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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
WESTRIDGE VILLAGE II
(A Common Interest Community)

Association: Westridge Patio Homes Association, Inc.,
a Colorado nonprofit corporation

Declarant: BAD LLC

When recorded, return to:

Doug Dohn
2642 Midpoint Drive, Unit A
Fort Collins, Colorado 80525

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

WESTRIDGE VILLAGE II

(A Common Interest Community)

THIS DECLARATION is made and entered into this ____ day of _____, 2003, by BAD LLC, a Colorado Limited Liability Company, hereinafter referred to as the "Declarant."

RECITALS

A. The Declarant is the owner of that certain real property located in the County of Weld, State of Colorado, legally described on Exhibit "A" attached hereto and incorporated herein by reference ("Real Estate").

B. The Declarant desires to create a Common Interest Community on the Real Estate, pursuant to the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101, et seq., as it may be amended from time to time ("Act").

C. The Declarant has caused to be incorporated under the laws of the State of Colorado the WESTRIDGE PATIO HOMES ASSOCIATION, INC. a nonprofit corporation for the purpose of exercising the functions herein set forth.

D. Portions of the Common Interest Community shall be designated for separate ownership and the remainder will be owned by WESTRIDGE PATIO HOMES ASSOCIATION, INC.

ARTICLE 1. SUBMISSION OF REAL ESTATE

The Declarant hereby publishes and declares that the Real Estate shall be held, sold, conveyed, transferred, leased, subleased, and occupied subject to the following easements, covenants, conditions, and restrictions which shall run with the Real Estate and shall be binding upon and inure to the benefit of all parties having any right, title, or interest in the Real Estate or any portion thereof, their heirs, personal representatives, successors, and assigns. Additionally, the Declarant hereby submits the Real Estate to the provisions of the Act. In the event the Act is repealed, the Act on the effective date of this Declaration shall remain applicable.

ARTICLE 2. DEFINITIONS

As used in this Declaration, the terms hereinafter set forth shall be understood to have the following meanings:



2.1. "Allocated Interests" shall mean and refer to the Common Expense Liability and votes in the Association.

2.2 "Architectural Control Committee" or "ACC" shall mean and refer to the committee established to review and approve plans for the construction of improvements on Units as set forth in Article 11 of this Declaration.

2.3 "Association" shall mean and refer to WESTRIDGE PATIO HOMES ASSOCIATION, INC., a Colorado nonprofit corporation, its successors and assigns.

2.4 "Bylaws" shall mean and refer to any instruments, however denominated, which are adopted by the Association for the regulation and management of the Association, including amendments to those instruments.

2.5 "Common Areas" or "Common Elements" shall mean and refer to all portions of the Common Interest Community other than a Unit, including all property that may be owned by the Association and used for the common use and enjoyment of the Unit Owners.

2.6 "Common Expense Liability" shall mean and refer to the liability for Common Expenses allocated to each Unit pursuant to this Declaration.

2.7 "Common Expenses" shall mean and refer to expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves. These expenses for the operation of the Common Interest Community include, but are not limited to:

2.7.1 expenses of administering, maintaining, repairing or replacing the Common Elements;

2.7.2 expenses declared to be Common Expenses by the Declaration, including, but not limited to, landscaping maintenance, maintenance of irrigation systems, snow removal, trash removal, and the like;

2.7.3 expenses agreed upon as Common Expenses by the Association;

2.7.4 such reasonable reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held by the Association.

2.8 "Common Interest Community" shall mean and refer to the Real Estate and all improvements constructed thereon.

2.9 "Declarant" shall mean BAD LLC, a Colorado limited liability company, its successors and assigns.

2.10 "Declaration" shall mean and refer to this Declaration, including any amendments hereto and also including, but not limited to, plats of the Real Estate recorded in the Clerk and Recorder's office of Weld County, Colorado.

2.11 "Documents" shall mean and refer to this Declaration, the Plat as recorded and filed, the Articles of Incorporation, the Bylaws, and the Rules and Regulations as they may be amended from time to time, together with any exhibit, schedule or certificate accompanying such Documents.

2.12 "Executive Board" shall mean and refer to the Executive Board of the Association as defined in the Bylaws.

2.13 "Identifying Number" shall mean and refer to a symbol or address that identifies only one (1) Unit in the Common Interest Community.

2.14 "Lot" shall mean and refer to a physical portion of the Common Interest Community which is designated for separate ownership or occupancy and the boundaries of which are described in or determined from the Declaration and the Plat. The term "Lot" as used in this Declaration shall have the same meaning as the term "Unit" as used in the Act.

2.15 "Member" shall mean and refer to each Owner of a Unit in the Common Interest Community. Membership shall be appurtenant to, and may not be separated from, ownership of a Unit.

2.16 "Mortgagee" shall mean and refer to any Person who has a Security Interest in a Unit and who has provided written notice of such interest to the Association. The notice must include the Unit number and address of the Unit on which it has a Security Interest. Such notice shall be deemed to include a request that the Mortgagee be given the notices and other rights described in this Declaration.

2.17 "Person" shall mean and refer to a natural person, a corporation, a partnership, an association, a trust, or any other entity or combination thereof.

2.18 "Plat" shall mean and refer to the Plat of the Real Estate and all supplements and amendments thereto recorded in the office of the Clerk and Recorder of Weld County, Colorado.

2.19 "Purchaser" shall mean and refer to a Person, other than the Declarant, who, by means of a transfer, acquires a legal or equitable interest in a Unit, other than:

2.19.1 A leasehold interest in a Unit of less than forty (40) years, including renewal options, with the period of the leasehold interest, including renewal options, being measured from the date the initial term commences; or



2.19.2 A Security Interest.

2.20 "Real Estate" shall mean and refer to the real property described on Exhibit "A" attached hereto and incorporated herein by reference, including structures, fixtures, and other improvements and interests that, by custom, usage or law, pass with a conveyance of land, though not described in the contract of sale or instrument of conveyance.

2.21 "Rules and Regulations" shall mean and refer to any instruments, however denominated, which are adopted by the Association for the regulation and management of the Common Interest Community, including any amendment to those instruments.

2.22 "Security Interest" shall mean and refer to an interest in real estate or personal property created by contract or conveyance which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an association, and any other consensual lien or title retention contract intended as security for an obligation. "First Security Interest" shall mean and refer to a Security Interest in a Unit prior to all other Security Interests except the Security Interest for real property taxes and assessments made by Weld County, Colorado, or other governmental authority having jurisdiction over the Common Interest Community.

2.23 "Unit" shall mean and refer to a physical portion of the Common Interest Community which is designated for separate ownership or occupancy, the boundaries of which are described in or determined from the Declaration, including the Plat. The term "Unit" as used in this Declaration shall have the same meaning as the term "Lot."

2.24 "Unit Owner" or "Owner" shall mean and refer to the Declarant or other Person who owns a Unit but does not include a Person having an interest in a Unit solely as security for an obligation. The Declarant is the owner of any Unit created in the Declaration until that Unit is first conveyed to another Person.

2.25 Other Terms Defined in Act. Unless the context clearly indicates otherwise, other terms defined in the Act shall have the meanings attributable to such terms in the Act.

2.26 Other Terms in Declaration. Other terms in this Declaration may be defined in specific provisions contained herein and shall have the meaning assigned by such definition.

ARTICLE 3. COMMON INTEREST COMMUNITY

3.1 Name. The name of the Common Interest Community is WESTRIDGE VILLAGE II.



3.2 Association. The name of the Association is the WESTRIDGE PATIO HOMES ASSOCIATION, INC.

3.3 Planned Community. The Common Interest Community is a Planned Community.

3.4 County. The name of every county in which any part of the Common Interest Community is situated is Weld County, Colorado.

3.5 Legal Description. A legal description of the Real Estate included in the Common Interest Community is set forth on Exhibit "A" attached hereto and incorporated herein by reference.

3.6 Maximum Number of Units. The maximum number of Units the Declarant reserves the right to create within the Common Interest Community is twenty-one (21).

3.7 Boundaries of Units. The boundaries and identifying number of each Unit created by the Declaration are set forth on the Plat.

3.8 Membership. Every Unit Owner of a Unit which is subject to Common Expense Assessments shall be a Member of the Association. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to Assessments by the Association. Ownership of such Unit shall be the sole qualification for membership. When more than one (1) Person holds a membership interest in any Unit, all such Persons shall be Members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Unit.

3.9 Voting Rights and Assignment of Votes. The effective date for assigning votes to Units created pursuant to this Declaration shall be the date on which this Declaration is recorded in the records of the Clerk and Recorder of Weld County, Colorado.

3.10 Allocated Interests. The Common Expense Liability and votes in the Association shall be allocated to each Unit as follows:

3.10.1 For each Unit, the Owner's share of the Common Expenses shall be equal to a fraction, the numerator of which shall be one (1) and the denominator of which shall be the total number of Units within the Common Interest Community.

3.10.2 Each Owner shall be entitled to one (1) vote for each Unit owned.



3.11 Recording Data. All easements and licenses to which the Common Interest Community is presently subject are described on the Plat and/or Exhibit "B" attached hereto and incorporated herein by reference. In addition, the Common Interest Community may be subject to other easements or licenses granted by the Declarant pursuant to the terms of this Declaration.

3.12 Notice. Notice of matters affecting the Common Interest Community may be given to Unit Owners by the Association or by other Unit Owners in the following manner: notice shall be hand delivered or sent prepaid by United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner. Such notice shall be deemed given when hand delivered or when deposited in the United States Mail.

ARTICLE 4. EASEMENTS

4.1 Recorded Easements. In addition to all easements and rights-of-way of record at or before the recording of this Declaration, the Real Estate, and all portions thereof, shall be subject to the easements as shown on any recorded Plat of the Real Estate, or any portion thereof. Further, the Real Estate, or portions thereof, is now or may hereafter be subject to the easements, licenses and other recorded documents, or any of them, set forth on Exhibit "B" attached hereto and incorporated herein by this reference.

4.2 Emergency Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance and all other similar emergency agencies or persons to enter upon all streets and upon the Common Elements in the proper performance of their duties.

4.3 Access and Utility Easements. There is hereby created a blanket easement upon, across, over and under the Common Elements for ingress and egress to and from each Unit and for utilities and the installation, replacement, repair and maintenance of utilities, including, but not limited to, water, sewer, gas, telephone, electricity and master television antenna or cable systems, if any. By virtue of this blanket easement, it shall be expressly permissible to erect and maintain the necessary facilities, equipment and appurtenances on the Common Elements and to affix, repair and maintain water and sewer pipes, water and sewage pumps, gas, electric, telephone and television wires, cables, circuits, conduits and meters. In the event any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, the Association shall have the right and authority to grant such easements upon, across, over or under any part or all of the Common Elements without conflicting with the terms hereof. The easement provided for in this Section 4.3 shall in no way affect, avoid, extinguish or modify any other recorded easements on the Common Elements.

4.4 Maintenance Easement. The Association, its officers, agents, employees, independent contractors, successors and assigns shall have a non-exclusive perpetual right and easement over, across and upon all Units and Common Elements for the purpose of performing

the maintenance and repair of the Units and Common Elements required of the Association under the terms of this Declaration, including, but not limited to, the right to enter upon Owner's Lots to perform landscaping maintenance, maintenance of irrigation systems, snow removal, trash removal, and the like. If damage is inflicted or a strong likelihood exists that it will be inflicted, on the Common Elements, any other property, or any Lot, the Owner responsible for the damage or the expense to avoid damage, or the Association if it is responsible, is liable for the cost of prompt repair or avoidance. All persons performing such work shall use their best efforts to minimize interference with the Unit Owner's use and enjoyment of the Unit when performing such work. Owners shall facilitate access to their Lots by the Association for Lawn maintenance, snow removal, and other Association maintenance responsibilities by keeping gates unlocked, keeping pets indoors during maintenance operations, and keeping the Lots free from obstructions, debris, pet waste and other impediments. The Association shall have the power to promulgate rules and regulations regarding maintenance easement and access requirements, including enforcement procedures, which may, among other things, allow for the imposition of fines and termination of maintenance services for noncompliance.

4.5 Drainage Easement. An easement is hereby granted to the Association, its officers, agents, employees, successors and assigns to enter upon, across, over, in and under any portion of the Common Elements for the purpose of changing, correcting or otherwise modifying the grade or drainage channels of the Real Estate so as to improve the drainage of water on the Real Estate. Every Unit and the Common Elements shall be burdened with easements for natural drainage of storm water runoff from the other portions of the Real Estate; provided, no person shall alter the natural drainage on any Unit so as to materially increase the drainage of water onto adjacent portions of the Real Estate without the consent of the Owner of the affected property.

4.6 Easement for Association. Each Unit shall be subject to an easement in favor of the Association (including its Executive Board, agents, employees and contractors) to perform the obligations of the Association pursuant to this Declaration.

4.7 Encroachments. In the event that any portion of the Common Elements encroaches upon any Unit or in the event that any portion of a Unit encroaches upon any other Unit or upon any portion of the Common Elements, or in the event any encroachment shall occur in the future as a result of alteration or repair to the Common Elements and any improvements thereon, then, in any of said events, a valid easement shall exist for the encroachment and for the maintenance of the same so long as the encroachment exists. Such encroachments and easements shall not be considered or determined to be encumbrances either on the Common Elements or on the Units for purposes of marketability of title or other purposes.

4.8 Easements Deemed Appurtenant. The easements and rights created herein for an Owner shall be deemed appurtenant to the Unit owned by such Owner. All conveyances and instruments affecting title to a Unit shall be deemed to grant and reserve the easements and rights of way as provided herein, as though set forth in said document in full, even though no specific reference to such easements or rights of way appear.

ARTICLE 5. THE ASSOCIATION

5.1 General Purposes and Powers. The Association through its Executive Board shall perform functions and manage the Common Interest Community as provided in this Declaration so as to further the interests of all of the Owners and Units within the Common Interest Community and Members of the Association. Any purchaser of a Unit shall be deemed to have assented to, ratified and approved such designations and management. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws or the Act. The Executive Board shall have, subject to the limitations contained in this Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community, including the following powers and duties:

5.1.1 Adopt and amend Bylaws.

5.1.2 Adopt and amend Rules and Regulations.

5.1.3 Adopt and amend budgets for revenues, expenditures and reserves.

5.1.4 Collect assessments from Unit Owners.

5.1.5 Suspend the voting interests allocated to a Unit, and the right of an Owner to cast such votes, or by proxy the votes of another, during any period in which such Owner is in default in the payment of any Assessment, or, after notice and a hearing, during any time in which an Owner is in violation of any other provision of the Documents. The suspension of voting rights allowed herein for a violation of the Association's Rules and Regulations shall not exceed sixty (60) days for any one occurrence.

5.1.6 Hire and discharge Managing Agents.

5.1.7 Hire and discharge independent contractors, employees and agents, other than Managing Agents.

5.1.8 Institute, defend or intervene in litigation or administration proceedings or seek injunctive relief for violation of the Documents in the Association's name, on behalf of the Association, on any matters affecting the Common Interest Community.

5.1.9 Make contracts and incur liabilities.

5.1.10 Regulate the use, maintenance, repair, replacement and modification of the Common Elements.



5.1.11 Cause additional improvements to be made as a part of the Common Elements.

5.1.12 Acquire, hold, encumber and convey in the Association's name, any right, title or interest to real estate or personal property, but the Common Elements may be conveyed or subjected to a Security Interest only pursuant to the Declaration and applicable law.

5.1.13 Grant easements for any period of time, including permanent easements, leases, licenses and concessions through or over the Common Elements.

5.1.14 Impose and receive a fee or charge for the use, rental or operations of the Common Elements and for services provided to Unit Owners.

5.1.15 Impose a reasonable charge for late payment of assessments and levy a fine for violation of the Declaration, these Bylaws and the Rules and Regulations of the Association.

5.1.16 Impose a reasonable charge for the preparation and recordation of supplements or amendments to the Declaration and for statements of unpaid assessments.

5.1.17 Provide for the indemnification of the Association's officers and the Executive Board and maintain Directors' and Officers' liability insurance.

5.1.18 Declare the office of a member of the Executive Board to be vacant in the event such member shall fail to participate in three (3) regular meetings of the Executive Board during any one year period.

5.1.19 Assign the Association's right to future income, including the right to receive Common Expense Assessments, only upon the affirmative vote of the Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated, at a meeting called for that purpose.

5.1.20 Exercise any other powers conferred by the Documents.

5.1.21 Exercise any other power that may be exercised in the State of Colorado by a legal entity of the same type as the Association.

5.1.22 Exercise any other power necessary and proper for the governance and operation of the Association.

5.1.23 By resolution, establish permanent and standing committees of Directors to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain and



publish notice of their actions to Unit Owners and the Executive Board. However, actions taken by a committee may be appealed to the Executive Board by any Unit Owner within forty-five (45) days of publication of a notice. If an appeal is made, the committee's action must be ratified, modified or rejected by the Executive Board at its next regular meeting.

5.2 Declarant Control. The Declarant, or persons designated by it, may appoint and remove the officers and members of the Executive Board of the Association for a period of sixty (60) months after this Declaration is recorded in the office of the Clerk and Recorder of Weld County, Colorado. Executive Board members need not be Owners during the period of Declarant control. Notwithstanding the sixty (60) months referenced herein, the period of Declarant control shall terminate no later than either sixty days after conveyance of seventy-five percent of the Units that may be created to Owners other than the Declarant, two years after the last conveyance of a Unit by the Declarant in the ordinary course of business, or two years after any right to add new Units was last exercised. Not later than sixty days after conveyance of twenty-five percent of the Units that may be created to Owners other than the Declarant, at least one member and not less than twenty-five percent of the members of the Executive Board must be elected by Owners other than the Declarant. Not later than sixty days after conveyance of fifty percent of the Units that may be created to Owners other than the Declarant, not less than thirty-three and one-third percent of the members of the Executive Board must be elected by Owners other than the Declarant.

5.3 Executive Board. The affairs of the Association shall be managed by an Executive Board which may by resolution delegate any portion of its authority to a Managing Agent for the Association as more fully provided for in the Bylaws, provided no such delegation shall relieve the Executive Board of final responsibility.

5.4 Professional Management and Contract Termination Provisions. The Association may utilize professional management in performing its duties hereunder. Any agreement for professional management of the Association's business shall have a maximum term of three (3) years and shall provide for termination by either party thereto, with or without cause, and without payment of a termination fee, upon thirty (30) days' prior written notice. Any contracts, licenses or leases entered into by the Association while there is Declarant control of the Association shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, at any time after termination of Declarant control of the Association, upon sixty (60) days' prior written notice; provided, however, that any contract entered into at any time by the Association providing for services of the Declarant shall provide for termination at any time by either party thereto without cause and without payment of a termination fee upon sixty (60) days' prior written notice. In addition, any management agreements entered into by the Association with a manager or Managing Agent prior to the termination of the period of Declarant control shall be subject to review and approval by HUD or VA if, at the time such agreement is entered into, HUD has insurance or VA has a guarantee(s) on one (1) or more First Security Interests.



5.5 Articles and Bylaws. The purposes and powers of the Association and the rights and obligations with respect to Association Members set forth in this Declaration may and shall be amplified by provisions of the Articles of Incorporation and the Bylaws of the Association. In the event the Articles or the Bylaws conflict with the Declaration, the Declaration shall control. In the event the Articles conflict with the Bylaws, the Articles shall control.

5.6 Membership. Each Owner of a Unit, including the Declarant so long as it shall be an Owner, shall automatically become a Member of the Association. Said membership is appurtenant to the Unit of said Owner and title to the ownership of the membership for that Unit shall automatically pass with fee simple title to the Unit. Each Owner of a Unit shall automatically be entitled to the benefits and subject to the obligations relating to the membership for his Unit. If the fee simple title to a Unit is held by more than one person, all such persons shall be Members.

5.7 Voting Rights. The Association shall have only one class of voting memberships. All Owners, including Declarant, shall be entitled to one vote for each Unit owned. The vote for such Unit, the ownership of which is held by more than one Owner, may be exercised by any one of them, unless an objection or protest by any other holder of an interest of the Unit is made prior to the completion of the vote, in which case the vote for such interest shall determine between themselves. Should the joint Owners of a Unit be unable, within a reasonable time, to agree upon how they will vote any issue, they shall be passed over and their right to vote on such issue shall be lost. In no event shall more than one vote be cast with respect to any such Unit.

5.8 Indemnification. The Association shall indemnify every director, officer, agent or employee, and any former director, officer, agent, or employee against loss, costs, and expenses, including counsel fees reasonably incurred in connection with any action, suit, or proceeding in which such person may be made a party by reason of being, or having been such director, officer, agent or employee of the Association, except as to matters concerning which such person shall be finally adjudged to be liable for gross negligence or fraud. Any such indemnification shall be limited to and may only be paid out of the insurance proceeds provided by an insurer furnishing Officers and Directors Errors and Omissions insurance coverage or similar protection and any other insurance protecting the Association from liability because of the negligent acts of its servants, including insurance covering motor vehicles or public liability, property damage, medical and other similar coverage, it being the intent and purpose of this Section to limit all payments or settlements in indemnification to the actual proceeds of insurance policies received by the Association; provided, however, any deductibles shall be paid by the Association.

5.8.1 No officer, director, agent or employee of the Declarant, its successors or assigns, nor of any Managing Agent who is an independent contractor, shall be protected by these indemnification provisions nor by any insurance policies obtained by the Association in relation thereto but any such protection is the sole and separate responsibility of the Declarant, its successors and assigns, and any Managing Agent who is an independent contractor or any other independent contractor as one of their expenses of doing business.