

COMMON INTEREST  
COMMUNITY DECLARATION  
OF GRANDVIEW VILLAS,  
A CONDOMINIUM DEVELOPMENT

---

**COMMON INTEREST COMMUNITY DECLARATION  
OF GRANDVIEW VILLAS,  
A CONDOMINIUM DEVELOPMENT**

GrandView Villas, LLC, a Colorado limited liability company ("Declarant"), does hereby submit the real property in Grand County, Colorado, described in Exhibit A attached hereto and incorporated herein by this reference as though fully set forth, to the provisions of the Colorado Common Interest Ownership Act, C.R.S., §38-33.3-101, et seq., for the purpose of creating Grandview Villas, a condominium development, and making the improvements shown on the Map, and does hereby DECLARE that the property described as Parcel A and Parcel B on Exhibit A shall be held and conveyed subject to the following terms, covenants, restrictions and conditions:

**ARTICLE I  
DEFINITIONS**

1.1 Act. The Act is the Colorado Common Interest Ownership Act, §38-33.3-101, et seq., Colorado Revised Statutes, as such act may be amended from time to time.

1.2 Allocated Interests. The Allocated Interests are the undivided interests in the Common Elements, the Common Expenses liability, and votes in the Association, allocated to Units in the Common Interest Community. The Allocated Interests are described in Article IX of this Declaration.

1.3 Association. The Association is the Grandview Villas Condominiums Association, Inc., a Colorado non-profit corporation. It is hereby designated as the Association of Unit Owners pursuant to C.R.S., §38-33.3-301 of the Act.

1.4 Bylaws. The Bylaws are the Bylaws of the Association, as they may be amended from time to time.

1.5 Common Elements. The Common Elements are all portions of the Common Interest Community other than a Unit.

1.6 Common Expenses. The Common Expenses are the expenses or financial liabilities for the operation of the Common Interest Community. These expenses include:

(a) expenses of administration, maintenance, construction, improvement, repair or replacement of the Common Elements;

(b) expenses declared to be Common Expenses by the Documents or by the Act;

(c) expenses agreed upon as Common Expenses by the Association; and

(d) 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.

In addition, the costs and expenses imposed on the Association, benefitting fewer than all the Units, shall be a Common Expense, but shall be assessed exclusively against those Units benefitted in proportion to the benefits obtained.

1.7 Common Expense Assessments are the funds required to be paid by each Unit Owner in payment of such Owner's Common Expense liability.

1.8 Common Interest Community. The Common Interest Community is the real property described in Exhibit A and subject to this Declaration.

1.9 Declarant. The Declarant is GrandView Villas, LLC, a Colorado limited liability company or its successors and/or assigns, as defined in C.R.S., §38-33.3-103(12).

1.10 Declaration. The Declaration is this document, including any amendments.

1.11 Development Rights. The Development Rights are the rights reserved by the Declarant under Article VIII of this Declaration.

1.12 Director. A Director is a member of the Executive Board.

1.13 Documents. The Documents are this Declaration and the Map recorded and filed in the Records pursuant to the provisions of the Act, the Articles of Incorporation of the Association, the Bylaws and the Rules, as each document may be amended from time to time in accordance with their respective terms. Any exhibit, schedule or certification accompanying any of the Documents shall be deemed to be a part of that Document.

1.14 Eligible Insurer. An Eligible Insurer is an insurer or guarantor of a first Security Interest in a Unit who has notified the Association in writing of its name and address and informed the Association that it has insured or guaranteed a first Security Interest in a Unit. The Eligible Insurer's notice must provide the Association with the Unit number and address of the Unit on which it is the insurer or guarantor of a first Security Interest. Such notice shall be deemed to include a request that the Eligible Insurer be given the notices and other rights described in Article XVIII.

1.15 Eligible Mortgagee. An Eligible Mortgagee is a holder of a first Security Interest in a Unit, who has notified the Association, in writing, of its name and address and

that it holds a first Security Interest in a Unit. The notice must include the Unit number and address of the Unit on which it has a first Security Interest. Such notice shall be deemed to include a request that the Eligible Mortgagee be given the notices and other rights described in Article XVIII.

1.16 Executive Board. The Executive Board is the board of directors of the Association as the same may be composed from time to time.

1.17 Improvements. The Improvements are any construction, structure, equipment, fixture or facilities existing or to be constructed on the Property, including but not limited to buildings, trees and shrubbery planted by the Declarant or the Association, paving, utility wires, pipes and light poles.

1.18 Limited Common Elements. The Limited Common Elements are the portion of the Common Elements allocated for the exclusive use of one or more but fewer than all of the Units by the Declaration or by operation of C.R.S., §§38-33.3-202(1)(b) or (1)(d). The Limited Common Elements in the Common Interest Community are described in Article V of this Declaration.

1.19 Majority Vote. The Majority Vote means the affirmative vote of at least fifty-one percent (51%) of the Persons voting on any particular subject matter subject to the vote of such Persons, including but not limited to applicable votes involving the Executive Board, the Eligible Mortgagees or the Unit Owners.

1.20 Manager. A Manager is a Person employed or engaged to perform management services for the Common Interest Community or the Association.

1.21 Map. The Map means that certain map entitled "Common Interest Community Map of Grandview Villas" recorded in the Records, as it may be amended from time to time.

1.22 Member. A "Member" is synonymous with the term "Director".

1.23 Notice and Comment. Notice and Comment is the right of a Unit Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to comment thereon. The procedures for Notice and Comment are set forth in Section 24.1 of this Declaration.

1.24 Notice and Hearing. Notice and Hearing is the right of a Unit Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to be heard thereon. The procedures for Notice and Hearing are set forth in Section 24.2 of this Declaration.

1.25 Person. A Person is an individual, corporation, trust, partnership, limited liability company, association, joint venture, government, government subdivision or agency or other legal or commercial entity.

1.26 Property. The Property is the land and all Improvements, easements, rights and appurtenances which have been submitted to the provisions of the Act by this Declaration, including the real estate described as Parcel A and Parcel B on Exhibit A attached hereto.

1.27 Records. The Records are the real estate records in the Office of the Clerk and Recorder of Grand County, Colorado.

1.28 Rules. The Rules are the rules and regulations for the use of Common Elements and for the conduct of persons in connection therewith within the Common Interest Community, as may be adopted or amended by the Executive Board from time to time in accordance with this Declaration, the Articles of Incorporation of the Association, or the Bylaws.

1.29 Security Interest. A Security Interest is an interest in and encumbrance upon 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, installment land contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in the Association, and any other consensual lien intended as security for an obligation. A non-consensual lien does not create a Security Interest.

1.30 Special Declarant Rights. The Special Declarant Rights are the rights reserved for the benefit of the Declarant under Article VIII of this Declaration.

1.31 Trustee. The Trustee is the entity which may be designated by the Executive Board as the trustee for the receipt, administration and disbursement of funds derived from insured losses, condemnation awards, special assessments for uninsured losses and other sources as defined in the Bylaws. If no Trustee has been designated, the Trustee will be the Executive Board acting by a Majority Vote.

1.32 Unit. A Unit is a physical portion of the Common Interest Community designated for separate ownership or occupancy, the boundaries of which are described on the Map and in Section 4.2 of this Declaration.

1.33 Unit Owner or Owner. A Unit Owner or Owner is the Declarant or any other Person who owns a Unit as record title holder of such Unit. Unit Owner shall not include a Person having only a Security Interest or any other interest in a Unit solely as security

for an obligation. The Declarant is the initial owner of each and every Unit created and defined by this Declaration and the Map.

ARTICLE II  
NAME AND TYPE OF COMMON INTEREST COMMUNITY  
AND ASSOCIATION

2.1 Name and Type of Common Interest Community. The name of the Common Interest Community is Grandview Villas, a condominium development.

2.2 Association. The name of the Association is the Grandview Villas Condominiums Association, Inc.

ARTICLE III  
DESCRIPTION OF LAND

The entire Common Interest Community is situated in the County of Grand, State of Colorado, and is located on the Property.

ARTICLE IV  
UNIT AND BOUNDARY DESCRIPTIONS

4.1 Maximum Number of Units. The Common Interest Community initially contains 18 Units, the Common Elements and the Limited Common Elements (the "Phase I Development") which will be constructed as shown on Sheet 3 of 5 of the Map. The Declarant reserves the right to construct up to a total of 30 additional Units and additional Common Elements and Limited Common Elements (the "Phase II Development") which will be constructed as shown on Sheet 3 of 5 of the Map. At such time as Declarant constructs the Phase II Development, the Common Interest Community will consist of all Units, Common Elements and Limited Common Elements constructed by Declarant on the Property. When and if additional buildings are added, they shall contain the number of Units shown in the Map as "Phase II" Units, and an amendment to Exhibit B hereto reflecting the addition of such Units shall be executed and filed in the Records.

4.2 Boundaries. The Boundaries of each Unit created by the Declaration are shown on the Map as numbered Units (in either Phase I or Phase II), along with their identifying number, and are described as follows:

(a) Upper Horizontal Boundary. The horizontal or sloping plane or planes of the unfinished lower surfaces of the ceiling bearing structure surfaces, beams and rafters and of closed fireplace dampers, extended to an intersection with the vertical perimeter boundaries.

(b) Lower Horizontal Boundary. The horizontal plane or planes of the undecorated or unfinished upper surfaces of the floors, extended to an intersection with the vertical perimeter boundaries and open horizontal unfinished surfaces of trim, sills and structural components.

(c) Vertical Perimeter Boundaries. The planes defined by the inner surfaces of the studs and framing of the perimeter walls; the unfinished inner surfaces of poured concrete walls; the unfinished surfaces of the interior trim, fireplaces, and thresholds along perimeter walls and floors; the unfinished inner surfaces of closed windows and closed perimeter doors; and the innermost unfinished planes of all interior bearing studs and framing of bearing walls, columns, bearing partitions and partition walls between separate Units.

(d) Inclusions. Each Unit will include the spaces and Improvements lying within the boundaries described in (a), (b) and (c) above, and will also include the spaces and the Improvements within those spaces containing any space heating, water heating and air conditioning apparatus, all electrical switches, wiring, pipes, ducts, conduits, smoke detector systems and television, telephone, electrical receptacles and light fixtures and boxes serving that Unit exclusively. The surface of the foregoing items will be the boundaries of that Unit, whether or not those items are contiguous to the Unit.

(e) Exclusions. Except when specifically included by other provisions of this Section, the following are excluded from each Unit: the spaces and Improvements lying outside of the boundaries described in (a), (b) and (c) above; and all chutes, pipes, flues, ducts, wires, conduits, skylights and other facilities running through or within any interior wall or partition for the purpose of furnishing utility and similar services to other Units or Common Elements or both.

(f) Noncontiguous Portions. Certain Units may include special portions, pieces or equipment such as air conditioning compressors, meter boxes, utility connection structures and storage portions situated in buildings or structures that are detached or semi-detached from the buildings containing the principal occupied portion of the Units. This special equipment and storage portions are a part of the Unit, even though they are not contiguous with the residential portions. In addition, each of the Units will have a designated, noncontiguous garage for use of the Unit Owner.

(g) Inconsistency with Map. If this definition of each Unit is inconsistent with the Map, then this definition will control.

## ARTICLE V LIMITED COMMON ELEMENTS

The following portions of the Common Elements are Limited Common Elements assigned to the Units as stated:

(a) If a chute, flue, pipe, duct, wire, conduit, bearing wall, bearing column or other fixture lies partially within and partially outside the designated boundaries of a Unit, the portion serving only the Unit is a Limited Common Element, allocated solely to such Unit, the use of which is limited to that Unit and any portion serving more than one Unit or a portion of the Common Elements is a part of the Common Elements.

(b) Any shutters, awnings, window boxes, doorsteps, stoops, porches, decks, balconies, patios and exterior doors and windows or other fixtures designed to serve a single Unit, located outside the boundaries of the Unit, are Limited Common Elements allocated exclusively to the Unit and their use is limited to that Unit.

(c) Stoops, steps and walls above door openings at the entrances to each building, which provide access to less than all Units, the use of which is limited to the Units to which they provide access.

(d) Attic space above each Unit that has an attic, the use of which is limited to the Unit beneath it.

(e) Chimneys, the use of which is limited to the Unit in which its fireplace is located. In the event of a multiple-flue chimney, each flue will be a Limited Common Element allocated to the Unit containing its fireplace while the chimney will be a Limited Common Element allocated to Units using the flue.

(f) Utility areas, the use of which is limited to the Unit or Units as shown on the Map.

(g) Storm windows and storm doors, if any, will be Limited Common Elements of the Unit which they service.

(h) Certain courtyards, patios and decks at the entrances to each Unit, the use of which is limited to the Unit as shown on the Map.

(i) Elevators and secured elevator lobbies, if any, the use of which is limited to second floor Units and the penthouse.

(j) Exterior surfaces, trim, siding, doors and windows will be Limited Common Elements allocated to the Units sheltered.



(k) Mailboxes, name plates and exterior lighting affixed to the building will be Limited Common Elements allocated to the Units served.

(l) The garages constructed as part of the Phase I Development and Phase II Development.

## ARTICLE VI MAINTENANCE OF THE PROPERTY

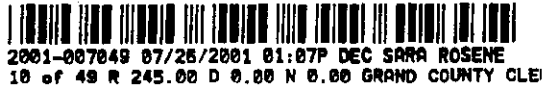
6.1 Common Elements. The Association shall maintain, repair and replace all of the Common Elements, except the portions of the Limited Common Elements which are required by this Declaration or the Act to be maintained, repaired or replaced by the Unit Owners.

6.2 Individual Units. It shall be the duty and obligation of each Unit Owner, at such Unit Owner's expense, to maintain, repair and replace all portions of such Owner's Unit, except the portions of the Unit required by the Declaration to be maintained, repaired or replaced by the Association.

6.3 Limited Common Elements. Each Unit Owner shall be responsible for removing snow, leaves and debris from all patios and balconies which are Limited Common Elements allocated to such Owner's Unit. If any such Limited Common Element is appurtenant to two or more Units, the Owners of those Units will be jointly responsible for such removal.

6.4 Right of Access. Any person authorized by the Executive Board shall have the right of access to all portions of the Property for the purpose of performing emergency repairs or to do other work reasonably necessary for the proper maintenance of the Common Interest Community, for the purpose of performing installations, alterations or repairs, and for the purpose of reading, repairing and replacing utility meters and related pipes, valves, wires and equipment; provided that for non-emergency work, requests for entry shall be made in advance and that entry shall be made at a time reasonably convenient to the affected Unit Owner. In case of an emergency, no request or notice is required and the right of entry shall be immediate, and with as much force as is reasonably necessary to gain entrance, whether or not the Unit Owner is present at the time.

6.5 Repairs Resulting From Negligence. Each Unit Owner will reimburse the Association for any damages to any other Unit or to the Common Elements caused intentionally, negligently or by such Unit Owner's failure to properly maintain, repair or make replacements to such Unit Owner's Unit or to those Limited Common Elements for which such Unit Owner is responsible for pursuant to the terms of this Declaration. The Association will be responsible for damage to Units which is caused by the Association intentionally, negligently or by the Association's failure to maintain, repair or make



replacements to the Common Elements. If such expense is caused by misconduct, it will be assessed following Notice and Hearing.

**ARTICLE VII  
SUBSEQUENTLY ALLOCATED LIMITED COMMON ELEMENTS**

Those portions of the Common Elements shown as parking spaces on the Map may be subsequently allocated as Limited Common Elements in accordance with Section 8.1(b) and Article XII of this Declaration, or may be assigned by Rule of the Executive Board, or may be limited by Rule to visitors only.

**ARTICLE VIII  
DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS**

8.1 Reservation of Development Rights. The Declarant reserves the following Development Rights:

(a) the right by amendment to create or modify Units (with the exception of interior modifications to any Unit once such Unit has been sold), Common Elements and Limited Common Elements as part of the Phase I Development and the Phase II Development in the locations identified on the Map, or with respect to the Phase II Development in locations identified on any amendment to the Map that is recorded pursuant to this Declaration.

(b) the right by amendment to allocate as Limited Common Elements not more than ten (10) of the parking spaces as shown on the Map and to assign them to particular Units. No assurance is given that such spaces will be allocated.

(c) the right by amendment to amend or limit the construction of the Phase II Development and to file amended Maps or Property descriptions limiting the Common Interest Community to the Phase I Development and any portion of the Phase II Development constructed on the Property. No assurance is given that Declarant will develop or otherwise construct all or any portion of the Phase II Development.

(d) the right to construct or to have constructed underground utility lines, pipes, wires, ducts, conduits and other facilities across any portion of the Property for the purpose of furnishing utility and other services to buildings and Improvements to be constructed or improved on the Property. The Declarant (during the period of Declarant's construction of the Common Interest Community, and the Association thereafter) also reserves the right to withdraw and grant easements and licenses to public utility companies and to convey Improvements within those easements anywhere in the Common Interest Community not occupied by buildings, for the purposes mentioned above.

8.2 Limitations on Development Rights. The Development Rights reserved in Section 8.1 are limited as follows:

- (a) the Development Rights may be exercised at any time, but not more than ten (10) years after the recording of the initial Declaration;
- (b) not more than 30 additional Units (18 Units will be constructed as part of the Phase I Development) may be constructed under the Development Rights as contemplated under the Phase II Development;
- (c) not more than 30 additional garages (18 garages will be constructed as part of the Phase I Development) as Limited Common Elements may be constructed under the Development Rights as contemplated under the Phase II Development;
- (d) all Units and Common Elements created pursuant to the Development Rights will be restricted to the same uses and to the same extent as the Units created under this Declaration as initially recorded; and
- (e) no Development Rights may be exercised unless approved pursuant to Section 18.5 of this Declaration.

8.3 Phasing of Development Rights. No assurances are made by the Declarant as to whether the Declarant will exercise any of its Development Rights or the order in which such Development Rights will be exercised. The exercise of Development Rights as to some portions of the Property will not obligate the Declarant to exercise them as to any other portion.

8.4 Special Declarant Rights. The Declarant reserves the following Special Declarant Rights, to the maximum extent permitted by applicable law, which may be exercised, where applicable, anywhere within the Common Interest Community:

- (a) to complete Improvements indicated on the Map;
- (b) to exercise a Development Right reserved in the Declaration;
- (c) to maintain sales offices, management offices, signs advertising the Common Interest Community and models;
- (d) to use easements through the Common Elements and Units for the purpose of making Improvements within the Common Interest Community; and

(e) to appoint or remove all of the officers of the Association or an Executive Board Members during a period of Declarant control subject to the provisions of Section 8.9 of this Declaration.

8.5 Models, Sales Offices and Management Offices. As long as the Declarant is a Unit Owner, the Declarant, its duly authorized agents, representatives and employees may maintain any Unit owned by the Declarant or any portion of the Common Elements as a model Unit, sales office or management office. In addition, during periods of construction, Declarant may maintain a construction trailer on the Common Elements; provided, however, that there shall be no overnight occupation of any trailer maintained thereon.

8.6 Construction; Declarant's Easement. The Declarant reserves the right to perform warranty work, repairs and construction work in Units, Common Elements, and Limited Common Elements, to store materials in secure areas, and to control and have the right of access to work and repairs until completion. All work may be performed by the Declarant without the consent or approval of the Executive Board. The Declarant shall have an easement through the Common Elements and Limited Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or exercising Special Declarant Rights, whether arising under the Act or reserved in this Declaration. This easement includes the right to convey access, utility and drainage easements to the Town of Grand Lake, other utilities and cable companies, sewer company and to the State of Colorado as part of either the Phase I Development or the Phase II Development.

8.7 Signs and Marketing. The Declarant reserves the right to post and maintain signs and displays in Units owned by Declarant and in the Common Elements in order to promote sales of Units; provided, however, that no such signs shall be displayed by the Declarant after the fifth anniversary date of the filing of these Declarations without the consent of the Town of Grand Lake, which consent shall not be unreasonably withheld. Declarant also reserves the right to conduct general sales activities in a manner which will not unreasonably disturb the rights of Unit Owners. All signs shall comply with the ordinances of the Town of Grand Lake.

8.8 Declarant's Property. The Declarant reserves the right to retain all its property and equipment used in the sales, management, construction and maintenance of the Property, whether or not they have become fixtures.

8.9 Declarant Control of the Association.

(a) Subject to Subsection 8.9(b), there shall be a period of Declarant control of the Association, during which the Declarant, or Persons designated by the Declarant, may appoint and remove all of the officers of the Association and Members of

the Executive Board. The period of Declarant control shall terminate no later than the earlier of:

(i) 60 days after conveyance of seventy-five percent (75%) of the Units that may be created in the Common Interest Community (including Units located in the Phase I Development and the Phase II Development to the extent Declarant constructs Units in the Phase II Development) to Unit Owners other than a Declarant; or

(ii) five years after the last conveyance of any Unit by the Declarant in the ordinary course of business; or

(iii) five years after any right to add new Units as part of either the Phase I Development or the Phase II Development was last exercised.

(b) The Declarant may voluntarily surrender the right to appoint and remove officers of the Association and Members of the Executive Board before termination of the period of Declarant Control described above. In such event, the Declarant may require, for the duration of the period of Declarant control, that specified actions of the Association or Executive Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

(c) Not later than 60 days after conveyance of 25 percent of the Units that may be created under this Declaration to Unit Owners other than a Declarant, at least one Member and not less than 25 percent of the Members of the Executive Board shall be elected by Unit Owners other than the Declarant. Not later than 60 days after conveyance of 50 percent of the Units that may be created under this Declaration to Unit Owners other than a Declarant, not less than 33-1/3 percent of the Members of the Executive Board must be elected by Unit Owners other than the Declarant. In the event the Unit Owners do not elect Members to the Executive Board as provided under this Section 8.9(c) notwithstanding having been provided the opportunity to do so, then subject to the provisions of Sections 8.9(a), (b) and (d) the Executive Board shall consist of those Members appointed by the Declarant.

(d) Anything else in this Section 8.9 to the contrary notwithstanding, not later than the termination of any period of Declarant control, the Unit Owners shall elect an Executive Board of at least three Members, at least a majority of whom shall be Unit Owners. The Executive Board shall elect the officers. The Executive Board Members and officers shall take office upon election.

(e) Notwithstanding any provision of this Declaration or the bylaws to the contrary, following notice under C.R.S., §38-33.3-308, the Unit Owners, by a vote of 67 percent of all Unit Owners present and entitled to vote at a meeting of the Unit Owners at

which a quorum is present, may remove a Member of the Executive Board with or without cause, other than a member appointed by the Declarant.

8.10 Limitations on Special Declarant Rights. Unless terminated earlier by an amendment to this Declaration executed by the Declarant, any Special Declarant Right may be exercised by the Declarant until the earliest of the following: as long as the Declarant (a) is obligated under any warranty or obligation; (b) holds Development Rights to create additional Units, Common Elements or Limited Common Elements as part of either the Phase I Development or the Phase II Development; (c) owns any Unit; (d) owns any Security Interest in any Units; or (e) ten (10) years have elapsed after initial recording of this Declaration. Earlier termination of certain rights may occur by statute.

8.11 Interference with Special Declarant Rights. Neither the Association nor any Unit Owner may take any action or adopt any Rule that will interfere with or diminish any Development Right or Special Declarant Right without the prior written consent of the Declarant which consent may be given or withheld in Declarant's sole and absolute discretion.

8.12 Rights of Lenders to Declarant. Additional limitations on the right of the Declarant to exercise Development Rights may be found in Article XVIII of the Declaration.

## ARTICLE IX ALLOCATED INTERESTS

9.1 Allocation of Interests. The table showing Unit numbers (for Units to be constructed as part of the Phase I Development only) and the Allocated Interests of each Unit Owner is attached as Exhibit B. These interests have been allocated in accordance with the formulas set out in this Article. The same formulas are to be used in reallocating interests if Units are added to the Common Interest Community as part of the Phase II Development or for any other reason permitted hereunder or by the Act. Exhibit B may be amended by the Declarant from time to time to add additional Units as and when such Units shall be completed.

9.2 Formulas for the Allocation of Interests. The interests allocated to each Unit have been calculated by the following formulas:

(a) Undivided Interest in the Common Elements. The percentage of the undivided interest in the Common Elements allocated to each Unit is based on one share to each Unit compared with the total shares allocated to all the Units in the Common Interest Community.

(b) Liability for the Common Expenses. The percentage of liability for Common Expenses allocated to each Unit is based on one share to each Unit compared



2001-007040 07/26/2001 01:07P DEC SARA ROSENE  
15 of 49 R 245.00 D 0.00 N 0.00 GRAND COUNTY CLEI

with the total shares allocated to all the Units in the Common Interest Community. Nothing contained in this Subsection shall prohibit certain Common Expenses from being apportioned to particular Units under Article XIX or Article VI of this Declaration.

(c) Votes. Each Unit in the Common Interest Community shall have the number of votes allocated to such Unit in Exhibit B and the Bylaws. Any specified percentage, portion or fraction of Unit Owners, unless otherwise stated in the Documents, means the specified percentage, portion or fraction of all of the votes as allocated in the Bylaws.

9.3 Assignment of Allocated Interests Pursuant to Exercise of Development Rights. The effective date for assigning Allocated Interests to Units created pursuant to Section 8.1 of this Declaration shall be the date on which the amendment creating the Units and specifying the Allocated Interests is recorded in the Records.

#### ARTICLE X RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

10.1 Use Restrictions. Subject to the Special Declarant Rights reserved under Article VIII, the following use restrictions apply to all Units and to the Common Elements:

(a) The use of each Unit is restricted to that of a single family residence and accessory uses as permitted herein. Except for those activities conducted as a part of the marketing and development program of the Declarant as permitted by this Declaration, no industry, business, trade or commercial activities other than home professional pursuits without employees, public visits or nonresidential storage, mail or other use of a Unit shall be conducted, maintained or permitted in any part of a Unit, nor shall any Unit be used or rented except in compliance with the ordinances of the Town of Grand Lake.

(b) No immoral, improper, offensive or unlawful use may be made of the Property; Unit Owners shall comply with and conform to all applicable laws and regulations of the United States and of the State of Colorado and all ordinances, rules and regulations of the Town of Grand Lake and County of Grand. The violating Unit Owner shall hold harmless the Association and other Unit Owners from all fines, penalties, costs and prosecutions for any violation or noncompliance.

10.2 Occupancy Restrictions. Subject to the Special Declarant Rights reserved under Article VIII, the following occupancy restrictions apply to all Units and to the Common Elements:

(a) No electrical device creating overloading of standard circuits may be used without permission from a Majority Vote of the Executive Board. Misuse or abuse of

appliances or fixtures within a Unit which affects other Units or the Common Elements is prohibited. Any damage resulting from such misuse shall be the responsibility of the Unit Owner who caused it. Total electrical usage in any Unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

(b) All Unit Owners shall maintain their Units in a clean and well maintained condition. No storage of trash will be permitted in or outside any Unit in a manner which may permit the spread of fire, odors, seepage or encouragement of vermin.

(c) All fixtures and equipment will be used for the purposes for which they were designed. There shall be no floor load in excess of 50 pounds per square foot, unless special arrangements are made and an engineering determination of floor load capacity in the area of the heavy use is approved by a Majority Vote of the Executive Board.

(d) Garages are restricted to occupancy by the Owner of the Unit to which the garage is allocated as a Limited Common Element for storage and for a parking space for vehicles, but specifically excluding commercial vehicles and campers (other than campers which fit into the garage).

(e) No noxious, offensive, dangerous or unsafe activity shall be conducted in any Unit, nor shall anything be done, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants. No Unit Owner or occupant shall make or permit any disturbing noises nor do or permit anything to be done by others that will interfere with the rights, comforts or convenience of other Unit Owners or occupants.

(f) No animals, birds or reptiles of any kind shall be kept in a Unit, except for a maximum of two dogs, two cats, or other household pets approved and licensed in writing by a Majority Vote of the Executive Board or the Manager as compatible with the Common Interest Community; provided, however, that the maximum number of household pets which may be kept in a Unit at any one time shall be three (3). Pets may not be kept for any commercial purpose. Any pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Property upon ten (10) days' written notice following Notice and Hearing from the Executive Board. Unit Owners shall hold the Association harmless from any claim resulting from any action of their pets. Notwithstanding the foregoing limitations, assistance dogs for Persons with a disability will be permitted provided such Persons hold a certificate of necessity.

(g) All clothes dryers will have lint filters which will remain installed and prevent lint from accumulating in the vent duct. All stove hoods will have grease screens which will remain installed and prevent grease from accumulating in the vent duct. All



such filters and screens will at all times be used and kept clean and in good order and repair by the Unit Owner.

(h) No signs, window displays or advertising visible from outside a Unit (except for a name plate or sign not exceeding nine square inches in area, on the main door to each Unit) shall be maintained or permitted in any part of a Unit.

10.3 Restrictions on Alienation. The following restrictions on alienation apply to all Units:

(a) A Unit may not be conveyed pursuant to a time-sharing plan without the consent of the Town of Grand Lake, which consent shall not be unreasonably withheld. A Unit may not be leased or rented except in accordance with the ordinances of the Town of Grand Lake. All leases and rental agreements shall be in writing and subject to the requirements of the Documents and the Association.

(b) No interest in any garage or other Limited Common Element may be transferred to a subsequent owner except to the extent such interest is transferred along with the Unit to which it is designated, and there shall be no separate transfer of garages, carports or other Limited Common Elements.

(c) All leases of a Unit shall include a provision that the tenant will recognize and attorn to the Association as landlord, solely for the purpose of having the power to enforce a violation of the provisions of the Documents against the tenant, provided the Association gives the Owner of such leased Unit notice of the Association's intent to so enforce and a reasonable opportunity to cure the violation directly, prior to the commencement of an enforcement action.

## ARTICLE XI EASEMENTS AND LICENSES

11.1 Existing Easements. All easements or licenses to which the Common Interest Community is presently subject are shown on the Map.

11.2 Granting of Future Easements. The Common Interest Community may be subject to other easements or licenses granted by the Declarant pursuant to its powers under Article VIII of this Declaration.

11.3 Owner's Easement Across Common Elements. Every Owner shall have a right and easement for ingress to and egress from such Owner's Unit over and across the Common Elements, which easement shall be appurtenant to and shall pass with the title to every Unit, subject to the right of the Declarant and/or the Association to dedicate or transfer all or part of the Common Elements to any public agency, authority or utility for

such purposes and subject to such conditions as may be agreed to by the Association. No such dedication or transfer by the Association shall be effective unless an instrument signed by at least sixty-seven percent (67%) percent of the Unit Owners agreeing to such dedication or transfer has been recorded in the Records

11.4 Easements Reserved and Restrictions on Drainage Easements. Easements and licenses are reserved on, over and under the Common Elements and the Units as shown on the Map, for construction, maintenance, repair, replacement and reconstruction of poles, wires, pipes and conduits for lighting, heating, electricity, gas, telephone, drainage and any other public or quasi-public utility service purposes, and for sewer and pipes of various kinds.

## ARTICLE XII SUBSEQUENT ALLOCATION OF LIMITED COMMON ELEMENTS

12.1 Procedure. A Common Element not previously allocated as a Limited Common Element may be so allocated only pursuant to the provisions of this Article. All allocations will be made by amendments to the Declaration specifying to which Unit or Units the Limited Common Element is allocated. Such amendment shall require the approval of all Eligible Mortgagees of the Units to which the Limited Common Element will be allocated.

12.2 Parking Spaces. The Declarant has reserved the right, under Section 8.1(b) of this Declaration, to allocate as Limited Common Elements not more than ten (10) of the parking spaces shown on the Map. If any such parking spaces are so allocated, they shall be assigned to particular Units by amendment to this Declaration. Any parking spaces which are not allocated as Limited Common Elements at the termination of the Development Rights period may be so allocated by the Association by amendment to this Declaration.

12.3 Reallocation. No Limited Common Element depicted on the Map may be reallocated by an amendment to this Declaration pursuant to this Article XII except for basement storage areas or as part of a relocation of boundaries of Units pursuant to Article XIV of this Declaration.

## ARTICLE XIII ADDITIONS, ALTERATIONS AND IMPROVEMENTS

### 13.1 By Unit Owners.

(a) No Unit Owner will make any structural addition, alteration or Improvement in or to the Common Interest Community without the prior written consent of a Majority Vote of the Executive Board in accordance with Subsection (c) below.

- (b) Subject to (a) above, Unit Owners may:
- (i) without the consent of the Executive Board make any Improvements or alterations to the interior of their Units that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Common Interest Community;
  - (ii) not change the appearance of the Common Elements, the exterior appearance of a Unit or any other portion of the Common Interest Community without permission of the Association; and
  - (iii) without the consent of the Executive Board, after acquiring an adjoining Unit, remove or alter any intervening partition or create apertures in this partition, even if the partition is in whole or in part a Common Element, if those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Common Interest Community. Removal of partitions or creation of apertures under this subsection is not an alteration of boundaries. If a part of an adjoining Unit is acquired, boundaries will be relocated in accordance with Article XIV.
- (c) A Unit Owner may submit a written request to the Executive Board for approval of anything prohibited under (a) or (b)(ii) above. The Executive Board shall answer any written request for approval, after Notice and Hearing, within sixty (60) days after the request. Failure to answer the request within this time shall not constitute a consent by the Executive Board to the proposed action. The Executive Board shall review requests in accordance with the provisions of its rules.
- (d) Except for completion of the Common Interest Community and Improvements thereto by the Declarant, any applications to any department or governmental authority for a permit to make any addition, alteration or Improvement in or to any Unit shall be executed by the Association only. This execution will not, however, create any liability on the part of the Association or any of its members to any contractor, subcontractor or materialman on account of the addition, alteration or Improvement or to any person because of any claim for injury to person or damage to property arising from the permit.
- (e) All additions, alterations and Improvements to the Units and Common Elements shall not, except pursuant to prior approval by the Executive Board, cause any increase in the premiums of any insurance policies carried by the Association or by the owners of any Units other than those affected by such change.

The provisions of this Section shall not apply to the Declarant in the exercise of any of the Special Declarant Rights.

13.2 By Executive Board. Subject to the limitations of Sections 19.4 and 19.5 of this Declaration, the Executive Board may make any additions, alterations or Improvements to the Common Elements which, in its judgment, it deems necessary.

13.3 Exterior Improvements and Landscaping Within Limited Common Elements. Unit Owners may make exterior Improvements within or as a part of Limited Common Elements constituting balconies or patios including repainting, restaining, addition of architectural detailing, changing of doors and windows, planting of gardens, hedges and shrubs, construction of fences, walks, benches and architectural concepts, provided the Improvements are undertaken with the permission of the Executive Board or an architectural review committee established by the Executive Board for such purpose. Complete plans, prepared by an architect or landscape architect shall first be submitted and reviewed by the Executive Board or committee for consistency with Improvements originally constructed by the Declarant, and consistency with the style and character of the community. No approval will be awarded without Notice and Comment given to the Unit Owners. It is the intent to provide for limited individualization of the appearance of the Unit while retaining the common architectural style and character. The applicant will pay for the cost of preparation of the application, the cost of professional review, if required by the reviewing entity, and all costs of permits and fees.

#### ARTICLE XIV BOUNDARIES

14.1 Application and Amendment. Subject to approval of any structural changes and required permits pursuant to Article XIII, the boundaries between adjoining Units may be relocated by an amendment to the Declaration upon application to the Association by the Owners of the Units affected by the relocation. If the Owners of the adjoining Units have specified a reallocation between their Units of their Allocated Interests, the application shall state the proposed reallocation. Unless the Executive Board (by a Majority Vote) determines, within thirty (30) days after receipt of the application, that the reallocations are unreasonable, the Association shall prepare an amendment that identifies the Units involved, states the reallocations and indicates the Association's consent. The amendment must be executed by those Unit Owners affected and contain words of conveyance between them. The approval of all holders of Security Interests in the affected Units shall be set forth on the conveyance document.

14.2 Recording Amendments. The Association and appropriate Unit Owners as necessary shall prepare and record an amendment to the Map necessary to show the altered boundaries between adjoining Units, along with the Units' dimensions and identifying numbers. The applicants will pay for the costs of preparation of the amendment and its recording, as well as the reasonable consultant fees incurred by the Association if the Executive Board deems it necessary to employ a consultant.

ARTICLE XV.  
AMENDMENTS TO DECLARATION — IN GENERAL

15.1 In General. Except in cases of amendments that may be executed by the Declarant in the exercise of its Development Rights or by the Association under Article XI of this Declaration and C.R.S., §38-33.3-107, or by certain Unit Owners under Article XII and Section 14.1 of this Declaration and C.R.S., §38-33.3-218, and except as limited by Section 15.4 and Article XVIII of this Declaration, this Declaration and the Map may be amended only by vote or agreement of Unit Owners of Units to which at least sixty-seven percent (67%) percent of the votes in the Association are allocated. The procedure for amendment must follow the procedures of C.R.S., §38-33.3-217. At all times prior to the beginning of construction of Improvements on Parcel B of Exhibit A, the Declarant reserves the exclusive right to amend either or both of this Declaration and the Map as is necessary to reflect any change or modification of any portion of Parcel B or changes in the nature and extent of the Phase II Development as Declarant determines necessary in its sole discretion.

15.2 Limitation of Challenges. An action to challenge the validity of an amendment adopted by the Association or the Declarant pursuant to this Article may not be brought more than one year after the amendment is recorded.

15.3 Recordation of Amendments. Each amendment to the Declaration or the Map must be recorded in the Records, and the amendment is effective only upon recording.

15.4 Unanimous Consent. Except to the extent expressly permitted or required by other provisions of the Act or this Declaration, an amendment may not create, limit, or increase the Special Declarant Rights or the Development Rights, increase the number of Units, change the boundaries of a Unit, the Allocated Interests of a Unit or the uses to which a Unit is restricted, except by the unanimous consent or vote of the Unit Owners.

15.5 Execution of Amendments. An amendment to the Declaration required by the Act to be recorded by the Association or the Declarant as applicable, which has been adopted in accordance with this Declaration and the Act, must be prepared, executed, recorded and certified on behalf of the Association or the Declarant by an officer of the Association or the Declarant designated for that purpose or, in the absence of designation, by the president of the Association.

15.6 Special Declarant Rights. Provisions in this Declaration creating Special Declarant Rights may not be amended without the consent of the Declarant.

15.7 Consent of Holders of Security Interests. Amendments to the Declaration are subject to the consent requirements of Article XVIII.

15.8 Amendments To Exercise Development Rights. To exercise any Development Right reserved under Section 8.1 of this Declaration, the Declarant shall prepare, execute and record an amendment to the Declaration. The Declarant shall also record an amendment to the Map as necessary to conform to the requirements of C.R.S., §38-33.3-209. The amendment to the Declaration shall assign an identifying number to each new Unit created, and if necessary, reallocate the Allocated Interests among all Units. The amendment shall describe any Common Elements and any Limited Common Elements created and designate the Unit to which each Limited Common Element is allocated to the extent required by C.R.S., §38-33.3-208.

#### ARTICLE XVI AMENDMENTS TO BYLAWS

16.1 Amending the Bylaws. Except during the period of Declarant Control, the Bylaws may be amended only by the vote of sixty-seven percent (67%) of the Members of the Executive Board, following Notice and Comment to all Unit Owners, at any meeting duly called for such purpose. During the period of Declarant Control, the Bylaws may be amended by a Majority Vote of the Executive Board.

#### ARTICLE XVII TERMINATION

17.1 Termination. Termination of the Common Interest Community may be accomplished only in accordance with the provisions of the Act.

#### ARTICLE XVIII MORTGAGEE PROTECTION

18.1 Introduction. This Article establishes certain standards and covenants which are for the benefit of the holders, insurers and guarantors of certain Security Interests. This Article is supplemental to, not a substitution for, any other provisions of the Documents, but in the case of conflict, this Article shall control.

18.2 Percentage of Eligible Mortgagees. Wherever in this Declaration the approval or consent of a specified percentage of Eligible Mortgagees is required, it shall mean that the approval or consent of Eligible Mortgagees holding Security Interests in Units which in the aggregate have allocated to them that specified percentage of votes as compared to the total votes allocated to all Units in the Association then subject to Security Interests held by all Eligible Mortgagees.

18.3 Notice of Actions. The Association shall give written notice to each Eligible Mortgagee and Eligible Insurer of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Common Interest Community or any Unit in which there is a first Security Interest held, insured or guaranteed by that Eligible Mortgagee or Eligible Insurer, as applicable;

(b) any delinquency in the payment of Common Expense Assessments owed by a Unit Owner which remains uncured for a period of sixty (60) days after the date such assessment is due and whose Unit is subject to a first Security Interest held, insured or guaranteed by that Eligible Mortgagee or Eligible Insurer, as applicable;

(c) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 18.4 of the Declaration; and

(e) any material judgment rendered against the Association.

#### 18.4 Consent and Notice Required.

(a) Notwithstanding any requirement permitted by this Declaration or the Act, no amendment of any material provision of the Documents by the Association or Unit Owners described in this Section may be effective without notice to all Eligible Mortgagees and Eligible Insurers, as required by Section 18.3 above, without the vote of at least sixty-seven percent (67%) of the Unit Owners (or any greater Unit Owner vote required in this Declaration or the Act) and without approval by a Majority Vote of the Eligible Mortgagees (or any greater Eligible Mortgagee approval required by this Declaration). The foregoing approval requirements do not apply to amendments effected by the exercise of any Development Right. A change to any of the following would be considered material and require a Majority Vote of the Executive Board:

- (i) voting rights;
- (ii) assessments, assessment liens or priority of assessment liens;
- (iii) reserves for maintenance, repair and replacement of Common Elements;
- (iv) responsibility for maintenance and repairs;
- (v) reallocation of interests in the Common Elements or Limited Common Elements, provided that when Limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and

only the Eligible Mortgagees holding Security Interests in those Units need approve the action;

(vi) redefinitions of boundaries of Units, provided that when boundaries of only adjoining Units are involved, or a Unit is being subdivided, then only those Unit Owners and the Eligible Mortgagees holding Security Interests in the Unit or Units need approve the action;

(vii) convertability of Units into Common Elements or Common Elements into Units;

(viii) expansion or contraction of the Common Interest Community, or the addition, annexation or withdrawal of property to or from the Common Interest Community;

(ix) imposition of any additional restrictions on Unit Owners' right to sell or transfer their Units;

(xi) a decision by the Association to establish self-management when professional management had been required previously by the Documents or any Eligible Mortgagee;

(xii) restoration or repair of the project after hazard damage or partial condemnation in a manner other than that specified in the Documents;

(xiii) termination of the Common Interest Community after occurrence of substantial destruction or condemnation; and

(xiv) any provision that expressly benefits mortgage holders, insurers or guarantors.

(b) Notwithstanding any lower requirement permitted by this Declaration or the Act, the Association may not take any of the following actions, other than rights reserved to the Declarant as Special Declarant Rights or Development Rights, without notice to all Eligible Mortgagees and Eligible Insurers, as required by Section 18.3 above, and approval by a Majority Vote of the Eligible Mortgagees:

(i) other than a conveyance to the Town of Grand Lake of certain of the Improvements as required by the Subdivision Improvements Agreement executed by and between the Town of Grand Lake and the Declarant, convey or encumber the Common Elements or any portion of the Common Elements (the granting of easements for public utilities or for other



public purposes consistent with the intended use of the Common Elements by the Common Interest Community will not be deemed a transfer within the meaning of this clause);

(ii) other than Declarant's election in its sole discretion not to complete construction of the Phase II Development, terminate the Common Interest Community for reasons other than substantial destruction or condemnation;

(iii) the alteration of any partition or creation of any aperture between adjoining Units (when Unit boundaries are not otherwise being affected), for which only the owners of Units affected and Eligible Mortgagees of those Units need approve the action;

(iv) the granting of any easements, leases, licenses or concessions through or over the Common Elements (excluding, however, any utility easements serving or to serve the Common Interest Community and also excluding any leases, licenses or concessions lasting for no more than one year);

(v) the restoration or repair of the Property after hazard damage or a partial condemnation in a manner other than specified in the Instruments;

(vi) the merger of the Common Interest Community with any other common interest community;

(vii) the assignment of the future income of the Association, including its right to receive Common Expense Assessments; and

(viii) any action taken not to repair or replace the Property in the event of substantial destruction of any part of a Unit or the Common Elements.

(c) The Association may not change the period for collection of regularly budgeted Common Expense Assessments to other than monthly, annual, or quarterly collection without the consent of all Eligible Mortgagees.

(d) The failure of an Eligible Mortgagee or Eligible Insurer to respond within 30 days to any written request for approval of an addition or amendment to the Document wherever Eligible Mortgagee or Eligible Insurer approval is required, when such request is delivered by certified or registered mail, return receipt requested, shall constitute an implied approval of the addition or amendment.

18.5 Development Rights. No Development Rights may be exercised, voluntarily abandoned or terminated by the Declarant unless all persons holding Security Interests in the Development Rights consent to the exercise, abandonment or termination, except that Declarant may construct all or part of the Phase II Development as provided for in the Map.

18.6 Inspection of Books. The Association must maintain current copies of the Declaration, Articles of Incorporation, Bylaws, Rules, books, records and financial statements of the Association. The Association shall permit any Eligible Mortgagee or Eligible Insurer, or other first mortgagee of Units, to inspect the books and records of the Association during normal business hours.

18.7 Financial Statements. The Association shall provide any Eligible Mortgagee or Eligible Insurer who submits a written request with a copy of an annual financial statement. It shall be provided within ninety (90) days following the end of each fiscal year of the Association. This financial statement shall be audited by an independent certified public accountant if:

(a) the Common Interest Community contains 50 or more Units, in which case the cost of the audit shall be a Common Expense; or

(b) any Eligible Mortgagee or Eligible Insurer requests it, in which case the Eligible Mortgagee or Eligible Insurer shall bear the cost of the audit.

18.8 Enforcement. The provisions of this Article are for the benefit of Eligible Mortgagees and Eligible Insurers and their successors and may be enforced by any of them by any available means, at law or in equity.

18.9 Attendance at Meetings. Any representative of an Eligible Mortgagee or Eligible Insurer may attend and address any meeting of the Unit Owners.

18.10 Appointment of Trustee. In the event of damage or destruction under Article XXII or XXIII or condemnation of all or a portion of the Common Interest Community, any Eligible Mortgagee may require that such proceeds be payable to a Trustee established pursuant to Section 1.31 of this Declaration. Proceeds will then be distributed according to applicable law. Unless otherwise required, the Members of the Executive Board, acting by Majority Vote, may act as Trustee.

#### ARTICLE XIX ASSESSMENT AND COLLECTION OF COMMON EXPENSES

19.1 Apportionment of Common Expenses. Except as provided in Section 19.2, all Common Expenses shall be assessed against all Units in accordance with their

percentage interest in the Common Expenses as shown on Exhibit B of this Declaration as such Exhibit B may be amended and modified from time to time to reflect changes in the development of the Common Interest Community.

19.2 Common Expenses Attributable to Fewer than all Units.

(a) Any Common Expense associated with the maintenance, repair or replacement of components and elements attached to, planted on, or a part of yards, patios, decks, exterior surfaces, trim, siding, doors, windows and elevators shall be assessed against the Unit or Units to which the Limited Common Element is allocated as a Common Expense Assessment. If any such Limited Common Element is allocated to more than one Unit, the Common Expenses attributable to the Limited Common Element shall be assessed equally among the Units to which it is allocated. No additional component or element may be attached without a Majority Vote of the Executive Board. In the event any additional component or element becomes deteriorated or unsightly, or is inconsistent with conditions of installation, it may be removed or repaired at the Unit Owner's expense as a Common Expense assessment under this section, after Notice and Hearing.

(b) Any Common Expense associated with the maintenance, repair or replacement of the chimney or garage serving a particular Unit or Units shall be assessed against that particular Unit or Units.

(c) Any Common Expense associated with the maintenance, repair or replacement of heat exchanger, heater outlet, enclosures and mechanical attachments will be assessed against the Unit or Units to which the Limited Common Element is allocated.

(d) Common Expenses associated with the cleaning, maintenance, repair or replacement of all other Limited Common Elements not specifically identified in Subsections (a) through (c) above will be assessed against all Units in accordance with their Allocated Interests in the Common Expenses.

(e) Any Common Expense for services provided by the Association to an individual Unit at the request of the Unit Owner shall be assessed against that Unit.

(f) Any insurance premium increase attributable to a particular Unit by virtue of activities in or construction of the Unit shall be assessed against that Unit.

(g) An assessment to pay a judgment against the Association may be made only against the Units in the Common Interest Community at the time the judgment was entered, in proportion to their Common Expense liabilities.

(h) If a Common Expense is caused by the misconduct of a Unit Owner, the Association may assess that expense exclusively against that Unit Owner's Unit.

(i) Fees, charges, taxes, impositions, late charges, attorney fees, penalties, fines, collection costs and interest charged against a Unit Owner pursuant to the Documents and the Act are enforceable as Common Expense Assessments against that Unit.

### 19.3 Lien.

(a) The Association is hereby granted and shall have a lien on a Unit for a Common Expense Assessment levied against the Unit including all penalties imposed against its Unit Owner. The amount of the lien shall include all those items set forth in this Section from the time such items become due. If a Common Expense Assessment is payable in installments, each installment is a lien from the time it becomes due, including the due date set by any valid Association acceleration of installment obligations.

(b) A lien under this Section is prior to all other liens and encumbrances on a Unit except: (1) liens and encumbrances recorded before the recordation of the Declaration; (2) a first Security Interest on the Unit recorded before the date on which the Common Expense Assessment sought to be enforced became delinquent; and (3) liens for real estate taxes and other governmental assessments or charges against the Unit. A lien under this Section is also prior to all Security Interests described in Subdivision (2) of this Subsection to the extent that the Common Expense Assessments are based on the periodic budget adopted by the Association pursuant to Section 15.4 of this Article and would have become due in the absence of acceleration, during the six (6) months immediately preceding institution by either the Association or any party holding a lien senior to any part of the Association lien created under this section of an action or a nonjudicial foreclosure either to enforce or extinguish either the Association's lien or a Security Interest described in Subdivision (2) of this Subsection. This Subsection does not affect the priority of mechanics' or materialmen's liens or the priority of a lien for other assessments made by the Association. By purchasing a Unit, an Owner waives all federal and state homestead or other exemptions with respect to the lien for Common Expense Assessments.

(c) Recording of the Declaration in the Records constitutes record notice and perfection of the lien. Further recording of a claim of lien for a Common Expense Assessment under this Section is not required.

(d) A lien for an unpaid Common Expense Assessment is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the full amount of the Common Expense Assessment becomes due, except that if an Owner of a Unit subject to a lien under this Section files a petition for relief under the United States

Bankruptcy Code, the time period for instituting proceedings to enforce the Association's lien shall be tolled until thirty (30) days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.

(e) This Section does not prohibit an action to recover sums for which Subsection (a) of this Section creates a lien or prohibit the Association from taking a deed in lieu of foreclosure.

(f) A judgment or decree in any action brought under this Section shall include costs and reasonable attorney fees for the prevailing party, which shall be additional Common Expense Assessments.

(g) A judgment or decree in an action brought under this Section is enforceable by execution under Colorado law.

(h) The Association's lien must be foreclosed by the same judicial procedure by which a mortgage on real estate is foreclosed under Colorado law.

(i) In any action by the Association to collect Common Expense Assessments or to foreclose a lien for unpaid Common Expense Assessments, the court may appoint a receiver for the Unit who shall collect all sums due from that Unit Owner or a tenant of the Unit Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Common Expense Assessments, based on a periodic budget adopted by the Association pursuant to Section 19.4 of this Declaration.

(j) If a holder of a first or second Security Interest in a Unit forecloses that Security Interest, the purchaser at the foreclosure sale is not liable for any unpaid Common Expense Assessments against that Unit which became due before the sale, other than the assessments which are prior to that Security Interest under Subsection (b) of this Section of the Declaration. Any unpaid Common Expense Assessments not satisfied from the proceeds of sale become Common Expenses collectible from all the Unit Owners, including the purchaser.

(k) Any payments received by the Association in the discharge of a Unit Owner's obligation may be applied to the oldest balance due.

19.4 Budget Adoption and Ratification. The initial budget of the Common Interest Community may be established at any time during the period Declarant controls the Association. Within thirty (30) days after adoption of a proposed budget for the Common Interest Community, the Executive Board shall provide a summary of the budget to each Unit Owner and shall set a date for a meeting of the Unit Owners to consider ratification

of the budget. The meeting shall be not less than fourteen (14) nor more than sixty (60) days after mailing of the summary. Unless at that meeting the budget is rejected by a Majority Vote of the Unit Owners, the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the Unit Owners shall continue until the Unit Owners ratify a new budget proposed by the Executive Board.

19.5 Ratification of Non-budgeted Common Expense Assessments. If the Executive Board votes to levy Common Expense Assessments not included in the current budget, other than one enumerated in Section 19.2 of this Declaration, in an amount greater than fifteen percent (15%) of the current annual operating budget, the Executive Board shall submit this Common Expense to the Unit Owners for ratification in the same manner as a budget under Section 19.4.

19.6 Certificate of Payment of Common Expense Assessments. The Association, upon written request, shall furnish a Unit Owner with a written statement setting out the amount of unpaid Common Expense Assessments against the Unit. The statement must be furnished within fourteen (14) calendar days after receipt of the request and is binding on the Association, the Executive Board and each Unit Owner. A reasonable fee, established by the Executive Board, may be charged for furnishing such statement.

19.7 Monthly Payment of Common Expenses. All Common Expenses assessed under Sections 19.1 and 19.2 of this Declaration shall be due and payable monthly, unless otherwise determined by the Executive Board.

19.8 Acceleration of Common Expense Assessments. In the event of default in which any Unit Owner does not make the payment of any Common Expense Assessment levied against his Unit within ten (10) days of the date due, the Executive Board shall have the right, after Notice and Hearing, to declare all unpaid Common Expense Assessments for the pertinent fiscal year immediately due and payable.

19.9 Commencement of Common Expense Assessments. Common Expense Assessments shall begin on the first day of the month following that in which Declarant develops the initial budget of the Common Interest Community.

19.10 No Waiver of Liability for Common Expenses. No Unit Owner may become exempt from liability for payment of the Common Expense Assessments by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which the Common Expense Assessments are made.

19.11 Personal Liability of Unit Owners. The Unit Owner of a Unit, at the time a Common Expense Assessment or portion of the assessment is due and payable, is personally liable for the Common Expense Assessment. Personal liability for the Common

Expense Assessment shall not pass to a successor in title to the Unit unless the successor agrees in writing to assume the obligation and the Association agrees to accept such assumption.

## ARTICLE XX RIGHT TO ASSIGN FUTURE INCOME

20.1 Assignment of Income. The Association may assign its future income, including its right to receive Common Expense Assessments, only by the affirmative Majority Vote of Unit Owners, at a meeting called for that purpose, and subject to the Eligible Mortgagee consent described in Article XVIII.

## ARTICLE XXI PERSONS AND UNITS SUBJECT TO DOCUMENTS

21.1 Compliance with Documents. All Unit Owners, tenants, mortgagees and occupants of Units shall comply with all provisions of the Documents. The acceptance of a deed or the exercise of any incident of ownership or the entering into of a lease or the occupancy of a Unit constitutes agreement that the provisions of the Documents are accepted and ratified by that Unit Owner, tenant, mortgagee or occupant. All provisions recorded in the Records are covenants running with the land and shall bind any Persons having at any time any interest or estate in any Unit.

21.2 Adoption of Rules. The Executive Board may adopt Rules regarding the use and occupancy of Units as it affects the Common Elements, the Limited Common Elements and the activities of occupants, subject to Notice and Comment.

## ARTICLE XXII INSURANCE

22.1 Coverage. To the extent reasonably available, the Executive Board shall obtain and maintain insurance coverage as set forth in this Article. If such insurance is not reasonably available, and the Executive Board determines that any insurance described in this Article will not be maintained, the Executive Board shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Unit Owners and Eligible Mortgagees at their respective addresses last provided to the Association.

### 22.2 Property Insurance Coverage.

(a) Property insurance will cover:

(i) the project facilities including all buildings on the Property, for example, the Units and all fixtures, equipment and any Improvements and

betterments whether part of a Unit or a Common Element, and such personal property of Unit Owners as is normally insured under building coverage, but excluding land, excavations, portions of foundations below the undersurface of the lowest basement floors, underground pilings, piers, pipes, flues and drains and other items normally excluded from property policies; and

(ii) all personal property owned by the Association.

(b) The property insurance will be for an amount (after application of any deductions) equal to 100 percent of the actual cash value of the property at the time the insurance is purchased and at each renewal date. Personal property owned by the Association will be insured for an amount equal to its actual cash value.

(c) The Executive Board is authorized to obtain appraisals periodically for the purpose of establishing replacement cost of the project facilities and the actual cash value of the personal property, and the cost of such appraisals shall be a Common Expense assessed as a Common Expense Assessment.

(d) The maximum deductible for insurance policies shall be the lesser of \$10,000 or one percent (1%) of the policy face amount.

(e) The difference between the total policy deductible and \$250 deductible per Unit damaged shall be paid by the Association as a Common Expense. Of the deductible portion, \$250 per Unit Owner affected shall be paid by each of the Unit Owners suffering the loss as an additional Common Expense.

(f) The insurance shall afford protection against "all risks" of direct physical loss commonly insured.

(g) Insurance policies required by this Section shall provide that:

(i) the insurer waives the right to subrogation under the policy against a Unit Owner or member of the household of a Unit Owner.

(ii) an act or omission by a Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will not void the policy or be a condition of recovery under the policy.

(iii) if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner which covers the same risk covered by the policy, the Association's policy shall provide primary insurance.

(iv) losses must be adjusted with the Association.



(v) insurance proceeds shall be paid to any insurance trustee designated in the policy for that purpose, and otherwise to the Association, but, in any case, it is to be held in trust for each Unit Owner and the Unit Owner's Eligible Mortgagee.

(vi) the insurer may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, to each Unit Owner and to each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued, at their respective addresses last provided to the Association.

**22.3 Liability Insurance.** Liability insurance, including medical payments insurance, will be maintained in an amount determined by the Executive Board, but in no event shall it be less than \$1,000,000. This insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements and the activities of the Association. Insurance policies carried pursuant to this Section shall provide that:

(a) each Unit Owner is an insured person under the policy with respect to liability arising out of the Unit Owner's interest in the Common Elements or membership in the Association;

(b) the insurer waives the right to subrogation under the policy against a Unit Owner or member of the household of a Unit Owner;

(c) an act or omission by a Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will not void the policy or be a condition to recovery under the policy;

(d) if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the policy of the Association shall provide primary insurance; and

(e) the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued at their addresses last provided to the Association.

**22.4 Fidelity Bonds.** A blanket fidelity bond or dishonesty insurance coverage may be provided at the option of the Executive Board for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive



compensation for their services. The bond or insurance shall name the Association as obligee and shall cover the maximum funds that will be in the custody of the Association or the manager at any time while the bond is in force. In no event shall the bond or coverage be for an amount less than the sum of three (3) months' assessments plus reserve funds. The bond or coverage shall include a provision that calls for ten (10) days' written notice to the Association, each Eligible Mortgagee or Eligible Insurer, each servicer that services a FNMA-owned or FHLMC-owned mortgage on a Unit and the insurance trustee, if any, before the bond can be canceled or substantially modified for any reason. The bond or coverage shall be in an amount equal to the maximum amount of funds in the custody and control of the Association when the bond or insurance is in effect. When either: (a) separate bank accounts for working funds and reserves are maintained and monthly checks are sent directly to the Association, (b) a Manager maintains separate records and bank accounts for the Association, or (c) two (2) Directors must sign any check written on the reserve account, then the fidelity bond or coverage may be in an amount equal to three (3) months' Common Expense Assessments on all Units.

22.5 Unit Owner Policies. An insurance policy issued to the Association does not preclude Unit Owners from obtaining insurance for their own benefit.

22.6 Workers' Compensation Insurance. The Executive Board shall obtain and maintain Workers' Compensation Insurance necessary to meet the requirements of the laws of the State of Colorado.

22.7 Directors' and Officers' Liability Insurance. The Executive Board shall obtain and maintain directors' and officers' liability insurance, if available, covering all of the Directors and officers of the Association. This insurance will have limits determined by the Executive Board.

22.8 Other Insurance. The Association may carry any other insurance which the Executive Board considers appropriate to protect the Association.

22.9 Premiums. Insurance premiums for any insurance carried or to be carried by the Association shall be a Common Expense.

#### ARTICLE XXIII DAMAGE TO OR DESTRUCTION OF PROPERTY

23.1 Duty to Restore. A portion of the Common Interest Community for which insurance is required under C.R.S., §38-33.3-313, or for which insurance carried by the Association is in effect, whichever is more extensive, that is damaged or destroyed, must be repaired or replaced promptly by the Association unless:

- (a) the Common Interest Community is terminated; or

(b) repair or replacement would be illegal under a state statute or municipal ordinance governing health or safety; or

(c) eighty percent (80%) of the Unit Owners, including each Owner of a Unit or allocated Limited Common Element that will not be rebuilt, vote not to rebuild.

23.2 Cost. The cost of repair or replacement in excess of insurance proceeds and reserves shall be a Common Expense.

23.3 Plans and Specifications. The Property must be repaired and restored in accordance with either the Map or such other plans and specifications as have been approved by a Majority Vote of each of the Executive Board, the Unit Owners and the Eligible Mortgagees.

23.4 Replacement of Less Than Entire Property.

(a) The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Common Interest Community.

(b) Except to the extent that other Persons will be distributees:

(i) the insurance proceeds attributable to a Unit and Limited Common Elements that are not rebuilt must be distributed to the Owner of the Unit and the Owner of the Unit to which the Limited Common Elements were allocated, or to lien holders, as their interests may appear; and

(ii) the remainder of the proceeds must be distributed to each Unit Owner or lien holder, as their interests may appear, in proportion to the Common Element interests of all the Units.

(c) If the Unit Owners vote not to rebuild a Unit, the Allocated Interests of the Unit are reallocated upon the vote as if the Unit had been condemned under C.R.S., §38-33.3-107(1), and the Association promptly shall prepare, execute and record an amendment to the Declaration reflecting the reallocation of the Allocated Interests.

23.5 Insurance Proceeds. The Trustee, or if there is no Trustee, then the Executive Board of the Association, acting through the President, shall hold any insurance proceeds in trust for the Association, Unit Owners and lien holders as their interests may appear. Subject to the provisions of Subsection 23.1(a) through Subsection 23.1(c) of this Declaration, the proceeds shall be disbursed first for the repair or restoration of the damaged Property. The Association, Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus after the Property

has been completely repaired or restored, or unless the Common Interest Community is terminated.

23.6 Certificates By Executive Board. The Trustee, if any, may rely on the following certifications in writing made by the Executive Board:

- (a) whether or not damaged or destroyed Property is to be repaired or restored; and
- (b) the amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

23.7 Certificates by Attorneys or Title Insurance Companies. If payments are to be made to Unit Owners or mortgagees, then the Executive Board and the Trustee, if any, shall obtain and may rely on a title insurance company's or attorney's title certificate or a title insurance policy based on a search of the Records, from the date of the recording of the original Declaration, stating the names of the Unit Owners and the mortgagees.

#### ARTICLE XXIV NOTICE AND COMMENT; NOTICE AND HEARING

24.1 Right to Notice and Comment. Before the Executive Board amends the Bylaws or the Rules, and whenever the Documents require that an action be taken after "Notice and Comment," and at any other time the Executive Board determines, the Unit Owners have the right to receive notice of the proposed action and the right to comment orally or in writing. Notice of the proposed action either shall be given to each Unit Owner in writing, delivered personally or by mail to all Unit Owners at such address as appears in the records of the Association, or it shall be published in a newsletter or similar publication, if any, which is routinely circulated to all Unit Owners. The notice shall be given not less than five (5) days before the proposed action is to be taken. It shall invite comment to the Executive Board orally or in writing before the scheduled time of the meeting. The right to Notice and Comment does not entitle a Unit Owner to be heard at a formally constituted meeting.

24.2 Right to Notice and Hearing. Whenever the Documents require that an action be taken after "Notice and Hearing," the following procedure shall be observed: The party proposing to take the action (e.g., the Executive Board, a committee, an officer, the Manager, etc.) shall give written notice of the proposed action to all Unit Owners or occupants of Units whose interest would be significantly and materially affected by the proposed action. 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 a 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 meeting to assure a prompt and orderly resolution of the issues. Any evidence shall be duly considered, but is not binding in making the decision. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

## ARTICLE XXV EXECUTIVE BOARD

25.1 Association Records and Minutes of Executive Board Meetings. The Executive Board shall permit any Unit Owner, or Eligible Mortgagee or Eligible Insurer to inspect the records of the Association and the minutes of Executive Board and committee meetings during normal business hours. The minutes shall be available for inspection within 30 days after any such meeting.

25.2 Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in this Declaration, the 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, which shall include, but not be limited to, the following:

- (a) adopt and amend the Bylaws and the Rules;
- (b) adopt and amend budgets for revenues, expenditures and reserves;
- (c) collect Common Expense Assessments from Unit Owners;
- (d) hire and discharge independent contractors (including the Manager), employees and agents, other than managing agents;
- (e) institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violation of or otherwise enforce the Association's Declaration, Bylaws or Rules in the Association's name on behalf of the Association or two or more Unit Owners on matters affecting the Common Interest Community;
- (f) make contracts and incur liabilities on behalf of the Association;
- (g) regulate the use, maintenance, repair, replacement and modification of the Common Elements;
- (h) cause additional Improvements to be made as a part of the Common Elements;

(i) acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real property or personal property, but Common Elements may be conveyed or subjected to a Security Interest only pursuant to Section 18.4 above and C.R.S., §38-33.3-312;

(j) grant easements for any period of time, including permanent easements, and leases, licenses and concessions through or over the Common Elements, for no more than one year;

(k) impose and receive a payment, fee or charge for the use, rental or operation of the Common Elements, other than Limited Common Elements as described in C.R.S., §§38-33.3-202(1)(b) and (1)(d), and for services provided to Unit Owners;

(l) impose a reasonable charge for late payment of assessments, and after Notice and Hearing, levy reasonable penalties for violations of this Declaration, the Bylaws, Rules and regulations of the Association or the Rules;

(m) impose a reasonable charge for the preparation and recordation of amendments to this Declaration and for a statement of unpaid assessments;

(n) provide at the option of the Executive Board for the indemnification of the Association's officers and Executive Board and/or maintain directors' and officers' liability insurance;

(o) assign the Association's right to future income, including the right to receive Common Expense Assessments;

(p) exercise any other powers conferred by this Declaration, the Articles, the Bylaws or the Act;

(q) exercise any other power that may be exercised in this state by legal entities of the same type as the Association;

(r) exercise any other power necessary and proper for the governance and operation of the Association; and

(s) by resolution, and to the extent permitted by applicable law, 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 the notice. If an appeal is made, the committee action must be ratified, modified or rejected by the Executive Board at its next regular meeting.

25.3 Executive Board Limitations. The Executive Board may not act on behalf of the Association to amend this Declaration, to terminate the Common Interest Community or to elect Members of the Executive Board or determine the qualifications, powers and duties or terms of office of Executive Board Members, but subject to the provision of this Declaration, the Executive Board may fill vacancies in its membership for the unexpired portion of any term.

## ARTICLE XXVI OPEN MEETINGS

26.1 Access. All meetings of the Executive Board, at which action is to be taken by vote will be open to the Unit Owners, except as hereafter provided.

26.2 Notice. Notice of every such meeting will be given not less than twenty-four (24) hours prior to the time set for such meeting, by posting such notice in a conspicuous location in the Common Interest Community, except that such notice will not be required if an emergency situation requires that the meeting be held without delay.

26.3 Executive Sessions. Meetings of the Executive Board may be held in executive session, without giving notice and without the requirement that they be open to Unit Owners, in either of the following situations only:

(a) if no action is taken at the executive session requiring the Majority Vote of Directors; or

(b) if the action taken at the executive session involves personnel, pending or threatened litigation, contract negotiations, enforcement actions, matters involving the invasion of privacy of individual Unit Owners, matters which are to remain confidential by request of the affected parties and agreement of the Board, or under other circumstances as permitted by law and as determined by unanimous consent of the Board.

## ARTICLE XXVII CONDEMNATION

If part or all of the Common Interest Community is taken by any power having the authority of eminent domain, all compensation and damages for and on account of the taking shall be payable in accordance with C.R.S., §38-33.3-107.

ARTICLE XXVIII  
MISCELLANEOUS PROVISIONS

28.1 Captions. The captions contained in the Documents are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Documents or the intent of any provision thereof.

28.2 Gender. The use of the masculine gender refers to the feminine gender, and vice versa, and the use of the singular includes the plural, and vice versa, whenever the context of the Documents so require.

28.3 Waiver. No provision contained in the Documents is abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

28.4 Invalidity. The invalidity of any provision of the Documents does not impair or affect in any manner the validity, enforceability or effect of the remainder, and if a provision is invalid, all of the other provisions of the Documents shall continue in full force and effect.

28.5 Conflict. The Documents are intended to comply with the requirements of the Act and the Town Code for the Town of Grand Lake. If there is any conflict between the Documents and the provisions of the Act, the provisions of the Town Code of the Town of Grand Lake and the Act shall control. In the event of any conflict between this Declaration and any other Document, this Declaration shall control.

***[Signature Page to Follow]***



2001-007049 07/26/2001 01:07P DEC SARA ROSENE  
41 of 49 R 245.00 D 0.00 N 0.00 GRAND COUNTY CLE

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed this 15<sup>th</sup> day of June, 2001.

GRANDVIEW VILLAS, LLC a Colorado  
limited liability company

By:   
M. Richard Kay, Manager


STATE OF COLORADO                     )  
  ) ss.  
CITY AND COUNTY OF DENVER             )

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of June, 2001, by M. Richard Kay as Manager of Grandview Villas, LLC.

Witness my hand and official seal.

My commission expires: *My Commission Expires October 30, 2003*



  
Notary Public

  
2001-007049 07/28/2001 01:07P DEC SARA ROSENE  
42 of 49 R 245.00 D 0.00 N 0.00 GRAND COUNTY CLEI

EXHIBIT A TO THE DECLARATION

PARCEL A: LOTS 1, 2, 3, 4, 5 AND 6, BLOCK 12, GRAND LAKES ESTATES, SECOND FILING

PARCEL B: THAT PORTION OF BLOCK 12 SHOWN ON PLAT FOR GRAND LAKE ESTATE SECOND FILING, BEING AN AREA BOUNDED ON THE WEST BY THE NORTHERLY EXTENSION OF THE WEST LINE OF LOT 6, BLOCK 12, IN SAID SUBDIVISION, ON THE EAST BY CENTER DRIVE, ON THE NORTH BY TUNNEL ROAD AND ON THE SOUTH BY LOTS 1 THRU 6, BLOCK 12, GRAND LAKES ESTATES, SECOND FILING.

COUNTY OF GRAND, STATE OF COLORADO

EXHIBIT B TO THE DECLARATION

[TABLE OF INTERESTS]

Unit No.	Fractional Share of Common Elements	Fractional Share of Common Expenses	Vote in the Affairs of Association
107	1/18th	1/18th	1
108	1/18th	1/18th	1
109	1/18th	1/18th	1
110	1/18th	1/18th	1
111	1/18th	1/18th	1
112	1/18th	1/18th	1
207	1/18th	1/18th	1
208	1/18th	1/18th	1
209	1/18th	1/18th	1
210	1/18th	1/18th	1
211	1/18th	1/18th	1
212	1/18th	1/18th	1
307	1/18th	1/18th	1
308	1/18th	1/18th	1
309	1/18th	1/18th	1
310	1/18th	1/18th	1
311	1/18th	1/18th	1
312	1/18th	1/18th	1

## TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
ARTICLE I	
DEFINITIONS .....	2
1.1 Act .....	2
1.2 Allocated Interests .....	2
1.3 Association .....	2
1.4 Bylaws .....	2
1.5 Common Elements .....	2
1.6 Common Expenses .....	2
1.7 Common Expense Assessments .....	3
1.8 Common Interest Community .....	3
1.9 Declarant .....	3
1.10 Declaration .....	3
1.11 Development Rights .....	3
1.12 Director .....	3
1.13 Documents .....	3
1.14 Eligible Insurer .....	3
1.15 Eligible Mortgagee .....	3
1.16 Executive Board .....	4
1.17 .....	4
Improvements .....	4
1.18 Limited Common Elements .....	4
1.19 Majority Vote .....	4
1.20 Manager .....	4
1.21 Map .....	4
1.22 Member .....	4
1.23 Notice and Comment .....	4
1.24 Notice and Hearing .....	4
1.25 Person .....	5
1.26 Property .....	5
1.27 Records .....	5
1.28 Rules .....	5
1.29 Security Interest .....	5
1.30 Special Declarant Rights .....	5
1.31 Trustee .....	5
1.32 Unit .....	5
1.33 Unit Owner or Owner .....	5



ARTICLE II  
 NAME AND TYPE OF COMMON INTEREST COMMUNITY  
 AND ASSOCIATION ..... 6  
 2.1 Name and Type of Common Interest Community ..... 6  
 2.2 Association ..... 6

ARTICLE III  
 DESCRIPTION OF LAND ..... 6

ARTICLE IV  
 UNIT AND BOUNDARY DESCRIPTIONS ..... 6  
 4.1 Maximum Number of Units ..... 6  
 4.2 Boundaries ..... 6  
     (a) Upper Horizontal Boundary ..... 6  
     (b) Lower Horizontal Boundary ..... 7  
     (c) Vertical Perimeter Boundaries ..... 7  
     (d) Inclusions ..... 7  
     (e) Exclusions ..... 7  
     (f) Noncontiguous Portions ..... 7  
     (g) Inconsistency with Map ..... 7

ARTICLE V  
 LIMITED COMMON ELEMENTS ..... 8

ARTICLE VI  
 MAINTENANCE OF THE PROPERTY ..... 9  
 6.1 Common Elements ..... 9  
 6.2 Individual Units ..... 9  
 6.3 Limited Common Elements ..... 9  
 6.4 Right of Access ..... 9  
 6.5 Repairs Resulting From Negligence ..... 9

ARTICLE VII  
 SUBSEQUENTLY ALLOCATED LIMITED COMMON ELEMENTS ..... 10

ARTICLE VIII  
 DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS ... 10  
 8.1 Reservation of Development Rights ..... 10  
 8.2 Limitations on Development Rights ..... 11  
 8.3 Phasing of Development Rights ..... 11  
 8.4 Special Declarant Rights ..... 11  
 8.5 Models, Sales Offices and Management Offices ..... 12  
 8.6 Construction; Declarant's Easement ..... 12

8.7 Signs and Marketing ..... 12  
 8.8 Declarant's Property ..... 12  
 8.9 Declarant Control of the Association ..... 12  
 8.10 Limitations on Special Declarant Rights ..... 14  
 8.11 Interference with Special Declarant Rights ..... 14  
 8.12 Rights of Lenders to Declarant ..... 14

ICLE IX

ALLOCATED INTERESTS ..... 14  
 9.1 Allocation of Interests ..... 14  
 9.2 Formulas for the Allocation of Interests ..... 14  
     (a) Undivided Interest in the Common Elements ..... 14  
     (b) Liability for the Common Expenses ..... 14  
     (c) Votes ..... 15  
 9.3 Assignment of Allocated Interests Pursuant to Exercise of Development Rights ..... 15

ICLE X

RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY ..... 15  
 10.1 Use Restrictions ..... 15  
 10.2 Occupancy Restrictions ..... 15  
 10.3 Restrictions on Alienation ..... 17

ICLE XI

EASEMENTS AND LICENSES ..... 17  
 11.1 Existing Easements ..... 17  
 11.2 Granting of Future Easements ..... 17  
 11.3 Owner's Easement Across Common Elements ..... 17  
 11.4 Easements Reserved and Restrictions on Drainage Easements ..... 18

ICLE XII

SUBSEQUENT ALLOCATION OF LIMITED COMMON ELEMENTS ..... 18  
 12.1 Procedure ..... 18  
 12.2 Parking Spaces ..... 18  
 12.3 Reallocation ..... 18

ICLE XIII

ADDITIONS, ALTERATIONS AND IMPROVEMENTS ..... 18  
 13.1 By Unit Owners ..... 18  
 13.2 By Executive Board ..... 20  
 13.3 Exterior Improvements and Landscaping Within Limited Common Elements ..... 20

ARTICLE XIV	
BOUNDARIES .....	20
14.1 Application and Amendment .....	20
14.2 Recording Amendments .....	20
ARTICLE XV	
AMENDMENTS TO DECLARATION — IN GENERAL .....	21
15.1 In General .....	21
15.2 Limitation of Challenges .....	21
15.3 Recordation of Amendments .....	21
15.4 Unanimous Consent .....	21
15.5 Execution of Amendments .....	21
15.6 Special Declarant Rights .....	21
15.7 Consent of Holders of Security Interests .....	21
15.8 Amendments To Exercise Development Rights .....	22
ARTICLE XVI	
AMENDMENTS TO BYLAWS .....	22
ARTICLE XVII	
TERMINATION .....	22
ARTICLE XVIII	
MORTGAGEE PROTECTION .....	22
18.1 Introduction .....	22
18.2 Percentage of Eligible Mortgagees .....	22
18.3 Notice of Actions .....	22
18.4 Consent and Notice Required .....	23
18.5 Development Rights .....	26
18.6 Inspection of Books .....	26
18.7 Financial Statements .....	26
18.8 Enforcement .....	26
18.9 Attendance at Meetings .....	26
18.10 Appointment of Trustee .....	26
ARTICLE XIX	
ASSESSMENT AND COLLECTION OF COMMON EXPENSES .....	26
19.1 Apportionment of Common Expenses .....	26
19.2 Common Expenses Attributable to Fewer than all Units .....	27
19.3 Lien .....	28
19.4 Budget Adoption and Ratification .....	29
19.5 Ratification of Non-budgeted Common Expense Assessments .....	30
19.6 Certificate of Payment of Common Expense Assessments .....	30

19.7	Monthly Payment of Common Expenses	30
19.8	Acceleration of Common Expense Assessments	30
19.9	Commencement of Common Expense Assessments	30
19.10	No Waiver of Liability for Common Expenses	30
19.11	Personal Liability of Unit Owners	30
CLE XX	RIGHT TO ASSIGN FUTURE INCOME	31
CLE XXI	PERSONS AND UNITS SUBJECT TO DOCUMENTS	31
21.1	Compliance with Documents	31
21.2	Adoption of Rules	31
CLE XXII	INSURANCE	31
22.1	Coverage	31
22.2	Property Insurance Coverage	31
22.3	Liability Insurance	33
22.4	Fidelity Bonds	33
22.5	Unit Owner Policies	34
22.6	Workers' Compensation Insurance	34
22.7	Directors' and Officers' Liability Insurance	34
22.8	Other Insurance	34
22.9	Premiums	34
CLE XXIII	DAMAGE TO OR DESTRUCTION OF PROPERTY	34
23.1	Duty to Restore	34
23.2	Cost	35
23.3	Plans and Specifications	35
23.4	Replacement of Less Than Entire Property	35
23.5	Insurance Proceeds	35
23.6	Certificates By Executive Board	36
23.7	Certificates by Attorneys or Title Insurance Companies	36
CLE XXIV	NOTICE AND COMMENT; NOTICE AND HEARING	36
24.1	Right to Notice and Comment	36
24.2	Right to Notice and Hearing	36
CLE XXV	EXECUTIVE BOARD	37



25.1	Association Records and Minutes of Executive Board Meetings	37
25.2	Powers and Duties	37
25.3	Executive Board Limitations	39

ARTICLE XXVI

OPEN MEETINGS	39	
26.1	Access	39
26.2	Notice	39
26.3	Executive Sessions	39

ARTICLE XXVII

CONDEMNATION	39
--------------	----

ARTICLE XXVIII

MISCELLANEOUS PROVISIONS	40	
28.1	Captions	40
28.2	Gender	40
28.3	Waiver	40
28.4	Invalidity	40
28.5	Conflict	40