

MASTER DECLARATION OF COVENANTS,  
CONDITIONS, AND RESTRICTIONS  
OF MURPHY CREEK

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MASTER DECLARATION  
OF COVENANTS, CONDITIONS, AND RESTRICTIONS  
OF  
MURPHY CREEK

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF MURPHY CREEK ("Master Declaration") is made and entered into by MURPHY CREEK DEVELOPMENT, INC., a Colorado corporation ("Master Declarant").

WITNESSETH:

WHEREAS, Master Declarant is the owner of the real property situated in the County of Arapahoe, State of Colorado, which is described on Exhibit A, attached hereto and incorporated herein by this reference; and

WHEREAS, Master Declarant desires to subject and place upon the property described on Exhibit A certain covenants, conditions, restrictions, easements, reservations, rights-of-way, obligations, liabilities and other charges set forth herein; and

WHEREAS, a common interest community may be created pursuant to CCIOA (as hereinafter defined) only by recording a declaration executed in the same manner as a deed. The declaration must be recorded in every county in which any portion of the common interest community is located and must be indexed in the grantee's index in the name of the common interest community and in the name of the association, and in the grantor's index in the name of each person executing the declaration. No common interest community is created until the plat or map for the common interest community is recorded.

NOW, THEREFORE, Master Declarant hereby declares that a plat which includes the property described on the attached Exhibit A has been recorded and that all of the real property described on that attached Exhibit A shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions, easements, rights-of-way, obligations, liabilities, charges and other provisions set forth herein, which shall run with, the above-described property and be binding on all parties having any right, title, or interest in the above-described property or any part thereof, their heirs, personal representatives, successors, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I  
DEFINITIONS

1. "Agencies" mean the Government National Mortgage association (GNMA), the Federal National Mortgage association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Department of Housing and Urban Development (HUD), the Veterans Administration (VA) or any other governmental or quasi-governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by any of such entities.

2. "Allocated Interest" means the share of Association common expenses and votes in the Association allocated to each Lot. The Allocated Interest for each Lot shall be a fraction. The numerator of the Allocated Interest for each Lot is: for each Residential Lot, One (1); for each Apartment Lot, one-fifth ( $1/5$ ) times the number of Apartment Units on such Apartment Lot (if the total number of Apartment Units is not evenly divisible by 5, then the result of such calculation shall be rounded up to the next whole number; for example, if the total number of Apartment Units is 21, the calculation would be  $21 \times 1/5 = 4.2$ , which number would be rounded up to 5); and for each Commercial Lot, the total square footage of such Commercial Lot divided by 4,000 (if the total square footage of such Commercial Lot is not evenly divisible by 4,000, then the result of such calculation shall be rounded up to the next whole number; for example, if the total square footage of such Commercial Lot is 25,000, the calculation would be  $25,000 \div 4,000 = 6.25$ , which number would be rounded up to 7). The denominator of the Allocated Interest for each Lot shall be the total of the numerators for all Lots in the Community from time to time.

3. "Annexable Area" means the property described on Exhibit D attached hereto and incorporated herein by this reference plus, under CCIOA, such additional real estate from such locations as the Master Declarant may elect in its sole discretion in an amount not exceeding the maximum permitted by CCIOA.

4. "Apartment Lot" means a Lot that is designated for apartment uses in this Master Declaration or in any Supplemental Declaration or annexation document(s) and on which one or more structures containing Apartment Units may be constructed from time to time. Until such time as a structure containing Apartment Units is constructed on an Apartment Lot, each Apartment Lot shall be deemed to contain five (5) Apartment Units. Once a structure containing Apartment Units is constructed on an Apartment Lot, the actual number of Apartment Units on such Apartment Lot from time to time shall be used in calculating the Allocated Interest attributable to such Apartment Lot. The Master Declarant reserves the right but not the obligation to record, at any time and from time to time, a document which affirms the actual number of Apartment Units on any Apartment Lots.

5. "Apartment Unit" means each area of an Apartment Lot which is or may be separately offered for rental or lease by the Owner of such Apartment Lot and is intended for residential occupancy.

6. "Board of Directors" or "Board" means the body, regardless of name, designated in this Master Declaration and the Bylaws of the Master Association to act on behalf of the Master Association.

7. "Builder" means any Member other than the Master Declarant who acquires (or has acquired prior to annexation to this Master Declaration) one or more Lots for the purpose of constructing one or more commercial, apartment, or residential structures thereon, and who is designated as a Builder by Master Declarant in its sole discretion from time to time, with such designation to be made by a written instrument duly recorded in the office of the Clerk and Recorder of the County of Arapahoe, Colorado.

8. "CCIOA" means the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101, et seq., as amended.

9. "Commercial Lot" means a Lot within the Community which is designated for commercial uses in this Master Declaration or in the annexation document covering that Lot or in any other document recorded by the Master Declarant (with the consent of the Owner of that Lot), including any Condominium Unit so designated. Such Commercial Lots shall not be subject to the covenants, conditions, and restrictions contained in Articles V and X hereof.

10. "Common Elements" means any property owned or leased by the Master Association, other than a Lot, which exists for the common use of more than one of the Owners. The Common Elements at the time of recordation of this Master Declaration are described on Exhibit B attached hereto and incorporated herein by this reference.

11. "Community" means real estate described on Exhibit A to this Master Declaration, as supplemented and amended from time to time, and with respect to which a Person, by virtue of such Person's ownership of a Lot, is obligated to pay for real estate taxes, insurance premiums, maintenance or improvement of other real estate described in this Master Declaration. The Community is a planned community under CCIOA.

12. "Condominium Building" means any building (including all fixtures and Improvements therein contained) located in the Community and within which one or more Condominium Units are located.

13. "Condominium Unit" means the air space contained within the enclosed rooms occupying part of a floor or floors in a Condominium Building, and bounded by the unfinished interior surfaces of the perimeter walls (or the adjoining walls, if two or more Condominium Units adjoin each other), unfinished interior surfaces of floors (or the lowermost floors, if it is a Condominium Unit containing more than one level), unfinished interior surfaces of ceilings (or the uppermost ceilings, if it is a Condominium Unit containing more than one level), and the unfinished interior surfaces of windows and window frames, doors and door frames of a Condominium Building, and which is separately identified on a condominium map. Each Condominium Unit shall be either a Residential Lot or a Commercial Lot, as identified on the annexation document for such Condominium Unit.

14. "Design Review Committee" or "Committee" means the committee appointed by the Master Declarant or by the Master Association to review and approve or disapprove plans for Improvements, as more fully provided in this Master Declaration.

15. "Development Rights" means the following rights or combination of rights hereby reserved by the Master Declarant, as such Development Rights may be further described in this Master Declaration, to:

- (a) add real estate to this Community, as provided in Article XIV, Section 5 hereof;
- (b) subdivide or replat Lots, as provided in Article XIV, Section 6 hereof; or
- (c) withdraw real estate from this Community, as provided in Article XIV, Section 5 hereof.



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The Master Declarant may exercise its Development Rights in all or any portion of the Community, and no assurances are made as to the boundaries or order of exercise of any such development rights. The Master Declarant's right to exercise Development Rights shall terminate automatically when the Special Declarant Rights terminate, as provided in Article I, Section 29 of this Master Declaration.

16. "Improvements" means all exterior improvements, structures, and any appurtenances thereto or components thereof of every type or kind, and all landscaping features. The foregoing include, without limitation, buildings, outbuildings, swimming pools, tennis courts, patios, patio covers, awnings, solar collectors, painting or other finish materials on any visible structure, additions, walkways, sprinkler systems, garages, carports, driveways, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, trees, shrubs, flowers, vegetables, sod, gravel, bark, exterior light fixtures, basketball hoops, poles, signs, exterior tanks, fountains, and exterior air conditioning, cooling, heating and water softening equipment.

17. "Lot" means: each platted lot, including Apartment Lots, Residential Lots and Commercial Lots, shown upon any recorded subdivision map of the real property described on the attached Exhibit A, as the same may be resubdivided or replatted from time to time (subject to the restrictions contained in this Master Declaration); and each Condominium Unit; and any other real property as may hereafter be brought within the jurisdiction of the Master Association, with the exception of the Common Elements, any property owned or leased by a Subassociation, and any publicly dedicated property. Each Lot shall constitute a "unit" under CCIOA and it shall not be necessary to use the term "unit" as a part of a legally sufficient description of a Lot.

18. "Lots that May Be Included" means Five Thousand (5,000) Lots, which shall be the maximum number of Lots that may be subject to this Master Declaration, including the Lots within the property described on the attached Exhibit A and those Lots which may be added if all of the Annexable Area is annexed to this Master Declaration. However, the aforesaid number of Lots that May Be Included is not a representation or a guarantee as to the actual number Lots that will ultimately be included in or constructed as part of the Community.

19. "Master Association" means Murphy Creek Master Association, Inc., a community association as provided in CCIOA.

20. "Master Declarant" means Murphy Creek Development, Inc. and any other Person(s) acting in concert, to whom the Master Declarant, by recorded document, expressly assigns one or more of the Master Declarant's rights under this Master Declaration (which shall be the extent of the Master Declarant's rights to which such assignee succeeds), and who:

(a) As part of a common promotional plan, offers to dispose of to a purchaser such Master Declarant's interest in a Lot not previously disposed of to a purchaser; or

(b) Reserves or succeeds to any Special Master Declarant Right.

21. "Master Declaration" means this Master Declaration of Covenants, Conditions and Restrictions of Murphy Creek and any other recorded instruments, however denominated, that

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create this Community, including any supplements and amendments to those instruments and also including, but not limited to, plats and maps.

22. "Member" means all Owners of a Lot collectively or, following termination of the Community, of all former Owners entitled to distributions of proceeds under CCIOA or their heirs, personal representatives, successors or assigns. The Master Association shall have one class of membership. Membership in the Master Association shall be appurtenant to, and may not be separated from, ownership of a Lot. Each Lot shall have one membership and there is only one Member per Lot, even if the Lot is owned by multiple Owners.

23. "Owner" means each fee simple title holder of a Lot, including without limitation, the Master Declarant, Builder, or other Person who owns a Lot, but does not include a Person having an interest in a Lot solely as security for an obligation. There may be more than one Owner of a Lot. The Owner of an Apartment Lot shall be the Owner for purposes of this Master Declaration, and not the lessees or tenants of the Apartment Units.

24. "Period of Master Declarant Control" means a length of time expiring twenty (20) years after initial recording of this Master Declaration in the County in which the property described on the attached Exhibit A is located; provided, that the Period of Master Declarant Control shall terminate no later than the earlier of sixty (60) days after conveyance of seventy-five percent (75%) of the Lots to Owners other than a Master Declarant or a Builder, two (2) years after the last conveyance of a Lot by the Master Declarant or a Builder in the ordinary course of business, or two (2) years after any right to add new Lots to the Master Declaration was last exercised.

25. "Person" means a natural person, a corporation, a partnership, an association, a trust, a limited liability company, a joint venture, or any other entity recognized under the laws of the State of Colorado or any combination thereof.

26. "Residential Lot" shall mean any Lot within the Community designated, in this Master Declaration, in a Supplemental Declaration, or in the annexation document(s) covering that Lot, for single family dwelling purposes, including any Condominium Unit so designated.

27. "Security Interest" means an interest in one or more Lots, or personal property, created by contract or conveyance which secures payment or performance of any obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of leases or rents intended as security, pledge of an ownership interest in the Master Association, and any other consensual lien or title retention contract intended as security for an obligation. For purposes of Article IV, Section 11 hereof and, with respect to notice of cancellation or substantial modification of certain insurance policies, to Article VI, Section 3 hereof, "Security Interest" shall also mean and refer to any executory land sales contract wherein the Administrator of Veterans Affairs, an Officer of the United States of America, is the seller, whether such contract is recorded or not, and whether such contract is owned by the said Administrator or has been assigned by the Administrator and is owned by the Administrator's assignee, or a remote assignee, and the land records in the Office of the Clerk and Recorder of Arapahoe County, Colorado, show the Administrator as having the record title to the Lot.

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28. "Security Interest Holder" means any Person named as a mortgagee or beneficiary, or in a similar capacity, under any Security Interest (including, for purposes of Article IV, Section 11 hereof and, with respect to notice of cancellation or substantial modification of certain insurance policies, to Article VI, Section 3 hereof, the Administrator of Veterans Affairs, an Officer of the United States of America, and his assigns under any executory land sales contract wherein the said Administrator is identified as the seller, whether such contract is recorded or not and the land records of the Clerk and Recorder of Arapahoe County, Colorado, show the said Administrator as having the record title to the Lot), or any successor to the interest of any such Person under such Security Interest.

29. "Special Master Declarant Rights" means the following rights, which rights are hereby reserved for the benefit of the Master Declarant, and which rights may be further described in this Master Declaration: to build and complete Improvements in the Community; to exercise any Development Right; to maintain sales offices, construction offices, management offices, and signs advertising the Community and sale of Lots; to use easements through the Common Elements for the purpose of making Improvements within the Community or within real estate which may be added to the Community; to merge or consolidate a Community of the same form of ownership; or to appoint or remove any officer of the Master Association or any Board of Directors member during any Period of Master Declarant Control. All of the Special Master Declarant Rights may be exercised by the Master Declarant with respect to any portion of the property now or hereafter within the Community. Master Declarant may exercise any or all of these Special Master Declarant Rights at any time and from time to time. Such rights shall terminate automatically at such time as Master Declarant no longer owns any portion of the property described on the attached Exhibits A and D.

30. "Subassociation" means any Colorado corporation or Colorado limited liability company and its successors and assigns, organized and established or authorized pursuant to, or in connection with, one or more Supplemental Declarations, the membership of which is composed of Owners of Lots within the area covered by the Supplemental Declaration.

31. "Supplemental Declaration" means a written instrument containing covenants, conditions, restrictions, or equitable servitudes, and/or any other provisions, or any combination thereof, which may be recorded on any portion of the property described in the attached Exhibit A and/or the Annexable Area annexed to this Master Declaration.

32. "Unfinished Lot" means only those Lots which have not been conveyed to the initial Owner other than the Master Declarant or a Builder.

## ARTICLE II. MEMBERSHIP AND VOTING RIGHTS

1. Master Association. The Master Association has been or will be formed as a Colorado corporation under the Colorado Revised Nonprofit Corporation Act. The Master Association shall have the duties, powers and rights set forth in this Master Declaration and in its Articles of Incorporation and Bylaws. As more specifically set forth hereinafter, the Master Association shall have a Board of Directors to manage its affairs; subject to Article III of this Master Declaration, the Board of Directors shall be elected by the Members.

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2. Board of Directors. The affairs of the Master Association shall be managed by a Board of Directors. The number, term and qualifications of the Board of Directors shall be fixed in the Master Association's Articles of Incorporation and Bylaws. The Board of Directors may, by resolution, delegate portions of its authority to an executive committee or to other committees, to officers of the Master Association or to agents and employees of the Master Association, but such delegation of authority shall not relieve the Board of Directors of the ultimate responsibility for management of the affairs of the Master Association. Action by or on behalf of the Master Association may be taken by the Board of Directors or any duly authorized executive committee, officer, agent or employee without a vote of the Members, except as otherwise specifically provided in this Master Declaration.

3. Voting Rights. Each Member shall be entitled, for each Lot owned, to one or more votes the number of which shall be equal to the numerator of the Allocated Interest attributable to such Lot. No votes allocated to a Lot owned by the Master Association may be cast. The total number of votes which may be cast in connection with any matter shall be equal to the denominator of the Allocated Interests at the time a vote is taken.

### ARTICLE III. MASTER ASSOCIATION

1. Authority of Board of Directors. Except as provided in this Master Declaration, the Articles of Incorporation, or the Bylaws of the Master Association, the Board of Directors may act in all instances on behalf of the Master Association.

2. Election of Part of the Board of Directors During the Period of Master Declarant Control. No later than sixty (60) days after conveyance of twenty-five percent (25%) of the Lots to Owners other than a Master Declarant or a Builder, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board of Directors must be elected by Owners other than the Master Declarant or a Builder. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots to Owners other than Master Declarant or a Builder, not less than thirty-three and one-third percent (33 1/3%) of the members of the Board of Directors must be elected by Owners other than the Master Declarant or a Builder.

3. Authority of Master Declarant During Period of Master Declarant Control. Except as otherwise provided in this Article, during the Period of Master Declarant Control, the Master Declarant or Persons appointed by the Master Declarant may appoint all officers and members of the Board of Directors, and may remove all officers and members of the Board of Directors which have been appointed by the Master Declarant. The Master Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of the Period of Master Declarant Control; but, in that event, the Master Declarant may require, for the duration of the Period of Master Declarant Control, that specified actions of the Master Association or Board of Directors, as described in a recorded instrument executed by the Master Declarant, be approved by the Master Declarant before they become effective.

4. Termination of Period of Master Declarant Control. Not later than the termination of the Period of Master Declarant Control, the Members shall elect a Board of Directors, at least a majority of whom must be Owners other than the Master Declarant or designated representatives of

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Owners other than the Master Declarant. The Board of Directors shall elect the officers. Such members of the Board of Directors and officers shall take office upon election.

5. Delivery of Property by Master Declarant. After the Members other than the Master Declarant elect a majority of the members of the Board of Directors, the Master Declarant shall deliver to the Master Association all property of the Owners and of the Master Association held by or controlled by the Master Declarant, if and to the extent required by CCIOA.

6. Budget. Within thirty (30) days after adoption of any proposed budget for the Community, the Board of Directors shall mail, by ordinary first-class mail, or otherwise deliver a summary of the Master Association budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than fifty (50) days after mailing or other delivery of the summary. Unless at that meeting the budget is rejected by the vote or agreement of Members to which at least eighty percent (80%) of the votes in the Master Association are allocated, then the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Members must be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors.

7. Rules and Regulations. Rules and regulations concerning and governing the Lots, Common Elements, and/or this Community may be adopted, amended or repealed from time to time by the Board of Directors, and the Board of Directors may establish and enforce penalties for the infraction thereof, including, without limitation, the levying and collecting of fines for the violation of any of such rules and regulations. The rules and regulations may state procedural requirements, interpretations and applications of the provisions of this Master Declaration, including without limitation, blanket requirements, blanket interpretations, and blanket applications. The Board has the authority to adopt or vary one or more rules and regulations that are different for different types of Lots, that is Residential Lots, Commercial Lots, and Apartment Lots. By way of example, and not by way of limitation, the rules and regulations may state that "reasonable" as used in Article X, Section 4 means a specified number of pets and which number may be different for different types of Lots. Any rules and regulations that are adopted shall be in accordance with, and shall not be inconsistent with or contrary to, this Master Declaration and all provisions hereof.

8. Master Association Books and Records. The Master Association shall make available to Owners, prospective purchasers, Security Interest Holders, and insurers or guarantors of any such Security Interest, current copies of this Master Declaration, and the Articles of Incorporation, Bylaws, rules and regulations, books, records and financial statements of the Master Association. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

9. Information Regarding Security Interests. Each Member shall, within twenty (20) days of encumbering such Member's Lot with a Security Interest, and at other times upon request of the Master Association, provide the Master Association with the name and address of such Security Interest Holder, a copy of the instrument(s) creating the Security Interest(s), and the loan number(s) (or other identifying number of such Security Interest(s)). Within twenty (20) days after any change in the name or address of a Security Interest Holder on a Member's Lot,

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and at other times upon request of the Master Association, such Member shall provide the aforesaid information to the Master Association with respect to each Security Interest held by such Security Interest Holder.

10. Management Agreements and Other Contracts. Any agreement for professional management of the Master Association's business or other contract providing for the services of the Master Declarant shall have a maximum term of three (3) years and any such agreement shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon not more than ninety (90) days' prior written notice; provided, however, that any such management agreement(s) entered into by the Master Association with a manager or managing agent prior to termination of the Period of Master Declarant Control shall be subject to review and approval by HUD or VA, if at the time such agreement is entered into, HUD has insurance or VA has a guarantee(s) on one or more Security Interests and HUD or VA require such approval, and shall terminate absolutely, in any event, no later than thirty (30) days after termination of the Period of Master Declarant Control.

11. Cooperation with Subassociations, Any Other Community Association and/or Any Districts. The Master Association shall have the right and authority at any time, from time to time, to enter into agreements and otherwise cooperate with any Subassociations, any other community associations and/or any districts, to share the costs and/or responsibility for any maintenance, repair, reconstruction, or other matters, to perform maintenance, repair or reconstruction for any Person(s) in consideration of payment or reimbursement therefor, to utilize the same contractors, subcontractors, managers, or others who may perform services for the Master Association and/or any Subassociation and/or any other community associations and/or any districts, or to otherwise cooperate with the any of the Subassociations, any other community associations, or any districts, in order to increase consistency or coordination, reduce costs, or as may otherwise be deemed appropriate or beneficial by the Board of Directors in its discretion from time to time. The costs and expenses for all such matters, if any, shall be shared or apportioned between the Master Association and/or any Subassociation and/or any other community associations and/or any districts, as the Board of Directors may determine in its discretion from time to time. Additionally, the Master Association shall have the right and authority at any time, from time to time, to enter into agreements and otherwise cooperate with any Subassociation(s) and/or any districts to collect assessments, other charges, or other amounts which may be due to any Subassociation(s) or any districts and to permit any Subassociation(s) and/or any districts to collect assessments, other charges, or other amounts which may be due to the Master Association; in any such instance, the Master Association shall provide for remittance to such Subassociation(s) and/or such districts of any amounts collected by the Master Association or to the Master Association of any amounts collected by such Subassociation(s) or by such districts.

12. Merger. The Master Declarant hereby reserves the right to merge the Master Association with one or more other common interest communities without the approval of any Owner or any other Person. This right shall terminate automatically when the Special Master Declarant Rights terminate, as provided in Article I, Section 29 hereof.

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ARTICLE IV.  
COVENANT FOR ASSESSMENTS

1. Personal Obligation for Assessments. Each Owner of a Lot, including Master Declarant and each Builder, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees and shall be personally obligated to pay to the Master Association: annual assessments or charges, special assessments, and other charges, fines, fees, interest, late charges, and other amounts, all as provided in this Master Declaration; with such assessments and other amounts to be established and collected as hereinafter provided. All amounts payable by Owners to the Master Association pursuant to this Master Declaration, together with interest, late charges, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot to which each such amount is applicable. The obligation for such payments by each Owner to the Master Association is an independent covenant with all amounts due, from time to time, payable in full when due without notice or demand (except as otherwise expressly provided in this Master Declaration), and without set-off or deduction. All Owners of each Lot shall be jointly and severally liable to the Master Association for the payment of all assessments, fees, charges and other amounts attributable to their Lot. Each amount, together with interest, late charges, costs, and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of such Lot at the time when the amount became due. The personal obligation for delinquent amounts (including assessments) shall not pass to such Owner's successors in title unless expressly assumed by them.

2. Purpose of Assessments. The assessments levied by the Master Association shall be used to promote the recreation, health, safety and welfare of the residents of the Lots, and for all of those purposes and activities which may be required of the Master Association or which the Master Association may be empowered to pursue pursuant to this Master Declaration or the Articles of Incorporation or Bylaws of the Master Association, or by law; provided, however, that such assessments levied during the Period of Master Declarant Control may not be used for the purpose of constructing capital Improvements.

3. Amount of Annual Assessment. The amount of the annual assessment against each Lot shall equal the then-current annual estimated expenses (including reserves) of the Master Association multiplied by the Allocated Interest of such Lot and, if the assessment is not for a full Master Association fiscal year, the resulting number must be multiplied by a fraction the numerator of which is the number of months remaining in such Master Association fiscal year and the denominator of which is twelve; however, such assessment amount does not include any Subassociation or district fees or assessments. Notwithstanding the foregoing, the rate of assessments paid by Unfinished Lots shall be less than those paid by the other Lots, as provided in Section 4 of this Article.

4. Rate of Assessment.

(a) Annual and special assessments shall be sufficient to meet the expected needs of the Master Association and shall be apportioned among the Lots in accordance with their Allocated Interest. Notwithstanding the foregoing, however, the amount of the annual and special assessments against the Unfinished Lots shall be set at a lower rate than that charged against other Lots because the Unfinished Lots receive and benefit

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from fewer services funded by the annual and special assessments than the other Lots. Colorado Revised Statutes §38-33.3-315(3)(b) states that "Any common expense or portion thereof benefiting fewer than all of the units shall be assessed exclusively against the units benefited." Based on this provision, the Unfinished Lots shall pay assessments at the rate of 40% of any annual assessment or special assessment charged to Lots other than Unfinished Lots.

(b) During the Period of Master Declarant Control, the Master Declarant may in its discretion, but shall not be required to, cover certain costs of the Master Association by payment of any amount(s), which shall be treated as an advance against future assessments due from the Master Declarant; provided, however, that any such advances which have not been credited against assessments due from the Master Declarant as of termination of the Period of Master Declarant Control shall then be repaid by the Master Association to the Master Declarant, without interest, to the extent that the Master Association has funds in excess of its working capital funds, reserve funds, and operating expenses to date for the calendar year in which the Period of Master Declarant Control terminates; and provided further, however, that any of such advances which are not repaid to the Master Declarant shall continue to constitute advances against future assessments due from the Master Declarant until conveyance by the Master Declarant of all of the property described on the attached Exhibit D. If the Master Declarant elects in its discretion to pay any amounts as provided in this subparagraph, Master Declarant shall not, under any circumstances, be obligated to continue payment or funding of any such amount(s) in future years.

5. Date of Commencement of Annual Assessments. Annual assessments shall commence at such time as the Board of Directors may determine in its discretion. After any annual assessment has been made by the Master Association, annual assessments shall be based on a budget adopted by the Master Association. A budget shall be so adopted by the Master Association no less frequently than annually. The annual assessments shall be due and payable in semi-annual installments, in advance, on the first day of such semi-annual period or on such other dates, and with such frequency (which may be other than semi-annually, but not less frequently than annually), as the Board of Directors determines in its discretion from time to time, provided that the first annual assessment shall be adjusted to reflect the time remaining in the first Master Association fiscal year. Any Owner purchasing a Lot between installment due dates shall pay a pro rata share of the last payment due.

6. Special Assessments. In addition to the annual assessments authorized in this Article, the Board of Directors may levy, in any fiscal year, with the approval of the votes of sixty-seven percent (67%) of a quorum of the Master Association votes cast by Members voting in person or by proxy at a meeting duly called for this purpose, a special assessment applicable to that year only, for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of a capital improvement upon any portion of real property for which the Master Association has repair and/or reconstruction obligations, including fixtures and personal property related thereto, or for repair or reconstruction of any damaged or destroyed Improvements located on said real property, or for the funding of any expense or deficit incurred by the Master Association. Any such special assessment shall be set against each Lot in accordance



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with the Allocated Interests set forth in this Master Declaration, except that the rate of special assessments against Unfinished Lots shall be determined in accordance with Article IV, Section 4 hereof unless the Board of Directors determines that the services received (or to be received) by the Unfinished Lots from such special assessments is (or will be) substantially the same as that received by Lots that are not Unfinished Lots. A meeting of the Members called for the purpose of considering the establishment of a special assessment shall be held in conformance with Section 7 of this Article. Notwithstanding the foregoing, special assessments levied during the Period of Master Declarant Control may not be used for the purpose of constructing capital Improvements.

7. Notice and Quorum for Any Special Assessments. Written notice of any meeting called for the purpose of taking any action authorized under Section 6 of this Article shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the Master Association votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

8. Assessments/Charges for Services to Separate Areas of Community. The Master Association may, at any time from time to time, provide services to any Subassociation or other area(s) (containing less than all of the Lots) in the Community. If such services are not funded by the annual assessments or special assessments, then such services shall be provided, if at all, pursuant to an agreement in writing between the Master Association and such Subassociation or the Owners of the Lots for which such service is to be provided, with such agreement to include a statement and terms for payment of the costs, fees and expenses that are to be paid by such Owners for such services, and which amounts shall include overhead expenses of the Master Association. Services which may be provided by the Master Association pursuant to this Section include, without limitation, (a) the construction, care, operation, management, maintenance, repair, replacement and renovation of Improvements or property owned by such Subassociation or Owner(s); (b) the provision of any services or functions to such area or Subassociation, such as trash removal; (c) the enforcement of the provisions of any Supplemental Declaration or any other document or agreement for, on behalf of, and in the name of the Subassociation or applicable Owners; (d) the collection of assessments for, in the name of, and on behalf of any Subassociation; (e) the payment of taxes or other amounts for a Subassociation or Owners with funds provided by such Subassociation or Owners; (f) the procurement of insurance for a Subassociation or Owners; (g) the collection of charges for use of facilities of a Subassociation; and (h) the appointment and supervision of a manager(s) for a Subassociation or area.

9. Lien for Assessments.

(a) The Master Association has a statutory lien on a Lot for any amount levied against that Lot or the Owner thereof, including for fines imposed against the Lot's Owner. Fees, charges, late charges, attorney fees, fines and interest charged pursuant to this Master Declaration are enforceable as assessments under this Article. The amount of the lien shall include all those items set forth in this Section from the time such items become due. If an assessment is payable in installments, each installment is a lien from the time it becomes

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due, including the due date set by any valid Master Association acceleration of installment obligations.

(b) Recording of this Master Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessments is required. However, the Board of Directors or managing agent of the Master Association may prepare, and record in the county in which the applicable Lot is located, a written notice setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot, and a description of the Lot. If a lien is filed, the costs and expenses thereof shall be added to the assessment for the Lot against which it is filed and collected as part and parcel thereof. The Master Association's lien may be foreclosed in like manner as a mortgage on real estate.

(c) A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within six (6) years after the full amount of assessments becomes due.

10. Priority of Master Association Lien.

(a) A lien under this Article IV is prior to all other liens and encumbrances on a Lot except:

(i) Liens and encumbrances recorded before the recordation of the Master Declaration;

(ii) A Security Interest on the Lot which has priority over all other security interests on the Unit and which was recorded before the date on which the assessment sought to be enforced became delinquent; and

(iii) Liens for real estate taxes and other governmental assessments or charges against the Lot.

(b) A lien under this Section is also prior to the Security Interests described in the preceding subsection (a)(ii) to the extent, if any, provided in CCIOA.

(c) This Section does not affect the priority of mechanics' or materialmen's liens or the priority of liens for other assessments made by the Master Association.

(d) The Master Association's lien on a Lot for assessments and other amounts shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Colorado or any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed to land subject to this Master Declaration shall constitute a waiver of the homestead and any other exemption as against said Master Association lien.

11. Certificate of Status of Assessments. The Master Association shall furnish to an Owner or such Owner's designee, or to a Security Interest Holder or its designee, upon written request delivered personally or by certified mail, first class postage prepaid, return receipt, to the Master Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's Lot. The statement shall be furnished within

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fourteen (14) calendar days after receipt of the request and is binding on the Master Association, the Board of Directors, and every Owner. If no statement is furnished to the Owner or Security Interest Holder or their designee, delivered personally (including delivery by telefax) or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party, then the Master Association shall have no right to assert a lien upon the Lot for unpaid assessments which were due as of the date of the request. The Master Association shall have the right to charge a reasonable fee for the issuance of such certificates.

12. Effect of Non-Payment of Assessments: Remedies of the Master Association. Any assessments not paid within ten (10) days after the due date thereof may bear interest from the due date at the rate of twenty-one percent (21%) per annum, or at such lesser rate as may be set from time to time by the Board of Directors, and the Board of Directors may assess thereon a late charge not in excess of Fifty and No/100 Dollars (\$50.00) per month. The Master Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot. If a judgment or decree is obtained, including, without limitation, in a foreclosure action, such judgment or decree shall include reasonable attorney's fee to be fixed by the court, together with the costs of the action, and may include interest and late charges, as above provided. No Owner may be exempt from liability for payment of any assessment by waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Lot against which the assessments are made, or because of dissatisfaction with the Master Association or its performance. This Article does not prohibit actions or suits to recover sums for which this Master Declaration creates a lien, nor does this Article prohibit the Master Association from taking a deed in lieu of foreclosure.

13. Surplus Funds. Any surplus funds of the Master Association remaining after payment of or provision for expenses of the Master Association, and any prepayment of or provision for reserves, shall be retained by the Master Association as reserves and need not be paid to the Owners or credited to them to reduce their future assessments.

14. Working Capital Fund. The Master Association shall require the first Owner (other than the Master Declarant or a Builder) of any Lot who purchases that Lot from the Master Declarant or a Builder to make a non-refundable contribution to the Master Association in an amount equal to Two Hundred and 00/100 Dollars (\$200.00) (regardless of whether or not annual assessments have commenced as provided in Section 5 of this Article). Said contribution shall be collected and transferred to the Master Association at the time of closing of the sale by Master Declarant or a Builder of each Lot and shall, until use, be maintained for the use and benefit of the Master Association, including, without limitation, to meet unforeseen expenditures or to purchase additional equipment, property or services. Such contribution to the working capital fund shall not relieve an Owner from making regular payments of assessments as the same become due. Upon the sale of his Lot, an Owner shall be entitled to reimbursement at closing (in the form of a credit on the closing settlement statement) from the purchaser of such Lot (but not from the Master Association) for the portion of the aforesaid contribution to working capital fund which has not been used by the Master Association at the time of conveyance of the Lot by such Owner.

15. Other Charges. The Master Association may levy and assess charges, costs and fees for matters such as, but not limited to, the following, in such reasonable amounts(s) as the Board of Directors may determine in its discretion at any time from time to time, including

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reimbursement of charges that are made to the Master Association by its managing agent or other Person: copying of Master Association or other documents; return check charges; charges for telefaxes; long distance telephone calls; transfer charges or fees upon transfer of ownership of a Lot; charges for notices and demand letters; and other charges incurred by the Master Association for or on behalf of any Owner(s). All such charges, costs and fees shall be in addition to the assessments levied by the Master Association, but shall be subject to all of the Master Association's rights with respect to the collection and enforcement of assessments.

16. Assessments for Misconduct. If any Master Association expense is caused by the misconduct of any Owner, as determined by the Board of Directors, the Master Association may assess that Master Association expense exclusively against such Owner and his Lot.

#### ARTICLE V. DESIGN REVIEW COMMITTEE

1. Composition of Committee. The Design Review Committee shall consist of two (2) or more persons appointed by the Board of Directors; provided, however, that until automatic termination of the Special Master Declarant Rights as provided in Article I, Section 29 hereof, the Master Declarant may appoint the Design Review Committee. The power to "appoint" as provided herein, shall include without limitation the power to: constitute the initial membership of the Design Review Committee; appoint member(s) to the Design Review Committee on the occurrence of any vacancy therein, for whatever reason; and remove any member of the Design Review Committee, with or without cause, at any time, and appoint the successor thereof. Each such appointment may be made for such term(s) of office, subject to the aforesaid power of removal, as may be set from time to time in the discretion of the appointor.

2. Review by Committee. Except as provided in the next sentence and in Section 13 of this Article, no Improvements shall be constructed, erected, placed, planted, applied or installed upon any Lot unless plans and specifications therefor (said plans and specifications to show exterior design, height, materials, color, and location of the Improvements, and type of landscaping, walls, windbreaks and grading plan, as well as such other materials and information as may be required by the Committee), shall have been first submitted to and approved in writing by the Design Review Committee. Commercial Lots shall be exempt from this Article. The Design Review Committee shall exercise its reasonable judgment to the end that all Improvements conform to and harmonize with the existing surroundings, residences, landscaping and structures, and that such Improvements are consistent with the Design Guidelines referenced in Section 4 of this Article. In its review of such plans, specifications and other materials and information, the Design Review Committee may require that the applicant(s) reimburse the Committee for the actual expenses incurred by the Committee in the review and approval process. Such amounts, if any, shall be levied in addition to the assessment against the Lot for which the request for Design Review Committee approval was made, but shall be subject to the Master Association's lien for assessments and subject to all other rights of the Master Association for the collection of such assessments, as more fully provided in this Master Declaration.

3. Procedures. The Design Review Committee shall decide each request for approval within forty-five (45) days after the complete submission of all plans, specifications and

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other materials and information which the Committee may require in conjunction therewith. If the Design Review Committee fails to decide any request within forty-five (45) days after the complete submission of all plans, specifications, materials and other information with respect thereto, then the application shall be deemed to have been denied.

4. Design Guidelines. The Design Review Committee, with the advice of the Board of Directors, may, at any time from time to time, enact, issue, promulgate, modify, amend, repeal, re-enact, and enforce, a Design Guidelines Manual for the Community, or other design or architectural guidelines, to interpret and implement the provisions of this Article and the Master Declaration. Without limiting the generality of the foregoing, such provisions may contain guidelines to clarify the types of designs and materials that may be considered in design approval, may state requirements for submissions in order to obtain review by the Committee, may state procedural requirements, and/or may specify acceptable Improvement(s) that may be installed without the prior approval of the Design Review Committee. The Committee shall have the authority to adopt one or more Design Guidelines that are different for different types of structures and/or Lots in the Community. Any architectural or design guidelines so adopted by the Committee shall be consistent, and not in conflict, with this Article and the Master Declaration.

5. Delegation (and Acceptance) of Design Review and Approval. The Master Declarant, during the time when the Master Declarant has the right to appoint the Design Review Committee, and the Board thereafter, may delegate any or all design review and/or approval functions pursuant to this Master Declaration to an architectural/design review committee appointed by one or more Subassociations, and may accept from an architectural/design review committee appointed by one or more Subassociations, delegation of any or all review and/or approval functions of such architectural/design review committee(s). The party with the right to appoint the Design Review Committee may, at any time, determine to reclaim the delegated rights. To reclaim the delegated rights, written notice must be given to the Board of Directors of any Subassociation to which such rights were delegated, that such right is being reclaimed by the Master Association, and the reclamation shall be effective upon receipt of the notice by the Board of Directors of the Subassociation. No delegation of design review and/or approval to any Subassociation shall constitute a waiver of the Master Association's right of design review and/or approval as provided in this Master Declaration.

6. Vote and Appeal. A majority vote of the Design Review Committee is required to approve a request for approval pursuant to this Article, unless the Committee has appointed a representative to act for it, in which case the decision of such representative shall control. In the event a representative acting on behalf of the Design Review Committee decides a request for architectural approval which is adverse to the applicant, then the applicant shall have the right to an appeal of such decision to the full Committee, upon a written request therefor submitted to the Committee within thirty (30) days after such decision by the Committee's representative.

7. Prosecution of Work After Approval. After approval of a request for architectural approval, the work to complete the same shall be accomplished as promptly and diligently as possible and in complete conformity with the approval. Either the failure to complete the proposed Improvement within one (1) year after the date of approval of the application therefor, or failure to complete the Improvement in accordance with the description and materials

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furnished to the Committee and the conditions imposed with such approval, shall constitute a violation of this Article.

8. Inspection of Work. The Design Review Committee or its duly authorized representative shall have the right to inspect any Improvement prior to, during or after completion of the same, in order to determine whether or not the proposed Improvement is being completed or has been completed in compliance with this Article and any approval therefor granted by the Committee. However, unless the Committee expressly states, in a written document, that an Improvement is being completed or has been completed in conformance with the approval therefor, no such conformance shall be implied from inspection of the Improvement either during the work or after completion thereof.

9. Records. The Design Review Committee shall maintain written records of all applications submitted to it and all actions taken by it thereon, and such records shall be available to Members for inspection at reasonable hours of the business day.

10. Variance. The Design Review Committee may grant reasonable variances or adjustments from any conditions and restrictions imposed by this Article or Article X hereof, in order to overcome practical difficulties or prevent unnecessary hardships arising by reason of the application of any such conditions and restrictions. Such variances or adjustments shall be granted only in case the granting thereof shall not be materially detrimental or injurious to the other property or Improvements in the neighborhood and shall not militate against the general intent and purpose hereof.

11. Waivers. The approval or consent of the Design Review Committee, or any representative thereof, to any application for architectural approval shall not be deemed to constitute a waiver of any right to withhold or deny approval or consent by the Committee or any representative thereof as to any application or other matters whatsoever as to which approval or consent may subsequently or additionally be required.

12. Liability. The Design Review Committee, and any members thereof, shall not be liable in equity or damages to any person submitting requests for approval or to any Owner by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove in regard to any matter within their jurisdiction hereunder. In reviewing any matter, the Design Review Committee shall not be responsible for the safety, whether structural or otherwise of the Improvements submitted for review, nor the conformance with applicable building codes or other governmental laws or regulations, and any approval of an Improvement by the Design Review Committee shall not be deemed an approval of any such matters. No Member or other Person shall be a third party beneficiary of any obligation imposed upon, rights accorded to, action taken by, or approval granted by the Design Review Committee.

13. Exemption for Master Declarant and Builders.

(a) Notwithstanding anything to the contrary contained in this Master Declaration, until automatic termination of the Special Master Declarant Rights as provided in Article I, Section 29 hereof, the Master Declarant shall be exempt from the provisions of this Article.

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(b) Notwithstanding anything to the contrary contained in this Master Declaration, as long as a Builder has received design approval from the Master Declarant, such Builder shall be exempt from the provisions of this Article. The exemption contained in this subsection shall expire upon the termination of the Special Master Declarant Rights as provided in Article I, Section 29 hereof.

## ARTICLE VI. INSURANCE

1. Insurance. The Master Association shall maintain insurance in connection with the Common Elements. The Master Association shall maintain insurance as required by applicable law or applicable regulation, including CCIOA, which insurance shall include, without limitation, property insurance, commercial general liability insurance, and fidelity coverage or fidelity bonds. In addition, the Master Association may maintain insurance on such other property, and/or against such other risks as the Board of Directors may elect in its discretion from time to time, including, but not limited to, personal liability insurance to protect directors and officers of the Master Association from personal liability in relation to their duties and responsibilities in acting as directors and officers on behalf of the Master Association.

2. Worker's Compensation Insurance. Subject to the following sentence, if the Master Association performs any work to or on a Lot or the structure(s) thereon, including without limitation any maintenance, repair or replacement, the Master Association shall obtain and maintain worker's compensation insurance. The Master Association need not carry worker's compensation insurance if the work performed by or on behalf of the Master Association is performed by a Person who carries worker's compensation insurance and the Master Association has obtained proof of such insurance. All policies of worker's compensation insurance shall be in conformance with state law.

3. General Provisions of Insurance Policies. Except for worker's compensation insurance which shall comply with Section 2 of this Article, all policies of insurance carried by the Master Association shall comply with this Section. All policies of insurance carried by the Master Association shall be carried in blanket policy form naming the Master Association as insured, or its designee as trustee and attorney-in-fact for all Owners, and each Owner shall be an insured person under such policies with respect to liability arising out of any Owner's membership in the Master Association. Additionally, each Owner and each Security Interest Holder shall be beneficiaries of the policy in a percentage equal to the Owner's Allocated Interest. The policy or policies shall contain a standard non-contributory Security Interest Holder's clause in favor of each Security Interest Holder and a provision that it cannot be canceled or materially altered by either the insured or the insurance company until at least thirty (30) days' prior written notice thereof is given to the insured and each Security Interest Holder, insurer or guarantor of a Security Interest. The Master Association shall furnish a certified copy or duplicate original of such policy or renewal thereof, with proof of premium payment and a certificate identifying the interest of the Owner in question, to any party in interest, including Security Interest Holders, upon request. All policies of insurance carried by the Master Association shall also contain waivers of subrogation. All policies shall contain waivers of any defense based on invalidity arising from any acts or neglect of an Owner where such Owner is not under the control of the Master Association.

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4. Deductibles. The Master Association may adopt and establish written non-discriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment. Any loss, or any portion thereof, which falls within the deductible portion of a policy that is carried by the Master Association, shall be borne by the Person who is responsible for the repair and maintenance of the property which is damaged or destroyed, may be apportioned among the Persons sharing in a joint duty of repair and maintenance, and/or may be partly or wholly borne by the Master Association, at the election of the Board of Directors. Notwithstanding the foregoing, after notice and hearing, the Master Association may determine that a loss, either in the form of a deductible to be paid by the Master Association or an uninsured loss, resulted from the act or negligence of one or more Owners. Upon said determination by the Master Association, any such loss or portion thereof may be assessed to the Owner(s) in question in such amount(s) as the Board of Directors deems appropriate, and the Master Association may collect such amount(s) from said Owner(s) in the same manner as any assessment.

5. Payment of Insurance Proceeds. Any loss covered by an insurance policy described in Section 1 of this Article must be adjusted with the Master Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Master Association, and not to any Security Interest Holder. The insurance trustee or the Master Association shall hold any insurance proceeds in trust for the Master Association, Owners and Security Interest Holders as their interests may appear. Subject to the provisions of Section 1 of Article VII of this Master Declaration, the proceeds must be disbursed first for the repair or restoration of the damaged property; and the Master Association, Owners and Security Interest Holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored and any budget or reserve deficit funded, or unless the Community is terminated.

6. Master Association Insurance as Primary Coverage. If at the time of any loss under any policy which is in the name of the Master Association, there is other insurance in the name of any Owner and such Owner's policy covers the same property or loss, or any portion thereof, which is covered by such Master Association policy, such Master Association policy shall be primary insurance not contributing with any of such other insurance. An Owner shall be liable to the Master Association for the amount of any diminution of insurance proceeds to the Master Association as a result of policies of insurance of an Owner, and the Master Association may collect the amount from said Owner in the same manner as any assessment. Any such Owner's policy shall also contain waivers of subrogation.

7. Acceptable Insurance Companies. Each insurance policy purchased by the Master Association must be written by an insurance carrier which is authorized by law to do business in the State of Colorado. The Master Association shall not obtain any policy where (a) under the terms of the insurance company's charter, bylaws, or policy, contributions or assessments may be made against the mortgagor or mortgagee's designee, or (b) under the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders or members, or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent mortgagees or any Owner from collecting insurance proceeds.



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8. Insurance to be Maintained by Owners. An insurance policy issued to the Master Association does not eliminate the need for Owners to obtain insurance for their own benefit. Insurance coverage on Improvements located on a Lot (unless the Subassociation, if any, with jurisdiction over such Lot elects in its discretion to carry such insurance), as well as on personal property belonging to an Owner, and public liability insurance coverage on each Lot, shall be the responsibility of the Owner of such Lot.

9. Annual Review of Insurance Policies. All insurance policies carried by the Master Association shall be reviewed at least annually by the Board of Directors to ascertain that the coverage provided by such policies adequately covers those risks intended to be insured by the Master Association.

## ARTICLE VII. DAMAGE OR DESTRUCTION

### 1. Damage or Destruction.

(a) Any portion of the Community for which casualty insurance is required to be carried by the Master Association under this Master Declaration which is damaged or destroyed must be repaired or replaced promptly by the Master Association unless:

- (i) The Community is terminated;
- (ii) Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;
- (iii) Sixty-seven percent (67%) of the Members, including every Member whose Lot will not be rebuilt, vote not to rebuild; or
- (iv) Prior to conveyance of any Lot to a Person other than the Master Declarant, a Security Interest Holder rightfully demands all or a substantial part of the insurance proceeds;

(b) The cost of repair or replacement that is covered by insurance carried by the Master Association, but which is in excess of insurance proceeds and reserves, is a Master Association expense. If the entire Community is not repaired or replaced, the insurance proceeds attributable thereto must be used to restore the damaged area to a condition compatible with the remainder of the Community and, except to the extent that other Persons will be distributees, the remainder of the proceeds must be distributed to all the Owners or lienholders, as their interests may appear, in proportion to the assessment liability of all the Lots. If the Members vote not to rebuild any Lot, that Lot's Allocated Interests are automatically reallocated upon the vote as if the Lot had been condemned as provided in Article XIV, Section 13 hereof, and the Master Association promptly shall prepare, execute and record an amendment to the Master Declaration reflecting such reallocations.

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2. Lots. Except as otherwise provided in Section 1 of this Article, any damage to or destruction of any structure located on a Lot shall be promptly repaired and reconstructed by the Owner(s) thereof. "Repaired and reconstructed," as used in this Section, shall mean restoring the structure to substantially the same condition in which it existed immediately prior to such damage or destruction, including having the same boundaries as before. However, if a structure located on a Lot shall be destroyed or so damaged that the structure is no longer habitable or useable for the purpose for which it was constructed, then the Owner of such Lot shall, within a reasonable time not to exceed 120 days after the event resulting in such damage or destruction, either commence and diligently pursue repair or reconstruction of the structure or demolish the same; provided, however, that no Owner of a Lot on which a Condominium Unit or attached structure is located may elect to demolish such Condominium Unit or attached structure unless all Condominium Units, and all attached structures, on such Lot are demolished. Demolition of a structure shall include removal of any foundation slab, basement walls and floors, regrading of the Lot to a level condition, and the installation of such landscaping as may be required by the Design Review Committee pursuant to a plan submitted to said Committee by the Owner of said Lot. If the Owner of a Lot does not either commence repair, reconstruction or demolition activities (if demolition is a permitted option) within a reasonable time, as provided above, and diligently pursue the same in conformance with the plans approved by the Design Review Committee, then the Master Association may, in its reasonable discretion, after providing the notice required in Article VIII, Section 3 hereof, enter upon the Lot for the purpose of completing such repair and reconstruction or demolishing the structure and then landscape the Lot in conformance with approved plans. The cost related to such repair and reconstruction or demolition and landscaping shall be the personal obligation of the Owner of the Lot on which such work is performed and shall be subject to all the terms and provisions applicable to assessments as provided in Article IV hereof, including without limitation, interest, late charges, attorneys' fees and lien rights.

#### ARTICLE VIII. EXTERIOR MAINTENANCE

1. Insurance. The Master Association shall carry, or shall ensure that its contractors carry, worker's compensation insurance as provided in Article VI at any time that the Master Association performs, or causes to be performed, maintenance, repair or replacement.

2. General.

(a) Maintenance, repair or replacement of the Common Elements and all Improvements located thereon, and of any drainage structure or facilities, or other public Improvements required by the local governmental entity as a condition of development of the Community or any part thereof, shall be the responsibility of the Master Association unless such Improvements have been dedicated to and accepted by the local governmental entity for the purpose of maintenance, repair or replacement or unless such maintenance, repair or replacement has been authorized by law to be performed by a special district or other municipal or quasi-municipal entity. Without limiting the generality of the foregoing, the Master Association shall maintain and repair the Common Elements described or shown on the attached Exhibit B, and the Improvements thereon. Further, the Master Association may provide such other maintenance, repair and replacement as the Board of Directors deems appropriate from time to time, including without limitation publicly-dedicated property and Improvements located thereon. The costs to be expended for such

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maintenance and repair shall, subject to Section 5 of this Article, be collected by the Master Association as assessments as provided in Article IV hereof.

(b) Except as provided in subsection (a) above, or pursuant to Article IV, Section 8 of this Master Declaration, the maintenance, repair and replacement of each Lot, and the Improvements thereon, shall be the responsibility of the Owner of such Lot. Additionally, each Owner shall be responsible for maintaining all landscaping to the edge of the street(s) to which such Owner's Lot is adjacent, including any landscaped area between a sidewalk and such street(s).

3. Master Association's Right to Repair, Maintain and Reconstruct. In the event any Owner shall fail to perform his maintenance, repair and/or reconstruction obligations in a manner satisfactory to the Board of Directors, the Master Association may, if said failure continues for a thirty (30) day period after written notice to said Owners by the Board, enter upon said Lot subsequent to the expiration of said thirty (30) day time period to perform any or all of such maintenance, repair or reconstruction. The cost of such maintenance, repair or reconstruction shall be the personal obligation of the Owner of the Lot on which such work is performed, and shall be subject to all of the terms and provisions applicable to assessments as provided in Article IV hereof including, without limitation, interest, late charges and lien rights.

4. Maintenance of and Non-Interference with Grade and Drainage; Some Irrigation Recommendations Around Foundations and Slabs.

(a) Each Owner shall maintain the grading on his Lot (including grading around the building foundation), and the Association shall maintain the grading on the Common Elements, at the slope and pitch fixed by the final grading thereof, including landscaping and maintenance of the slopes, so as to maintain the established drainage. Each Owner and the Association agree, for themselves and their successors and assigns, that they will not in any way interfere with the established drainage pattern over any real property which they have a duty to maintain, from adjoining or other real property. For purposes of this Section, "established drainage" is defined as the drainage which exists at the time final grading by the Master Declarant is completed.

(b) The Owner of a Lot should not plant flower beds (especially annuals), vegetable gardens and other landscaping which requires regular watering, within five (5) feet of the foundation of the structure, or within five (5) feet of any slab, on the Lot. If evergreen shrubbery is located within five (5) feet of any foundation wall or slab, then the Owner of the Lot should water such shrubbery by "controlled hand-watering," and should avoid excessive watering. Further, piping and heads for sprinkler systems should not be installed within five (5) feet of foundation walls and slabs.

5. Acts or Omissions. Notwithstanding anything to the contrary contained in this Master Declaration, in the event that the need for maintenance, repair or reconstruction of the Common Elements, a Lot, or any Improvements located thereon, is caused by the act or omission of any Owner, or by the act or omission of any member of such Owner's family or by a tenant, guest or invitee of such Owner, the cost of such repair, maintenance, reconstruction or expense to avoid such damage shall be the personal obligation of such Owner to the extent that said Owner would be liable for the acts of such Persons under the laws of the State of Colorado; and any costs, expenses and fees incurred by the Master Association for such maintenance, repair or

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reconstruction shall be added to the assessment to which such Owner's Lot is subject and shall be subject to all of the terms and provisions of Article IV of this Master Declaration. A determination of the act or omission of any Owner, or any member of an Owner's family or a tenant, guest or invitee of any Owner, and the amount of the Owner's liability therefor, shall be determined by the Master Association at a hearing after notice to the Owner, provided that any such determination which assigns liability to any Owner pursuant to the terms of this Section may be appealed by said Owner to a court of law.

## ARTICLE IX. EASEMENTS

1. Other Easements. In addition to any other easements which may be granted or reserved elsewhere in this Master Declaration, the following Sections describe easements to which the Community is or may be subject.

2. Maintenance, Repair and Replacement Easement. Each Owner hereby grants to the Master Association and the other Owners, and to their agents and employees and contractors, a right and easement on, over, across and through such Owner's Lot (except for the residence on such Lot) for maintenance, repair and replacement as provided in this Master Declaration. If damage is inflicted, or a strong likelihood exists that it will be inflicted, on the Common Elements, any other property, or any Lot, the Owner responsible for the damage or expense to avoid damage, or the Master Association if it is responsible, is liable for the cost of prompt repair. Further, each Lot shall be subject to an easement in favor of the Master Association (including its agents, employees and contractors) for performing maintenance, repair and/or reconstruction as provided in Article VIII during reasonable hours after reasonable notice to the Owners or occupants of any affected Lot, except that in emergency situations entry upon a Lot may be made at any time provided that the Owner or occupants of each affected Lot shall be warned of impending emergency entry as early as is reasonably possible.

3. Utilities Easement. Master Declarant hereby reserves a blanket easement upon, across, over and under the Common Elements for utilities and the installation, replacement, repair and maintenance of utilities, including, but not limited to, water, sewer, gas, telephone, electricity, computer cable, and master television antenna or cable or satellite television systems, if any. By virtue of this blanket easement it shall be expressly permissible to erect and maintain the necessary facilities, equipment and appurtenances on the Common Elements and to affix, repair, and maintain water and sewer pipes, gas, electric, telephone, computer and television wires, cables, circuits, conduits and meters. In the event any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, Master Declarant reserves and is hereby given the right and authority to grant such easement upon, across, over or under any part or all of the Common Elements without conflicting with the terms hereof; provided, however, that such right and authority shall automatically terminate at such time as the Special Master Declarant Rights terminate as provided in Article I, Section 29 hereof, at which time said reserved right shall vest in the Master Association. The easement provided for in this Section shall in no way affect, avoid, extinguish or modify any other recorded easement(s) on the Common Elements.

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4. Easement for Encroachments. To the extent that any Lot or Common Elements encroaches on any other Lot or Common Elements, a valid easement for the encroachment exists.

5. Drainage Easement. In addition to those drainage easements which may be shown on the plat(s) of the Community, Master Declarant hereby reserves, to itself and to the Master Association, easements for drainage or drainage facilities across the five (5) rear and five (5) side feet of each Lot. No Improvements shall be placed or permitted to remain on any Lot nor shall any change in grading be permitted to exist which may change the direction of flow or obstruct or retard the flow of water through channels or swales within such rear and side yard drainage easements. Master Declarant reserves to itself and to the Master Association the right to enter in and upon each five foot rear and side yard drainage easements, at any time, to construct, repair, replace or change drainage structures or to perform such grading, drainage or corrective work as Master Declarant or the Master Association may deem necessary or desirable in their sole discretion from time to time; provided, however, that such right and authority shall automatically terminate at such time as the Special Master Declarant Rights terminate as provided in Article I, Section 29 hereof, at which time said reserved right shall vest solely in the Master Association.

6. Easement for Unannexed Property. The Master Declarant hereby reserves, for the use and benefit of the Annexable Area, a non-exclusive, perpetual easement and right-of-way for pedestrian and vehicular access, ingress and egress, on, over and across the roads, driveways, streets, sidewalks, accessways and similar Common Elements, now or hereafter constructed, erected, installed or located in or on the Community, and on, over, across and under the Common Elements for utilities and the construction, location, erection, installation, storage, maintenance, repair, renovation, replacement and use of any utilities Improvements that may now or hereafter serve the Annexable Area or any portion thereof (herein the "Annexable Area Easement"). By virtue of this Annexable Area Easement, the Master Declarant generally intends to provide for pedestrian and vehicular access and for utilities services, to those portion(s) of the Annexable Area which have not been included, from time to time, in the Community pursuant to Article XIV, Section 5 hereof. Hence, the Annexable Area Easement shall be in effect for each portion of the Annexable Area, from and after recording of this Master Declaration, but shall cease to be effective as to each portion of the Annexable Area at such time as both of the following have occurred with respect to such portion of the Annexable Area: annexation of such portion of the Annexable Area to this Master Declaration pursuant to the aforesaid Section; and expiration of the Master Declarant's right to withdraw such portion of the Annexable Area from this Master Declaration.

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## ARTICLE X. RESTRICTIONS

1. General Plan. It is the intention of the Master Declarant to establish and impose a general plan for the improvement, development, use and occupancy of the Residential Lots and Apartment Lots. The use of individual Apartment Units or Residential Lots may also be subject to lease terms or other restrictions more restrictive than this Article, which restrictions may be adopted by the Owner of such Lot. Commercial Lots are expressly exempted from the provisions of this Article.

2. Restrictions Imposed. This Community is subject to the recorded easements, licenses and other matters listed on Exhibit C, attached hereto and incorporated herein by this reference. In addition, the Master Declarant declares that all of the Residential Lots and Apartment Lots (and the Apartment Units thereon) shall be held and shall henceforth be sold, conveyed, used, improved, occupied, owned, resided upon and hypothecated, subject to the following provisions, conditions, limitations, restrictions, agreements and covenants, as well as those contained elsewhere in this Master Declaration.

3. Residential Use. Subject to Section 7 of Article XIV, Residential Lots and Apartment Units shall be used for residential use only, including uses which are customarily incident thereto, and shall not be used at any time for business, commercial or professional purposes; provided, however, that an Owner or tenant may use his Residential Lot or Apartment Unit for professional or home occupation(s) so long as the applicable zoning permits such use, there is no external evidence thereof, the amount of traffic or the number of persons in the community is not increased as a result of such usage, and no unreasonable inconvenience to other residents of the Lots is created thereby.

4. Household Pets. No animals, livestock, birds, poultry, reptiles or insects of any kind shall be raised, bred, kept or boarded in or on the Residential Lots or Apartment Lots; provided, however, that the Owners of each Residential Lot and the tenants of each Apartment Unit may keep a reasonable number of dogs, cats, or other domestic animals which are bona fide household pets (other than pot-bellied pigs), so long as such pets are not kept for any commercial purpose and are not kept in such number or in such manner as to create a nuisance to any resident of the Lots. The Master Association shall have, and is hereby given, the right and authority to determine in its sole discretion that dogs, cats or other household pets are being kept for commercial purposes or are being kept in such number or in such manner as to be unreasonable or to create a nuisance, or that an Owner or tenant is otherwise in violation of the provisions of this Section, and to take such action or actions as it deems appropriate to correct the same. An Owner's or tenant's right to keep household pets shall be coupled with the responsibility to pay for any damage caused by such pets, as well as any costs incurred by the Master Association as a result of such pets, and any such costs and damages shall be subject to all of the Master Association's rights with respect to the collection and enforcement of assessments as provided in Article IV hereof.

5. Temporary Structures; Unsightly Conditions. Except as hereinafter provided, no structure of a temporary character, including, but not limited to, a house trailer, tent, shack, storage shed (except as otherwise provided in Section 6(h) of this Article), or outbuilding shall be placed or erected upon any Residential Lot or Apartment Lot; provided, however, that during the actual

construction, alteration, repair or remodeling of a structure or other Improvements, necessary temporary structures for storage of materials and construction offices may be erected and maintained by the person doing such work. The work of constructing, altering or remodeling any structure or other Improvements shall be prosecuted diligently from the commencement thereof until the completion thereof. Further, no unsightly conditions, structures, facilities, equipment or objects shall be so located on any Residential Lot or Apartment Lot (including the Apartment Units thereon) as to be visible from a street or from any other Lot.

6. Miscellaneous Improvements.

(a) No advertising or signs of any character shall be erected, placed, permitted, or maintained on any Residential Lot or Apartment Lot (including the Apartment Units thereon) other than a name plate of the occupant and a street number, and except for a "For Sale," "Open House," "For Rent" or security sign(s) of not more than a total of five (5) square feet; provided, however, each Apartment Lot shall be entitled to five (5) square feet of signage for each five (5) Apartment Units located on such Apartment Lot. Notwithstanding the foregoing, reasonable signs, advertising, or billboards used by the Master Declarant and/or any Builder (with the written consent of the Master Declarant) in connection with the sale or rental of the Lots, or otherwise in connection with development of or construction on the Lots, shall be permissible.

(b) No wood piles or storage areas shall be so located on any Residential Lot or Apartment Lot as to be visible from a street or from the ground level of any other Lot.

(c) No types of refrigerating, cooling or heating apparatus shall be permitted on a roof and no such apparatus shall be permitted elsewhere on a Residential Lot or Apartment Lot (including the Apartment Units thereon), except when appropriately screened and approved by the Design Review Committee subject to any provisions of the Design Guidelines.

(d) Except as may otherwise be permitted by the Design Review Committee, subject to any provisions of the Design Guidelines, no exterior radio antenna, television antenna, or other antenna, satellite dish, or audio or visual reception device of any type shall be placed, erected or maintained on any Residential Lot or Apartment Lot (including the Apartment Units thereon), except inside a residence or otherwise concealed from view; provided, however, that any such devices may be erected or installed by the Master Declarant during its sales or construction upon the Lots; and provided further, however, that the requirements of this subsection shall not apply to those "antennae" (including certain satellite dishes) which are specifically covered by the Telecommunications Act of 1996, as amended from time to time, or regulations adopted thereunder. As to "antennae" (including certain satellite dishes) which are specifically covered by the Telecommunications Act of 1996, as amended, or regulations adopted thereunder, the Master Association shall be empowered to adopt rules and regulations governing the types of "antennae" (including certain satellite dishes) that are permissible and, to the extent permitted by the Telecommunications Act of 1996, as amended, or regulations adopted thereunder, establishing reasonable, non-discriminatory restrictions or requirements relating to appearance, safety, location and maintenance.

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(e) Except as provided in the following sentence, no fences shall be permitted except, subject to any provisions of the Design Guidelines, with the prior, written approval of the Design Review Committee. However, the foregoing requirement for approval by the Committee shall not apply to such fences as may be constructed, installed or located by the Master Declarant prior to expiration of the Special Master Declarant Rights as provided in Article I, Section 29 hereof, nor to fences constructed, installed or located by a Builder with the prior written approval of the Master Declarant prior to expiration of the Special Master Declarant Rights as provided in Article I, Section 29 hereof.

(f) No wind generators, clotheslines, drying yards, or service yards, shall be constructed, installed, erected or maintained on any Residential Lot or Apartment Lot (including the Apartment Units thereon).

(g) Dog runs shall be permitted on Residential Lots only with the prior approval of the Design Review Committee, subject to any provisions of the Design Guidelines and shall not be permitted on Apartment Lots.

(h) Notwithstanding Section 5 of this Article, permanent storage sheds shall be permitted on Residential Lots but only with the prior approval of the Design Review Committee, subject to any provisions of the Design Guidelines. Permanent storage sheds shall not be permitted on Apartment Lots.

7. Vehicular Parking, Storage and Repairs.

(a) No house trailer, camping trailer, boat trailer, hauling trailer, jet ski, boat, or accessories thereto, truck (excluding pickup trucks that are 1 ton or less), self-contained motorized recreational vehicle, or other type of recreational or commercial vehicle or equipment, may be parked or stored on an Apartment Lot, nor on any Residential Lot, unless such parking or storage is entirely within the garage area of any Residential Lot or will be suitably screened from view in accordance with the requirements, and prior written approval of, the Design Review Committee (subject to any provisions of the Design Guidelines). However, any such vehicle may be otherwise parked as a temporary expedient for loading, delivery, or emergency. This restriction, however, shall not restrict trucks or other commercial vehicles which are necessary for construction or maintenance of any portion of the Community or any Improvements located thereon.

(b) Except as otherwise provided in this and the next sentence, no recreation vehicles, or disassembled or partially disassembled vehicles of any type, shall be parked, stored, maintained, or used in the front yard or driveway of any Residential Lot (unless such parking or storage will be within the fully enclosed garage of a Residential Lot) or Apartment Lot (unless such parking or storage will be suitably screened from view in accordance with the requirements, and prior written approval, of the Design Review Committee). However, recreation vehicles and motor homes may be temporarily parked for a maximum of three (3) consecutive days in the driveway of a Residential Lot or the parking lot of an Apartment Lot. Recreation vehicles shall include, but not be limited to, motorhomes, pick-up trucks with camper shells, trailers, motorcycles, motorbikes,



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snowmobiles, jet skis, all-terrain vehicles, and other apparatus intended for use on land, water, or the air, and the trailers used for their transportation.

(c) Except as hereinabove provided, no abandoned or inoperable automobiles or vehicles of any kind shall be stored or parked in the Community. An "abandoned or inoperable vehicle" shall be defined as any automobile, truck, motorcycle, or other similar vehicle, which has not been driven under its own propulsion for a period of forty-eight (48) hours or longer, or which does not have an operable propulsion system installed therein, or which is not then currently registered and licensed; provided, however, that otherwise permitted vehicles parked by Owners while on vacation (for a maximum of two (2) weeks) or during a period of illness shall not be deemed to be abandoned.

(d) In the event the Master Association shall determine that a vehicle is parked or stored on any Residential Lot or Apartment Lot in violation of subsections (a), (b), or (c) of this Section, then a written notice describing said vehicle shall be personally delivered to the owner thereof (if such owner can be reasonably ascertained) or shall be conspicuously placed upon the vehicle (if the owner thereof cannot be reasonably ascertained), and if the vehicle is not removed within a reasonable time thereafter, as determined by the Master Association in its discretion from time to time, the Master Association shall have the right to remove the vehicle at the sole expense of the owner thereof.

(e) No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting or servicing of any kind of vehicles, trailers or boats, may be performed or conducted in the Community unless it is done within completely enclosed structure(s) which screen the sight and sound of the activity from the street and from adjoining property. The foregoing restriction shall not be deemed to prevent washing and polishing of any motor vehicle, boat, trailer, motor-driven cycle, or other vehicle, together with those activities normally incident and necessary to such washing and polishing.

8. Nuisances. No nuisance shall be permitted in the Community nor any use, activity or practice which is a source of annoyance or embarrassment to, or which offends or disturbs the resident of any Lot or which interferes with the peaceful enjoyment or possession and proper use of any Lot, or any portion thereof, by its residents. As used herein, the term "nuisance" shall not include any activities of Master Declarant or a Builder which are reasonably necessary to the development and construction of, and sales activities in, the Community; provided, however, that such activities of the Master Declarant and Builders shall not unreasonably interfere with any Owner's use and enjoyment of his Lot, or with any Owner's ingress and egress to or from his Lot and a public way. No noxious or offensive activity shall be carried on in the Community nor shall anything be done or placed in the Community which is or may become a nuisance or cause embarrassment, disturbance or annoyance to others. Further, no improper, offensive or unlawful use shall be permitted in the Community or any portion thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction over the Community, or any portion thereof, shall be observed.

9. No Hazardous Activities; No Hazardous Materials or Chemicals. No activities shall be conducted on any Residential Lot, any Apartment Lot, or within Improvements constructed on any Residential Lot or Apartment Lot which are or might be unsafe or hazardous to any person or

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property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Residential Lot or Apartment Lot (including the Apartment Units thereon) and no open fires shall be lighted or permitted on any Residential Lot or Apartment Lot (including the Apartment Units thereon) except in a contained barbecue unit while attended and in use for cooking purposes or within an interior fireplace, or except such campfires or picnic fires on property which may be designated for such use by the Master Association. Further, no hazardous materials or chemicals shall at any time be located, kept or stored in, on or at any Residential Lot or Apartment Lot (including the Apartment Units thereon) except such as may be contained in household products normally kept at homes for use of the residents thereof and in such limited quantities so as to not constitute a hazard or danger to person or property.

10. No Annoying Light, Sounds or Odors. No light shall be emitted from any Residential Lot or Apartment Lot (including the Apartment Units thereon) which is unreasonably bright or causes unreasonable glare; no sound shall be emitted from any Residential Lot or Apartment Lot (including the Apartment Units thereon) which is unreasonably loud or annoying; and no odor shall be permitted from any Residential Lot or Apartment Lot (including the Apartment Units thereon) which is noxious or offensive to others. Any exterior lighting installed or maintained on a Residential Lot, Apartment Lot or Improvements(s) shall either be indirect or of such controlled focus and intensity so as not to disturb the residents of adjacent or nearby property.

11. Restrictions on Trash and Materials. No refuse, garbage, trash, lumber, grass, shrubs or tree clippings, plant waste, metal, bulk materials, scrap or debris of any kind shall be kept, stored, or allowed to accumulate except inside the residence on any Residential Lot, or inside the Apartment Units on an Apartment Lot, nor shall any such items be deposited on a street, unless placed in a suitable container suitably located solely for the purpose of garbage pickup. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No garbage or trash cans or receptacles shall be maintained in an exposed or unsightly manner.

12. Lots to be Maintained. Each Residential Lot and Apartment Lot shall at all times be kept in a clean, sightly and wholesome condition by the Owner thereof. No trash, litter, junk, boxes, containers, bottles, cans, implements or machinery shall be permitted to remain upon any Residential Lot or Apartment Lot except as necessary during the period of construction or as provided in Section 11 of this Article.

13. Leases. The term "lease," as used herein, shall include any agreement for the leasing or rental of a Residential Lot or an Apartment Lot (including the Apartment Units thereon), or any portion thereof, and shall specifically include, without limitation, month-to-month rentals and subleases. Any Owner shall have the right to lease his Residential Lot or Apartment Lot (including the Apartment Units thereon), or any portion thereof, under the following conditions:

(a) All leases shall be in writing; and

(b) All leases shall provide that the terms of the lease and lessee's occupancy of the leased premises shall be subject in all respects to the provisions of this Master Declaration, and the Articles of Incorporation, Bylaws and rules and regulations of the

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Master Association; and that any failure by the lessee to comply with any of the aforesaid documents, in any respect, shall be a default under the lease.

14. Landscaping of Residential Lots. Those portions of each Residential Lot (on which has been constructed a detached single residential dwelling) that are not used for Improvements shall be landscaped utilizing long-lived ground cover, sod, shrubs, trees and other materials. Short-lived and non-living, durable landscape materials may be utilized only as a supplement to long-lived elements. Every Residential Lot improved with a detached single residential dwelling shall be landscaped by the first Owner thereof (other than Master Declarant or a Builder), with the prior, written approval of the Design Review Committee: within one hundred eighty (180) days after acquisition of such Residential Lot by such Owner from the Master Declarant or a Builder, if such acquisition occurs during the growing season (from April 1 through October 1 of each year); and during the next growing season if such acquisition does not occur during the growing season. The landscaping of each Residential Lot (on which has been constructed a detached single residential dwelling), having once been installed, shall be maintained by the Owner thereof in a neat, attractive, sightly and well kept condition, which shall include lawns mowed, hedges trimmed, adequate watering, replacement of dead, diseased or unsightly materials, removal of weeds and debris and appropriate pruning of plant materials. If any Owner of a Residential Lot fails or refuses to install or maintain landscaping, as hereinabove provided, then the Master Association may, at the direction of the Board of Directors, enter upon such Residential Lot (but not inside the residence thereon) and install or maintain landscaping on such Residential Lot and the Owner thereof shall be obligated to pay for the same, in accordance with and subject to the provisions of Article VIII, Section 3 hereof.

## ARTICLE XI. PROPERTY RIGHTS IN THE COMMON ELEMENTS

1. Owners' Easements of Enjoyment. Subject to this Article, every Owner shall have a non-exclusive right and easement for the purpose of access to their Lots and for use for all other purposes, in and to the Common Elements, and such easement shall be appurtenant to and shall pass with the title to every Lot. However: no use shall be made of the Common Elements which will in any manner violate the statutes, rules, or regulations of any governmental authority having jurisdiction over the Common Elements; no Owner shall engage in any activity which will temporarily or permanently deny free access to any part of the Common Elements to all Members, nor shall any Owner place any structure whatsoever upon the Common Elements; and no use shall ever be made of the Common Elements which will deny ingress and egress to those Owners having access to their Lots only over Common Elements, and the right of ingress and egress to said Lots is hereby expressly granted.

2. Extent of Owners' Easements. In addition to the foregoing limitations and the other provisions of this Master Declaration, the rights and easements of enjoyment created hereby shall be subject to the following (which are hereby granted):

(a) The right of the Master Association to borrow money for the purpose of improving the Common Elements and to mortgage said property as security for any such loan; provided, however, that the Master Association may not subject any portion of the Common Elements to a Security Interest except in accordance with CCIOA; and

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(b) The right of the Master Association to take such steps as are reasonably necessary to protect the Common Elements against foreclosure; and

(c) The right of the Master Association to promulgate and publish rules and regulations with which each Member shall strictly comply, including, but not limited to, the right of the Master Association to regulate and/or restrict vehicular parking and Improvements; and

(d) The right of the Master Association to suspend the voting rights of a Member for any period during which any assessment against his Lot remains unpaid and, for a period not to exceed sixty (60) days, for any infraction of the Master Association Bylaws or the rules and regulations of the Master Association; and

(e) The right of the Master Association to dedicate or transfer all or any part of the Common Elements owned by the Master Association to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer shall be effective unless the same is done in accordance with CCIOA. Notwithstanding the foregoing, the granting of permits, licenses and easements for public utilities, roads or for other purposes reasonably necessary or useful for the proper maintenance or operation of the Community shall not be deemed a transfer within the meaning of this subsection; and

(f) The right of the Master Association, through its Board of Directors, to enter into, make, perform or enforce any contracts, leases, agreements, licenses, easements and rights-of-way, for the use of real property or Improvements by Owners, other Persons, their family members, guests and invitees, for any purpose(s) the Board of Directors may deem to be useful, beneficial or otherwise appropriate; and

(g) The right of the Master Association to close or limit the use of the Common Elements while maintaining, repairing and making replacements in the Common Elements.

3. Master Declarant's Use of Common Elements. An easement is hereby granted to the Master Declarant through the Common Elements as may be reasonably necessary for the purpose of discharging any of Master Declarant's obligations or exercising any rights of the Master Declarant, including without limitation Special Master Declarant Rights. No Owner shall engage in any activity which will temporarily or permanently interfere with this easement through the Common Elements.

4. Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Elements and facilities to the members of his family, his tenants, or contract purchasers who reside on his Lot.

5. Payment of Taxes or Insurance by Security Interest Holders. Security Interest Holders shall have the right, jointly or singly, to pay taxes or other charges or assessments which are in default and which may or have become a lien against the Common Elements and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the

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lapse of a policy for the Common Elements, and any Security Interest Holders making any such payments shall be owed immediate reimbursement therefor from the Master Association.

6. Conveyance or Encumbrance of Common Elements. Portions of the Common Elements may be conveyed or subjected to a Security Interest by the Master Association only in accordance with CCIOA and this Master Declaration.

7. Designation of Common Elements. Master Declarant in recording this Master Declaration has designated certain areas of land as Common Elements intended for the common use and enjoyment of Owners for recreation and other related activities, as provided in this Master Declaration and other applicable documents. The Common Elements owned by the Master Association is not dedicated hereby for use by the general public.

8. Duty to Accept Property and Facilities Transferred by Master Declarant. The Master Association shall accept title to any Common Elements, including Improvements thereon, as well as personal property, equipment, and easements, transferred to the Master Association by the Master Declarant, together with responsibility to perform all duties and functions of the Master Association which are set forth in this Master Declaration or otherwise assumed by the Master Association. As of the date of recording of this Master Declaration, interests which are planned to be transferred by the Master Declarant to the Master Association are planned to consist only of fee simple title to Common Elements to be located in the property described on the attached Exhibit A and/or the Annexable Area and/or easements.

## ARTICLE XII.

### SECURITY INTERESTS IN CONDOMINIUM UNITS

1. Applicability of Article. Until and unless, a Condominium Unit which is designated as a Residential Lot is included within the Community, this Article shall not apply. This Article shall become applicable upon, and only upon, subjection to this Master Declaration of any Condominium Unit which is designated as a Residential Lot.

2. Approval by Members and Security Interest Holders of First Security Interests on Residential Lots. Notwithstanding any provisions of this Master Declaration to the contrary, the Master Association shall not:

(a) except as provided by statute, in case of condemnation or substantial loss to the Lots and/or Common Elements, unless it has obtained the prior written approval of the Owners (other than the Master Declarant) casting at least sixty-seven percent (67%) of the votes in the Master Association or of those Security Interest Holders holding at least sixty-seven percent (67%) of the first Security Interests in Residential Lots (based upon one vote for each such first Security Interest owned) in the Community:

(i) by act or omission seek to abandon or terminate the Community;

(ii) change the pro rata interest or obligations of any Lot in order to levy assessments or charges, allocate distribution of hazard insurance proceeds or condemnation awards, or determine the pro rata share of ownership of each Lot in

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the Common Elements (however, this requirement will be deemed waived to the extent necessary to allow phasing, add-ons, or annexations in accordance with this Master Declaration);

(iii) partition or subdivide any Lot;

(iv) seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements by act or omission. The granting of easements for public utilities or other public purposes consistent with the intended use of the Common Elements by the Master Association is not a transfer within the meaning of this clause. (However, this requirement will be deemed waived to the extent necessary to allow phasing, add-ons, or annexations, in accordance with this Master Declaration);

(v) use hazard insurance proceeds for losses to any property (whether Lots or Common Elements) for other than the repair, replacement, or reconstruction of such property.

(b) Unless it has obtained the consent of Owners who represent at least sixty-seven percent (67%) of the total allocated votes in the Master Association, and of Security Interest Holders of first Security Interests in Residential Lots who represent at least fifty-one percent (51%) of the Residential Lots in the Community that are subject to such first Security Interests (and who have submitted a written request that the Master Association notify them of any proposed action requiring the consent of a specified percentage of Security Interest Holders of first Security Interests), add or amend any material provisions of this Master Declaration, the Articles of Incorporation or Bylaws of the Master Association which govern any of the following, provided that the implied approval of any Security Interest Holder of a first Security Interest shall be assumed if such Security Interest Holder fails to submit a response to any written proposal for an amendment within thirty (30) days after such Security Interest Holder receives proper notice of the proposal delivered by certified or registered mail with a "return receipt" requested:

(i) voting rights;

(ii) increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens, or the priority of assessment liens;

(iii) reductions in reserves for maintenance, repair, and replacement of the Common Elements;

(iv) responsibility for maintenance and repairs;

(v) reallocation of interests in the Common Elements, or rights to their use;

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- (vi) redefinition of any Lot boundaries;
  - (vii) convertibility of Lots into Common Elements or vice versa;
  - (viii) expansion or contraction of the Community, or the addition, annexation or withdrawal of property to or from the Community;
  - (ix) hazard or fidelity insurance requirements;
  - (x) imposition of any restrictions on the leasing of Lots;
  - (xi) imposition of any restrictions on an Owner's right to sell or transfer his or her Lot;
  - (xii) a decision by the Master Association (if the Community consists of fifty (50) or more Lots) to establish self-management if professional management had been required previously by the Master Declaration, the Articles of Incorporation, or Bylaws of the Master Association, or by a Security Interest Holder of a first Security Interest on a Residential Lot;
  - (xiii) restoration or repair of the Community (after a damage or partial condemnation) in a manner other than that specified in this Master Declaration, the Articles of Incorporation, or Bylaws of the Master Association; or
  - (xiv) any provisions that expressly benefit Security Interest Holders of Security Interests on Residential Lots, or insurers or guarantors of Security Interests on Residential Lots.

3. Termination of Legal Status. Any action to terminate the legal status of the Community after substantial destruction or condemnation occurs shall be agreed to by Owners who represent at least sixty-seven percent (67%) of the total allocated votes in the Master Association and by Security Interest Holders of first Security Interests on Residential Lots who have submitted a written request that the Master Association notify them on any proposed action requiring the consent of a specified percentage of Security Interest Holders of first Security Interests and who represent at least fifty-one percent (51%) of the votes of the Residential Lots that are subject to such first Security Interests. Termination of the legal status of the Community for reasons other than substantial destruction or condemnation of the Community shall be permitted if agreed to by Security Interest Holders of first Security Interests on Residential Lots who have submitted a written request that the Master Association notify them of any proposed action requiring the consent of a specified percentage of such Security Interest Holders and who represent at least sixty-seven percent (67%) of the votes of the Residential Lots subject to first Security Interests.

4. Notice of Action. Upon written request to the Master Association, identifying the name and address of the Security Interest Holder of a first Security Interest on a Residential Lot or insurer or guarantor of the first Security Interest, and the residence address of the Residential Lot which is subject to such first Security Interest, each Security Interest Holder of a first

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Security Interest on a Residential Lot, or insurer or guarantor of a first Security Interest on a Residential Lot, shall be entitled to timely written notice of:

(a) any condemnation loss or casualty loss which affects either a material portion of the Community or any Residential Lot subject to a first Security Interest held, insured or guaranteed by such Security Interest Holder, insurer or guarantor of a first Security Interest;

(b) any delinquency in the payment of assessments or charges owed to the Master Association by the Owner of the Residential Lot subject to a first Security Interest held, insured or guaranteed by such Security Interest Holder, insurer or guarantor, when such delinquency remains uncured for a period of sixty (60) days;

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

(d) any proposed action that requires the consent of a specified percentage of Security Interest Holders of first Security Interests on Residential Lots as provided in this Article.

5. Audit. At any time after the date when the Community includes at least fifty (50) Lots, the Master Association shall provide an audited statement for the preceding fiscal year to any Security Interest Holder of a first Security Interest on a Residential Lot, insurer or guarantor of any first Security Interest on a Residential Lot, who submits a written request for such audit; and such audit shall be made available within one hundred twenty (120) days of the Master Association's fiscal year end. When the Community consists of fewer than fifty (50) Lots and there is not an audited statement available, any Security Interest Holder of a Security Interest on a Residential Lot will be allowed to have an audited statement prepared at its own expense.

6. Confirmation of Rights of Security Interest Holders of First Security Interests. No provision of this Master Declaration, the Articles of Incorporation, or Bylaws of the Master Association give (or are intended to give) any Owner, or any other party, priority over any rights of the Security Interest Holder of a first Security Interest, pursuant to its first Security Interest, in the case of payment to the Owner of insurance proceeds or condemnation awards for losses to or taking of Lots and/or Common Elements.

### ARTICLE XIII. DISPUTE RESOLUTION

1. Intent of Article; Applicability of Article; and Applicability of Statutes of Limitation.

(a) Each Party (as defined below) agrees to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Party covenants and agrees to submit all Claims each alleges to have to the procedures set forth in this Article.



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(b) By acceptance of a deed for a Lot, each Owner agrees to abide by the terms of this Article.

(c) No Claim (as defined below) may be initiated after the date when institution of legal or equitable proceedings based on such Claim would be barred by the applicable statute of limitation or statute of repose.

2. Definitions Applicable to this Article. For purposes of this Article only, the following terms have the meanings set forth in this Section:

(a) "AAA" means the American Arbitration Association.

(b) "Party" means each of the following: Master Declarant, its officers, directors, partners, members, employees and agents; the Master Association, its officers, directors and committee members; all persons subject to this Master Declaration; any builder, its officers, directors, partners, members, employees and agents; and any person not otherwise subject to this Master Declaration who agrees to submit to this Article.

(c) "Claimant" means any Party having a Claim.

(d) "Claim" means, except as exempted by the terms of this Article, any claim, grievance or dispute between one or more Parties and one or more other Parties, regardless of how the same may have arisen or on what it might be based, including without limitation those arising out of or related to (i) the interpretation, application or enforcement of any of the Governing Documents or the rights, obligations and duties of any Party under any of the Governing Documents; (ii) the design, maintenance, repair or construction of improvements; (iii) any statements, representations, promises, warranties, or other communications made by or on behalf of any Party.

(e) "Governing Documents" means this Master Declaration, the Articles of Incorporation of the Master Association, the Bylaws of the Master Association, and any rules and regulations or design guidelines adopted by the Board of Directors.

(f) "Inspecting Party" means a Party causing an inspection of the Subject Property to be made.

(g) "Respondent" means any Party against whom a Claimant asserts a Claim.

(h) "Subject Property" means the property being inspected pursuant to the inspection right provided in Section 7 of this Article.

(i) "Termination of Mediation" means a period of time expiring thirty (30) days after a mediator has been agreed upon by the parties (however, a mediator shall be selected no later than forty-five (45) days after the Claimant has given notice to the Respondent of the Claim and if the parties are unable to agree on a mediator, one shall be chosen by the AAA) and the matter has been submitted to mediation (or within such other time as determined by the mediator or agreed to by the Claimant and Respondent) and upon the expiration of which the Claimant and Respondent have not settled the Claim.

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3. Approval Required for Master Association Actions. Except as provided in Section 6 of this Article, the approval of seventy-five percent (75%) of a quorum (as provided in Section 4 of this Article) of the Master Association votes cast by Members voting in person or by proxy at a meeting duly called for this purpose, or voting pursuant to written ballot, must be obtained before the Master Association shall have the power to institute action on any Claim pursuant to this Article, or to make any counterclaim or cross-claim in any lawsuit or other action brought against the Master Association. Such approval must be obtained in accordance with the requirements of Section 4 of this Article.

4. Notice and Quorum for Association Actions. Written notice of any meeting of Members which includes a vote pursuant to Section 3 of this Article shall be sent to all Members not less than thirty (30) days nor more than fifty (50) days in advance of the meeting. Such written notice, or if the vote is to be by written ballot then such written ballot, shall include the following information:

(a) A statement regarding the nature of the Claim. Such statement shall include, without limitation, the name(s) of the proposed Respondent(s), the basis and reason for the Claim, and any other information necessary to adequately explain the nature of the proposed Claim; and

(b) A good-faith estimate of the costs and fees, including the fees of consultants, expert witnesses and attorneys, reasonably anticipated to be incurred by or for the Master Association in prosecuting the Claim, with such estimate prepared by the primary attorney the Board proposes to have prosecute the Claim on its behalf; and

(c) A statement advising Members that the cost and fees of prosecuting any Claim may substantially increase the amount of assessments payable by the Owners to the Master Association; and

(d) A good-faith estimate of the manner in which any moneys reasonably anticipated to be recovered from the Claim will be distributed or paid to consultants, expert witnesses, the Master Association, its attorney(s) and any others, prepared by the primary attorney the Board proposes to have prosecute the Claim on its behalf; and

(e) A good-faith estimate of the projected time frame for resolution of the Claim; and

(f) All terms and provision of the agreement between the Master Association and the attorney(s) the Board proposes to have prosecute the Claim.

The present of Members or of proxies, or if by ballot then receipt by the Association of written ballots, entitled to cast sixty-seven percent (67%) of all of the Master Association votes, shall constitute a quorum at any meeting at which the Members vote on approval of any Claim the Master Association wishes to bring.

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5. Required Form of Proxy or Ballot. Each written proxy, and each ballot, which purports to vote on, or authorize a vote on, approval of the Master Association bringing a Claim shall contain the following statement:

Despite the fact that my annual assessments may be significantly increased by the costs and fees associated with the proposed claim, I/we APPROVE the authority of the Master Association to bring such claim.

6. Exclusions from "Claim". Unless specifically exempted by this Article, all Claims between any of the Parties shall be subject to the provisions of this Article. Notwithstanding the foregoing, unless all Parties thereto otherwise agree, "Claim" does not include the following, whether such are brought by direct action, counterclaim or cross-claim, and the same shall not be subject to the provisions of this Article:

(a) an action by the Master Association to enforce the provisions of Article IV of this Master Declaration; and

(b) an action by the Master Association to obtain a temporary restraining order or injunction (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to enforce any of the provisions of Article X of this Declaration or of Article V of this Declaration; and

(c) any suit between or among Owners, which does not include Master Declarant, a Builder or the Master Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents; and

(d) any suit in which any indispensable party is not a Party.

7. Right to Inspect and Correct. Prior to any Party commencing any proceeding to which another Party is a party, including but not limited to an alleged defect of any Improvement, the Respondent shall have the right to be heard by the Claimant and, if any Claimant is the Master Association, by the Members, and to access, inspect, and correct the condition of, or redesign any portion of, any Improvement as to which a defect is alleged or otherwise correct the alleged dispute; provided, however, any correction to, or redesign of, an Improvement shall be made upon terms and conditions acceptable to all affected Parties. In the exercise of the inspection rights contained herein, the Inspecting Party shall:

(a) Be careful to avoid unreasonable intrusion upon, or harm, damage or costs, to the affected Party including, without limitation, using its best efforts to avoid causing any damage to, or interference with, any Improvements to the Subject Property;

(b) Minimize any disruption or inconvenience to any person who occupies the Subject Property;

(c) Remove daily all debris caused by the inspection and located on the Subject Property; and

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(d) In a reasonable and timely manner, at the sole cost and expense of the Inspecting Party, promptly remove all equipment and materials from the Subject Property and repair and replace all damage, and restore the Subject Property to the condition of the Subject Property as of the date of the inspection unless the Subject Property is to be immediately repaired.

(e) The Inspecting Party shall not permit any lien, claim or other encumbrance arising from the exercise of its right to inspect to accrue against or attach to the Subject Property. The Inspecting Party shall indemnify, defend, and hold harmless the affected Owners and their tenants, guests, employees and agents, against any and all liability, claims, demands, losses, costs and damages incurred, including court costs and attorneys' fees, resulting from any breach of this Section by the Inspecting Party.

8. Mandatory Procedures.

(a) *Good Faith Negotiations.* The Parties shall make every reasonable effort to meet in person and confer for the purposes of resolving the Claim by good faith negotiation. Any Party may be represented by attorneys and independent consultants to assist such Party in negotiations and to attend meetings.

(b) *Notice.* Prior to proceeding with any claim against a Respondent, each Claimant shall give a notice to each Respondent, which notice shall state plainly and concisely:

(i) the nature of the Claim, including all persons involved and Respondent's role in the Claim;

(ii) the legal or contractual basis of the Claim (i.e., the specific authority out of which the Claim arises); and

(iii) the specific relief and/or proposed remedy sought.

(c) *Mediation.*

(i) If the Parties do not resolve the Claim through negotiations within thirty days after submission of the Claim to the Respondent(s), Claimant shall have an additional thirty (30) days to submit the Claim to mediation under the auspices of the AAA in accordance with the AAA's Commercial or Construction Industry Mediation Rules, as appropriate.

(ii) If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any person other than the Claimant.

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(iii) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If a Termination of Mediation occurs, the mediator shall issue a notice of Termination of Mediation. The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

(iv) Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator.

(v) If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with this Section and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate arbitration proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including without limitation, attorneys' fees and court costs.

(d) *Binding Arbitration.*

(i) Upon Termination of Mediation, if Claimant desires to pursue the Claim, Claimant shall thereafter be entitled to initiate final, binding arbitration of the Claim under the auspices of the AAA in accordance with the AAA's Commercial or Construction Industry Arbitration Rules, as appropriate. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such Claim. Unless otherwise mutually agreed to by the parties to the Claim, there shall be one arbitrator who, to the extent feasible, shall have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved.

(ii) Each Party shall bear its own costs and expenses and an equal share of the arbitrator's and administrative fees of arbitration. Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope of arbitration in a court of law, the arbitrator or the court shall award reasonable attorneys' fees and expenses incurred in defending such contests, including those incurred in trial or on appeal, to the non-contesting Party. All decisions respecting the arbitrability of any Claim shall be decided by the arbitrator.

(iii) The award of the arbitrator shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration without the prior written consent of all parties to the Claim.

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9. Liability for Failure of Master Association to Maintain an Action. No director or officer of the Master Association shall be liable to any person for failure to institute or maintain or bring to conclusion a cause of action, mediation or arbitration for a Claim if the following criteria are satisfied: (i) the director or officer was acting within the scope of his or her duties; (ii) the director or officer was acting in good faith; and (iii) the act or omission was not willful, wanton or grossly negligent.

10. Severability. All provisions of this Article are severable. Invalidation of any of the provisions of this Article, by judgment, court order or otherwise, shall in no way affect or limit the other provisions of this Article, which shall remain in full force and effect.

11. Amendment. Notwithstanding anything to the contrary contained in this Declaration, this Article shall not be amended unless such amendment is approved by Members to which at least eighty percent (80%) of the votes in the Master Association are allocated.

#### ARTICLE XIV. GENERAL PROVISIONS

1. Enforcement. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges and other provisions contained in this Master Declaration, the Articles of Incorporation, Bylaws or rules and regulations of the Master Association, as amended, may be by any proceeding at law or in equity against any Person(s) violating or attempting to violate any such provision. The Master Association and any aggrieved Owner shall have the right to institute, maintain and prosecute any such proceedings, and the Master Association shall further have the right to levy and collect fines for the violation of any provision of any of the aforesaid documents. For each claim, including, but not limited to, counterclaims, cross claims and third-party claims, in any proceeding to enforce the provisions of CCIOA or of the Master Declaration, Articles of Incorporation, Bylaws or rules and regulations of the Master Association, the court shall award to the party prevailing on such claim the prevailing party's reasonable collection costs and attorney fees and costs incurred in asserting or defending the claim. Failure by the Master Association or any Owner to enforce any covenant, restriction or other provision herein contained, or any other provision of any of the aforesaid documents, shall in no event be deemed a waiver of the right to do so thereafter.

2. Severability. All provisions of this Master Declaration, the Articles of Incorporation and Bylaws of the Master Association, are severable. Invalidation of any of the provisions of any such documents, by judgment, court order or otherwise, shall in no way affect or limit any other provisions which shall remain in full force and effect.

3. Conflict of Provisions. In case of any conflict between this Master Declaration and the Articles of Incorporation or Bylaws of the Master Association, this Master Declaration shall control. In case of any conflict between the Articles of Incorporation and the Bylaws of the Master Association, the Articles of Incorporation shall control.

4. Conflict with CCIOA. In the event that any of the terms or provisions of this Master Declaration are in conflict or inconsistent with CCIOA, the terms or provisions of CCIOA shall control and govern. In case of any such conflict or inconsistency, the applicable

terms and provisions contained in this Master Declaration shall, to the extent possible, be construed in accordance with CCIOA, and any conflict with or violation of CCIOA by any terms or provisions of this Master Declaration shall not affect, void, or render unenforceable any other term or provision of this Master Declaration (which shall be in full force and effect in accordance with their terms.).

5. Annexation; Withdrawal:

(a) Additional property may be annexed to this Master Declaration with the consent, at the time such annexation is to be effective, of Members casting sixty-seven percent (67%) of the Master Association votes and with the consent, at the time such annexation is to be effective, of the owner of the property to be annexed.

(b) Notwithstanding the foregoing, the Master Declarant may annex to this Master Declaration the Annexable Area or any portion(s) thereof, until termination of this right as provided below, without consent of any other Owners, Security Interest Holders, or any other Person; however, such annexation is subject to a determination by HUD or VA (if the Master Declarant desires to attempt to obtain HUD or VA approval of the property being annexed and HUD or VA require such approval) that the annexation is in accord with the general plan approved by them and that the structures to be located thereon will be of comparable style, quality, size and cost to the existing Improvements. The right of annexation that is provided for in this subsection shall expire upon automatic termination of the Special Master Declarant Rights, as more fully provided in Article I, Section 29 of this Master Declaration. Each annexation shall be effected, if at all, by recording an Annexation of Additional Land in the Office of the Clerk and Recorder of the County in which the annexed property is located, which document shall:

(i) provide for annexation to this Master Declaration of the property described in such Annexation of Additional Land;

(ii) shall identify the owner(s) of the Lots thereby created;

(iii) shall assign an identifying number to each new Lot;

(iv) shall describe any Common Elements within the property being annexed;

(v) shall reallocate the Allocated Interests;

(vi) shall state the classification(s) (apartment, residential, or commercial) of the Lots described therein; and

(vii) may include such other provisions as the Master Declarant deems appropriate. Other provisions that may be included in an Annexation of Additional Land or Supplemental Declaration include, without limitation, covenants, conditions, restrictions, requirements and/or other provisions, in addition to or different from those contained elsewhere in this Master Declaration,

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that apply or will apply to some or all of the property that is thereby being annexed to this Master Declaration. By way of example, and not by way of limitation, architectural and use restrictions may be imposed on Commercial Lots.

(c) In addition to the rights contained in subsection (b) of this Section, the Master Declarant (or any Builder so designated by the Master Declarant) may annex to this Master Declaration the Annexable Area or any portion(s) thereof, until automatic expiration of the Special Master Declarant Rights, as provided in Article I, Section 29 of this Master Declaration by recording a deed by which a Residential Lot is conveyed by the Master Declarant (or any Builder so designated by the Master Declarant), each of which deeds shall be deemed to include the following provisions whether or not such provisions are contained in such deed: The Residential Lot described in such deed shall be annexed to this Master Declaration; and the lot (or lot and block) designation of such Residential Lot shall be the identifying number assigned to such Residential Lot; and the Allocated Interest appurtenant to such Residential Lot shall be that fraction determined in accordance with Article I, Section 2 of this Master Declaration. Each annexation which is accomplished by recording of a deed in accordance with this subsection shall be deemed to be effective upon the date of recording of such deed notwithstanding the foregoing, a deed which does not convey a Residential Lot from the Master Declarant (or any Builder so designated by the Master Declarant) shall not be an annexing deed as provided in this subsection, nor shall a deed which otherwise complies with this subsection if the same states on its face that it is not an "annexing deed".

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(lawyer who  
drafted CCIOA)  
ANNEXATION  
BEGINS AT  
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(d) Except as otherwise specifically stated in the Annexation of Additional Land, all provisions of this Master Declaration, including, but not limited to, those provisions regarding obligations to pay assessments to the Master Association and any right to cast votes as Members, shall apply to annexed property immediately upon the effective date of the Annexation of Additional Land (which shall constitute the date of recording of the Annexation of Additional Land unless otherwise stated therein). The Master Declarant's right to annex the Annexable Area without approval shall terminate automatically when the Special Master Declarant Rights terminate, as provided in Article I, Section 29 of this Master Declaration.

(e) Subsequent to the date of recording hereof, each Person who purchases any portion of the property described on the attached Exhibit D ("Parcel"), will have agreed pursuant to applicable documents that such Parcel will be governed by this Master Declaration. The Master Declarant, therefore, reserves the right (but not the obligation) during the time period set forth in subsection (b) of this Section to annex the Parcel to the Master Declaration without further authorization from the Person who has purchased such Parcel, even if such annexation occurs subsequent to conveyance of the Parcel by Master Declarant.

(f) The property which is described on the attached Exhibit A and each portion of the Community which is annexed to this Master Declaration by the Master Declarant shall be subject to a right of withdrawal by the Master Declarant. Such withdrawal may be accomplished, if at all, in accordance with CCIOA. However, the Master Declarant's right to withdraw each such portion of the Community shall expire and terminate, as to each



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portion of the Community, upon the first conveyance of any Lot in such portion of the Community to any Person other than the Master Declarant, but in any event, no later than automatic termination of the Special Master Declarant Rights as provided in Article I, Section 29 hereof.

6. Subdivision or Replatting of Lots. The Master Declarant hereby reserves the right to subdivide or replat any Lot(s) owned by the Master Declarant in the Community. Without limiting the generality of the foregoing, the Master Declarant reserves the right to move any Lot line(s) on Lot(s) owned by the Master Declarant, for the purpose of accommodating Improvements which are constructed or are to be constructed; provided that such Lot line adjustments, if any, shall not change the number of Lots in the Community at the time each such Lot line adjustment is approved by the applicable governmental entity. The rights provided for in this Section shall terminate automatically upon termination of the Special Master Declarant Rights, as provided in Article I, Section 29 hereof. No Lot may be further subdivided from that existing at the time such Lot becomes subject to this Master Declaration, except by Master Declarant.

7. Master Declarant's and Builder's Use. Notwithstanding anything to the contrary contained in this Master Declaration, it shall be expressly permissible and proper for Master Declarant, its employees, agents, and contractors, as well as any Builder (but only with the written consent of the Master Declarant), to perform such reasonable activities, and to maintain upon portions of the Lots and the Common Elements such facilities as Master Declarant deems reasonably necessary or incidental to the construction and sale of Lots, rental of Apartment Units, and development and construction of Improvements. The foregoing includes, without limitation, locating, maintaining and relocating management offices, signs, model units, construction offices, and sales offices, in such numbers, of such sizes, and at such locations as it determines in its reasonable discretion from time to time. Further, nothing contained in this Master Declaration shall limit the rights of Master Declarant or require the Master Declarant to obtain approvals: (a) to excavate, cut, fill or grade any property (with the consent of the Owner thereof) or to construct, alter, demolish or replace any Improvements; (b) to use any Improvements on any property (with the consent of the Owner thereof) as a construction, management, model home or sales or leasing office in connection with the development, construction or sale of any property; and/or (c) to require Master Declarant to seek or obtain any approvals under this Master Declaration or any Supplemental Declaration for any such activity. Any real estate used as a sales office, management office, or a model, shall be a Lot or part of a Lot.

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8. Duration, Revocation, and Amendment.

(a) Each and every provision of this Master Declaration shall run with and bind the land for a term of twenty (20) years from the date of recording of this Master Declaration, after which time this Master Declaration shall be automatically extended for successive periods of ten (10) years each. Except as otherwise provided in this Master Declaration, this Master Declaration may be amended during the first twenty (20) year period, and during subsequent extensions thereof, by a vote or agreement of Owners holding more than fifty percent (50%) of the Allocated Interests; provided, however, while Master Declarant owns any portion of the property described on Exhibit A, no amendment may be made to this Master Declaration except with the affirmative vote or agreement of Members holding ninety percent (90%) of the Allocated Interests.

(b) Every amendment, if any, to the Master Declaration must be done in compliance with CCIOA.

(c) Notwithstanding anything to the contrary contained in this Master Declaration, the Master Declaration may be amended in whole or in part, at any time from time to time, by the Master Declarant without the consent or approval of any other Owner, any Security Interest Holder, or any other Person, in order to comply with the requirements, standards, or guidelines of any of the Agencies or of recognized secondary mortgage markets. Such right of amendment shall terminate automatically when the Special Master Declarant Rights terminate, as provided in Article I, Section 29 hereof.

(d) Notwithstanding anything to the contrary contained in this Master Declaration, this Master Declaration, or any map or plat, may be amended in whole or in part, at any time from time to time, by the Master Declarant without the consent or approval of any other Owner, any Security Interest Holder, or any other Person, in order to correct clerical, typographical, or technical errors. Such right of amendment shall terminate automatically when the Special Master Declarant Rights terminate, as provided in Article I, Section 29 hereof.

(e) Except as to amendments which may be made by the Master Declarant, amendments to the Master Declaration may be prepared, executed, recorded, and certified by any officer of the Master Association designated for that purpose or, in the absence of designation, by the president of the Master Association. Such certification shall, in the case of an amendment requiring the approval of Owners, certify that the Master Association has received the requisite approvals. Amendments to this Master Declaration which may be made by the Master Declarant pursuant to this Master Declaration or as permitted by CCIOA, may be signed by the Master Declarant and shall require no other signatory.

9. Registration of Mailing Address. Each Owner and each Security Interest Holder, insurer or guarantor of a Security Interest, shall register his mailing address with the Master Association, and except for annual statements and other routine notices, all other notices or demands intended to be served upon an Owner, or upon a Security Interest Holder, insurer or guarantor of a Security Interest, shall be sent by either registered or certified mail, postage prepaid,

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addressed in the name of such Person at such registered mailing address. However, if any Owner fails to notify the Master Association of a registered address, then any notice or demand may be delivered or sent, as aforesaid, to such Owner at the address of such Owner's Lot. All notices, demands, or other notices intended to be served upon the Board of Directors or the Master Association during the Period of Master Declarant Control shall be sent by registered or certified mail, postage prepaid, c/o Murphy Creek Development, Inc., 30 Cherry Hills Farm Drive, Cherry Hills, Colorado 80110, unless such address is changed by the Master Association during the Period of Master Declarant Control; subsequent to termination of the Period of Master Declarant Control, the Master Association shall notify the Owners of a different address for notices which may be done not less often than biannually with the office of the Colorado Secretary of State.

10. HUD or VA Approval. During the Period of Master Declarant Control, the following actions shall require the prior approval of HUD or VA if, at the time any such action is taken, HUD has insurance or VA has a guarantee(s) on one or more Security Interests and HUD or VA require such approval: annexation of additional real property (if the Master Declarant desires to obtain VA or HUD approval of the property that is being annexed and HUD or VA requires such approval); amendment of this Master Declaration, except as provided in Sections 8(c) and (d) of this Article; termination of this Community; or merger or consolidation of the Master Association, except as provided in Article III, Section 12.

11. Termination of Community. The Community may be terminated only in accordance with CCIOA.

12. Transfer of Special Master Declarant Rights. A Special Master Declarant Right created or reserved under this Master Declaration may be transferred only by an instrument evidencing the transfer recorded in every county in which any portion of the Community is located, and in accordance with CCIOA.

13. Eminent Domain. The taking by eminent domain of a Lot(s) or Common Element(s), or any portion thereof, shall be done in accordance with applicable law, including without limitation CCIOA.

14. Limitation on Liability. The Master Association, the Board of Directors, the Design Review Committee, the Master Declarant, any Builder, and the officers, directors, members, partners, agents and employees of the same, shall not be liable to any Person for any action or for any failure to act unless the action or failure to act was not in good faith and was done or withheld with malice.

15. No Representations, Guaranties or Warranties. No representations, guaranties or warranties of any kind, express or implied, shall be deemed to have been given or made by Master Declarant, the Master Association, the Board of Directors, the Design Review Committee, any Builder, or by any of their officers, directors, members, partners, agents or employees, in connection with any portion of the Community, or any Improvement, its or their physical condition, structural integrity, freedom from defects, zoning, compliance with applicable laws, fitness for intended use, or view, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in writing.

16. Disclaimer Regarding Safety. MASTER DECLARANT, THE BUILDERS, THE MASTER ASSOCIATION, THE BOARD OF DIRECTORS AND THE DESIGN REVIEW COMMITTEE, AND THEIR OFFICERS, DIRECTORS, MEMBERS, PARTNERS, AGENTS AND EMPLOYEES, HEREBY DISCLAIM ANY OBLIGATION REGARDING THE SECURITY OF ANY PERSONS OR PROPERTY WITHIN THE COMMUNITY. BY ACCEPTING A DEED TO PROPERTY WITHIN THE COMMUNITY, EACH OWNER ACKNOWLEDGES THAT MASTER DECLARANT, THE BUILDERS, THE MASTER ASSOCIATION, THE BOARD OF DIRECTORS AND THE DESIGN REVIEW COMMITTEE, AND THEIR OFFICERS, DIRECTORS, MEMBERS, PARTNERS, AGENTS AND EMPLOYEES, ARE ONLY OBLIGATED TO DO THOSE ACTS SPECIFICALLY ENUMERATED HEREIN, OR IN THE ARTICLES OF INCORPORATION, BYLAWS AND RULES AND REGULATIONS OF THE MASTER ASSOCIATION, AND ARE NOT OBLIGATED TO DO ANY OTHER ACTS WITH RESPECT TO THE SAFETY OR PROTECTION OF PERSONS OR PROPERTY WITHIN THE COMMUNITY.

17. Headings. The Article, Section and subsection headings in this Master Declaration are inserted for convenience of reference only, do not constitute a part of this Master Declaration, and in no way define, describe or limit the scope or intent of this Master Declaration or any of the provisions hereof.

18. Gender. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular and the use of any gender shall be applicable to all genders.

19. Run with Land; Binding Upon Successors. The benefits, burdens and all other provisions contained in this Master Declaration shall be covenants running with and binding upon this Community and all real property and Improvements which are not now or hereafter become a part thereof. The benefits, burdens and all other provisions contained in this Master Declaration shall be binding upon, and inure to the benefit of the Master Declarant, the Master Association and all Owners, and upon and to their respective heirs, personal representatives, successors and assigns.

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IN WITNESS WHEREOF, the undersigned has hereunto set its hand and seal this 31  
day of May, 2001.

MURPHY CREEK DEVELOPMENT, INC., a  
Colorado corporation

By: [Signature]  
Its: Michael Sheldon, Vice President

STATE OF COLORADO )  
COUNTY OF Denver ) ss.

The foregoing instrument was acknowledged before me this: 31 day of May, 2001, by  
Michael A. Sheldon as Vice President of Murphy Creek Development, Inc., a Colorado  
corporation.

Witness my hand and official seal.

(S EAL) THEW D. GORDON  
NOTARY PUBLIC  
STATE OF COLORADO  
My Commission Expires 01-17-2005

Notary Public [Signature]  
My Commission Expires: [Signature]

ajr/hba inc/murphy creek/master declaration for murphy creek 20006.36002/5/30/01 8:37 AM

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EXHIBIT A  
TO  
MASTER DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS OF  
MURPHY CREEK

(Community)

Lot 34, Block 1, Murphy Creek Subdivision Filing No. 1, according to the Plat thereof recorded February 14, 2001, at Reception No. B1020969, in the records of the Clerk and Recorder for Arapahoe County, Colorado.

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EXHIBIT B  
TO  
MASTER DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS OF  
MURPHY CREEK

(Common Elements)

None at the time of recording of this Master Declaration.

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EXHIBIT C  
TO  
MASTER DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS OF  
MURPHY CREEK

(Certain Title Exceptions)

If recorded, the following documents are recorded in the office of the Clerk and Recorder of Arapahoe County, Colorado:

1. Taxes and assessments for the year of recording of this Master Declaration and for subsequent years, not yet due and payable.
2. Reservations by the Union Pacific Land Company of:
  - (a) All oil, coal and other minerals underlying the subject property;
  - (b) The exclusive right to prospect for, mine and remove oil, coal and other minerals; and
  - (c) The right of ingress and egress and regress to prospect for, mine and remove oil, coal and other minerals, all as contained in Deed recorded February 25, 1913, in Book 66 at Page 19.

Note: Mineral Deed recorded April 1, 1977, in Book 2568 at Page 677

Note: Oil and Gas Lease recorded April 19, 1977, in Book 2576 at Page 181

Note: Ratification of Leases recorded January 14, 1991, in Book 6080 at Page 258.

Note: Release and Quit Claim Deed recorded November 23, 1998, under Reception No. A8189797.
3. Terms, conditions and provisions of School Site Agreement, recorded July 2, 1986, in Book 4806 at Page 161.
4. Terms, conditions and provisions of Annexation Agreement recorded April 30, 1987, in Book 5130 at Page 136 and Amendment thereto recorded January 18, 1996, under Reception No. A6006727.
5. Covenants as contained in Quit Claim Deed recorded December 30, 1993, in Book 7336 at Page 793.
6. Terms, conditions and provisions of ordinances rezoning portions of said land recorded November 16, 1995, at Reception Nos. A5121908, A5121910, A5121911, A5121912, A5121913, A5121919, A5121921, A5121922 and A5121924.



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7. Terms, conditions and provisions of Murphy Creek General Development Plan recorded January 18, 1996, at Reception No. A6006638.
8. Terms, conditions and provisions of Golf Course Development Agreement recorded January 18, 1996, at Reception No. A6006724 and Amendment thereto recorded February 10, 2000, under Reception No. B0016428.
9. Terms, conditions and provisions of Air Rights Covenant and Avigation Easement recorded December 28, 1999, at Reception No. A9201908.
10. Terms, conditions and provisions of Murphy Creek Development Agreement recorded February 10, 2000, at Reception No. B0016427.
11. Terms, conditions and provisions of Murphy Creek Filing No. 1 Site Plan with waiver recorded July 12, 2000, at Reception No. B0085009.
12. Terms, conditions and provisions of Murphy Creek Filing No. 3 Site Plan and waiver recorded December 21, 2000, at Reception No. B0164589.
13. Terms, conditions and provisions of Murphy Creek Subdivision Filing No. 4 Site Plan recorded May 7, 2001, at Reception No. B1032374.
14. Easements, conditions, restrictions and reservations on the recorded Plat of Murphy Creek Subdivision Filing No. 1.
15. Easements, conditions, restrictions and reservations on the recorded Plat of Murphy Creek Subdivision Filing No. 3.
16. Easements, conditions, restrictions and reservations on the recorded Plat of Murphy Creek Subdivision Filing No. 4.
17. Any tax, lien, fee or assessment by reason of inclusion of property in Murphy Creek Metropolitan District No. 3, as evidenced by instrument recorded April 27, 2001, under Reception No. B1064000 and by instrument recorded May 23, 2001, under Reception No. B1080755.
18. Terms, conditions and provisions of an Airport Influence Notice.
19. Terms, conditions and provisions of Golf Course Waiver and Disclaimer.
20. Terms, conditions and provisions of Landfill Proximity Notice.
21. Terms, conditions and provisions of Prepaid Development Fee Agreement.

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EXHIBIT D  
TO  
MASTER DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS OF  
MURPHY CREEK  
(Annexable Property)

EXHIBIT D

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Murphy Creek 05/28/01  
# 197 Overall

Property Description

A part of the Northeast  $\frac{1}{4}$  of Section 24, T. 4 S., R. 66 W., of the 6<sup>th</sup> P.M., City of Aurora, County of Arapahoe, State of Colorado, and being more particularly described as follows;

Commencing at the Southeast corner of said Northeast  $\frac{1}{4}$  of Section 24;

Thence S 89°36'30" W, along the South line of said Northeast  $\frac{1}{4}$ , a distance of 30.00 feet to the POINT OF BEGINNING;

Thence S 89°36'30" W, along said South line of the Northeast  $\frac{1}{4}$ , a distance of 123.30 feet to a point on the Easterly line of State Highway No. 30;

Thence along said Easterly line the following two (2) courses:

1. along the arc of a curve to the left whose center bears S 71°05'47" W through a delta of 17°14'57", a radius of 3870.00 feet and an arc length of 1165.09 feet;
2. N 36°12'26" W, a distance of 1948.12 feet to a point 30.00 feet Southerly of the North line of said Northeast  $\frac{1}{4}$  of Section 24, said point also being on the Southerly line of Mississippi Avenue;

Thence N 89°34'34" E, along said Southerly line of Mississippi Avenue and along a line 30.00 feet South of and parallel with said North line of the Northeast  $\frac{1}{4}$ , a distance of 1799.68 feet to a point 30.00 feet West of the East line of said Northeast  $\frac{1}{4}$  of Section 24;

Thence S 00°14'19" E, along a line 30.00 feet West of and parallel with said East line of the Northeast  $\frac{1}{4}$ , a distance of 2613.69 feet to the POINT OF BEGINNING.

AND

All of Section 19 except the East 210 feet thereof and all of Section 30 except the East 210 feet and the South 210 feet thereof, T. 4 S., R. 65 W., of the 6<sup>th</sup> P.M., City of Aurora, County of Arapahoe, State of Colorado

EXCEPTING AND EXCLUDING THEREFROM

ANY PORTION OF THE FOLLOWING DESCRIBED EIGHT (8) PARCELS OF LAND;

Any portion of Homestead at Murphy Creek Subdivision Filing No. 1, a subdivision plat recorded in the office of the Arapahoe County Clerk and Recorder in Plat Book 161 at Pages 48-52;

Any portion of a Right of Way dedication as recorded in Warranty Deed in the office of the Arapahoe County Clerk and Recorder under Reception No. A7131896, dated 10/17/97;

Any portion of Right of Way dedications as recorded in Warranty Deed in the office of the Arapahoe County Clerk and Recorder under Reception No. B0072747, dated 6/16/2000;

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Murphy Creek  
5/28/01 - #197 Overall  
Page 2

Any portion of Right of Way dedications as recorded in Warranty Deed in the office of the Arapahoe County Clerk and Recorder under Reception No. B0066211, dated 6/02/2000;

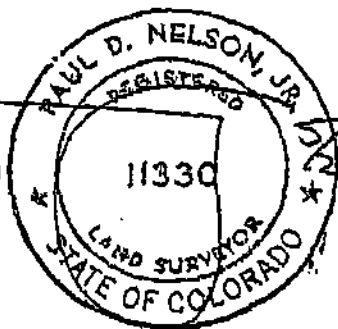
Any Portion of Right of Way dedications as recorded in Warranty Deed in the office of the Arapahoe County Clerk and Recorder under Reception No. B1014742, dated 2/01/2001;

Any portion of the Southerly 238.72 feet of the Westerly 573.3 feet of Section 19, T. 4. S., R. 65 W., of the 6<sup>th</sup> P.M., County of Arapahoe, State of Colorado;

Any portion of the Northwest  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of the Northeast  $\frac{1}{4}$  of the Northeast  $\frac{1}{4}$ , of Section 30, T. 4 S., R. 65 W., of the 6<sup>th</sup> P.M., County of Arapahoe, State of Colorado;

Any portion of land lying within existing Public Right of Way of U.S. Highway No. 30, Gun Club Road, East Mississippi Avenue, East Jewell Avenue and/or Harvest Mile Road;

Paul D. Nelson, Jr., L.S. #11330  
as to description only



OFFICE OF THE COUNTY CLERK  
ARAPAHOE COUNTY, COLORADO  
5/28/01

**ACTION BY CONSENT IN LIEU OF THE ORGANIZATIONAL MEETING OF  
MURPHY CREEK MASTER ASSOCIATION, INC.  
(a Colorado nonprofit corporation)**

The following action is taken by consent of the Board of Directors of Murphy Creek Master Association, Inc., a Colorado nonprofit corporation (the "Master Association"), in lieu of the Organizational Meeting, in accordance with Section 7-128-202 of the Colorado Revised Nonprofit Corporation Act.

The following Resolutions are hereby adopted:

RESOLVED: That the Board of Directors as set forth in the Articles of Incorporation of the Master Association, that were filed with the Colorado Secretary of State on May 29<sup>th</sup>, 2001, are hereby ratified and confirmed. Therefore, the following Directors are appointed to serve until their successors are appointed or elected and shall qualify, or until they shall resign or be removed as Directors: Michael Sheldon, Scott Alpert, and Charles Bransfield;

RESOLVED: That the Bylaws attached hereto as Exhibit A and incorporated herein by this reference are adopted as the Bylaws of the Master Association;

RESOLVED: That the following named persons shall be appointed to serve in the following offices, until their respective successors shall be elected or appointed and shall qualify, or until they shall resign or be removed from office:

President:	Scott Alpert
Vice President:	Michael Sheldon
Secretary/Treasurer:	Charles Bransfield

RESOLVED: That, as provided in Article IV, Sections 3 and 5 of the Master Declaration, the Board of Directors, at its discretion, has not yet determined the amount of the homeowners association assessments or the date of commencement of such assessments, but such will be determined by the Board at a later time;

RESOLVED: That the Board acknowledges that pursuant to Article V, Section 1 of the Master Declaration, the Master Declarant (which is Murphy Creek Development, Inc.) has the authority to appoint a Design Review Committee ("Committee") until automatic expiration of the Special Master Declarant Rights as provided in the Master Declaration. The Committee consists of two (2) or more persons and may at any time, from time to time, appoint a representative to act on its behalf. The Board acknowledges the receipt of a letter from the Master Declarant designating Scott Alpert and Charles Bransfield to serve on the Committee;

RESOLVED: That the Seal, an impression of which is set on these Minutes, is hereby adopted as the Seal of the Master Association;

RESOLVED: That the Master Association's Minute Book be and hereby is adopted as the record book of the Master Association;

RESOLVED: That the Treasurer of the Master Association be and hereby is authorized to pay all charges and expenses incident to or arising out of the organization of the Master Association, and to reimburse all persons who have made any disbursement therefor;

RESOLVED: That the Master Association ratifies the actions of the President of the Master Association to take any and all actions necessary to obtain an Employer Identification Number from the Internal Revenue Service, including but not limited to completion, execution and filing of IRS Form SS-4 (Application for an Employer Identification Number) and IRS Form 8821 (Tax Information Authorization) with the Internal Revenue Service;

RESOLVED: That the Treasurer, or any other officer designated by the Treasurer, be and hereby is authorized to open a bank account on behalf of the Master Association in accordance with a corporate resolution;

RESOLVED: That an office of the Master Association be established and maintained at 30 Cherry Hills Farm Drive, Cherry Hills, Colorado 80110, and that meetings of the Board of Directors from time to time may be held either at the principal office or at such other place as the Board of Directors shall from time to time order;

RESOLVED: That the President of the Master Association, or any other officer designated by the President, be and hereby is authorized, empowered and directed to obtain policies of insurance as provided in the Master Declaration or as required by Colorado law;

RESOLVED: That the Board of Directors has determined that it may be in the best interest of the Master Association to have it managed by a professional management company and that the President of the Master Association, or any other officer designated by the President, be and hereby is authorized, empowered and directed on behalf of the Master Association, to negotiate, execute and deliver a contract (and all other related documents as they may deem appropriate) with a professional management company, for the management of the Master Association; such approval to be conclusively evidenced by the execution and delivery thereof;

RESOLVED: That the Master Association proceed to carry on the business for which it was incorporated;

RESOLVED: That the signing of this Consent shall constitute full ratification hereof; and further

RESOLVED: That the above Resolutions shall be effective May 29, 2001, regardless of the date of execution.

DIRECTORS:

 Michael Sheldon by  Attorney-in-Fact

Michael Sheldon by Matthew D. Gordon.  
As Attorney-in-Fact

  
Scott Alpert

  
Charles Bransfield

ajr/hbs/murphy creek/organizational minutes/20006.36002/10/30/01 11:01 AM