trustee under Declaration of Trust establishing Jerome Remien Revocable Trust dated June 13, 1989 as a Member of Royal Pine LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires on: September 23, 1996



Susan R. Winters
NOTARY PUBLIC

STATE OF COLORADO)
)
COUNTY OF Boulder) ss.

Subscribed to and sworn to before me this 1st day of December, 1995, by Donald A. Caldwell as a Member of Royal Pine LLC, a Colorado limited liability company.

Witness my hand and official seal.

Cary A. Schmidt
NOTARY PUBLIC



My Commission Expires: 7/29/99

**SUPPLEMENT NUMBER ONE
TO
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE PINE MEADOWS CONDOMINIUMS**

THIS SUPPLEMENT NUMBER ONE TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PINE MEADOWS CONDOMINIUMS ("Supplement No. One") is made this 19th day of May, 1998 by Royal Pine LLC, a Colorado limited liability company ("Declarant").

WHEREAS, Declarant is the Declarant under that certain Declaration of Covenants, Conditions and Restrictions for the Pine Meadows Condominiums recorded May 31, 1995 in Book 546 at Page 540, as amended by First Amendment thereto recorded July 17, 1995 in Book 548 at page 474 and by Second Amendment thereto recorded December 8, 1995 in Book 554 at Page 231, in the records of the Clerk and Recorder of the County of San Miguel, Colorado (together the "Declaration"). Defined terms used herein shall have the same meaning as set forth in the Declaration unless specifically defined to the contrary herein.

WHEREAS, a Condominium Map for The Pine Meadows Condominiums was recorded May 31, 1995, in Plat Book 1 at page 1859, in the records of the Clerk and Recorder of the County of San Miguel, Colorado (the "Map") designating improved Unit 136 and Unit 138.

WHEREAS, under the terms of the Declaration, Declarant has the right to construct Improvements on the unimproved Units and to supplement the Declaration and amend the Map to reflect said Improvements.

WHEREAS, in connection with filing of Supplement Number One to Condominium Map setting forth the improved Units under the Declaration, Declarant desires to supplement the Declaration.

NOW THEREFORE, in accordance with the foregoing, and the terms and provisions hereof, Declarant does hereby publish and declare as follows:

1. Improved Units. The Units designated as unimproved Units I, J and K in the Declaration shall be known as improved Unit 135, Unit 137 and Unit 139 as set forth on Supplement Number One to Condominium Map recorded of even date herewith.

2. Schedule of Undivided Interests. Exhibit B to the Declaration, Schedule of Undivided Interests in Common Elements, is hereby deleted in its entirety and the Schedule of Undivided Interests in Common Elements attached hereto as Exhibit 1 is hereby inserted in substitution thereof.

3. Incorporation. The terms and provisions of this Supplement Number One are hereby incorporated into the Declaration, and, except as otherwise provided herein, all of the terms and provisions of the Declaration shall remain in full force and effect, unaltered and unchanged by this Supplement Number One. To the extent that the terms and provisions of this Supplement Number One conflict with the terms and provisions of the Declaration, the terms and provisions of this Supplement Number One shall control.

IN WITNESS WHEREOF, Declarant has duly executed this Supplement Number One as of the date set forth above.

ROYAL PINE LLC,
a Colorado limited liability company

By: Jerome Remien
Jerome Remien, as Trustee under
Declaration of Trust establishing Jerome
Remien Revocable Trust dated June 13, 1989,
Member

By: _____
Jerome Remien Corporation
A Delaware Corporation, Member

By: Jerome Remien
Jerome Remien, President

State of Illinois)
County of Cook) ss

The foregoing was acknowledged before me this 19th day of MAY, 1998, by Jerome Remien, as Trustee under Declaration of Trust establishing Jerome Remien Revocable Trust dated June 13, 1989, as a Member of Royal Pine LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires: 9/23/00



Susan R. Winters
Notary Public

State of Illinois)
)
County of Cook) SS

The foregoing was acknowledged before me this 19th day of MAY, 1998, by Jerome Remien, as President of Jerome Remien Corporation, Member, a Delaware corporation.

Witness my hand and official seal.

My commission expires: 9/23/00



Susan R. Winters
Notary Public

LENDER'S CONSENT

The undersigned lender hereby consents to the above Supplement Number One to Declaration of Covenants, Conditions and Restrictions for the Pine Meadows Condominium.

Dated: 5/21, 1998.

FIRST NATIONAL BANK OF TELLURIDE, N.A.

By: [Signature]
Title: President

State of Colorado)
)
County of San Miguel) SS

The foregoing was acknowledged before me this 21 day of May, 1998, by Thomas H. Kenning, as President of First National Bank of Telluride, N.A.

Witness my hand and official seal.

My commission expires:
My Commission Expires 12/20/2000

[Signature]
Notary Public



**EXHIBIT 1
TO
SUPPLEMENT NUMBER ONE**

Schedule of Undivided Interests in Common Elements

<u>Unit Designation</u>	<u>Percentage of Common Elements</u>
136	7.6923%
138	7.6923%
A	7.6923%
B	7.6923%
C	7.6923%
D	7.6923%
E	7.6923%
F	7.6923%
G	7.6923%
H	7.6923%
135	7.6923%
137	7.6923%
<u>139</u>	<u>7.6923%</u>
Total	13 Units 100%

**SUPPLEMENT NUMBER TWO
TO
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE PINE MEADOWS CONDOMINIUMS**

THIS SUPPLEMENT NUMBER TWO TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PINE MEADOWS CONDOMINIUMS ("Supplement No. One") is made this 30th day of September, 1999 by Royal Pine LLC, a Colorado limited liability company ("Declarant").

WHEREAS, Declarant is the Declarant under that certain Declaration of Covenants, Conditions and Restrictions for the Pine Meadows Condominiums recorded May 31, 1995 in Book 546 at Page 540, as amended by First Amendment thereto recorded July 17, 1995 in Book 548 at page 474 and by Second Amendment thereto recorded December 8, 1995 in Book 554 at Page 231, Supplement Number One recorded June 2, 1998 at Reception No. 319173 in the records of the Clerk and Recorder of the County of San Miguel, Colorado (together the "Declaration"). Defined terms used herein shall have the same meaning as set forth in the Declaration unless specifically defined to the contrary herein.

WHEREAS, a Condominium Map for The Pine Meadows Condominiums was recorded May 31, 1995, in Plat Book 1 at page 1859, and Supplement Number One to Condominium Map recorded June 2, 1998 in Plat Book 1 at Page 2377, in the records of the Clerk and Recorder of the County of San Miguel, Colorado (the "Map") designating Units 135, 136, 137, 138 and 139.

WHEREAS, under the terms of the Declaration, Declarant has the right to construct Improvements on the unimproved Units and to supplement the Declaration and amend the Map to reflect said Improvements.

WHEREAS, in connection with filing of Supplement Number Two to Condominium Map setting forth the improved Units under the Declaration, Declarant desires to supplement the Declaration.

NOW THEREFORE, in accordance with the foregoing, and the terms and provisions hereof, Declarant does hereby publish and declare as follows:

1. Improved Units. The Units designated as unimproved Units G and H in the Declaration shall be known as improved Unit 131 and Unit 133 as set forth on Supplement Number One to Condominium Map recorded of even date herewith.

2. Schedule of Undivided Interests. Exhibit B to the Declaration, Schedule of Undivided Interests in Common Elements, is hereby deleted in its entirety and the Schedule of Undivided Interests in Common Elements attached hereto as Exhibit 1 is hereby inserted in substitution thereof.

3. Incorporation. The terms and provisions of this Supplement Number Two are hereby incorporated into the Declaration, and, except as otherwise provided herein, all of the terms and provisions of the Declaration shall remain in full force and effect, unaltered and unchanged by this Supplement Number Two. To the extent that the terms and provisions of this Supplement Number Two conflict with the terms and provisions of the Declaration, the terms and provisions of this Supplement Number Two shall control.

IN WITNESS WHEREOF, Declarant has duly executed this Supplement Number Two as of the date set forth above.

ROYAL PINE LLC,
a Colorado limited liability company

By: Jerome Remien
Jerome Remien, as Manager

State of Illinois)
County of Cook) ss.

The foregoing was acknowledged before me this 30th day of September 1999, by Jerome Remien, as Manager of Royal Pine LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires:



Linda D. Martin
Notary Public

EXHIBIT 1
TO
SUPPLEMENT NUMBER TWO

Schedule of Undivided Interests in Common Elements

<u>Unit Designation</u>	<u>Percentage of Common Elements</u>
136	7.6923%
138	7.6923%
A	7.6923%
B	7.6923%
C	7.6923%
D	7.6923%
E	7.6923%
F	7.6923%
131	7.6923%
133	7.6923%
135	7.6923%
137	7.6923%
139	7.6923%
Total	13 Units 100%

SUPPLEMENT NUMBER THREE
TO
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE PINE MEADOWS CONDOMINIUMS

THIS SUPPLEMENT NUMBER THREE TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PINE MEADOWS CONDOMINIUMS ("Supplement No. Three") is made this 21st day of June, 2000 by Royal Pine LLC, a Colorado limited liability company ("Declarant").

WHEREAS, Declarant is the Declarant under that certain Declaration of Covenants, Conditions and Restrictions for The Pine Meadows Condominiums recorded May 31, 1995 in Book 546 at Page 540, as amended by First Amendment thereto recorded July 17, 1995 in Book 548 at page 474, and by Second Amendment thereto recorded December 8, 1995 in Book 554 at Page 231, Supplement Number One recorded June 2, 1998 at Reception No. 319173 and Supplement Number Two recorded October 6, 1999 at Reception No. 329706 in the records of the Clerk and Recorder of the County of San Miguel, Colorado (together the "Declaration"). Defined terms used herein shall have the same meaning as set forth in the Declaration unless specifically defined to the contrary herein.

Under the terms of the Declaration, Declarant states and establishes as follows:

1. The rotation schedule beginning in 1997, on Exhibit A, shall henceforth define and control the Use Weeks for all Fractional Estates in The Pine Meadows Condominiums, and supersedes and replaces those rotation schedules attached to Deeds of record conveying Fractional Estates in The Pine Meadows Condominiums.
2. The Letter Designators for certain units as listed on Exhibit B are hereby corrected with the recording information of the original deed as listed on Exhibit B for these original conveyances and any subsequent conveyances.
3. The terms and provisions of this Supplement Number Three are hereby incorporated into the Declaration, and, except as otherwise provided herein, all of the terms and provisions of the Declaration shall remain in full force and effect, unaltered and unchanged by this Supplement Number Three. To the extent that the terms and provisions of this Supplement Number Three conflict with the terms and provisions of the Declaration, the terms and provisions of this Supplement Number Three shall control. All Exhibits attached hereto are incorporated herein by this reference.

IN WITNESS WHEREOF, Declarant has duly executed this Supplement Number Three as of the date set forth above.

ROYAL PINE LLC,
A Colorado limited liability company

By: Jerome Remien
Jerome Remien, as Manager

State of ILLINOIS
County of COOK

The foregoing was acknowledged before me this 21st day of JUNE, 2000,
by Jerome Remien, as Manager of Royal Pine LLC, a Colorado limited liability
company.

Witness my hand and official seal.

My commission expires: 9/23/00


Notary Public



EXHIBIT A
TO SUPPLEMENT NUMBER THREE

There shall be ten (10) owners of Fractional Estates (the "Fractional Estate Owners") in the Unit: A,B,C,D,E,F,G,H,I, and J. Use Weeks shall be assigned to the Fractional Estate Owners in the Use Week Packages established by the following schedule:

<u>Use Week Package</u>	<u>Use Weeks</u>
I	50,51,20,21,40
II	52,1,22,23,41
III	2,3,24,25,42
IV	4,5,26,27,43
V	6,7,28,29,44
VI	8,9,30,31,45
VII	10,11,32,33,46
VIII	12,13,34,35,47
IX	14,15,36,37,48
X	16,17,38,39,49

(Weeks 18 and 19 are Maintenance Weeks)

Notwithstanding the date of recording of the Warranty Deed to which this Exhibit A is attached, commencing with Use Week 50 in the calendar year 1997, Use Week Packages shall be and are hereby assigned to the Fractional Estate Owners as follows:

<u>Fractional Estate Owner</u> <u>Letter Designators</u>	<u>Use Week Package</u>
A	I
B	II
C	III
D	IV
E	V
F	VI
G	VII
H	VIII
I	IX
J	X

Each year thereafter, commencing with Use Week 50 in the calendar year 1998, the Use Week Package assigned to the Fractional Estate Owners will rotate backward to the next owner. Therefore, in the second calendar year, Owner B will be entitled to the Use Week Package I, Owner C will be entitled to Use Week Package II, and so forth and Owner A will be entitled to Use Week Package X commencing with Use Week 50 in calendar year 2007, the Fractional Estate Owner will be entitled to exclusive possession and occupancy of the Unit pursuant to the schedule for Use Week Packages first set forth above. The rotation will then continue each year thereafter in a like manner.

Exhibit B
To
Supplement Number Three

<u>Buyer's Name</u>	<u>Unit/Letter Designator As shown on Recording Deed</u>	<u>Recording Date</u>	<u>Reception #</u>	<u>Correct Unit/ Letter Designator</u>
Jacobson	135 I	6/22/98	319549	135 J
Cuzbay/Williams	135C	6/22/98	319548	135 D
Hoover	135D	6/22/98	319545	135 E
Wall I	135J	10/06/98	321624	135 A
Wall II	135B	8/16/99	328618	135 C
Roeseler	135H	9/03/98	320974	135 I
Vingan	135G	7/06/98	319824	135 H
Brown	135A	7/17/98	320064	135 B
Berg	135E	6/22/98	319547	135 F
Gibbs	135F	6/22/98	319546	135 G
Silverman	139 H	9/15/99	329222	139 I
Criscito	139 C	4/29/99	326019	139 D
Stagner/Anderson	139 I	2/02/99	324091	139 J

3-3580

Pa. 1 of 4

338580

SAN MIGUEL COUNTY, CO

GAY CAPPIS CLERK-RECORDER

12/14/2000 10:05 AM Recording Fee \$20.00

**SUPPLEMENT NUMBER FOUR
TO
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE PINE MEADOWS CONDOMINIUMS**

THIS SUPPLEMENT NUMBER FOUR TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PINE MEADOWS CONDOMINIUMS ("Supplement No. Four") is made as of the 8th day of December, 2000 by Royal Pine LLC, a Colorado limited liability company ("Declarant").

WHEREAS, Declarant is the Declarant under that certain Declaration of Covenants, Conditions and Restrictions for the Pine Meadows Condominiums recorded May 31, 1995 in Book 546 at Page 540, as amended by First Amendment thereto recorded July 17, 1995 in Book 548 at page 474 and by Second Amendment thereto recorded December 8, 1995 in Book 554 at Page 231, Supplement Number One recorded June 2, 1998 at Reception No. 319173, Supplement Number Two recorded October 6, 1999 at Reception No. 329706, and Supplement Number Three recorded June 27, 2000 at Reception No. 335157 in the records of the Clerk and Recorder of the County of San Miguel, Colorado (together the "Declaration"). Defined terms used herein shall have the same meaning as set forth in the Declaration unless specifically defined to the contrary herein.

WHEREAS, a Condominium Map for The Pine Meadows Condominiums was recorded May 31, 1995, in Plat Book 1 at page 1859, Supplement Number One to Condominium Map recorded June 2, 1998 in Plat Book 1 at Page 2377, Supplement Number Two to Condominium Map recorded October 6, 1999 in Plat Book 1 at Page 2618 in the records of the Clerk and Recorder of the County of San Miguel, Colorado (the "Map") designating Units 131, 133, 135, 136, 137, 138 and 139.

WHEREAS, under the terms of the Declaration, Declarant has the right to construct Improvements on the unimproved Units and to supplement the Declaration and amend the Map to reflect said Improvements.

WHEREAS, in connection with filing of Supplement Number Three to Condominium Map setting forth the improved Units under the Declaration, Declarant desires to supplement the Declaration.

WHEREAS, in connection with Supplement Number Two to Declaration, Declarant desires to correct a typographical error.

NOW THEREFORE, in accordance with the foregoing, and the terms and provisions hereof, Declarant does hereby publish and declare as follows:

1. **Improved Units.** The Units designated as unimproved Units D, E and F in the Declaration shall be known as improved Unit 130, Unit 132 and Unit 134 as set forth on Supplement Number Three to Condominium Map recorded of even date herewith.
2. **Schedule of Undivided Interests.** Exhibit B to the Declaration, Schedule of Undivided Interests in Common Elements, is hereby deleted in its entirety and the Schedule of Undivided Interests in Common Elements attached hereto as Exhibit 1 is hereby inserted in substitution thereof.

3. Supplement Number Two Correction. Paragraph No. 1 of Supplement Number Two to Declaration recorded October 6, 1999 at Reception No. 329706, San Miguel County, Colorado, is hereby corrected to read:

"1. Improved Units. The Units designated as unimproved Units G and H in the Declaration shall be known as improved Unit 131 and Unit 133 as set forth on Supplement Number Two to the Condominium Map recorded of even date herewith."

4. Incorporation. The terms and provisions of this Supplement Number Four are hereby incorporated into the Declaration, and, except as otherwise provided herein, all of the terms and provisions of the Declaration shall remain in full force and effect, unaltered and unchanged by this Supplement Number Four. To the extent that the terms and provisions of this Supplement Number Four conflict with the terms and provisions of the Declaration, or the Map, the terms and provisions of this Supplement Number Four shall control.

IN WITNESS WHEREOF, Declarant has duly executed this Supplement Number Four as of the date set forth above.

ROYAL PINE LLC.
a Colorado limited liability company

By: Jerome Remien
Jerome Remien, as Manager

STATE OF Illinois)
COUNTY OF COOK) ss.

The foregoing was acknowledged before me this 12th day of December, 2000, by Jerome Remien, as Manager of Royal Pine LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires:

Susan R. Winters
Notary Public



**EXHIBIT 1
TO
SUPPLEMENT NUMBER FOUR**

Schedule of Undivided Interests in Common Elements

<u>Unit Designation</u>	<u>Percentage of Common Elements</u>
136	7.6923%
138	7.6923%
A	7.6923%
B	7.6923%
C	7.6923%
130	7.6923%
132	7.6923%
134	7.6923%
131	7.6923%
133	7.6923%
135	7.6923%
137	7.6923%
139	7.6923%
Total	13 Units 100%

**SUPPLEMENT NUMBER FIVE
TO
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE PINE MEADOWS CONDOMINIUMS**

THIS SUPPLEMENT NUMBER FIVE TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PINE MEADOWS CONDOMINIUMS ("Supplement No. Five") is made as of the 31ST day of DECEMBER, 2001 by Royal Pine LLC, a Colorado limited liability company ("Declarant").

WHEREAS, Declarant is the Declarant under that certain Declaration of Covenants, Conditions and Restrictions for the Pine Meadows Condominiums recorded May 31, 1995 in Book 546 at Page 540, as amended by First Amendment thereto recorded July 17, 1995 in Book 548 at page 474 and by Second Amendment thereto recorded December 8, 1995 in Book 554 at Page 231, Supplement Number One recorded June 2, 1998 at Reception No. 319173, Supplement Number Two recorded October 6, 1999 at Reception No. 329706, Supplement Number Three recorded June 27, 2000 at Reception No. 335157, and Supplement Number Four recorded December 14, 2000 at Reception No. 338580 in the records of the Clerk and Recorder of the County of San Miguel, Colorado (together the "Declaration"). Defined terms used herein shall have the same meaning as set forth in the Declaration unless specifically defined to the contrary herein.

WHEREAS, a Condominium Map for The Pine Meadows Condominiums was recorded May 31, 1995, in Plat Book 1 at page 1859, Supplement Number One to Condominium Map recorded June 2, 1998 in Plat Book 1 at Page 2377, Supplement Number Two to Condominium Map recorded October 6, 1999 in Plat Book 1 at Page 2618, and Supplement Number Three to Condominium Map recorded December 14, 2000 in Plat Book 1 at Page 2831 in the records of the Clerk and Recorder of the County of San Miguel, Colorado (the "Map") designating Units 130, 131, 132, 133, 134, 135, 136, 137, 138 and 139.

WHEREAS, under the terms of the Declaration, Declarant has the right to construct Improvements on the unimproved Units and to supplement the Declaration and amend the Map to reflect said Improvements.

WHEREAS, in connection with filing of Supplement Number Four Condominium Map setting forth the improved Units under the Declaration, Declarant desires to supplement the Declaration.

NOW THEREFORE, in accordance with the foregoing, and the terms and provisions hereof, Declarant does hereby publish and declare as follows:

1. Improved Units. The Units designated as unimproved Units A, B, and C in the Declaration shall be known as improved Unit 124, Unit 126 and Unit 128 as set forth on Supplement Number Four to Condominium Map recorded of even date herewith.

2. Schedule of Undivided Interests. Exhibit B to the Declaration, Schedule of Undivided Interests in Common Elements, is hereby deleted in its entirety and the Schedule of Undivided Interests in Common Elements attached hereto as Exhibit 1 is hereby inserted in substitution thereof.

4. Incorporation. The terms and provisions of this Supplement Number Five are hereby incorporated into the Declaration, and, except as otherwise provided herein, all of the terms and provisions of the Declaration shall remain in full force and effect, unaltered and unchanged by this Supplement Number Five. To the extent that the terms and provisions of this Supplement Number Five conflict with the terms and provisions of the Declaration, or the Map, the terms and provisions of this Supplement Number Five shall control.

IN WITNESS WHEREOF, Declarant has duly executed this Supplement Number Five as of the date set forth above.

ROYAL PINE LLC,
a Colorado limited liability company

By: Jerome Remien
Jerome Remien, as Manager

STATE OF Illinois)
) ss.
COUNTY OF COOK)

The foregoing was acknowledged before me this 21st day of December 2001 by Jerome Remien, as Manager of Royal Pine LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires: 9/23/04

Juan P. Winters
Notary Public

**EXHIBIT 1
TO
SUPPLEMENT NUMBER FIVE**

Schedule of Undivided Interests in Common Elements

<u>Unit Designation</u>	<u>Percentage of Common Elements</u>
136	7.6923%
138	7.6923%
124	7.6923%
126	7.6923%
128	7.6923%
130	7.6923%
132	7.6923%
134	7.6923%
131	7.6923%
133	7.6923%
135	7.6923%
137	7.6923%
139	7.6923%
Total	13 Units
	100%