

DECLARATION OF PROTECTIVE COVENANTS AND EASEMENTS
FOR
THE VILLAGE AT BEAR DANCE

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THIS DECLARATION OF PROTECTIVE COVENANTS AND EASEMENTS FOR the Village at Bear Dance (this "Declaration") is made as of this _____ day of _____, 2003, by Beardance Village, LLC, a Colorado limited liability company whose address is 1670 Sinclaire Boulevard, Larkspur, Colorado 80118 (the "Declarant").

PREAMBLE

A. Declarant is the owner of certain real property located in Douglas County, Colorado, which is described in Exhibit A, attached hereto (the "Property").

ARTICLE 1. COVENANTS

Section 1.1. Purposes. The primary purpose of this Declaration is to create a common interest community known as The Village at Bear Dance (the "Project") by submitting the Property to planned community ownership and use as set forth in the Colorado Common Interest Ownership Act, § 38-33.3-101, et seq., C.R.S. 1991, as amended (the "Act").

Section 1.2. Maximum Number of Lots. The number of Lots in the Project will not exceed 25. Any reference in this Declaration to Lots that may be created refers to the maximum number of Lots allowed under this Section.

Section 1.3. Declaration. Declarant hereby (a) submits the Property, together with all improvements, appurtenances and facilities, if any, relating to or located on the Property now and in the future, to planned community ownership and use under the Act, (b) imposes upon all of the Property the covenants, conditions, restrictions, easements, reservations, rights of way and other provisions of this Declaration, and (c) declares that all of the Property, and any property hereafter made subject to this Declaration, shall be held, sold, conveyed, encumbered, used, rented, occupied and improved subject to the provisions of this Declaration.

Section 1.4. Covenants Running with the Land. All provisions of this Declaration shall be covenants running with the land. The benefits, burdens, and other provisions contained in this Declaration shall be binding upon and inure to the benefit of Declarant, all Owners and their respective heirs, executors, representatives, successors and assigns.

ARTICLE 2. DEFINITIONS

The following words, when used in this Declaration, shall have the meanings set forth below, unless the context expressly requires otherwise:

Section 2.1. Accessory Structure. "Accessory Structure" means a detached garage, patio, swimming pool, spa, hot tub, gazebo and any other building or structure customarily used in connection with a Dwelling.

Section 2.2. Act. “Act” means the Colorado Common Interest Ownership Act, § 38-33.3-101, et seq., C.R.S. 1991, as amended.

Section 2.3. Allocated Interests. “Allocated Interests” means the interests in the Common Expenses and the votes allocated to the Lots herein. The Allocated Interests and formulas to establish them are set forth in Article 3.

Section 2.4. Architectural Standards. “Architectural Standards” means the rules and regulations adopted by the Board of Directors and implemented by the Committee in accordance with the provisions of Articles 8 and 9.

Section 2.5. Assessment. An “Assessment” means the annual, special and default assessments which may be levied against Owners pursuant to this Declaration.

Section 2.6. Association. “Association” means the The Village at Bear Dance Homeowners Association, Inc., a Colorado nonprofit corporation, and its successors and assigns.

Section 2.7. Board of Directors. “Board of Directors” means the governing body of the Association, as provided in the Articles of Incorporation and Bylaws of the Association, and this Declaration.

Section 2.8. Budget. “Budget” means a written, itemized estimate of the expenses (including any reserve funds) anticipated to be incurred, and the income anticipated to be received, by the Association, in performing its functions under this Declaration.

Section 2.9. Bylaws. “Bylaws” means the Bylaws adopted by the Board of Directors for the management of the Association, as may be supplemented and amended from time to time.

Section 2.10. Committee. “Committee” means the Architectural Control Committee created in accordance with the provisions of Article 8 hereof.

Section 2.11. Common Elements. “Common Elements” means those portions of the Property in which the Association holds or owns a fee interest, an easement, or a leasehold interest, other than a Lot.

Section 2.12. Common Expenses. “Common Expenses” means expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves, including but not limited to the following items:

(a) expenses incurred for maintenance of roads (including snow removal), fences, entry gates, lights, signs, and other improvements located on the Common Elements, and supplying electricity to the same as necessary;

- (b) all expenses incurred by the Board and Committee, including telephone bills;
- (c) expenses of administration, insurance, operation, and management, repair, or replacement of the Common Elements as provided in this Declaration;
- (d) expenses declared Common Expenses by the provisions of the Act, this Declaration or the Bylaws;
- (e) all sums lawfully assessed against the Lots by the Board of Directors;
- (f) expenses agreed upon as Common Expenses by the members of the Association; and
- (g) expenses paid pursuant to any Management Agreement.

Section 2.13. Conservation Easement. “Conservation Easement” means the easement given to the Board of County Commissioners of the County of Douglas, State of Colorado, via that certain Deed of Conservation Easement in Gross recorded on February 5, 2003, in the Records at Reception No. 2003015392, affecting all Open Space Tracts and Golf Course Tracts in the Project.

Section 2.14. Costs of Enforcement. “Costs of Enforcement” means all fees, fines, late charges, interest, expenses, costs, attorney fees, and disbursements incurred by the Association in connection with the collection of annual, special, and default Assessments, or in connection with enforcement of the terms, conditions, and obligations of the Project Documents.

Section 2.15. Declarant. “Declarant” means Beardance Village, LLC, a Colorado limited liability company, its successors, and assigns.

Section 2.16. Declaration. “Declaration” means this Declaration of Protective Covenants and Easements for The Village at Bear Dance, together with all supplements and amendments. “Declaration” includes the Survey and any other survey, map, or plat, if any, recorded with this Declaration or any amendments or supplements hereto without specific reference thereto.

Section 2.17. Dwelling. “Dwelling” means a single family home.

Section 2.18. Golf Course Tract. “Golf Course Tract” means a Tract depicted on the Survey as a “G.C. Tract” that is designated for use as a golf course. All Golf Course Tracts shall be owned and maintained by Southwest Greens of Colorado, LLC, a Colorado limited liability company d/b/a The Golf Club at Bear Dance.

Section 2.19. Limited Common Elements. “Limited Common Elements” are those portions of the Common Elements which are limited to and reserved for use in connection with one or more,

but fewer than all, of the Lots. As of the date of this Declaration, there are no Limited Common Elements in the Project.

Section 2.20. Lot. “Lot” means a parcel of land shown on the Survey in which a physical portion of the Property is designated for separate ownership or occupancy. The boundaries of each Lot are described on the Survey. Each Lot is designated on the Survey by a separate number that identifies only one Lot in the Project.

Section 2.21. Management Agreement. “Management Agreement” means any contract or arrangement entered into for the purpose of discharging the responsibilities of the Board of Directors relative to the operation, maintenance, and management of the Project.

Section 2.22. Managing Agent. “Managing Agent” means any Person employed or engaged as an independent contractor pursuant to a Management Agreement to perform management services on behalf of the Association.

Section 2.23. Occupant. “Occupant” means any member of an Owner’s family, or an Owner’s guest, invitee, servant, tenant, employee, or licensee who occupies a Lot for any period of time.

Section 2.24. Open Space Tract. “Open Space Tract” means a Tract depicted on the Survey as a “O.S. Tract” that is designated for use as open space. All Open Space Tracts shall be owned and maintained by the Association as Common Elements.

Section 2.25. Owner. “Owner” means Declarant and any other Person who holds record title to a Lot, but excluding any Person having a Security Interest in a Lot.

Section 2.26. Period of Declarant Control. “Period of Declarant Control” means the period described in Section 4.7, during which Declarant may, among other things, appoint and remove one or more members of the Board of Directors of the Association.

Section 2.27. Person. “Person” means a natural person or a corporation, partnership, limited liability company, trust or other entity capable of holding title to real property under Colorado law.

Section 2.28. Project. “Project” means common interest community known as The Village at Bear Dance.

Section 2.29. Project Documents. “Project Documents” means the basic documents which create and govern the Project, including, without limitation, this Declaration, the Articles of Incorporation and Bylaws of the Association, and any Rules and Regulations adopted by the Board of Directors relating to the Project, including the Architectural Standards.

Section 2.30. Property. “Property” means the real property described in Exhibit A.

Section 2.31. Purchaser. “Purchaser” means a Person, other than Declarant, who by means of a transfer, acquires legal or equitable title to a Lot, other than a leasehold estate of less than forty years, or a Security Interest.

Section 2.32. Records. “Records” means the real estate records located in the office of the Clerk and Recorder of Douglas County, Colorado.

Section 2.33. Roadway Tract. “Roadway Tract” means a Tract depicted on the Survey as an “R. Tract” that is designated for use as a roadway. The Roadway Tracts depicted on the Survey as R. Tracts 2, 6, 8 and 9 shall be owned by the Association as Common Elements. The Roadway Tract depicted on the Survey as R. Tract 7 shall be owned and maintained by Douglas County, Colorado.

Section 2.34. Rules and Regulations. “Rules and Regulations” means the rules and regulations adopted by the Board of Directors for the management, safety, control, and orderly operation of the Project for the purpose of effectuating the intent of this Declaration and to enforce the obligations set forth in the Project Documents, as the same may be amended and supplemented from time to time.

Section 2.35. Security Interest. “Security Interest” means an interest in real property created by contract or conveyance that secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, security deed, contract for deed, sales contract, lease intended as security, assignment of leases or rents intended as security, or any other consensual lien or title retention contract intended as security for an obligation. The holder of a Security Interest includes any insurer or guarantor of a Security Interest.

Section 2.36. Special Declarant Rights. “Special Declarant Rights” means those rights reserved by Declarant in Article 9 hereof.

Section 2.37. Survey. “Survey” means The Village at Bear Dance Exemption recorded in the Records on _____, 2003, at Reception No. _____, including any amendments and supplements thereto. The map is both a “map” and a “plat,” as defined under the Act.

Section 2.38. Tract. “Tract” means a parcel of land shown on the Survey in which a physical portion of the Project is designated for use other than as a Lot. The boundaries of each Tract are described on the Survey

ARTICLE 3. ALLOCATED INTERESTS

Section 3.1. Allocation of Interests in Common Expenses. The Allocated Interest in the Common Expenses assigned to each Lot shall be equal to a percentage (which may be rounded up to the nearest one-tenth of one percent (0.1%)), derived from a fraction, the numerator of which is

one, and the denominator of which is the total number of Lots then-existing in the Project. The Allocated Interest in the Common Expenses initially assigned to each Lot is .04 or 4%.

Section 3.2. Reallocation of Interests in Common Expenses. The Allocated Interests in the Common Expenses shall be reallocated if Lots are (a) converted to Common Elements or Limited Common Elements, or (b) withdrawn from the Project. Any such reallocation shall be made in accordance with the formula set forth in Section 3.1. The effective date for reallocating such Allocated Interests shall be the date on which an amendment or supplement to this Declaration is recorded in the Records.

Section 3.3. Allocation of Votes. Each Lot will have one vote, except that no vote allocated to a Lot owned by the Association, if any, may be cast. Any specified percentage, portion, or fraction of Owners, unless otherwise stated in the Project Documents, means the specified percentage, portion, or fraction of all the votes.

ARTICLE 4. MEMBERSHIP AND VOTING RIGHTS

Section 4.1. The Association. The Association's Articles of Incorporation as a Colorado nonprofit corporation were filed on August 13, 2002. The Association shall have the duties, powers and rights set forth in this Declaration and in the Articles of Incorporation and Bylaws of the Association. A Board of Directors shall manage the affairs of the Association. The Board of Directors may, by resolution, delegate portions of its authority to committees, officers or agents and employees of the Association, but such delegation shall not relieve the Board of Directors of the ultimate responsibility for management of the affairs of the Association.

Section 4.2. Association Membership. Every Owner shall be a member of the Association, and shall remain a member of the Association for the entire period of the Owner's ownership of a Lot. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Lot.

Section 4.3. Voting Rights and Meetings. The total number of votes which may be cast in connection with any matter shall be equal to the total number of Lots then existing within the Project. A meeting of the Association shall be held at least once each year.

Section 4.4. Meeting to Approve Annual Budget. At the annual meeting of the Association or at a special meeting of the Association called for such purpose, the Owners shall be given the opportunity to ratify the budget of the projected revenues, expenditures and reserves for the Association's next fiscal year adopted by the Board of Directors in accordance with the provisions of Section 5.1. A summary of the proposed budget adopted by the Board of Directors shall be mailed to the Owners at least 30 days prior to the date of the meeting at which it is to be proposed for ratification by the Owners. Unless, at the meeting, the Owners of Lots to which seventy-five percent (75%) or more of the votes in the Association are allocated vote to reject the proposed budget, the budget shall be deemed ratified whether or not a quorum is present. In the event the proposed budget

is rejected, the budget last ratified by the Owners shall continue until the Owners ratify a subsequent budget proposed by the Board of Directors as provided above.

Section 4.5. Transfer Information. Within ten days after the date of transfer, all Purchasers of Lots shall provide the Association with written notice of the Purchaser's name, address, Lot owned, date of transfer and name of the former Owner. The Purchaser shall also provide a true and correct copy of the recorded instrument conveying or transferring the Lot or such other evidence of the conveyance or transfer as is reasonably acceptable to the Association. In addition, the Association may request such other information as the Association reasonably determines is necessary or helpful in connection with maintaining information regarding conveyances and transfers of Lots. The Association or the Managing Agent shall have the right to charge the Purchaser a reasonable fee for processing the transfer in the records of the Association.

Section 4.6. Period of Declarant Control. There shall be a Period of Declarant Control of the Association, during which Declarant, or Persons designated by Declarant, may among other things appoint one or more members of the Board of Directors, and remove the members of the Board of Directors that have been appointed by Declarant. The Period of Declarant Control shall commence on the filing of the Articles of Incorporation of the Association and shall terminate no later than the earlier of: (a) sixty days after conveyance of seventy-five percent of the Lots which may be created to Owners other than Declarant; (b) two years after Declarant's or a Successor Declarant's last conveyance of a Lot in the ordinary course of business; or (c) two years after any right to add new Lots was exercised.

Declarant may voluntarily surrender the right to appoint and remove members of the Board of Directors before termination of the Period of Declarant Control, but in that event, Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Board of Directors, as described in a recorded instrument executed on behalf of Declarant, be approved by Declarant before they become effective.

Section 4.7. Required Election of Owners. Not later than sixty days after conveyance of twenty-five percent of the Lots which may be created to Owners other than Declarant, the number of Directors serving on the Board of Directors shall be expanded to not less than three and at least one member and not less than twenty-five percent of the members of the Board of Directors must be elected by Owners other than Declarant. Not later than sixty days after conveyance of fifty percent of the Lots which may be created to Owners other than Declarant, not less than thirty-three and one-third percent of the members of the Board of Directors must be elected by Owners other than Declarant. Not later than the termination of any Period of Declarant Control, the Owners shall elect a Board of Directors of at least three members, at least a majority of whom shall be Owners other than Declarant or designated representatives of Owners other than Declarant. Declarant shall appoint the officers during the Period of Declarant Control. The Board of Directors shall elect the officers after expiration of the Period of Declarant Control. The members of the Board of Directors and the officers shall take office upon election.

Section 4.8. Removal of Members of the Board of Directors. Notwithstanding any provision of this Declaration or the Bylaws to the contrary, the Owners, by vote or agreement of the Owners of Lots to which two-thirds (2/3) or more of the votes in the Association are allocated, may remove a member of the Board of Directors with or without cause, other than a member appointed by Declarant during the Period of Declarant Control.

Section 4.9. Requirements at Termination of Period of Declarant Control. Within sixty days after Owners other than Declarant elect a majority of the members of the Board of Directors, Declarant shall deliver to the Association all property of the Association held by or controlled by Declarant.

ARTICLE 5. ASSOCIATION POWERS AND DUTIES

Section 5.1. Association Management Duties. Subject to the rights and obligations of Declarant and other Owners as set forth in this Declaration, the Association shall be exclusively responsible for the administration and operation of the Project. The Association shall also be responsible for the exclusive management, control, maintenance, repair, replacement, and improvement of the Common Elements, and shall keep the same in good, clean, attractive and sanitary condition, order and repair; provided, however, that the Association shall not be obligated to maintain, repair, replace or improve the Roadway Tracts depicted on the Survey as R. Tracts 8 and 9. The expenses, costs and fees for such management, control, maintenance, repair, replacement, and improvement shall be part of the Common Expenses, and prior approval of the Owners shall not be required in order for the Association to pay such expenses, costs and fees. The Association shall establish and maintain, out of the installments of annual Assessments, an adequate reserve account for maintenance, repair and/or replacement of those Common Elements that must be maintained, repaired and/or replaced on a periodic basis. The Board of Directors shall adopt and amend budgets for revenues, expenditures and reserves that will be the basis for collection of Assessments for Common Expenses from Owners. The Association shall keep financial records sufficiently detailed to enable the Association to comply with the requirement that it provide statements of status of Assessments. All financial and other records of the Association shall be made reasonably available for examination by any Owner and such Owner's authorized agents.

Section 5.2. Association Powers. The Association, acting through its Board of Directors or persons to whom said Board of Directors has delegated such powers, shall have the powers set forth in this Declaration and the Bylaws, as well as the power to do anything else that may be necessary or desirable to (a) fulfill its duties under this Declaration or the Act, (b) further the common interests of the Owners, (c) maintain, improve or enhance the Common Elements, or (d) improve and enhance the attractiveness and desirability of the Project.

Section 5.3. Actions by Board of Directors. Except as specifically otherwise provided in this Declaration, the Bylaws or the Act, the Board of Directors may act in all instances on behalf of the Association; provided however, that the Board of Directors may not act on behalf of the Association to (a) amend this Declaration, (b) terminate the Project, (c) elect members of the Board

of Directors, or (d) determine the qualifications, powers and duties, or terms of office of members of the Board of Directors. The Board of Directors may, however, fill vacancies in its membership for the unexpired portion of any term.

Section 5.4. Board of Directors Meetings. All meetings of the Board of Directors or any committee thereof will be open to the Owners or their representatives, except that the Board of Directors may hold executive or closed-door sessions, and may restrict attendance to the members of the Board of Directors and such other persons requested by the Board of Directors during a regular or specially announced meeting or any part thereof to:

- (a) address matters pertaining to employees of the Association or involving the employment, promotion, discipline or dismissal of an officer, agent or employee of the Association;
- (b) consult with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- (c) conduct an investigative proceeding concerning possible or actual criminal misconduct;
- (d) address matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure; or
- (e) address any other matter, the disclosure of which would constitute an unwarranted invasion of individual privacy.

Before the Board of Directors or any committee thereof convenes in executive or closed-door session, the person presiding at the meeting shall announce the general subject matter of the proposed discussion as enumerated above. No rule or regulation of the Association shall be adopted during an executive or closed-door session of the Board of Directors or any committee thereof. The minutes of all meetings at which an executive or closed session was held shall indicate that such a session was held and the general subject matter thereof.

Section 5.5. Right to Notice and Hearing. Whenever the Project Documents require that action be taken after “notice and hearing,” the following procedure shall be observed: The party proposing to take the action (e.g., the Board of Directors, a committee, an officer, the Managing Agent) shall give notice of the proposed action to all Owners whose interests the proposing party reasonably determines would be significantly affected by the proposed action. The notice shall be delivered personally or by mail not less than ten days before the proposed action is to be taken. The notice shall include a general statement of the proposed action and the date, time and place of the hearing. At the hearing, the affected Person shall have the right, personally or by representative, to give testimony orally, in writing, or both (as specified in the notice) subject to reasonable rules of procedure established by the party conducting the hearing to assure a prompt and orderly resolution

of the issues. Such evidence shall be considered in making the decision but shall not bind the decision makers. The affected Person shall be notified of the decision in the same manner in which notice of the hearing was sent. Any Owner having a right to notice and a hearing shall have the right to appeal to the Board of Directors from a decision of a proposing party other than the Board of Directors by filing a written notice of appeal with the Board of Directors within ten days after being notified of the decision. The Board of Directors shall conduct a hearing within forty-five days, giving the same notice and observing the same procedures as were required for the original hearing.

Section 5.6. Payments to Working Capital Account. Declarant will establish an Association working capital fund to meet unforeseen expenditures and purchase additional equipment or services. To fund this account, the Association may collect from the Purchaser, at the time of the closing of sale of each Lot by Declarant, an amount equal to two monthly installments of the annual Assessments against such Lot, based on the Association's budget in effect at the time of the sale. Such payments to this fund shall not be considered advance payments of annual Assessments and shall not be refundable by the Association to the Purchaser. Amounts contributed to the working capital fund shall be used only for the Association's purposes.

ARTICLE 6. ASSESSMENTS

Section 6.1. Commencement of Common Expense Assessments. Until the first Association Budget is adopted by the Association, there will be no Assessments levied against any Lot in the Project. After an Assessment has been made by the Association, Assessments shall be made no less frequently than annually, and shall be based upon a budget approved in accordance with the provisions of Section 4.4.

Section 6.2. Annual Assessments. The Association shall levy annual Assessments to pay the Common Expenses. The failure by the Board of Directors to levy an annual Assessment for any year shall not be a release of such Assessment for that or any subsequent year. In the event of such a failure, the annual Assessment for the immediately preceding year shall continue in effect until a new amount has been established as provided in this Declaration. Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of or provision for reserves, shall be repaid to the Owners in proportion to their Allocated Interests in the Common Expenses, or credited to them to reduce their future Assessments.

Section 6.3. Apportionment of Annual Assessments. The total annual Assessment for any fiscal year of the Association shall be assessed to the Lots in proportion to their Allocated Interests in the Common Expenses, subject to (a) Common Expenses associated with the maintenance, repair or replacement of Limited Common Elements, if any, which shall be assigned equally or on such other equitable basis as the Board of Directors shall determine to the Lots to which specific Limited Common Elements are allocated; (b) any increased cost of insurance based upon risk which shall be assessed to the Lots in proportion to the risk; and (c) any Common Expense caused by the misconduct of any Owners, which may be assessed equally or on such other equitable basis as the Board of Directors shall determine against the Lots owned by such Owners. All such allocations of

Common Expenses to Lots on a basis other than the Lots' Allocated Interest in the Common Expenses shall be made at the sole discretion of the Board of Directors.

Section 6.4. Special Assessments. In addition to the annual Assessments, the Board of Directors may at any time and from time to time determine, levy, and assess in any fiscal year a special Assessment applicable to that particular fiscal year (and for any such longer period as the Board of Directors may determine) for the purpose of defraying, in whole or in part, the unbudgeted costs, fees, and expenses of any construction, reconstruction, repair, demolition, replacement, renovation or maintenance of the Project, specifically including any fixtures and personal property related to it. Any amounts determined, levied, and assessed pursuant to this Declaration shall be assessed to the Lots in accordance with the provisions of Section 6.2. Any special Assessments shall be subject to the same requirement for ratification by the Owners as the Budget.

Section 6.5. Due Dates for Assessment Payments. Unless otherwise determined by the Board of Directors, the annual Assessments and any special Assessments that are to be paid in installments shall be paid in monthly installments, in advance, and shall be due and payable to the Association at its office, or as the Board of Directors may otherwise direct, without notice (except for the initial notice of the annual and any special Assessment), on the first day of each month. Any such installment, or any default Assessment levied pursuant to Section 6.6, that is not be paid within fifteen (15) days after it has become due and payable shall be subject to a late charge of five percent (5%) of the delinquent amount, or such other late charge as may be adopted from time to time by the Board of Directors and made part of the Rules and Regulations. Such delinquent amount shall also bear default interest from the due date until paid at the rate of fifteen percent (15%) per annum, or at such or such other rate as may be adopted from time to time by the Board of Directors and made part of the Rules and Regulations.

Section 6.6. Default Assessments. The Association may, subject to the provisions of this Declaration, levy a default Assessment against an Owner for the amount of any expense incurred by the Association to remedy or otherwise address any failure of the Owner or an Occupant of the Owner's Lot to comply with the Project Documents. The Association may also levy reasonable fines against an Owner for any failure of the Owner or an Occupant of the Owner's Lot to comply with the Project Documents; provided, however, that such fines may only be levied after the affected Owner has been given notice and a hearing as provided in Section 5.5. Notice of the amount and demand for payment of all default Assessments shall be sent to the Owner prior to enforcing any remedies for nonpayment hereunder.

Section 6.7. Remedies for Nonpayment of Assessments. If any annual, special, or default Assessment (or any installment of any Assessment) is not fully paid within thirty days after the same becomes due and payable, then as often as the same may happen, (a) the delinquent amount shall be subject to a late charge, and shall accrue default interest, in the amount and at the rate set by this Declaration or the Rules and Regulations on any portion of the Assessment in default; (b) the Association may accelerate and declare immediately due and payable all unpaid installments of the annual Assessment or any special Assessment otherwise due during the fiscal year during which such

default occurred, in which case the entire unpaid amount, including late charges, shall bear interest at the default rate set by this Declaration or the Rules and Regulations from the date of acceleration until the date of payment; (c) the Association may bring an action against any Owner personally obligated to pay the same; and (d) the Association may proceed to foreclose its lien against the particular Lot in accordance with the laws and rules of court applicable to the foreclosure of real estate mortgages in Colorado. An action by the Association (or a counterclaim or cross-claim for such relief in any action) against a Owner to recover a money judgment for unpaid Assessments (or any installment thereof) may be commenced and pursued by the Association without either foreclosing or waiving the Association's lien for the Assessments, or may be combined with an action to foreclose the Association's lien. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to preclude the Association from again foreclosing or attempting to foreclose its lien for any subsequent Assessments (or installments thereof) which are not fully paid when due. At any foreclosure sale or other judicial sale of a Lot, the Association may purchase the Lot and may credit against its bid the entire amount owed by the delinquent Owner to the Association, including interest, late charges and Costs of Enforcement, as of the date of the sale. The Association shall have the power to acquire any Lot through or in lieu of foreclosure and to hold, lease, mortgage, convey or otherwise deal with the Lot.

Section 6.8. Lien to Enforce Assessments. The annual, special, and default Assessments (including installments of annual Assessments or of special Assessments payable in installments) arising under the provisions of this Declaration shall be burdens running with, and a perpetual lien in favor of the Association upon, the Lot to which such Assessments apply. The recording of this Declaration in the Records constitutes record notice and perfection of the lien and no further recording of any claim of lien for Assessments is required. To further evidence such lien upon a specific Lot, however, the Association may prepare a written lien notice (the "Lien Notice") setting forth the description of the Lot, the amount of Assessments on the Lot that are unpaid as of the date of such Lien Notice, the name of the Owner or Owners of the Lot, and any and all other information that the Association may deem proper. The Lien Notice shall be signed by a member of the Board of Directors, an officer of the Association, the Managing Agent or an attorney for the Association and shall be recorded in the Records. A Lien Notice shall not constitute a condition precedent to or delay the attachment or the enforcement of the lien.

Section 6.9. Purchaser's Liability for Assessments. The Purchaser of a Lot shall take subject to the Association's lien securing any unpaid Assessments or installments thereof, and shall be personally liable for all Assessments made after such Purchaser became an Owner.

Section 6.10. No Offsets. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted for any reason, including, without limitation, any claim that the Association or the Board of Directors is not properly exercising its duties and powers under this Declaration.

Section 6.11. Statement or Status of Assessments. Within fourteen calendar days after receiving a written request, delivered personally or by certified mail to the Association by any Owner or Owner's designee, or by the holder of any Security Interest, the Association shall furnish to the requesting party or its designee a written statement setting forth the amount of unpaid Assessments currently levied against such Owner's Lot. Any such statement shall be binding on the Association and every Owner, except that an erroneous statement shall not be binding as between the Association and the Person who was the Owner of the affected Lot as of the date of the statement. If no statement is furnished by the Association in accordance with the foregoing requirement, the Association shall have no right to enforce a lien upon the Lot for unpaid Assessments that were due as of the date of the request.

Section 6.12. Liens. Except for Assessment liens as provided in this Declaration, mechanics' liens (except as prohibited by this Declaration), tax liens, judgment liens and other liens validly arising by operation of law and liens arising under Security Interests, there shall be no other liens obtainable against the Common Elements except a Security Interest in the Common Elements granted by the Association pursuant to the requirements of the Act.

ARTICLE 7. EASEMENTS

Section 7.1. Blanket Easement in Favor of Association. Declarant hereby grants to the Association, its successors, and assigns, perpetual and non-exclusive easements over the Lots as may be necessary and appropriate for the Association to perform its duties and functions under this Declaration.

Section 7.2. Easement of Enjoyment. Each Owner is hereby granted a non-exclusive easement over, across and through the Common Elements to the extent required for convenient access to such Owner's Lot, and for the use and enjoyment of the Common Elements, which shall be appurtenant to and shall pass with the title to every Lot. Such easement shall be subject to the Conservation Easement and the other easements and restrictions set forth in this Article and elsewhere in this Declaration.

Section 7.3. Recorded Easements, Licenses, Covenants, Etc. In addition to the Conservation Easement, the Property and this Declaration shall be subject to the easements, licenses, covenants, and other matters set forth on the attached Exhibit B, and all other instruments of record.

Section 7.4. Emergency Access Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance and other similar emergency agencies or persons to enter upon the Project in the proper performance of their duties, subject to applicable legal prerequisites, if any, to entry into any Lot.

Section 7.5. Maintenance Easement. An easement is hereby granted to the Association and any Managing Agent and their respective officers, agents, employees and contractors upon, across,

over, in and under the Common Elements and a right to make such use of the Common Elements as may be necessary or appropriate to perform the duties and functions which they are obligated or permitted to perform pursuant to this Declaration.

Section 7.6. Declarant's Easements over Common Elements. Declarant hereby reserves for itself, its successors and assigns a general easement over, across, through and under the Common Elements to (i) discharge Declarant's obligations under this Declaration; (ii) exercise any of Declarant's rights under this Declaration; and (iii) make improvements to the Project.

Section 7.7. Utilities. Declarant hereby grants, sells, and conveys to public utility providers and cable communications systems a 10' easement along all side yard Lot lines for the installation, maintenance, and replacement of utility lines and related facilities.

ARTICLE 8. ARCHITECTURAL CONTROL

Section 8.1. The Committee. The Committee shall consist of at least three (3) members who shall be appointed by Declarant until Declarant (a) relinquishes the right to appoint such members, (b) is dissolved, or (c) fails to appoint a member to fill a vacancy on the Committee for more than thirty (30) after the occurrence of such vacancy. Thereafter, the member of the Committee shall be appointed by the Board of Directors. The members of the Committee may, but need not be, Owners. The purpose of the Committee shall be to implement the provisions of Articles 8 and 9 of this Declaration and the Architectural Standards on behalf of the Association. For that purpose, the Committee shall have power to make determinations concerning all proposed improvements within the Project in accordance with the Architectural Standards.

Section 8.2. Architectural Control. The Committee shall review, study, and approve or reject proposed improvements upon the Lots subject to the covenants and restrictions of this Declaration, and in accordance with the Architectural Standards.

A. Architectural Standards. The Board shall adopt rules and regulations to interpret and implement the provisions of this Article and of Article 9. These rules and regulations shall be known as the "Architectural Standards," and shall not be inconsistent with this Declaration, but shall more specifically define and described the design standards for the Project. The Architectural Standards shall contain, at a minimum, the following:

(i) Detailed procedures an Owner is to follow when submitting plans and specifications to the Committee for approval.

(ii) Guidelines that clarify the types of designs and materials that will be considered in compliance with the Architectural Standards.

B. Approval Required. No Dwelling, Accessory Structure, fence, or other improvement of any kind shall be constructed, erected or maintained, nor shall any building exterior addition, change or alteration be made, nor shall any vegetation be altered or destroyed, nor shall any landscaping be performed on any Lot until satisfactory and complete plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing by the Committee. No existing trees or oak brush may be removed or destroyed without prior approval of the Committee. Approval of the Committee is in addition to and not in lieu of compliance with the building code and all other applicable requirements of Douglas County.

C. General Criteria. In deciding whether to approve such plans and specifications, it shall be the objective of the Committee to make certain that no improvements will impair the aesthetic and monetary values of the Project. The Committee shall consider all factors relating to the quality of improvements and the compatibility and harmony of the improvements with the environment, including but not limited to: the location of the improvements on the Lots; color scheme, materials, design, proportions, shape, height and style of the improvements; the impact of any proposed improvement on the natural surroundings; and the timely and orderly completion of all improvements.

D. Powers of the Committee. The Committee shall have the authority to reasonably require an Owner to hire professional architectural or home design advisors and professional engineering advisors to develop and coordinate plans and specifications for the construction of improvements on a Lot. The Committee shall have the authority to prevent an Owner from occupying or allowing the occupancy of any building on a Lot until all requirements of the Architectural Standards have been satisfied. In addition, the Committee shall be entitled to charge a reasonable review fee and to require an Owner to pay the cost of any reasonable consulting fees paid to an architect or engineer hired by the Committee to evaluate the Owner's plan.

E. No Liability. Neither the Association, the Board of Directors, the Committee, nor any member or agent thereof shall be responsible in any way for any faults or defects in any plans or specifications submitted, revised or approved in accordance with these provisions or in accordance with the Architectural Standards, nor for any structural or other defects in any work done in accordance with such plans and specifications.

ARTICLE 9. RESTRICTIVE COVENANTS

Section 9.1. General. All construction, maintenance, change and alteration of Dwellings, Accessory Structures, fences, landscaping, and other improvements of any kind in the Project shall be completed in a workmanlike and safe manner complementary to the natural setting and surroundings.

Section 9.2. Compliance with Zoning and Other Laws. In the construction of any structure or use of any Lot, the Owner shall comply with all federal, state, and local laws and regulations, all of which are incorporated herein by this reference and may be enforced as part of this Declaration. Such laws and regulations shall include, without limitation, the notes and restrictions of the Survey, all applicable regulations of Douglas County, and similar laws and regulations. All construction must also conform to the regulations of Douglas County, which regulations may vary from the provisions of this Declaration.

Section 9.3. Dwellings.

- A. One Dwelling shall be permitted per Lot.
- B. Dwellings shall be kept in a state of good repair at all times.
- C. The use of house trailers and mobile homes as Dwellings is prohibited to the maximum extent permitted by law.
- D. One garage is required for each Dwelling, of sufficient size to accommodate not less than two full-size automobiles.

Section 9.4. Construction.

- A. All construction projects must proceed diligently, and the time from groundbreaking to completion of the construction of any home or outbuilding must not exceed one (1) year.
- B. Certificates of occupancy must be obtained from the Douglas County Community Development Department - Building Division, prior to any Person using a building as a Dwelling.

Section 9.5. Rebuilding or Restoration. Any Dwelling or other building which is destroyed in whole or in part by fire, windstorm or from any other cause or act of God must be rebuilt or all debris must be removed and the Lot restored to a natural appearing condition; such rebuilding or restoration shall be completed with reasonable promptness and in any event within twelve (12) months from the time the damage occurred.

Section 9.6. Limitations on Construction.

- A. Construction Type. All construction shall be new. No previously used building or structure originally constructed as a mobile home or manufactured housing, may be placed on a Lot.

B. No Storage of Building Materials. No building materials shall be stored on any Lot except temporarily during continuous construction or alteration or improvement of a Dwelling or Accessory Structure.

Section 9.7. Accessory Structures. All exterior sides and roofs of such structures shall match the colors of sides and roofs of the Dwelling to which such structures are appurtenant.

Section 9.8. Temporary Structures. No temporary structures will be allowed; provided, however, that tents, sunshades, and weather shelters shall be permitted if they are erected for three days or less. This provision is intended to allow for parties, wedding receptions, family reunions, etc.

Section 9.9. Fencing. No Owner shall be permitted to fence any portion of his Lot, other than as follows:

A. Each Owner may erect a privacy fence around his Dwelling located up to fifty feet (50') from the front, back and side walls of such Dwelling; provided, however, that portions of the fence may be located in excess of fifty feet (50') from such walls to the extent necessary or convenient to facilitate a squaring-off of the fenced area.

B. Each Owner shall be permitted to install an entry gate restricting access to his Lot, with a fence that may extend a maximum of fifty feet (50') to either side of the centerline of the gated entryway.

C. Each Owner may fence construct a dog run on his Lot not to exceed three hundred sixty (360) square feet in area. All dog runs must be well screened and located so as not to be visible from any street.

The height, location, and material of all fences, dog runs, and other similar items must be approved by the Committee. Three-rail fences are encouraged, though not required. Wood, brick, stone and other natural materials are preferred as (but are not required to be) the primary fencing material. No chain link or similar wire or wire-mesh fencing, solid wood privacy fencing, or painted fencing shall be allowed; provided, however, that a dog run may be constructed of chain link fencing.

Section 9.10. Driveways.

A. All drives, driveways, and walks for vehicular or pedestrian ingress and egress shall be constructed of black asphalt, concrete (colored or uncolored), or mixed aggregate.

B. Excepting only the driveways constructed in the Driveway Easements, which will be maintained by the Association, the maintenance of driveways is the sole responsibility of the Owners.

C. Driveways must not block a natural drainage.

Section 9.11. Utility Installation. All utilities, except lighting standards and customary service devices for meters, transformers, access, control or use of utilities, shall be installed underground.

Section 9.12. Solar Collectors. Solar collectors or other solar devices are permitted so long as they are designed and installed to blend in with the overall architecture or other improvements on the Lot. Any roof or wall-mounted solar collectors or solar devices must be built into the roof or wall, be flush with, and of the same pitch as, the adjacent portions of the building, and be architecturally compatible with the building to which they are affixed. Ground level freestanding solar collectors or devices will be permitted so long as they are designed or screened in a manner so as to be visually compatible with the buildings and landscaping on the Lot involved, and to not impact views from adjacent Lots or streets. Plans for any such solar collectors or other devices must be submitted to and approved by the Committee prior to installation.

Section 9.13. Mailboxes. Mailboxes will be installed in accordance with U.S. Post Office design specifications, and may be located on the boundary line between Lots or as required by the U.S. Post Office.

Section 9.14. Outdoor Clotheslines. No outdoor clothes-poles, clotheslines, or other facilities for the drying or airing of clothing or household goods shall be permitted.

Section 9.15. Antennae, Satellite Dishes, and Windmills.

A. To the maximum extent permitted by law, no aerial, antenna, satellite dish or other device for reception or transmission or radio or television or other electronic signal shall be maintained on the roof of any building.

B. Aerials, antennae, and satellite dishes less than twenty-eight (28) inches in diameter may be placed in inconspicuous locations other than the roof of a building provided that the plans for such structures are submitted to and approved by the Committee prior to installation.

C. No windmills, other than those existing on the date this Declaration is recorded, shall be permitted anywhere within the Project.

Section 9.16. Maintenance of Property. No property within the Project shall be permitted to fall into disrepair, and all of the property within the Project, including any improvements, structures and landscaping thereon, shall be kept in a good, clean, attractive and sanitary condition, order and repair. Maintenance, repair, and upkeep of each Lot shall be the responsibility of the Owner of such Lot. Violation of this provision by an Owner shall permit the Association to enter upon the Owner's Lot to cure the violation and levy a default Assessment against such Lot for

expenses incurred by the Association in accordance with the provisions of Section 6.6; provided, however, and notwithstanding any other provision of this Declaration to the contrary, that there shall be no entry into the interior of an Dwelling or other structure located on such Lot by the Association without the written consent of the Owner unless an emergency exists.

Section 9.17. Landscape Maintenance. In order to control pest, insect, weed, and fire dangers, and to prevent and remove nuisances, the Owners of any Lot, regardless of whether a structure has been constructed thereon, shall mow, cut, prune, clear, and remove from the premises all unsightly brush, weeds and other unsightly growth, and shall remove any trash which may collect or accumulate on the Lot. Violation of this provision by an Owner shall permit the Association to enter upon the Owner's Lot to cure the violation and levy a default Assessment against such Lot for expenses incurred by the Association in accordance with the provisions of Section 6.6.

Section 9.18. Maintenance Equipment. All maintenance equipment shall be stored in a garage or otherwise adequately screened so as not to be visible from neighboring Lots or adjoining streets.

Section 9.19. Property Use. No commercial use shall be made, or commercial activity conducted within, the Project, except upon prior written approval of the Association, except that any Owner may conduct a home occupation, business office, law office, medical practice, or other professional practice or home business, provided that there be no "walk-in" traffic or signs or advertising concerning such office, practice or business within the Project. The restriction contained in this Section shall not apply to the maintenance of sales offices, management offices, etc., by Declarant in accordance with the provisions of Section 10.1.C.

Section 9.20. Animals. No animals, except domesticated birds or fish and other small domestic animals permanently confined, and a maximum of either two (2) dogs or two (2) cats or one (1) of each, shall be maintained in or on any Lot within the Project, and then only if kept as pets. No horses shall be permitted anywhere within the Project. No animals shall be kept, bred, or maintained within the Project for any commercial purposes. The Board of Directors may adopt reasonable Rules and Regulations which may regulate, restrict, or prohibit particular animals or animal related activities within the Project. Barking dogs and loose cats may harm wildlife and disturb the peace of the Project, and so are prohibited; the Board of Directors may require the immediate removal of any animal or pet which violates the terms of this Declaration or the rules or both.

Section 9.21. Vehicle Restrictions.

A. Trailers, Campers, Boats, and Other Vehicles. All boats, trailers, campers (on or off supporting vehicles), tractors, commercial vehicles, motor homes, recreational vehicles, motorcycles, towed trailer units, and trucks, except pickup trucks used solely for private use of the residents of a Dwelling in the Project, must be garaged while in the Project. If any such vehicle is

not removed from the Project or placed in a garage within three (3) days after notice is delivered to the Owner of the Lot on which the offending vehicle is parked, then Declarant, the Board of Directors, or both will have the right, but not the obligation, to enter the Lot in question and cause the offending vehicle to be towed. The owner of the offending vehicle will be liable for all expenses thereof, including, without limitation, reasonable attorney fees. Declarant and the Board of Directors will not be liable for any losses or damages to any Owner of the Lot, or the owner of the vehicle, on account of such removal, except for any such loss, cost, or damage caused by Declarant's, or the Board of Directors's, gross negligence or willful and wanton conduct.

B. No Parking on Roadway Tracts. No vehicles of any kind shall be parked on any of the Roadway Tracts. Any vehicles violating this paragraph B may be removed in accordance with the provisions of paragraph A of this Section.

C. Junk Vehicles. No stripped down, abandoned, unlicensed, partially wrecked, or inoperable motor vehicle, or part thereof, may be kept or stored anywhere on the Property except in a garage. Any vehicles violating this paragraph C may be removed in accordance with the provisions of paragraph A of this Section.

D. Vehicle Repair. No maintenance, servicing, repair, dismantling, or repainting of any type of vehicle, boat, machine, or device may be carried on within the Project except within a garage.

Section 9.22. Signs. No signs, billboards, poster boards, or advertising structure of any kind shall be erected or maintained for any purpose whatsoever except such signs as have been approved in writing by the Committee in accordance with the Association's Rules and Regulations. Notwithstanding the provisions of the foregoing, however, Declarant or its agent may erect signs during the period of sales of Lots without Committee approval.

Section 9.23. Mining, Drilling or Quarrying. No mining, quarrying, tunneling, excavating, or drilling for any substances within the earth, including oil, gas, water, gravel, sand, rock and coal, shall ever be permitted within the Project.

Section 9.24. Weed Control. All weeds determined to be noxious by Douglas County, the State of Colorado, or the U.S. Soil Conservation District shall be eradicated from each Lot by the Owner thereof. Methods of eradication shall be pre-approved by the Board of Directors. Any failure by an Owner to eradicate such weeds shall permit the Association to enter upon the Owner's Lot to cure the violation and levy a default Assessment against such Lot for expenses incurred by the Association in accordance with the provisions of Section 6.6.

Section 9.25. Refuse and Trash.

- A. Burial of garbage, trash, or refuse is prohibited; provided, however, that vegetation waste generated from clearing a Lot for construction may be buried.
- B. If a Lot is occupied, the Owner or Occupant must arrange for trash removal at intervals of two weeks or less.
- C. Lots may not be used to store garbage, trash, or refuse.

Section 9.26. Noxious, Annoying or Offensive Activity. No noxious, annoying, or offensive activity shall be carried on upon any Lot, nor shall anything be done or placed anywhere within the Project which is a nuisance or creates a disturbance or annoyance to others. No lights shall be emitted from any Lot which are unreasonably bright or cause unreasonable glare. No sound shall be emitted from any Lot which is unreasonably loud or annoying. No odor shall be emitted from any Lot which is noxious or offensive to others. The noise provisions of this Section apply to motorized vehicles. Open fires and the discharge of fireworks in the Project are prohibited.

Section 9.27. Firearms. The discharge of firearms is prohibited throughout the Project, as is hunting and the trapping of animals. This is not intended to prevent Owners or Occupants from protecting themselves against rattlesnakes, predators, or dangerous animals.

Section 9.28. Variances. A variance from or exception to the provisions of this Article 9 or to the provisions of the Architectural Standards may be granted by the Board of Directors upon two-thirds vote, upon good cause shown by the Owner, and upon a finding that such variance will have no detrimental effect on any other Lot. The Board of Directors may grant such variance with such terms and conditions as the Board of Directors may impose in its sole discretion. The Board of Directors may grant variances only from the terms and conditions of this Article 9 and the Architectural Standards and not from any of the other provisions of this Declaration, or any statutes, ordinances, rules or regulations of Douglas County or the State of Colorado. Grants or denials of variances may be appealed in accordance with the provisions of the Architectural Standards. The granting or denial of a variance in any one instance will not prevent the Board of Directors from granting or denying a variance in any other instance or circumstance.

ARTICLE 10. SPECIAL DECLARANT RIGHTS

Section 10.1. Special Declarant Rights. Declarant hereby reserves the right, from time to time, to perform the acts and exercise the rights hereinafter specified (the "Special Declarant Rights"). Declarant's Special Declarant Rights include the following:

- A. Completion of Improvements. The right to complete any improvements indicated on the Survey.

B. Exercise of Development Rights. The right to exercise any Development Right reserved in Article 11.

C. Sales Management and Marketing. The right to maintain sales offices, management offices, signs advertising the Project and models within Lots and in the Common Elements.

D. Construction Easements. The right to use cross and otherwise use the Common Elements for the purpose of making improvements within the Project.

E. Merger. The right to merge or consolidate the Project with another project of the same form of ownership.

F. Control of Association and Board of Directors. The right to appoint and remove officers of the Association and members of the Board of Directors during the Period of Declarant Control.

G. Amendment of Declaration. The right to amend this Declaration in connection with the exercise of any Development Rights as permitted by the Act, or to correct any clerical, typographical or technical error.

H. Signs. The right to maintain signs on the Common Elements and in Lots owned by Declarant, advertising the Project and the availability of Lots for sale and Lots or space in Lots for lease.

I. Dedications. The right from time to time to establish, by dedication or otherwise, and to vacate utility and other easements upon the Common Elements for purposes including but not limited to streets, paths, walkways, skyways, drainage, recreation areas, parking areas, driveways, ducts, shafts, flues and conduit installation areas, and to create other reservations, exceptions and exclusions for the benefit of the Owners within the Project.

J. Use Agreements. The right to enter into, establish, execute, amend and otherwise deal with contracts and agreements for the use, lease, repair, maintenance or regulation of parking and/or recreational facilities, which may or may not be a part of the Project, for the benefit of the Owners or the Association.

K. Easement Rights. The right to cross and otherwise use the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations under this Declaration or the Act.

L. Property Management Office. The right to use or permit the use of all or part of a Lot as a property management office for the benefit of Owners or tenants within the Project

(which shall not be construed as thereafter limiting the permitted use of the Lot to property management purposes).

M. Other Rights. The right to exercise any additional reserved rights created by any other provision of this Declaration, including but not limited to the Development Rights reserved in Article 11.

Section 10.2. Exercise of Special Declarant Rights. Unless terminated by an amendment to this Declaration executed by Declarant, and except as otherwise expressly limited in this Declaration, any Special Declarant Rights may be exercised at any time by Declarant anywhere in the Project so long as Declarant, or its successor or assign, holds the Special Declarant Rights.

Section 10.3. Interference with Special Declarant Rights. Neither the Association nor any Owner may take any action or adopt any Rule or Regulation that will interfere with or diminish any Special Declarant Rights without the prior written consent of Declarant. In the event any controversy, dispute or litigation involving exercise of the reserved Special Declarant Rights by Declarant, this Declaration shall be interpreted so as to give Declarant the broadest, most flexible Special Declarant Rights allowed by the Act.

Section 10.4. Rights Transferable. Any Special Declarant Right reserved under this Article, and any Development Right reserved under Article 11, for the benefit of Declarant may be transferred to any Person by an instrument describing the rights transferred and recorded in the Records. The transferor Declarant and the transferee shall execute such instrument.

ARTICLE 11. DEVELOPMENT RIGHTS

Section 11.1. Development Rights. Declarant expressly reserves the right to combine Lots, to (a) add real estate to the Project, (b) create Lots and Common Elements within the Project; (c) subdivide Lots (subject to the limitation on the maximum number of Lots imposed by Section 1.3) and convert Lots into Common Elements; and (d) withdraw real property from the Project. Declarant may exercise any or all of the Development Rights reserved in this Declaration at any time with respect to any Lots or real estate owned by Declarant within the entire Project. No assurances are made with respect to the boundaries of any Lot that may be developed or the order in which any Lots may be developed. Exercise of a Development Right with respect to any one Lot does not require exercise of a Development Right on any other Lot or real estate subject to Development Rights. No assurances are made that any further development will occur.

Section 11.2. Interpretation. Recording of supplements or amendments to this Declaration in the Records required upon exercise of a Development Right by Declarant shall automatically: (a) vest in each existing Owner the reallocated Allocated Interests appurtenant to his Lot; and (b) vest in each existing holder of a Security Interest a perfected Security Interest in the reallocated Allocated Interests appurtenant to the encumbered Lot.

Section 11.3. Termination of Development Rights. The Development Rights reserved to Declarant shall expire ten years after the date of recording this Declaration in the Records, unless the Development Rights are reinstated or extended by the Association, subject to whatever terms, conditions and limitations the Board of Directors may impose on the subsequent exercise of the Development Rights by Declarant as provided by the Act.

ARTICLE 12. DURATION OF COVENANTS; AMENDMENT AND TERMINATION

Section 12.1. Term. This Declaration and any amendments or supplements to it shall remain in effect in perpetuity, unless otherwise terminated or modified as provided in Section 12.6.

Section 12.2. Amendment of Declaration. Except to the extent that this Declaration and the Act expressly permit or require amendments that may be executed by Declarant or by the Association, this Declaration may be amended only by vote or agreement of the Owners of Lots to which two-thirds or more of the votes in the Association are allocated.

Section 12.3. Execution of Amendments. Any amendment shall be prepared, executed and recorded either by Declarant or by an officer of the Association designated for such purpose or, in the absence of a designation, by the president of the Association. All expenses associated with preparing and recording the amendment to this Declaration shall be the responsibility of (a) any Owners desiring an amendment as provided for in this Declaration, or in the Act; (b) Declarant, to the extent the right to amend this Declaration is reserved to Declarant and exercised by Declarant; and (c) in all other cases by the Association as a Common Expense.

Section 12.4. When Modifications Permitted. Notwithstanding the provisions above, no amendment or termination of this Declaration shall be effective in any event during the Period of Declarant Control, unless the written approval of Declarant is first obtained.

Section 12.5. Recording of Amendments. Any amendment to this Declaration made in accordance with this Article shall be effective immediately upon recording of the executed amendment in the Records together with a duly authenticated certificate of Declarant or the Secretary of the Association stating that the required vote or agreement of Owners, if any, was obtained and is on file at the office of the Association. The amendment must be indexed in the Grantee's Index in the name of the Project and the Association and in the Grantor's Index in the name of the Person executing the amendment.

Section 12.6. Termination of the Project. The Project may only be terminated as provided in the Act.

ARTICLE 13. MISCELLANEOUS

Section 13.1. No Representations or Warranties. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or its agents or employees in connection with any portion of the Project area or any improvement thereon, its or their physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, taxes or regulation thereof unless and except as specifically set forth in writing and signed by Declarant.

Section 13.2. Enforcement. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights of way and other provisions contained in this Declaration and the other Project Documents shall be through any proceedings at law or in equity brought by an aggrieved Owner, the Association, or Declarant against the Association or any Owner. Such actions may seek remedy by injunction or restraint of a violation or attempted violation, or an action for damages, or any of them, without the necessity of making an election.

Section 13.3. Nonwaiver. Failure by Declarant, the Association, or any Owner or Occupant to enforce any covenant, condition, restriction, easement, reservation, right of way, or other provision contained in the Project Documents will in no way or event be deemed a waiver of the right to do so thereafter.

Section 13.4. Severability. The provisions of this Declaration shall be deemed to be independent and severable, and the invalidity of any one or more of the provisions shall in no way affect the validity or enforceability of any other provisions, which provisions shall remain in full force and effect. Any provisions which could violate the rule against perpetuities and the rule prohibiting unlawful restraints on alienation shall be construed in a manner as to make this Declaration valid and enforceable.

Section 13.5. Number and Gender. Unless the context provides or requires to the contrary, use of the singular herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include all genders.

Section 13.6. Captions. The captions to the Articles and Sections and the Table of Contents at the beginning of this Declaration are inserted only as a matter of convenience and for reference, and are in no way to be construed to define, limit, or otherwise describe the scope of the Declaration or the intent of any provision of the Declaration.

Section 13.7. Conflicts in Legal Documents. In case of conflicts between the provisions of the Declaration and the Articles of Incorporation, the Bylaws or any Rules and Regulations, this Declaration shall control. In case of conflicts between the provisions of the Articles, the Bylaws or any Rules and Regulations, the Articles will control. In case of conflicts between the provisions of any Rules and Regulations and the Bylaws, the Bylaws will control.

Section 13.8. Exhibits. All of the Exhibits attached to and described in this Declaration are incorporated in this Declaration by this reference.

Section 13.9. Counterparts. This Declaration may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one agreement.

Section 13.10. Choice of Law. This Declaration shall be construed and interpreted in accordance with the laws of the State of Colorado.

Effective on the day and year first above written.

BEAR DANCE VILLAGE, LLC, a Colorado
limited liability company

By: _____
C.G. Taylor, Manager

STATE OF COLORADO)
) ss.
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this _____ day of _____, 2003, by C.G. Taylor, as Manager of Bear Dance, LLC, a Colorado limited liability limited company, as Declarant.

Witness my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT "A"
PROPERTY SUBJECT TO THIS DECLARATION

ALL OF THE REAL PROPERTY CONTAINED WITHIN TAYLOR MOUNTAIN RANCH AT BEAR DANCE, AS DEPICTED ON THE VILLAGE AT BEAR DANCE EXEMPTION, DOUGLAS COUNTY, COLORADO, WHICH WAS RECORDED ON _____, 2003, AT RECEPTION NO. _____, IN THE OFFICE OF THE CLERK AND RECORDER FOR DOUGLAS COUNTY, COLORADO, EXCEPT R. TRACT 7 AND TRACT CH.

EXHIBIT "B"
EXCEPTIONS TO TITLE

1. Rights of way for ditches and canals constructed by the authority of the United States as reserved in the United States Patent of record.
2. Right of proprietor of a vein or lode to extract and remove his ore therefrom should the same be found to penetrate or intersect the premises as reserved in United States Patent of record.
3. Easements and rights of way as shown the Survey.
4. All rights to any all minerals, ores, and metals of every kind and character and all coal, asphaltum, oil and other like substances in or under said land and the right of ingress and egress for the purpose of mining together with enough of the surface of same as may be necessary for the proper and convenient working of such minerals and substances as reserved in Patent recorded March 01, 1995, in Book 1249 at Page 1826.
5. Reservation unto Douglas Park, a Texas General Partnership, a non-exclusive easement, 40 feet in width for that portion of the South Half of proposed Sinclair Boulevard as described in Deed recorded June 7, 1994, in Book 1201 at Page 2492.
6. Terms, conditions and provisions as provided on Douglas Park PCD Plan and Development Control Standards recorded April 13, 1977, under Reception No. 200494, in Book 306 at Page 612.
7. Terms, conditions, and provisions as shown on Douglas Park PCD maps recorded April 15, 1977, under Reception No. 200493, September 28, 1983, under Reception No. 312781, and June 14, 1984, under Reception No. 329549 and recorded January 10, 1991, under Reception No. 9100838
8. Utility Easement as granted to American Telephone and Telegraph Company in instrument recorded August 31, 1951, in Book 103 at Page 323.
9. Declaration of Covenants as recorded August 21, 1989, in Book 868 at Page 983. Ratification recorded November 16, 1989, in Book 882 at Page 435.
10. 20-foot Utility Easement as evidenced by instrument recorded at Reception No. 144862 and as shown on David E. Archer and Associates survey dated February 11, 1994, Job No. 90-345.

11. Terms, conditions and provisions of Grant of Easement recorded March 27, 1995, in Book 1253 at Page 1796.
12. Utility Easement as granted to the Intermountain Rural Electric Association in instrument recorded January 29, 1996, in Book 1315 at Page 722.
13. Terms, conditions and provisions of Easement Agreement recorded May 27, 1997, in Book 1433 at page 2388 and re-recorded September 19, 1997, in Book 1466 at Page 1701.
14. Restrictive Covenants, which do not contain a forfeiture of reverter clause, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code, or (b) relates to handicap but does not discriminate against handicapped persons, as contained in instrument recorded December 28, 1998, in Book 1646 at Page 1271.
15. Right of Way Easement as granted to the Mountain States Telephone and Telegraph Company in instrument recorded July 24, 1968, in Book 185 at Page 236.
16. Reservations contained in Deed recorded December 28, 1998 in Book 1646 at Page 1289.
17. Reservation by the State of Colorado as to all rights of any and all minerals, ores and metals of any kind and character and all coal, asphaltum, oil, gas and other like substances in or under said land, the right of ingress and egress for the purpose of mining, together with enough of the surface of the same as may be necessary for the proper and convenient working of such minerals and substances as reserved in Patent recorded August 19, 1920, in Book 61 at Page 450. The effect of Deed recorded December 30, 1919 in Book 27 at Page 496.
18. Restrictive Covenants, which do not contain a forfeiture or reverter clause, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code, or (b) relates to handicap but does not discriminate against handicapped persons, as contained in instrument recorded December 28, 1998, in Book 1646 at Page 1279
19. Restrictive Covenants, which do not contain a forfeiture or reverter clause, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code, or (b) relates to handicap but does not discriminate against handicapped persons, as contained in instrument recorded August 01, 2002, at Reception No. 2002075127.