

Town of Rico Memorandum

Date: April 11, 2024

TO: Town of Rico Board of Trustees
 FROM: Chauncey McCarthy, Rico Town Manager
 SUBJECT: March Board of Trustees Regular Meeting

Consideration of Region 9 letter of support for Colorado broadband funding

Included in the packet are three letters of support to different state entities to help fund broadband installation, provide additional technical support, and to support the Senate Bill 24-091. The request for these letters of support was made by Region 9 Economic Development District and the Southwest Colorado Council of Government as they work towards improving fiber connectivity in our region.

Recommendation of final plat (condo conversion) subdivision Bedrock subdivision Lot 6, BRD LLC applicant

Included in this packet is a final plat subdivision application and required submittal materials for the creation of 10 condominiums on the Bedrock subdivision Lot 6. In addition to the application is a staff memo reviewing the RLUC standards and requirements against the applications.

This application went before the Planning Commission at their April 10, 2024 meeting:

Motion

I move to recommend the approval final plat final plat (condo conversion) subdivision Bedrock subdivision Lot 6, BRD LLC applicant with the conditions that we see a written description of the foot path that was part of the original application as the board to review.

Moved by Cristal Hibbard, seconded by Gerrish Willis.

Vote A roll call vote was taken and the motion was approved, 4-0.

Voluntary lead soils clean up (“VCUP”) status

Mayor Pieterse to provide an update on the Voluntary lead soils clean up status.

Electric utility subcommittee

A member of the community requested that the Board of Trustees discuss the creation of an electric utility subcommittee. This group's role would be similar to the recent Internet committee, serving to investigate, consider options, and report to the Board of Trustees. The committee would have authority to schedule public meetings, solicit information from SMPA, produce reports and make recommendations to the Board of Trustees and citizens.

2024 and beyond work plan

Included in the packet is the 2024 and beyond work plan. The board reviewed this at the January meeting but not all Trustees were in attendance. Please review the work plan and be prepared to discuss the status of current goals and objectives along with providing direction to staff for the upcoming year. Two additional items to be discussed during this review would be paving town streets and increasing the STR rental cap.

Quarter 1 financial review

Included in the packet are quarterly financial reports for all funds. Below is a high-level summary of the status of each fund; I can lead a more in-depth discussion at the meeting if the Board chooses so.

General Fund: This fund is generally tracking to meet or exceed projected revenues and meet expenditures. Sale tax is tracking much higher than what was budgeted due to taxes collected on modular homes within the town. Interest is also tracking much higher than budgeted due to the board's decision to transfer additional funds to the town's CSAFE Trust fund. We are still waiting to invoice pass-through expenses for a few different development applications, which will reduce both the attorney and planner accounts. This fund has grown by \$71,539 since the start of the year.

Water Fund: This fund is currently tracking to meet projected revenues and expenditures.

Street Fund: Revenues in the street fund are expected to exceed what was budgeted. Due to limited snow totals in town this year, certain expenditures may be less than what was budgeted. \$5,000 was budgeted for equipment rental and \$5,000 contract snow removal labor which was not needed this winter.

Park Fund: Sales tax should outperform what has been budgeted for projected revenue. Miscellaneous expenditures have exceeded what was budgeted; This was due to the town reimbursing RTA for a grant that the town was the fiscal agent for. This will need to be adjusted during a budget amendment.

Conservation Fund: This fund receives quarterly payments through the state lottery fund and should meet or exceed expected revenue.

Sewer Fund: This fund is currently tracking to meet projected revenues and expenditures.

RICO TOWN BOARD MEETING MINUTES

Date: March 20, 2024
Call to Order 7:01PM

Trustees Present: Mayor Nicole Pieterse
Mayor Pro Tem Patrick Fallon
Trustee Joe Dillsworth
Trustee Benn Vernadakis
Trustee Chris Condon

Trustees Absent:
Trustee Jordan Carr
Trustee Joe Croke

Staff Present. Chauncey McCarthy

Approval of the Agenda

Discussed postponing the Dark Sky discussion item

Motion

To approve the agenda with tabling the Dark Sky discussion.

Moved by Trustee Chris Condon, seconded by Trustee Benn Vernadakis

Vote. A roll call vote was taken and the motion was approved, 5-0.

Approval of the Minutes

Feb 28 meeting motion regarding the Bedrock needs to be changed to:

- add board direction to have Town Manager to keep time
- change referenced from Town hall breezeway to entry.

The first (duplicate) reference to the work plan should be stricken.

Motion

To approve the minutes of February 15, February 28, March 6, and March 7 with the above changes.

Moved by Mayor Nicole Pieterse, seconded by Trustee Benn Vernadakis.

Vote. A roll call vote was taken and the motion was approved, 5-0.

Consent Agenda

Payment of the Bills

Motion

To approve payment of the bills.

Moved by Trustee Benn Vernadakis, seconded by Trustee Chris Condon.

Vote. A roll call vote was taken and the motion was approved, 5-0.

Public Comment:

A public comment letter was received regarding STRs.

Presentation

Dolores Watershed Collaborative,

Nina Williams presenter

The Board asks clarifying questions.

Action Items:

Consideration of road building and disturbance permit application Hancock Alley Block 18, Leah Chmielewski applicant

Mayor Nicole Pieterse recuses herself due to prior work as applicant's attorney.

Town Manager Chauncey McCarthy introduces the application.

Board members asked clarifying questions.

Motion

Move to approve the road building and disturbance permit application Hancock Alley Block 18

Moved by Trustee Benn Vernadakis, seconded by Trustee Chris Condon.

Vote. A roll call vote was taken and the motion was approved, 4-0.

Clarifying question from applicant regarding naming the alley Leah Lane. Leah Lane was approved.

Consideration of second reading of Ordinance 2024-01, an ordinance of the Town of Rico, Colorado amending the Rico Water Operations Rules and Regulations to provide for payment of water system impact fees.

Town Manager Chauncey McCarthy gives a high level summary.

Public comment was taken.

Motion

Move to approve second reading of Ordinance 2024-01, an ordinance of the Town of Rico, Colorado amending the Rico Water Operations Rules and Regulations to provide for payment of water system impact fees.

Moved by Mayor Pro Tem Pat Fallon, seconded by Mayor Nicole Pieterse.

Vote. A roll call vote was taken and the motion was approved, 5-0.

Consideration of Resolution 2024-01 a resolution of the Board of Trustees of the Town of Rico, Colorado, setting the water system improvement fee for the period beginning March 20, 2024 and ending December 31, 2024, and providing for the annual adjustment of water system improvement fees

Town Manager Chauncey McCarthy gives a high level summary.

Board of Trustees has discussion.

Motion

To approve Resolution 2024-01

Moved by Trustee Chris Condon, seconded by Trustee Joe Dillsworth.

Vote. A roll call vote was taken and the motion was approved, 5-0.

Staff Report

Clerk's report:

Deposit box by the clerk's office for after hour drop offs.

Working on cleaning the safe and other storage areas.

Resolving issues with online bill pay. This issue has been resolved.

Manager's report

Awarded the \$594,990.00GOCO grant. Applied for additional funding from Gates foundation as well as Tony Hawks Foundation for additional park features, including paddle sports in pavilion/flex space.

Town Shop project to begin May 1.

Trustee Benn Vernadakis makes announcement about a fundraiser March 21, 2024 for the Fire department at the Prospector.

Discussion Items

Proposed deed restriction changes Bedrock Subdivision Lot 6

Chauncey McCarthy gives introduction.

Jason Soules, Bedrock representative, gives summary.

Board discussion was had

Public comment was taken.

Voluntary lead soils clean up ("VCUP") update

Mayor Nicole Pieterse gives summary.

Board discussion was had

Public comment was taken

Motion

To go into executive session (as stated on Agenda).

Moved by Trustee Joe Dillsworth, seconded by Trustee Chris Condon.

Vote. A roll call vote was taken and the motion was approved, 5-0.

Executive session and the meeting adjourned by unanimous consent of the Board at 9:24 PM

Anna Wolf
Rico Town Clerk

Nicole Pieterse
Mayor

NEW Town of Rico - General Fund
Check Register
For the Period From Apr 1, 2024 to Apr 30, 2024

Filter Criteria includes: Report order is by Date.

Check #	Date	Payee	Cash Account	Amount
18059	4/10/24	Fraleley Propane, LLC	10000	602.00
18060	4/10/24	Jon Kelly	10000	375.00
18061	4/10/24	Kaplan Kirsch Rockwell	10000	10,101.58
18062	4/10/24	SGM inc	10000	843.75
18063	4/10/24	Century Link	10000	52.52
18064	4/10/24	San Miguel Power Associ	10000	122.00
18065	4/10/24	Utility Notification Center	10000	5.16
18066	4/10/24	Rico Telephone Company	10000	255.00
18067	4/10/24	Kuboske Construction LL	10000	39,935.91
18068	4/11/24	Karp Neu Hanlon, PC	10000	<u>3,249.50</u>
Total				<u><u>55,542.42</u></u>

NEW Town of Rico - Water Fund
Check Register
For the Period From Apr 1, 2024 to Apr 30, 2024

Filter Criteria includes: Report order is by Date.

Check #	Date	Payee	Cash Account	Amount
4605	4/10/24	San Miguel Power Associ	10000	476.00
4606	4/10/24	GovRates Inc	10000	4,600.00
4607	4/10/24	PVS DX, INC	10000	10.00
4608	4/10/24	Dolores Water Conservanc	10000	3,000.05
4609	4/10/24	USA BlueBook	10000	2,615.91
4610	4/10/24	Ferguson Waterwork #111	10000	158.19
4611	4/10/24	La Plata County PH Dept	10000	38.50
4612	4/10/24	Rico Telephone Company	10000	230.00
4613	4/10/24	Fralely Propane LLC	10000	402.00
4614	4/10/24	Town of Rico	10000	6,992.00
Total				<u>18,522.65</u>

2018 NEW Town of Rico - Street Fund
Check Register
For the Period From Apr 1, 2024 to Apr 30, 2024

Filter Criteria includes: Report order is by Date.

Check #	Date	Payee	Cash Account	Amount
2929	4/10/24	San Miguel Power Associ	10000	303.00
2930	4/10/24	WM Corporate Services, I	10000	166.67
2931	4/10/24	4 rivers Equipment	10000	2,199.04
2932	4/10/24	Rico Telephone Company	10000	50.00
Total				<u>2,718.71</u>

NEW Town of Rico - Open Park Fund
Check Register
For the Period From Apr 1, 2024 to Apr 30, 2024

Filter Criteria includes: Report order is by Date.

Check #	Date	Payee	Cash Account	Amount
1765	4/10/24	San Miguel Power Associ	11000	27.00
Total				27.00

Dear Board of Trustees,

I would like to comment on the construction rules and regulations draft document from the January meeting packet.

First, ideologically I like the idea of small and less intrusive government. I believe in the golden rule, some of the 10 commandments, and a couple other common-sense guidelines covers you on most issues. I've worked in government long enough to know that a rule formed from the bad behavior of one individual causes an unnecessary burden to everyone else.

I'm not opposed to regulation but believe we should focus on the minimum necessary. My understanding is this regulation was drafted from a mix of complaints and what other towns have adopted for construction rules. While there are some regulations that are hard to argue against such as controlling trash, there are others that are very situational. For example, an owner could try to work on their house on weekends but without applying for a waiver or variance would be prohibited from work on Sundays. The result of more comprehensive rules is more requests for a waiver or variance based on specific circumstance. This additional burden on staff and need for subjectivity muddies something meant to be simple, but the end result should be that common sense – no harm, no foul – prevails.

The dust on public roads from trucks heading to the Dolores Trail Subdivision seems to be the issue that brought about these proposed rules, yet I don't see anything in the draft document that would require any different behavior. There is also nothing that differentiates between the size of construction activity. Major subdivisions with new roads are treated the same as an individual home build even though we know the larger the project the larger the disturbance.

Before passing the draft rules and regulations I hope the board considers several things:

1. Are we passing the minimum amount of regulation necessary to achieve the desired impact?
2. Are we allowing for a waiver or variance that accommodates specific situations?
3. Should we be differentiating based on the size of the impact?
4. Are we balancing the burden of regulation with the potential impact to others, ensuring that Rico retains its appeal to lesser capitalized landowners?

Thanks for your consideration of this comment,

Matt Schiff

Proposal for an increase of STR housing stock from 7 to 10 percent

Proposal for an increase of STR housing stock from 7 to 10 percent.

At the last meeting, I was prevented from being allowed to comment publicly. I attended the entire meeting and just before the STR discussions the internet went down. Then a couple minutes later we were back. I was unaware that the STR discussions happened, and when the meeting ended abruptly, I was surprised that I was unable to comment. This is what I had intended to say.

So, here I am back in front of the Knights who say Nee with a herring in one hand and the largest tree in the forest in the other, only now realizing that I was on a fool's errand. I had originally designed the new quadrant map because of how bizarrely disproportionate the old map was laid out. I honestly believed that I had come up with a better solution. My only reason for redrawing the lines was out of good faith to ensure a fair distribution of housing stock, zoning, acreage, and future planning and development. I was simply trying to correct the 400 percent inconsistency that currently exists between the NE and SW quadrant. I just wish I was informed that this inconsistency was intentional from the start. After so many of you on the board reached out to me privately, thanking me for figuring out a more proportionate redistribution and expressing that you guys never truly understood how the original quadrant map made any sense, I kinda figured this would gain a little more traction.

I guess I have to thank a Rico resident for bringing clarity to this situation at the last meeting where he wrote that "The original quadrant system was designed with the NE quadrant in mind, with the intention of preventing too many STRs from being concentrated in a single area" I had not factored the Y into this into the equation when solving for x. Had I understood that designing the quadrants disproportionately was the intention of the original ordinance, I wouldn't have even tried to fix "the problem." that apparently never existed in the first place.

So, I wanted to apologize for wasting everyone's time. Trust me when I say that I wasted much more of my own time on this.

It's somewhat interesting that some people on the board have absolutely no idea how these quadrants were designed, but people who happened to live in the NE quadrant at the time of design... Some of whom weren't even on the board... know exactly what went into ensuring that the NE quadrant remained the quadrant with the least amount of airbnbs per capita.

And, I understand that I am fighting a losing battle, especially now that I know that the quadrants were designed to be disproportionate intentionally. The people who are in favor of airbnb are either already renting, or there is a 75 percent chance that they have a quadrant that hasn't filled up yet so my mission to change quadrant lines is falling on deaf ears.

Since there have not been any complaints about STRs other than there isn't enough places to house guests, and just the other day there was a group on the bulletin board looking for a place to stay, my only option left is to ask if you will consider increasing the percentage of STR housing stock from 7 percent to 10 percent. This way, since the NE quadrant is already technically built out, there won't ever be more than 5 airbnbs total in the NE quadrant. This helps solve the problem of not being able to house enough people by opening up another place for people to stay. This also prevents me from putting 2 more Airbnbs in your backyard as some people have baselessly suggested. I have contacted business owners in Rico, and they agreed that the increased revenue they would see by allowing more STRs would help their business rather than hinder it, especially after a slower than usual season.

Or we could simply allow residents of Rico to utilize their own private property as they please through owner occupy. I think that most people would be on board with this idea.

Our plan was to rent out our home for 3 months this summer while we worked on a project 7 miles downstream. We will have to be back in our home by October and we plan on living here all winter. We will only be 7 miles away in case of emergency.

So, as we move forward, I only ask that there is more transparency between board members and how they pass information on to Rico citizens. If I understood that there was intention behind the original design, we could have all saved a ton of time on this. Thank you for considering an increase in the percentage of housing stock from 7 to 10 percent.

Scott Smith



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April 11, 2024

Colorado Department of Local Affairs (DOLA)
1313 Sherman St.
Denver, CO 80203

Dear Patrick Rondinelli,

We are writing to urge the continuation of the practice of allocating Energy Impact Assistance Funds (EIAF) to address broadband issues in the State of Colorado only until such time as the Colorado Broadband Office (CBO) can administer an equal program. With HB24-1234 and 1336 focusing on continuing broadband deployment by shifting how initiatives are managed from the High Cost Support Mechanism to the CBO we urge DOLA to continue the broadband set aside until CBO has time to stand up their programs. As the counties, municipalities, Councils of Governments, and planning regions continue to work to plan and build out infrastructure, we believe that sustaining this funding source for broadband is not only crucial for the growth and development of our local communities but is also imperative for our overall economic prosperity and the well-being of our residents.

Over the past several years, DOLA has recognized the pivotal role high-speed broadband services play in advancing local government operations and fostering community development efforts. The provision of many Carrier Neutral Locations, as well as millions of dollars in EIAF grants, \$7 million for 17 projects in Tier II (requesting more than \$200,000 in grant money) and another \$1.6 million for 14 projects in Tier I (requesting less than \$200,000) to the Town of Idaho Springs, Gunnison/Hinsdale Combined Emergency Telephone Service Authority (GHCETSA), Town of Eckley, the \$158,733 extend broadband fiber and infrastructure from Project THOR up Midland Avenue towards the Frying Pan River Valley, the \$995,429 for Larimer County Wellington-Masonville Middle Mile Fiber, and \$2 million to connect Archuleta, to Arboles, Allison, into Ignacio and up Highway 151 connection, Southern Ute has been fundamental to enhancing various aspects of the quality of life for Coloradans, including economic development, distance learning, inter-jurisdictional communication, and healthcare delivery. We believe that it is imperative that we continue to prioritize and invest in broadband infrastructure across our state until all Coloradans have reliable broadband access.

A critical area that requires our sustained attention is the development of redundant, open access, middle mile networks. An open access network is open to being utilized by multiple service providers. This “openness” allows for an option to prevent overbuilds from occurring. The open access model allows service providers to use already-built infrastructure, allowing them to leverage their resources to build out deeper into communities. The open access network is owned by a public entity who wants to encourage competition and increase services in their area. These networks are the backbone of our broadband infrastructure and are essential for ensuring the reliability and resilience of our broadband services. Building an open access loop that provides redundancy by its closed-loop nature rather than overbuilding is crucial to minimize service disruptions, especially in rural and remote areas, where connectivity is often sparse. Open access middle mile infrastructure ensures that data can flow efficiently from core locations, such as Denver, to our local communities. There is much work still to be done to address these infrastructure gaps.

Funding allocated to technical assistance positions plays a vital role in bridging the digital divide. Many smaller communities and rural areas in our state lack the technical expertise and planning capabilities needed to deploy and manage broadband infrastructure effectively. The technical staff funded through this program, Corey Bryndal and Nate Walowitz, have been instrumental in providing essential guidance, training, and support to local governments and planning regions, empowering them to make informed decisions and navigate the complex world of broadband development. Their continued presence is essential to ensuring that the communities they work with have the opportunity to harness the benefits of broadband technology.

We urge you to consider the profound impact that EIAF funds have had on our communities' broadband accessibility and the importance of continuing this initiative until CBO has time to implement similar programming. The need for redundant middle mile networks, carrier-neutral location data centers, and technical assistance remains significant, particularly in smaller, more rural communities. By persisting in our commitment to broadband infrastructure, we can promote economic growth, expand educational opportunities, improve healthcare services, and enhance the overall quality of life for all Coloradans.

Thank you for your dedication to our state's well-being. We respectfully request that DOLA continue to set aside EIAF funds specifically for broadband until similar programs are available through the CBO. The continued support has the potential to put Colorado at the forefront of digital connectivity and prosperity.

Sincerely,

Nicole Y. Pieterse
Mayor



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April 17 , 2024

Colorado Broadband Office
Attention: Jonas Durham, Senior Manager
1575 Sherman Street
Denver, CO 80203

Re: EIAF Broadband Set Aside and HCSM Transfer

Dear Mr. Durham,

You are likely aware that DOLA, through its Division of Local Government, manages the Energy and Mineral Impact Assistance Fund (EIAF). This fund is aimed at assisting communities that are socially or economically impacted by the development, processing, or energy conversion of minerals and fossil fuels. The EIAF program is financed by state severance taxes on energy and mineral production and a portion of the state's share of royalties from the federal government for mining and drilling on federally owned land. In addition to supporting a wide range of projects, the EIAF has specifically allocated funds for broadband projects across Colorado. This, "Broadband Planning and Infrastructure Set Aside" initiative has supported local governments and regional council of governments' efforts to provide public institutions, private businesses, and local citizens with access to reliable broadband service at affordable costs. However, this set aside is going to end this year.

With HB24-1234 and 1336 focusing on continuing broadband deployment by shifting how initiatives are managed from the High Cost Support Mechanism to the CBO coinciding with DOLA discontinuing the broadband set aside from EIAF, we would like to encourage the CBO to consider further funding the technical assistance personnel that have been previously provided through the Broadband Set Aside of EIAF.

Funding allocated to technical assistance positions has played a vital role in the broadband design and deployment in the State. Many smaller communities and rural areas in our state lack the technical expertise and planning capabilities needed to deploy and manage broadband infrastructure effectively. The technical staff that was funded through EIAF, Corey Bryndal and Nate Walowitz, have been instrumental in providing essential guidance, training, and support to local governments and planning regions, empowering us to make informed decisions and navigate the complex world of broadband

development. Through their leadership, many miles of middle mile infrastructure and several CNLs have been built, and multiple IRUs secured in, and on behalf of, communities that lacked the technical staff to implement these victories on their own. The continued presence of these positions is essential to ensuring that the communities they work with can see these network designs, that will tie into a statewide loop (the Alpine Loop), through to completion. The full build out of the Alpine Loop and the connection of these super-regional networks may be at stake.

IF HB 1234 and 1336 are successful, we feel it will be important to ensure the continued funding of these key positions. Not funding these positions could lead to a delay, or a complete halt of the development of the Alpine Loop; a lack of confidence from the residents of rural Colorado; and missed opportunities to strategize during this window of federal funding opportunities. It is important that the Alpine Loop is not left as a half-finished project that, once again, leaving rural Colorado behind in the ways that Eagle Net and other projects have.

Google Fiber, aimed at providing high-speed internet across various cities in the U.S., faced significant challenges and delays. While the project was not entirely abandoned, Google significantly scaled back its plans and operations in several cities. Changes in leadership and strategic direction contributed to these adjustments.

We implore the CBO to recognize the pivotal role that funding for these technical positions plays in bridging the State's digital divide. The expertise, leadership, design, and support provided by them are not merely beneficial but are fundamental to the success of broadband deployment across Colorado, especially as CBO's role continues to evolve. As we stand at the crossroads of the ending of the broadband set aside and the possibility of the CBO receiving HCSM to continue broadband implementation, the decision to fund these positions may dictate not only the pace at which Colorado can achieve widespread broadband access, but if it will be seen through to completion. We urge you to consider the impact continued support for these positions may have. We look forward to working together to ensure that the work that has been started continues. Thank you for taking the time to consider this. If there is anything that we can do to help ensure this continued funding, please let us know.

Sincerely,

Nicole Y. Pieterse
Mayor



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April 17, 2024

Subject: Support for Senate Bill 24-091

Dear Joint Technology Committee and SB-24-091 Bill Sponsors,

The Town of Rico would like to express our strong support for Senate Bill 24-091, which seeks to streamline the process for broadband deployment across Colorado by modifying the existing framework for accessing public rights-of-way. As a community that has had many digital connectivity issues we understand the importance of establishing robust middle mile infrastructure. We believe this legislation is a crucial step forward in bridging the digital divide that will foster, rather than hinder middle mile development, especially in the State's most remote areas.

The bill's approach to eliminate annual access fees, while maintaining a one-time permitting cost, aligns with the principle of equitable and efficient use of public lands for infrastructure projects that serve the greater good. This change will encourage more broadband providers to invest in the necessary infrastructure to deliver high-speed internet access to all Coloradans, including those in our community. Moreover, the proposed legislation emphasizes a fair and transparent permitting process, ensuring that all entities have equal opportunity to utilize public rights-of-way for broadband expansion. This is essential for fostering competition and innovation in the telecommunications sector, ultimately benefiting consumers through improved services and pricing.

In light of the above, the Town of Rico urges your support for SB24-091. By passing this bill, we can collectively work towards a future where even remote Coloradans will have access to reliable, high-speed internet, regardless of their geographical location.

Thank you for considering our position on this matter. We look forward to your favorable response and are hopeful for the positive changes Senate Bill 24-091 will bring to our state's broadband infrastructure.

Sincerely,

Nicole Y. Pieterse
Mayor



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To: Rico Board of Trustees
 From: Chauncey McCarthy, Town Manager
 Subject: Bedrock Lot 6 Condo Conversion Final Plat Review

04/11/2024

Below is a review of the application to the submittal requirements and standards of the Rico Land Use Code.

544. FINAL PLAT – REQUIRED MATERIALS

Preliminary plat phase of a subdivision application shall contain the following materials and information in addition to a completed subdivision application form provided by Town.

544.1 Final Plat Materials and Copies: The Applicant shall submit copies of the Final Plat in the same scale as the Preliminary Plat. The Final Plat shall be twenty-four (24) inches J by thirty-six (36) inches. Contiguous parcels owned by different parties may be embraced in one Plat, provided that all owners join in the dedication and acknowledgement; however, non-contiguous parcels or multiple plats are not allowed on a single sheet. The Final Plat may be submitted in sections provided the first section contain an index map indicating the sections designated for the entire tract.

Standard met (mylar copy or other permanent type material that is reproducible to be provided once approved)

544.2 Final Plat Requirements: The Final Plat shall be prepared and certified as to its accuracy by a registered land surveyor licensed to do such work in the State of Colorado. A work-man like execution of the Final Plat shall be made in every detail. A poorly drawn or illegible plat shall be a sufficient cause for its rejection.

The Final Plat shall meet the following requirements:

A. The Final Plat shall conform in all major respects to the Preliminary Plat as previously approved and shall incorporate all modifications required in the Preliminary Plat Approval stage.

Standard met

B. All blocks, and all lots within each block shall be consecutively numbered;

Standard met

C. On curved boundaries and all curves on the plat, sufficient data should be given to enable the re-establishment of the curves. Any curves should include: Points of curvature, points of tangency, radius of curve, arc length, and angle or curve by arc definition.

N/A

D. Excepted parcels shall be marked "Not included in this plat" and the boundary completely indicated by bearings and distances.

Standard met

E. All streets, walkways and alleys shall be designated as such, and bearings and dimensions shall be given.

Standard met (Pedestrian trail as required by the subdivision improvement agreement dated April 2022 is not depicted on the plat. Installation of path is required for CO and future maintenance of the path is contemplated in the master association declaration §1.19, 2.12, 7.3, 7.4)

F. All streets shall be named.

N/A

G. All easements shall be designated as such, and bearings and dimensions given.

Standard met

H. All dedications of land to the Town or other agencies shall be designated as such and bearings and dimensions shall be given.

N/A

I. All lands within the boundaries of the Plat shall be accounted for either by lots, walkways, streets, alleys, or excepted parcels.

Standard met

J. All dimensions of irregularly shaped lots shall be indicated in each lot.

Standard met

K. Bearings shall be given for all lot lines, except that bearings need not be given for interior lot lines where the bearings are the same as those of both exterior lot lines.

Standard met

L. Other information on the Plat shall include:

(1) Name of subdivision, true north line and date;

Standard met

(2) Name of owner or owners of record and address;

Standard met

(3) Total acreage of tract and total number of lots;

Standard met

(4) Township, Range, Section and Quarter-Section, block and lot numbers; and,

Standard met

(5) Graphic scale.

Standard met

M. Permanent reference monuments shall be located and set in compliance with state laws, except that there shall be at least one permanent monument located no more than six hundred (600) feet apart along any straight boundary line.

N/A

N. The surveyor making a Plat shall certify on the Plat that it is correct and that the monuments described in it have been placed as described and shall affix his name and seal.

N/A

O. All utilities and easements shall be shown on the Plat along with a certificate from all utility companies showing their approval.

N/A

544.3 Other Materials: The Applicant shall submit final copies of all supporting documents required at the Preliminary Plat Approval stage with any changes, modifications, and revisions required as a condition to approval at the Preliminary Plat Approval stage. In addition, the Applicant shall submit the following:

A. Improvements agreement for all on-site or off-site improvements and mitigation measures required by the Application; and,

N/A

B. Covenants and restrictions on any property required by the Application.

The applicant is in the process of working with the town to amend the current lot 6 deed restrictions. Materials are currently being reviewed by town's attorney.

OWNERS' ASSOCIATIONS

558.2 Approval. If the establishment and creation of a mandatory owners association is required by the Town, a copy of the agreements, covenants and restrictions establishing and creating the association must be approved by the Town Attorney and Board of Trustees prior to the approval of the final plat of the subdivision and must be filed of record with said final plat in the Map and Plat Records of Dolores County, Colorado. Said final plat shall clearly identify all facilities, structures, improvements, systems, areas, or grounds that are to be operated, maintained and/or supervised by said association.

Standard Met (Plat and declaration approved by legal)

The preliminary plat was approved with conditions by the Board of Trustees during their February 28, 2024 meeting:

To approve the preliminary plat of the proposed Bedrock conversion to condominium subdivision based on the findings that the application complies with the provisions of the RLUC section 538/3 and the other laws of the Town of Rico subject to the following conditions:

1. Parking spaces 1, 6, and 14 shall be modified so as not to exceed the maximum grade of 12 percent, Land Use code 538.1c&f
Certificate of Occupancy will be conditioned upon regrading parking spaces 1,6, and 14, applicant shall submit a revised as-built.
2. Retaining walls shall be finished as shown on the site plan
Requirement of Certificate of Occupancy
3. Retaining wall for the drive isle shall be finished or landscaped in a manner that reduces its visual impact pursuant to section 5.2 of the Bedrock subdivision improvements PUD agreement Land use code section 280 and LUC section 104.6
Requirement of Certificate of Occupancy
4. Individual water tap fees shall be paid per each unit and pursuant to Town ordinance number 2019-06 in our Water rules and regulations the applicant shall either comply with the engineering requirements under the current rules and regulations or provide an engineering solution acceptable to the Town's engineer in lieu of that
Additional tap fees have been paid in full. Application provided solution for individual shut offs that was reviewed and approved by Big Horn MEP engineers. (Memo included in packet) Shuts have been installed and applicant is in the process of installing individual meters per unit.

5. Town attorneys revisions on the applicants condominium documents shall be incorporated as a condition of final condominium subdivision plat approval

Condition met

6. Condominium documents shall reference the recorded deed restriction and that such deed restriction may be amended only with the Town Board of Trustees approval.

Condition met



Sent via email: townmanager@ricocolorado.gov; wea@mountainlawfirm.com

Town of Rico
 Board of Trustees
 Planning Commission
 P.O. Box 9
 2 Commercial Street
 Rico, Colorado 81332

Re: Application for Creation of 10 Condominium Units on Bedrock Subdivision Lot 6:

Dear Board of Trustees and Planning Commission Members:

I represent BRD, LLC, the owner and developer of the affordable housing units on Lot 6 of the Bedrock Subdivision (Lot 6), Town of Rico. Enclosed you will find the following updated information for the final hearing for the approved and nearly completed ten (10) condominium units on Lot 6:

1. Updated Condo Map with edits reflecting changes requested by the Rico Town Attorney. The Condo Map also includes all elements required by C.R.S. 38-33.3-209 to create a condominium regime, all certified by a registered land surveyor.
2. Updated Master Association Declarations reflecting edits based on comments from the Rico Town attorney and the Board of Trustees. These have been submitted in redline format to show the changes and were previously submitted to the Town's attorney on March 12, 2024.
3. Draft public notice letter and affidavit which will be sent out at least 10 days prior to the Planning Commission hearing date.

In addition, I will touch on the Owner's compliance with the conditions from both the Planning Commission and Board of Trustees:

1. Water Tap Fees, Shut Off Valves and Meters. My client has worked with the Town of Rico to come up with a solution that we understand is acceptable to the Town of Rico regarding installing water shut offs that can be accessed outside of the units for each individual unit, which will be installed as a requirement of receipt of a certificate of occupancy. We also understand that Rico has order the meters for each individual unit. Finally, my client paid the \$49,000 in additional tap fees on or prior to March 20th, 2024. Therefore, the items related to water should have been fully resolved.
2. Coloring of Concrete Walls. The Owner as represented at the meeting will color the walls as shown on the building permit submittals. In addition, although the Owner still feels it should not have been required through this process, my client has agreed to color the drive wall as a condition to receiving a certificate of occupancy for the units, so we believe this has been resolved.

PO Box 1902
 Telluride, Colorado 81435

970.708.5070
jmahoney@telluriderlaw.com



We thank you for your time and consideration and look forward to finalizing this project and getting people into ownership of these units.

Sincerely,

James Mahoney



Subdivision Application

Applicant Name _Bedrock Rico, LLC_

Phone Number _(970) 708-3919_

Address _140 N. Glasgow Ave_

Cell Phone Number _(970) 708-3919_

Email _dchew@bedrockrico.com_

Fax Number _____

Street Address of Subject Property _140 N. Glasgow Ave._

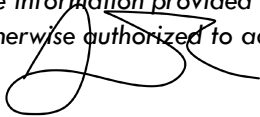
Legal Description of Subject Property _140 N. Glasgow Ave. Lot 6 Bedrock Subdivision,

According to the Bedrock Subdivision Plat, Town of Rico, Dolores County, CO, Recorded at Reception Number 171981, Dolores County Clerk and Recorders Office

Zone District of Subject Property _CPUD_

- Statement from County Treasurer showing the status of current taxes due on affected property
- Letter of agency if applicant is other than the owner of the property
- An application fee in the amount of \$1800.00
- A Certificate of Mailing with names, addresses, and property owned of property owners within 200 feet of subject property.
- A copy of the deed for the property.

I swear that the information provided in this application is true and correct and that I am the owner of the property or otherwise authorized to act on behalf of the owner of the property.

Signature:  Date _1/23/24_

Date Application Received _____

Application Reviewed by _____

Application Fee Received _____

Date of Hearing _____

Application Complete _____

Rico Planning Commission Action _____

Mailing Notice Complete _____

Approval Subject to Conditions _____

AFFIDAVIT OF MAILING PUBLIC NOTICE LETTER

March 26th, 2024
Town of Rico
Board of Trustees
Planning Commission
P.O. Box 9
2 Commercial Street
Rico, Colorado 81332

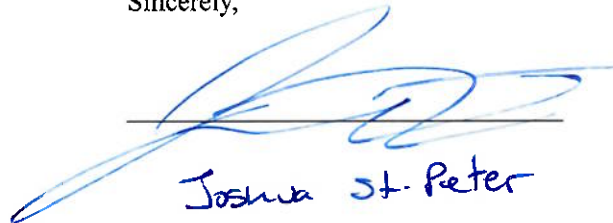
Sent by email to: townmanager@ricocolorado.gov; wea@mountainlawfirm.com

Re: Certification and Affidavit of Mailing Public Notice Letter for Lot 6 Bedrock Subdivision,
Subdivision/Condo Map Application.

I hereby declare that I, Josh St. Peter, mailed a copy of the Town of Rico approved, enclosed public notice letter via U.S. First Class Mail, postage prepaid thereon on 3/26/24, to the attached list of property owners. The public notice letter was prepared and mailed in accordance with the public noticing requirements of the Rico Land Use Code ("RLUC"). The public notice letter was placed in the mail on 3/26/24 which was at least 10 days prior to the public hearing(s) to be held on 2/14/24 and 2/28/2024. The list of property owners includes all lot and condominium property owners located within 200 feet of the boundary of Lot 6. The adjacent property owner list was compiled from the San Miguel County GIS Attached is a copy of the noticing letter, list of all property owners noticed, including their lot number and mailing address.

I declare that under penalty of perjury under the laws of the State of Colorado that the foregoing is true and correct.

Sincerely,



Joshua St. Peter

NOTICE OF PENDING DEVELOPMENT APPLICATION

March 26, 2024

RE: Public Hearings on Subdivision Application for: Preliminary Approval of Subdivision/Condo Map Application for Lot 6 Bedrock Subdivision.

Dear Property Owner,

You are receiving this public notice as required by the Town of Rico Land Use Code because you own property within 200 feet of the subject property. The Planning Commission Final Meeting is to be held both in person and remotely via the ZOOM web- conferencing platform in a hybrid format on April 10, 2024 at approximately 6:00 p.m. or sometime thereafter. Details on how to access this meeting will be found at <https://townofrico.colorado.gov>

The Board of Trustees Meeting is to be held both in person and remotely via the Zoom web- conferencing platform in a hybrid format on April 17, 2024 at approximately 7:00 p.m. or sometime thereafter. Details on how to access this meeting will be found at <https://townofrico.colorado.gov>

Name of Applicant: BRD, LLC

Type of Development Application(s): Preliminary subdivision approval for 10 condominium units under construction on Lot 6, Bedrock Subdivision.

Legal Description: Lot 6 Bedrock Subdivision, According to the Bedrock Subdivision Plat, Town of Rico, Dolores County, State of Colorado, Recorded at Reception Number 171981, Dolores County Clerk and Records Office.

Address: 140 N. Glasgow, Rico, CO 81332

Detailed Summary of Development Application(s): The applicant is seeking to create 10 separate legal condominium units via the subdivision process for the under-construction condominium units nearing completion on Lot 6 of the Bedrock Subdivision.

For a copy of the application please email: townmanager@ricocolorado.gov

To submit comments on the application please email: townmanager@ricocolorado.gov prior to each hearing date.

Sincerely,



James Mahoney, Attorney for Applicant

First Name	Last Name	Address	City	State	Zipcode	Lot Number	Subdivision
Jason	BRD LLC	PO Box 1746	Telluride	CO	81435	Lots 1-6	Bedrock
Taylor	Soules	PO Box 1746	Telluride	CO	81435	Lot 43	Atlantic Cable
Scott	Glaze	9928 Pineaire Drive	Sun City	AZ	85351	Lot 44	Atlantic Cable
Benn	Keating	PO Box 1712	Telluride	CO	81435	Lot 45	Atlantic Cable
	Vernadakis	PO Box 37	Rico	CO	81332	Lots 45-46	Atlantic Cable
Paul Ruud and Stacy	Mother Lode Enterprises LLC	3370 Charla Drive	Prescott	AZ	86305	Lots 20-23	Atlantic Cable
Gregory and Alexander	Sheridan	PO Box 35	Rico	CO	81332	Lot 25	Atlantic Cable
Roark and Lindsay	Knecl	PO Box 381	Rico	CO	81332	Lot 24	Atlantic Cable
	Lanning	2132 Kincaid Place	Boulder	CO	80304	Tract 48	Atlantic Cable
Jill and Andrew	DOW Family Trust	3418 Ridgeline Drive	Montrose	CO	81401	Tracts 46-47	Atlantic Cable
Patricia	Jordan	143 Parkside Circle	Decatur	GA	30030	Tract 28	Atlantic Cable
San Juan National Forest	Engel	PO Box 62	Rico	CO	81332	Tract 27, Lot 26A-B	Atlantic Cable
Darrall	Dept. of Agriculture	15 Burnette Court	Durango	CO	81301	Unknown	
Tracy and Jennifer	Huber	PO Box 134	Rico	CO	81332	Lots 31-32	Atlantic Cable
Curran Family Trust	Taylor	PO Box 24	Rico	CO	81332	Tracts 30 & 35	Atlantic Cable
Ronald	C/O Mike Curran	PO Box 313	Rico	CO	81332	Tract 29	Atlantic Cable
Carole	Evers	PO Box 94	Rico	CO	81332	Lot 5C, 26A-C	Atlantic Cable
	Rychtarik	502 Dartmoor Drive	Celina	TX	75009	Lots 28-29	Rico
Anne	Hot Rod Lincoln LLC	300 W. Corsicana Street	Athens	TX	75751	Lots 26-27, 23	Rico
James	Belaska	PO Box 264	Rico	CO	81332	Lots 24-25	Rico
Dennis	Baron	4038 Hayhurst Lane	Tucson	AZ	85712	Lots 21-22	Rico
Luke Brown and	Swank	PO Box 131	Rico	CO	81332	Lots 17-20 East	Rico
	Kathryn Parnello	PO Box 2913	Telluride	CO	81435	Lots 17-20 West	Rico
Nathaniel and Angela	Big Dubs Ventures LLC	201 County Road 3697	Springtown	TX	76082	Lots 15-16	Rico
Dylan	Seeley	PO Box 1086	Cortez	CO	81321	Lots 11-14	Rico
	Sloan	PO Box 758	Ophir	CO	81426	Tract 18	Atlantic Cable
Lynne	Town of Rico	PO Box 9	Rico	CO	81332	Tract 15, Lots 39-40	Atlantic Cable, Rico, Bedrock
Daniel	Sandoval	PO Box 177	Rico	CO	81332	Lot 16	Atlantic Cable
Patricia	Vandernast	PO Box 61	Rico	CO	81332	Tract 19	Atlantic Cable
Kalin	Cone	1029 W. 7th Street	Cortez	CO	81321	Tract 17	Atlantic Cable
Elizabeth	Grigg	PO Box 305	Rico	CO	81332	Tract 14	Atlantic Cable
Crystal Hibbard and Alexandre	Baker	203 4th Street	Chungwater	WY	82210	Tract 13	Atlantic Cable
Gretchen	Wing	PO Box 85	Rico	CO	81332	Lot 12	Atlantic Cable
Gary and Debra	Treadwell	PO Box 142	Rico	CO	81332	Tract 11	Atlantic Cable
David	Vandergriff	1303 Lawson Avenue	Midland	TX	79701	Lots 21-23	Rico
Jude	Berry	PO Box 21	Rico	CO	81332	Lots 39-40	Rico
	Guthridge	PO Box 325	Rico	CO	81332	Lots 33-38	Rico

First Name	Last Name	Address	City	State	Zipcode	Lot Number	Subdivision
Jay and Mary Lou	Millstead	1420 South 6th Avenue	Yuma	AZ	85364	Lots 1-5 West	Rico
Mackenzie	Ostrem-Jondrow Family Trust	182 W. Simpson Street	Tucson	AZ	85701	Lots 1-5 East	Rico
Jessica and Florentina	Turrin	PO Box 55	Rico	CO	81332	Tracts 5 and 10	Atlantic Cable
Bryant and Jessica	Hart	3004 Little Mill	The Colony	TX	75056	Tract 9	Atlantic Cable
Paul	Bernardo	3004 Little Mill	The Colony	TX	75056	Tract 4	Atlantic Cable
Julia Prejs and Joseph	Jacobsen	167 Coffey Street	Brooklyn	NY	11231	Lot 8	Atlantic Cable
Julie	Dillsworth	PO Box 965	Telluride	CO	81435	Tract 3	Atlantic Cable
Garan	Hodson	PO Box 2829	Telluride	CO	81435	Tract 7	Atlantic Cable
Katelyn and Michael	Mangan-Dinizio	PO Box 122	Rico	CO	81332	Tract 6	Atlantic Cable
Catherine and Lloyd	Contillo	PO Box 115	Rico	CO	81332	Lot 1A	Atlantic Cable
	Hershey	3048 Tam Oshanter	Flagstaff	AZ	86004	Lot 1B	Atlantic Cable
	Lyons Den Construction INC	PO Box 265	Rico	CO	81332	Lots 36-38	Rico
	Call-CO Properties	PO Box 1401	Telluride	CO	81435	Lots 1-5 North	Rico
Sarah	Floyd	19 Normandy Road	Ashville	NC	28803	Lots 2-8	Rico
Jimmy	Stewart	614 Hawkins Avenue	Sanford	NC	27330	Lots 1-3 North	Rico
	Tio Rico LLC	3624 W. Pecos Road	Chandler	AZ	85226	Lots 3-4 South	Rico
Carma Moore, Jack Fahnion and Janet Walker	Janet Walker	25150 Road G-15	Cortez	CO	81321	Lots 5-7	Rico
Gregory Perkins and Dan	Sherck	1375 S.E. Deer Creek Drive	Cedaredge	CO	81413	Lots 33-34	Rico
Nora Belasco and Michael	Lesem	PO Box 43	Rico	CO	81332	Lots 35-36	Rico
Gary and Christine	Gass	PO Box 102	Rico	CO	81332	Lots 37-40	Rico
	Endless Possibilities LLC	PO Box 215	Rico	CO	81332	Mining Claim	Atlantic Cable
	Brickhaus Holding Company LLC	PO Box 1616	Telluride	CO	81435	Lots 5-9	Rico
Mark	Allen	PO Box 172	Rico	CO	81332	Lots 1-4	Rico
Gary and Yolanda	Davis	PO Box 86	Rico	CO	81332	Mining Claim	Rico
Chauncey McCarthy and Devon	Petersen	PO Box 161	Rico	CO	81332	Lot 3	Homestake Little Cora
James and Kevin	Ferrando	4721 Sarasota Street, N.E.	Albuquerque	NM	87111	Tract C	Rico
Nicholas and Catherine	Kelly	2407 Quarry Road	Austin	TX	78703	Lots 1-3, 38-41	Rico
Robert Cummings and Nicole	Plesterse	PO Box 25	Rico	CO	81332	Lot 2	Ferrando
Mike and Mary	Hagan	PO Box 101	Rico	CO	81332	Lots 26-38	Rico
Lynn	Randall	5480 Cordoba Way	Farmington	NM	87402	Lots 21-25	Rico
Cassandra and Daniel	Day	1565 Park Avenue	Canon City	CO	81212	Lot 1	Rico
Cornelius and Barbara	Muldoon	6536 South Robins Way	Chandler	AZ	85249	Lots 2-4	Rico
Justin and Julie	Bain	3418 Ridgeline Drive	Montrose	CO	81401	Lots 11--12	Rico
State Department of Highways	State of Colorado	PO Box 3107	Telluride	CO	81435	Lots 4-6	Rico
Homestake Little Cora LLC and Bedrock 3 LLC	Bedrock 3 LLC	PO Box 2507	Durango	CO	00000	CDOT Maintenance Yard	Rico
		166 Alexander Overlook	Telluride	CO	81435	South Foot	Homestake Little Cora

First Name	Last Name	Address	City	State	Zipcode	Lot Number	Subdivision
Atlantic Richfield Company	c/o BP America INC Attn: Property Tax Dept.	PO Box 941709	Houston	TX	77094	Homestake Little Cora East	Homestake Little Cora
Cornelius and Barbara	Muldoon	PO Box 1511 17013 6450 Road	Idaho Springs Montrose	CO	80452	Mining Claim Lot 10	Rico Rico
Maria	Roberts	2900 S. Palo Verde Lane, Unit 18	Yuma	AZ	85365	Lots 7-9	Rico

jmahoney@telluriderlaw.com

From: jmahoney@telluriderlaw.com
Sent: Wednesday, January 24, 2024 9:35 AM
To: jmahoney@telluriderlaw.com
Subject: FW: Property Tax

James Mahoney P.C.
James Mahoney
Attorney
970-708-5070
jmahoney@telluriderlaw.com

Confidentiality Notice

This electronic mail transmission and any accompanying documents contain information belonging to the sender which may be confidential and legally privileged. This information is intended only for the use of the individual or entity to whom this electronic mail transmission was sent as indicated above. If you are not the intended recipient, any disclosure, copying, distribution, or action taken in reliance on the contents of the information contained in this transmission is strictly prohibited. If you have received this transmission in error, please contact me and delete the message.

From: dctreas@fone.net <dctreas@fone.net>
Sent: Wednesday, January 24, 2024 9:33 AM
To: jmahoney@telluriderlaw.com
Subject: RE: Property Tax

Good morning Jim,

Sorry for the delayed response. I would be more than happy to assist you with this. Parcel #504725300167 is showing \$3050.02 due for the 2023 taxes which are payable this year. My office is currently in the process of mailing these notices out this week. The due date on this amount is April is paid in full. If paid in half payments the due dates will be February 29th and June 15th. Please let me know if you have any additional questions or if I can help in any way.

Have a great day,



Taylor Funk
Dolores County
Treasurer & Public Trustee

409 North Main St / P.O. Box 421
Dove Creek, Colorado 81324
P: 970.677.2386
F: 970.677.2946

From: jmahoney@telluriderlaw.com <jmahoney@telluriderlaw.com>
Sent: Tuesday, January 23, 2024 2:59 PM
To: dctreas@fone.net

State Documentary Fee
\$75.00 03-02-2022

SPECIAL WARRANTY DEED

THIS DEED, made this 1st day of March, 2022
between **Bedrock 3 LLC, a Colorado limited liability company**, of the County of **Dolores** and State of **Colorado**, grantor(s),
AND
BRD, LLC, a Colorado limited liability company whose legal address is **P.O. Box 1746, Telluride, CO 81435**
of the County of **San Miguel** and State of **Colorado**, grantee(s):

WITNESS, that the grantor(s), for and in consideration of the sum of **SEVEN HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$750,000.00)**, the receipt and sufficiency of which is hereby acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey and confirm, unto the grantee(s), his/her heirs, and assigns forever, all the real property, together with improvements, if any, situate, lying and being in the County of **Dolores** and State of Colorado, described as follows:

FOR LEGAL DESCRIPTION SEE EXHIBIT A

also known by street and number as: **TBD Bedrock 3.54, Rico, CO 81332**

TOGETHER with all and singular the hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all the estate, right, title, interest, claim and demand whatsoever of the grantor(s), either in law or equity, of, in and to the above bargained premises, with the hereditaments and appurtenances except for taxes for the current year, a lien but not yet due and payable, subject to statutory exceptions as defined in CRS 38-30-113, revised.

TO HAVE AND TO HOLD the said premises above bargained and described, with the appurtenances, unto the grantee(s), his heirs, and assigns forever. The grantor(s), for himself, his heirs and personal representatives or successors, does covenant and agree that he shall and will **WARRANT AND FOREVER DEFEND** the above-bargained premises in the quiet and peaceable possession of the grantee(s), his heirs and assigns, against all and every person or persons claiming the whole or any part thereof, by, through or under the grantor(s).

The singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

IN WITNESS WHEREOF, the grantor(s) has executed this deed on the date set forth above.

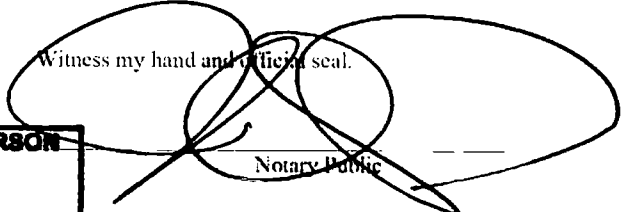
Bedrock 3 LLC, a Colorado limited liability company


By: **Michelle Haynes, Manager**

STATE OF COLORADO }
COUNTY OF San Miguel } ss.

The foregoing instrument was acknowledged before me this March 1, 2022, by **Michelle Haynes, Manager of Bedrock 3 LLC, a Colorado limited liability company**.

My Commission expires: June 8, 2025

Witness my hand and official seal.

Notary Public

**JAMES O'CALLAGHAN PATTERSON
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20214022305
MY COMMISSION EXPIRES JUNE 8, 2025**

Escrow File No.: 3345CEA

EXHIBIT "A"

Portions of the Columbia Millsite - MS 365B, Elliot Lode - MS 1536A, Aztec Lode - MS 367B and Tract 2 Atlantic Cable Subdivision Phase 1 all located within Section 25, Township 40 North, Range 11 West, N.M.P.M., Town of Rico, Dolores County, Colorado further described as follows;

Beginning at Corner 2 of said Columbia Millsite MS 365B being the POINT OF BEGINNING;

THENCE S 16°50' W along the line between Corner 2 and Corner 1 of said Columbia Millsite a distance of 108 feet more or less to the intersection with the northern boundary of Phase 3 of the Atlantic Cable Subdivision according to the plat recorded May 6, 1993 in Plat Book 1 at page 4, in the records of the Dolores County Clerk and Recorder;

THENCE N 80° W a distance of 70.30 feet more or less to a point on the western boundary of the Silver Street Right of Way as the same is depicted on said Phase 3 of Atlantic Cable Subdivision;

THENCE S 08° 54' 53" W a distance of 146.36 feet to an angle point on the western boundary of the Silver Street Right of Way as the same is depicted on said Phase 3 of Atlantic Cable Subdivision;

THENCE S 00° 42' 32" E a distance of 32.91 feet to the northeast corner of Lot 45 as the same is depicted on said Phase 3 of Atlantic Cable Subdivision;

THENCE S 87° 53' 26" W a distance of 145 feet to the northwest corner of Lot 44 as the same is depicted on said Phase 3 of Atlantic Cable Subdivision;

THENCE N 00° 42' 32" W a distance of 20.00 feet to the northeast corner of Lot 43 as the same is depicted on said Phase 3 of Atlantic Cable Subdivision;

THENCE S 87° 53' 26" W a distance of 92.27 feet to the northwest corner of Lot 43 as the same is depicted on said Phase 3 of Atlantic Cable Subdivision;

THENCE S 00° 42' 32" E a distance of 149.98 feet to the northwest corner of Lot 21 of Phase 1 of the Atlantic Cable Subdivision according to the plat recorded September 10, 1979 in Plat Book 2 at page 7, in the records of the Dolores County Clerk and Recorder;

THENCE N 83°08'42" W a distance of 60.45 feet to the northeast corner of Tract 2 of said Phase 1 of the Atlantic Cable Subdivision;

THENCE S 02°07'00" W a distance of 170.00 feet to the northern Right of Way boundary of Hinkley Drive as the same is depicted on said Phase 1 of Atlantic Cable Subdivision;

THENCE S 85°47'00" W a distance of 24.56 feet to an angle point on the northern Right of Way boundary of Hinkley Drive as the same is depicted on said Phase 1 of Atlantic Cable Subdivision;

THENCE S 48°11'36" W a distance of 171.23 feet more or less along said northern Right of

Way boundary of Hinkley Drive to a point on the eastern boundary of the Right of Way for State Highway 145 as was conveyed to the Colorado Department of Transportation by Quit Claim Deed recorded 1/27/1967 at Reception Number 81067 County of Dolores, State of Colorado;

THENCE along said eastern boundary of State Highway 145 Right of Way 136.13 feet on a nontangential curve, concave to the southeast, having a radius of 650.2 feet, an included angle of 11° 59' 44", and a chord of 135.88 feet which bears N 14°16'40" E;

THENCE continuing along said eastern boundary of State Highway 145 Right of Way N 24°19'30" E a distance of 108.00 feet;

THENCE continuing along said eastern boundary of State Highway 145 Right of Way N 24°21'14" E a distance of 34.90 feet;

THENCE continuing along said eastern boundary of State Highway 145 Right of Way N 26°18'33" E a distance of 149.00 feet;

THENCE continuing along said eastern boundary of State Highway 145 Right of Way N 18°18'33" E a distance of 71.40 feet;

THENCE continuing along said eastern boundary of State Highway 145 Right of Way 336.39 feet on a nontangential curve, concave to the northwest, having a radius of 782.2 feet, an included angle of 24° 38' 25", and a chord of 333.80 feet which bears N 05°59'03" E to a point on the northern boundary of said Columbia Millsite MS 365B;

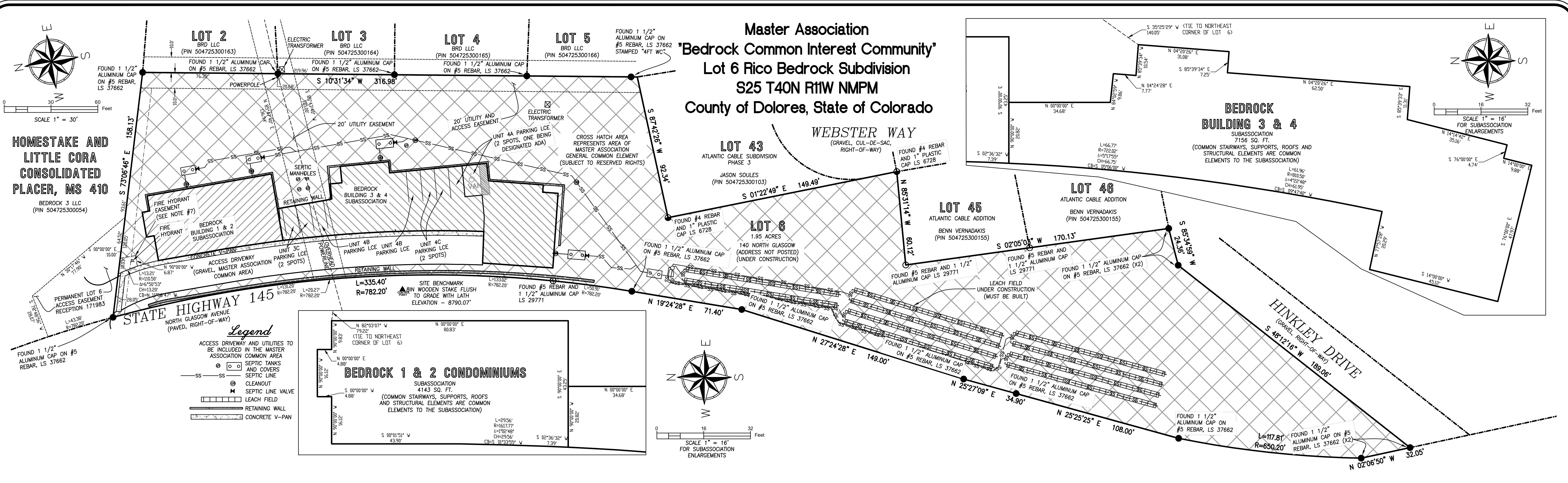
THENCE S 73°10' E along the boundary of said Columbia Millsite MS 365B a distance of 377.21 feet more or less to Corner 2 of said Columbia Millsite MS 365B being the POINT OF BEGINNING;

COUNTY OF DOLORES, STATE OF COLORADO

TOGETHER WITH:

That portion of the Columbia Millsite - MS 365B, Pioneer Mining District lying west of the Right of Way for State Highway 145 as was conveyed to the Colorado Department of Transportation by Quit Claim Deed recorded 1/27/1967 at Reception Number 81067,

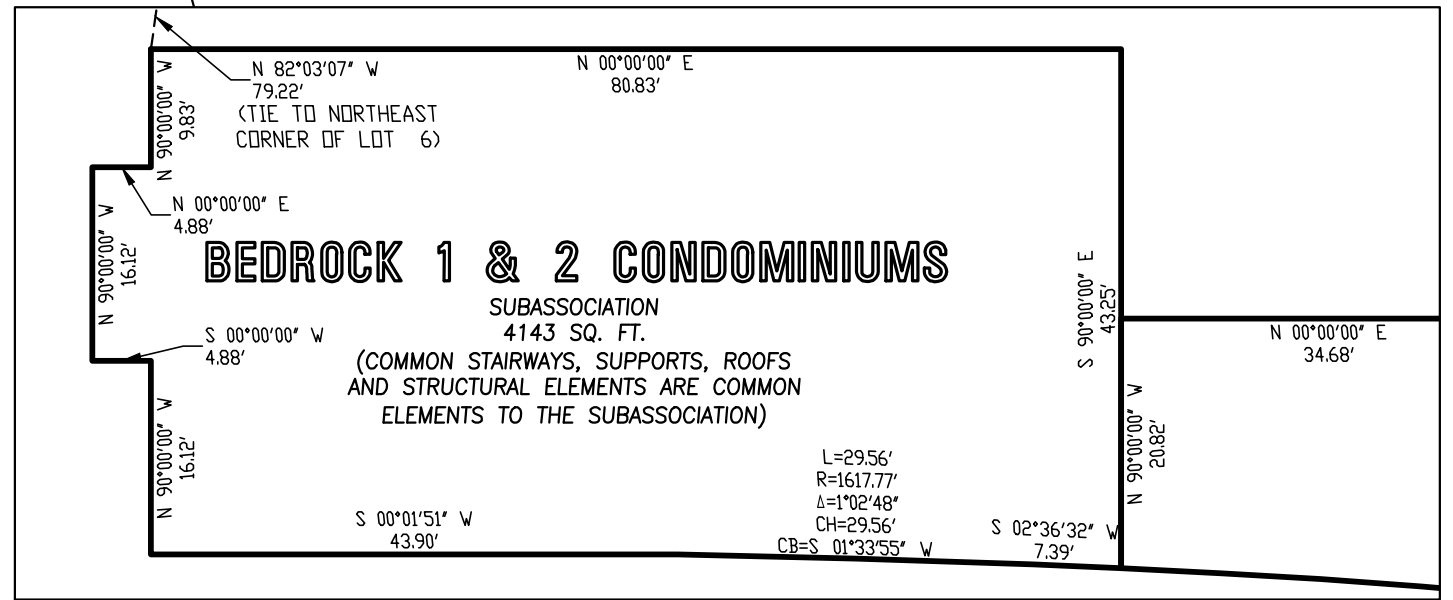
County of Dolores, State of Colorado.



**Master Association
"Bedrock Common Interest Community"
Lot 6 Rico Bedrock Subdivision
S25 T40N R11W NMPM
County of Dolores, State of Colorado**

**HOMESTAKE AND
LITTLE CORA
CONSOLIDATED
PLACER, MS 410**
BEDROCK 3 LLC
(PIN 504725300054)

Legend
ACCESS DRIVEWAY AND UTILITIES TO BE INCLUDED IN THE MASTER ASSOCIATION COMMON AREA
SEPTIC TANKS AND COVERS
SEPTIC LINE
CLEANOUT
SEPTIC LINE VALVE
LEACH FIELD
RETAINING WALL
CONCRETE V-PAN



CERTIFICATE OF DEDICATION AND OWNERSHIP:
Know all men by these presents that BRD LLC, a Colorado limited liability company, being the owner in fee simple of
Lot 6 Bedrock Subdivision, According to the Bedrock Subdivision Plat, Town of Rico, Dolores County, State of Colorado, Recorded at Reception No. 171981

Has laid out, platted and subdivided the same into Units, Common Elements and Easements as shown on this Plat under the name and style of Master Association "Bedrock Common Interest Community", and does hereby subject such property to the terms and conditions of the Declarations of Covenants Conditions and Restrictions (The Bedrock Condominiums Master Association) recorded in Dolores County, Colorado on _____, 2024 at Reception No. _____, as amended or supplemented, and does further state that said property is subject to prior dedications, easements and encumbrances of record, and the notes shown on this Plat.

IN WITNESS WHEREOF, Declarant executes this Map as of the Effective Date:

BRD LLC, a Colorado limited liability company

By: _____ Date: _____
JASON SOULES, Manager

State of Colorado)
County of _____)

Subscribed and sworn to before me this ___ day of 2024, by Jason Soules, as Manager of BRD LLC, a Colorado limited liability company.

Witness my hand and official seal.

My Commission Expires: _____

TOWN OF RICO CERTIFICATE OF FINAL PLAT APPROVAL:

This CONDOMINIUM MAP FOR BEDROCK CONDOMINIUMS ("Map") is hereby approved as conforming to all applicable laws of the Town of Rico.

Mayor: _____ Date: _____

Planning Chair: _____ Date: _____

COUNTY TREASURER'S CERTIFICATE:

I certify that according to the records in the Dolores County Treasurer's office, there are no liens against the property included in the subdivision, or any part thereof, for unpaid State, county or municipal ad valorem taxes or special assessments certified to the County Treasurer for collection.

County Treasurer: _____

Date: _____

SURVEYOR'S CERTIFICATE:

I, David R. Bulson, being a Registered Land Surveyor in the State of Colorado, do hereby certify that this map and survey titled as CONDOMINIUM MAP FOR BEDROCK CONDOMINIUMS ("Map") (i) was made under my direct supervision, responsibility and checking; (ii) is true and accurate to the best of my knowledge and belief; (iii) is clear and legible; (iv) contains all the information required by C.R.S. 38--33.3--209; and (v) that all monuments and markers were set as required by Articles 50 and 51 of Title 38, C.R.S.

Dated this ___ day of _____, 2024

David R. Bulson PLS 37662

PLAT NOTES:

- All abbreviations and terms as set forth in the Condominium Declaration.
- Benchmark: 8" wooden stake, marked with lath, as shown hereon, with an elevation of 8790.07 feet.
- Dimensions shown hereon are to face of stud wall or face of concrete. Areas shown hereon are to the same.
- Easement research from Alpine Title Company, Order Number _____ at 5:00 P.M.
- BASIS OF BEARINGS:** Bearings from brass cap monument at the intersection of Mantz/Glasgow. to the brass cap monument at the intersection of King/Glasgow. assumed as the historic bearing of South 02 degrees 06 minutes 00 seconds East.
- Compliance with Laws. Use and development of the Property is further subject to applicable provisions of the Rico Land Use Code ("LUC"), Rico Design Guidelines and Rico Municipal Code (collectively "Town Laws") and certain site-specific reviews, approvals, deed restrictions and agreements by and with the Town of Rico ("Town") concerning the use and development of the Property ("Town Approvals").
- Fire Hydrant Easement dedicated to the Town of Rico.
- Property is subject to the Bedrock Subdivision Improvements and P.U.D. Development Agreement, dated April 22, 2022, and recorded in Dolores County on May 11, 2022 at Reception No. 171770
- Exercise of development rights to further subdivide Lot 6 is subject to Ordinance No. 2023-07 (development moratorium) and no further subdivision or development of Lot 6 may occur until the development moratorium is terminated.

NOTICE: According to Colorado law, you must commence any legal action based upon defect in this survey within three years after you first discover such defect. In no event may any action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon.

RECORDER'S CERTIFICATE:

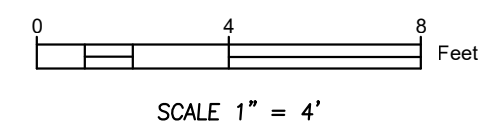
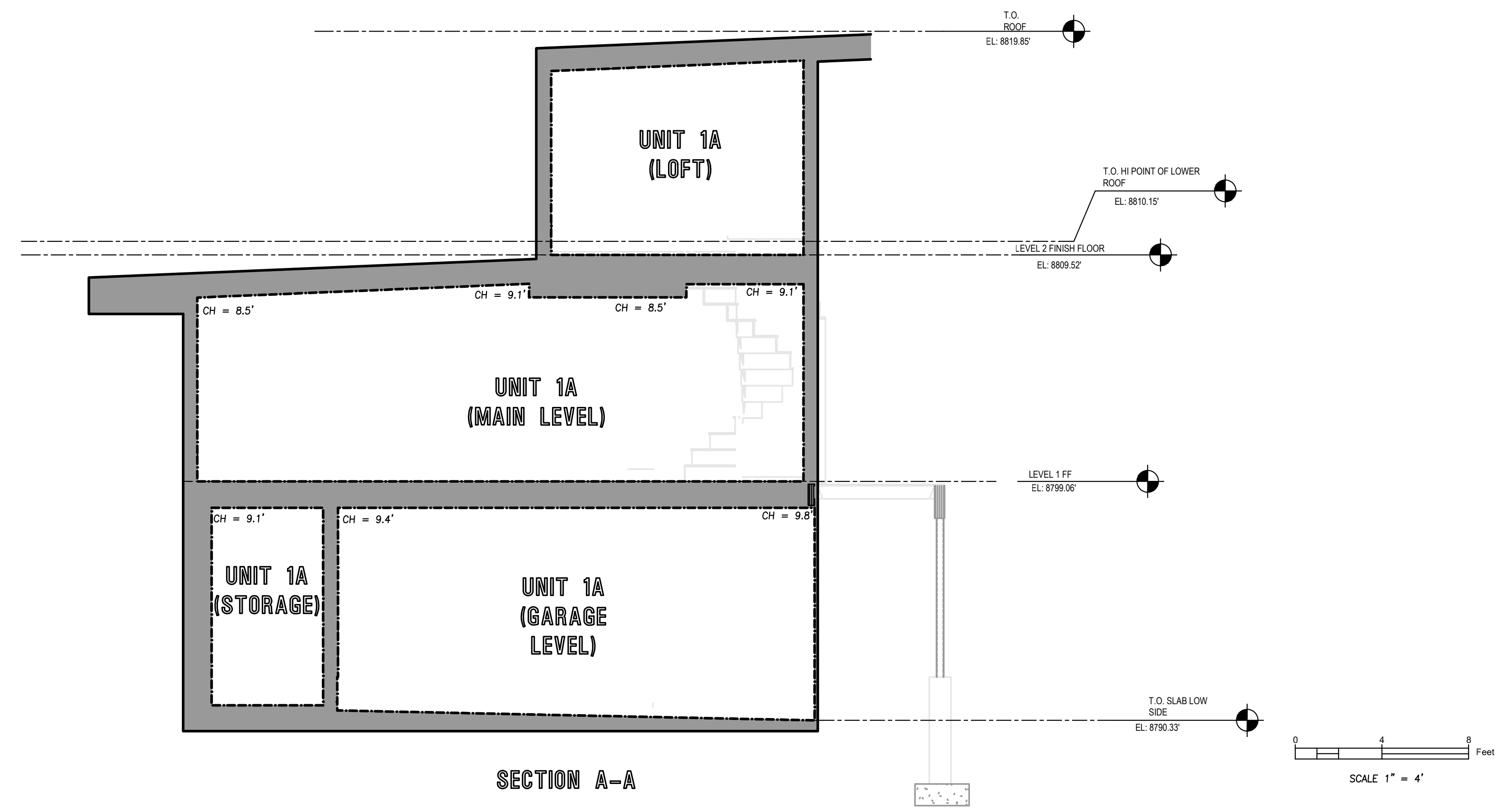
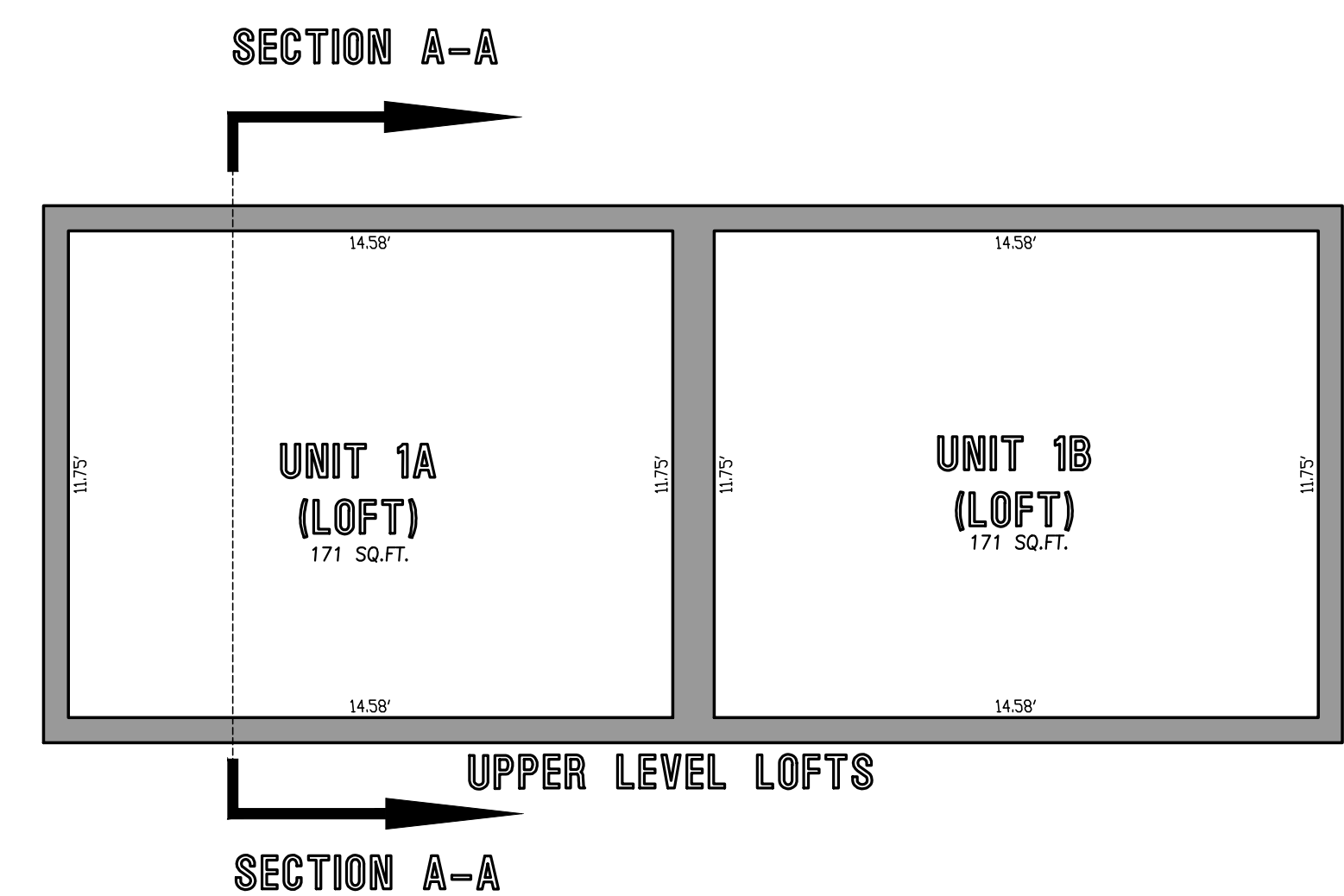
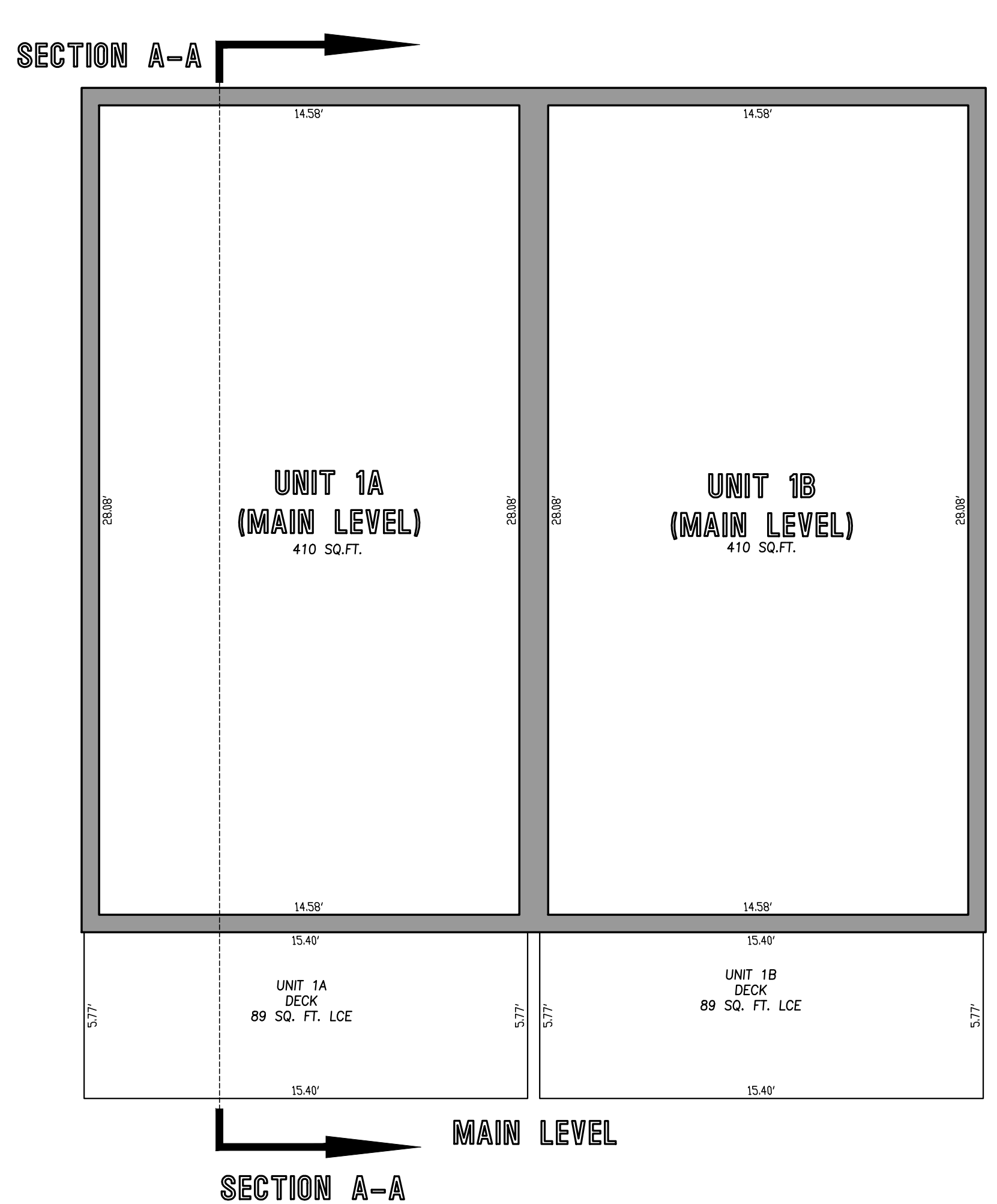
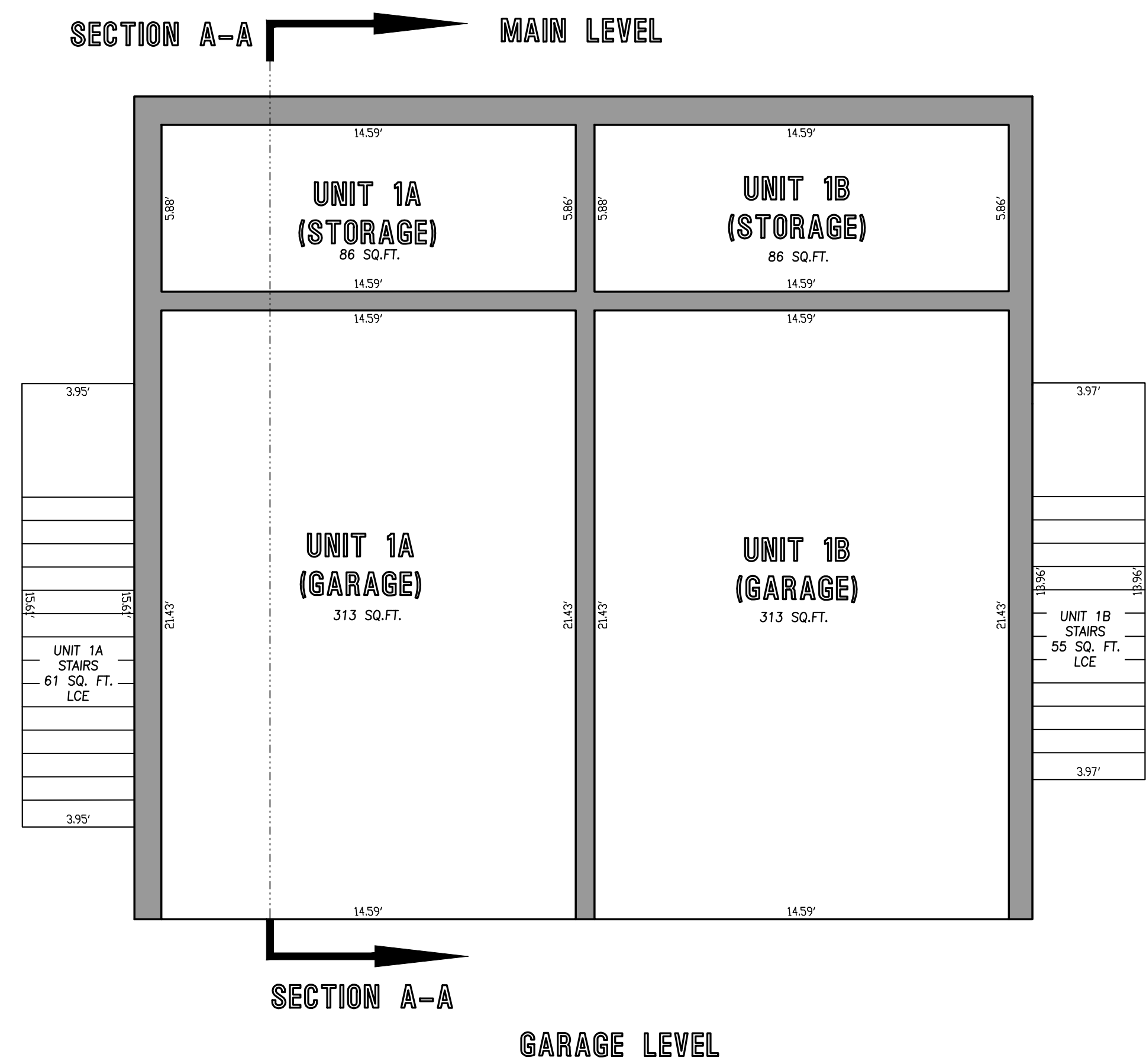
This plat was filed for record in the office of the Dolores County Clerk and Recorder on this _____ day of _____, 20___, at Plat Book _____ Page _____ Reception No. _____ Time _____

Dolores County Clerk



BRD LLC PO BOX 1746 Telluride, CO 81435	Lot 6 Rico Bedrock Subdivision S25 T40N R11W NMPM
3-29-24	BULSON SURVEYING
PROJECT NUMBER 22055	

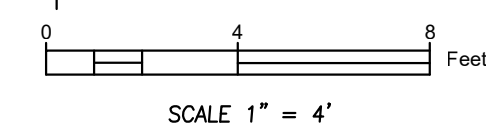
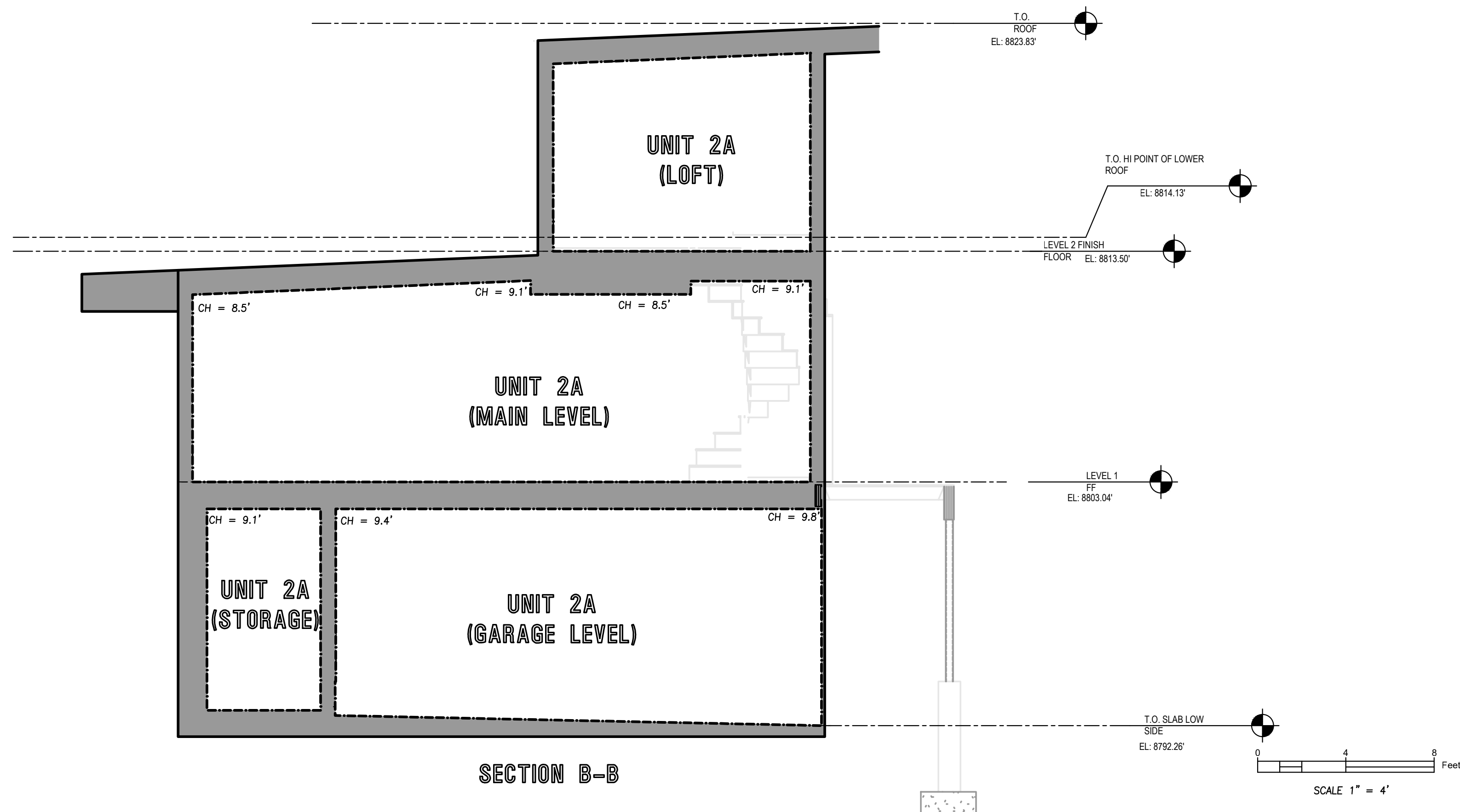
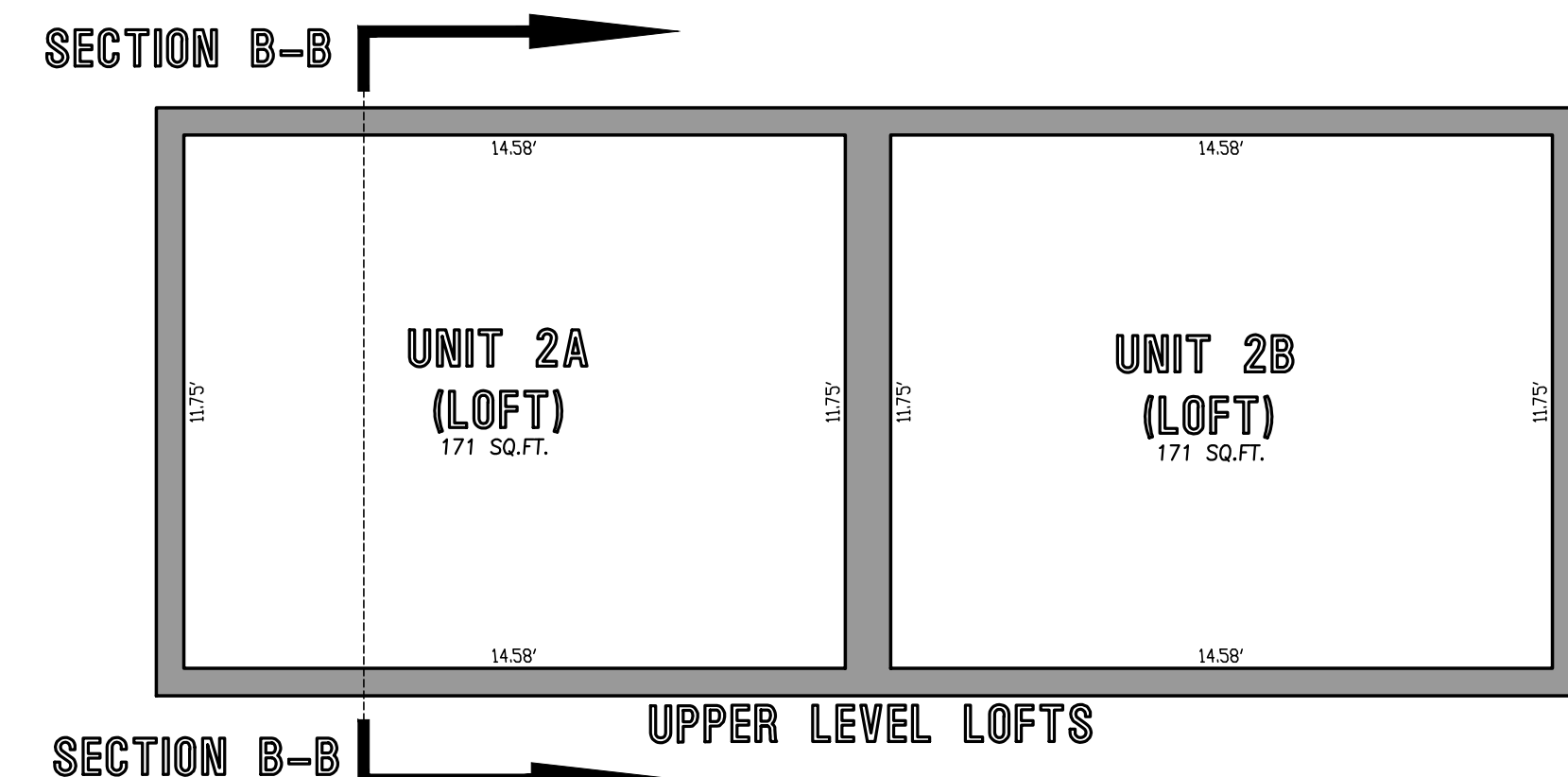
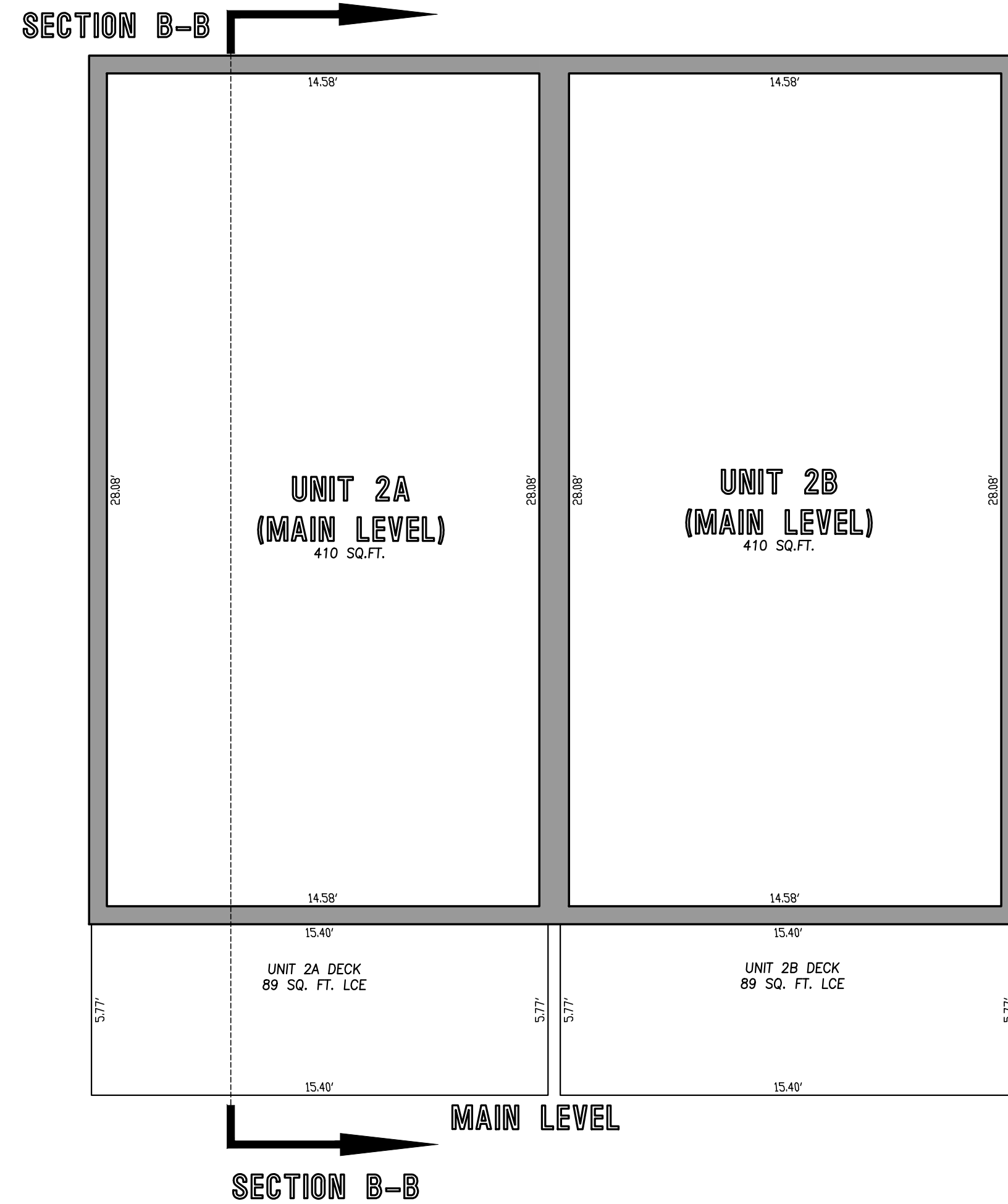
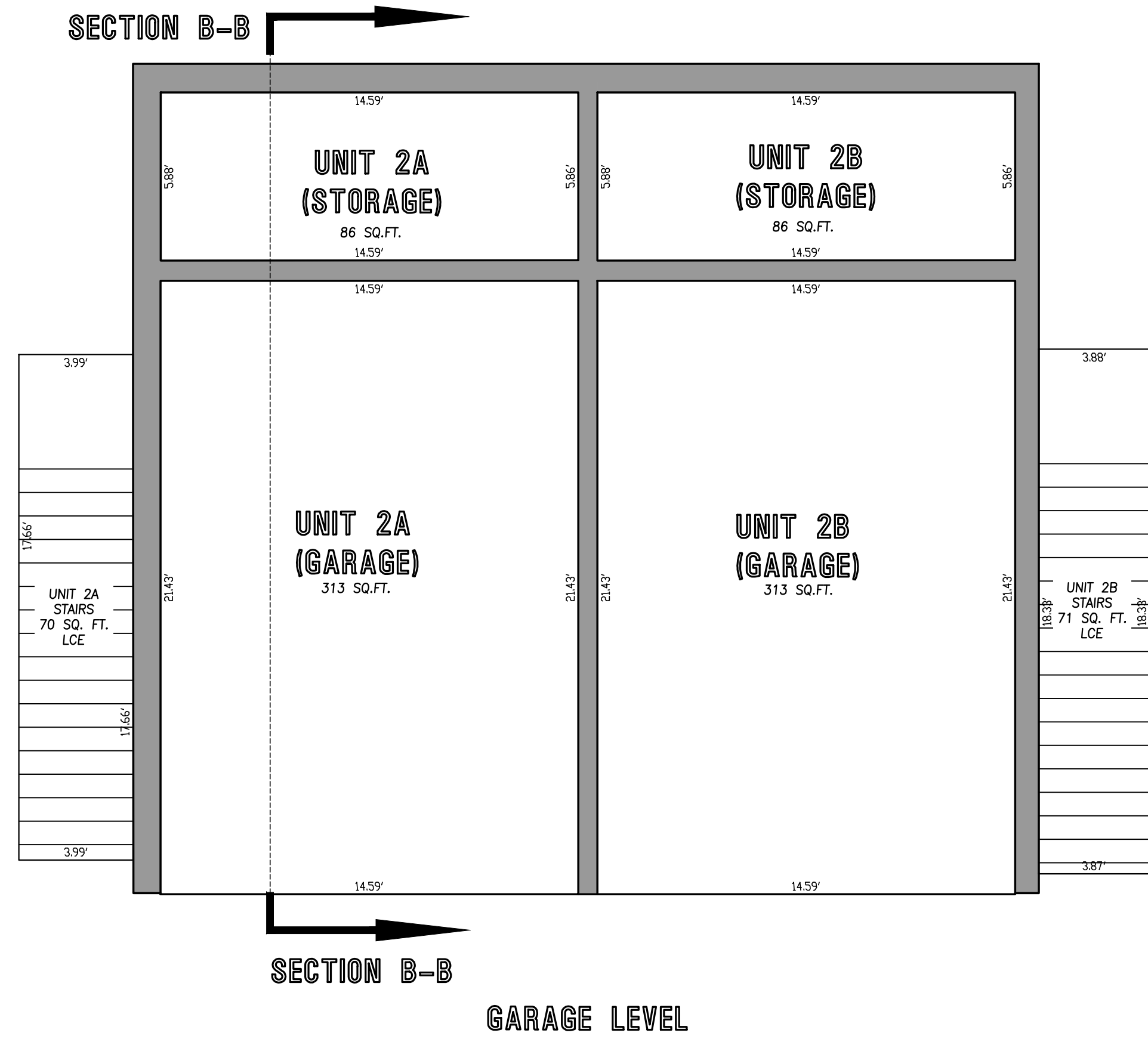
Subassociation
 Lot 6 Rico Bedrock Subdivision
 S25 T40N R11W NMPM
 County of Dolores, State of Colorado



Bedrock Building 1

BRD LLC PO BOX 1746 Telluride, CO 81435	Bedrock Building 1 Subassociation S25 T40N R11W NMPM
3-29-24	BULSON SURVEYING
PROJECT NUMBER 22055	

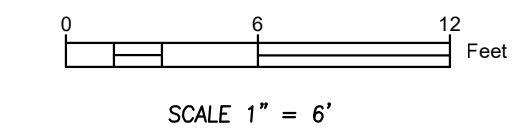
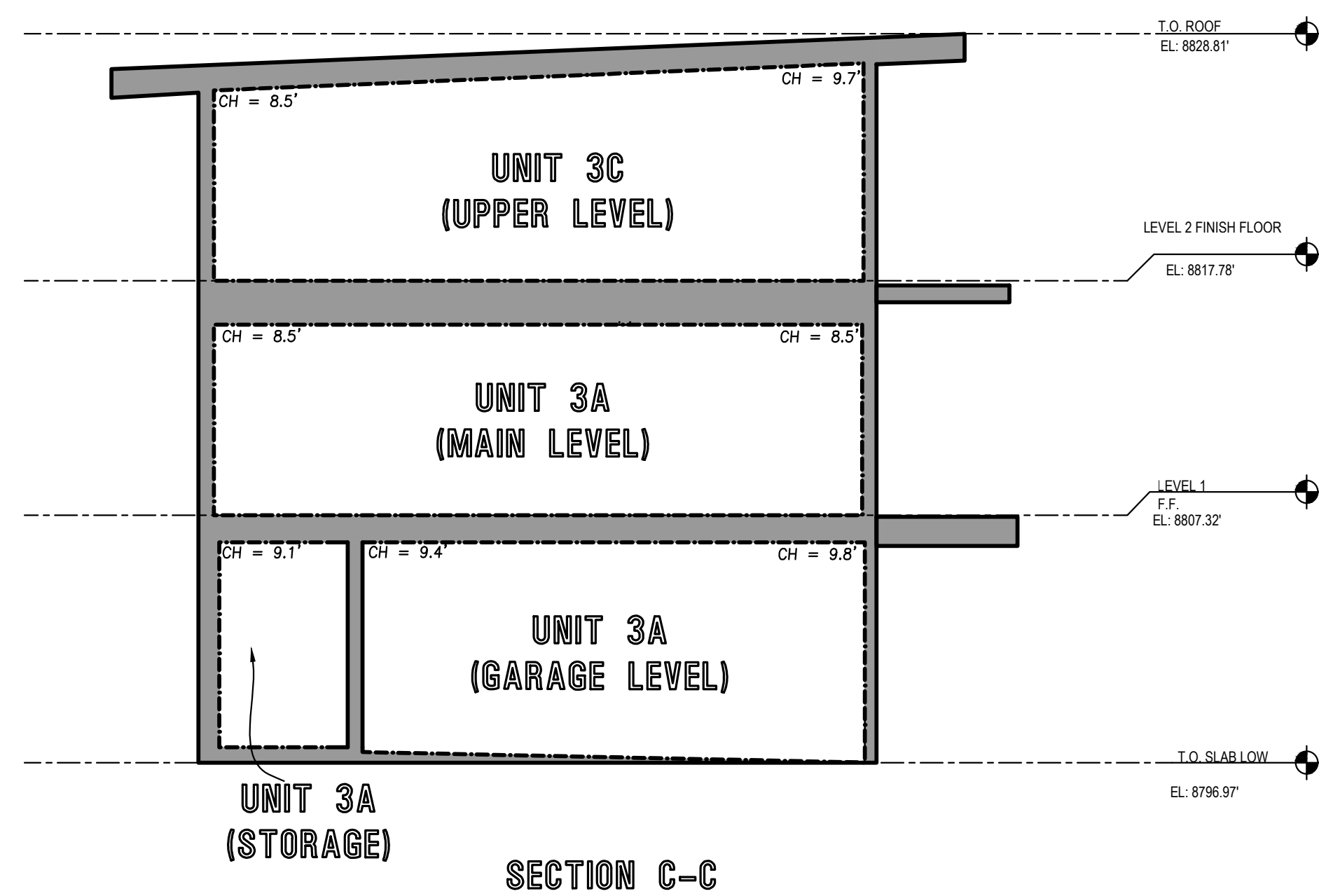
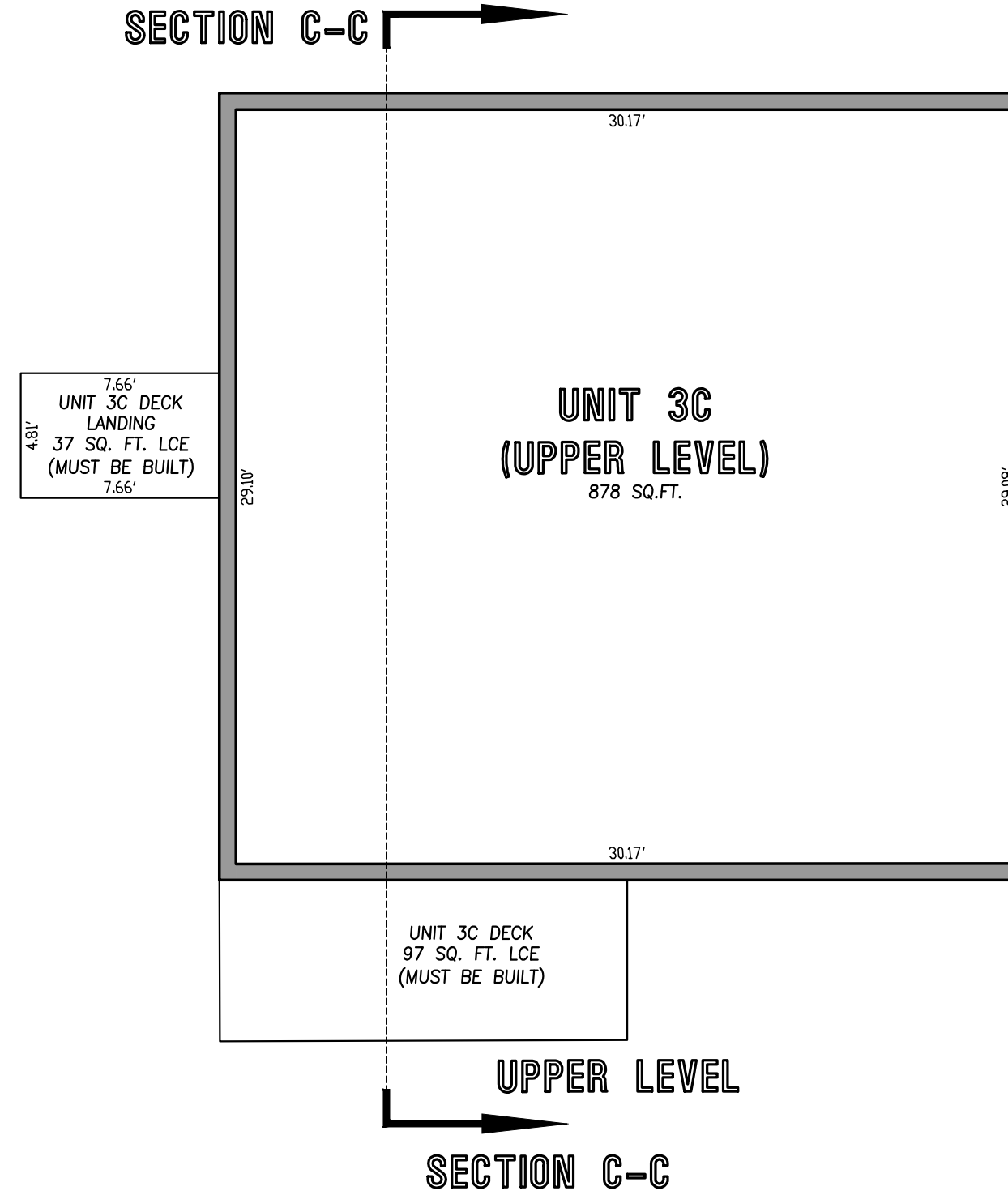
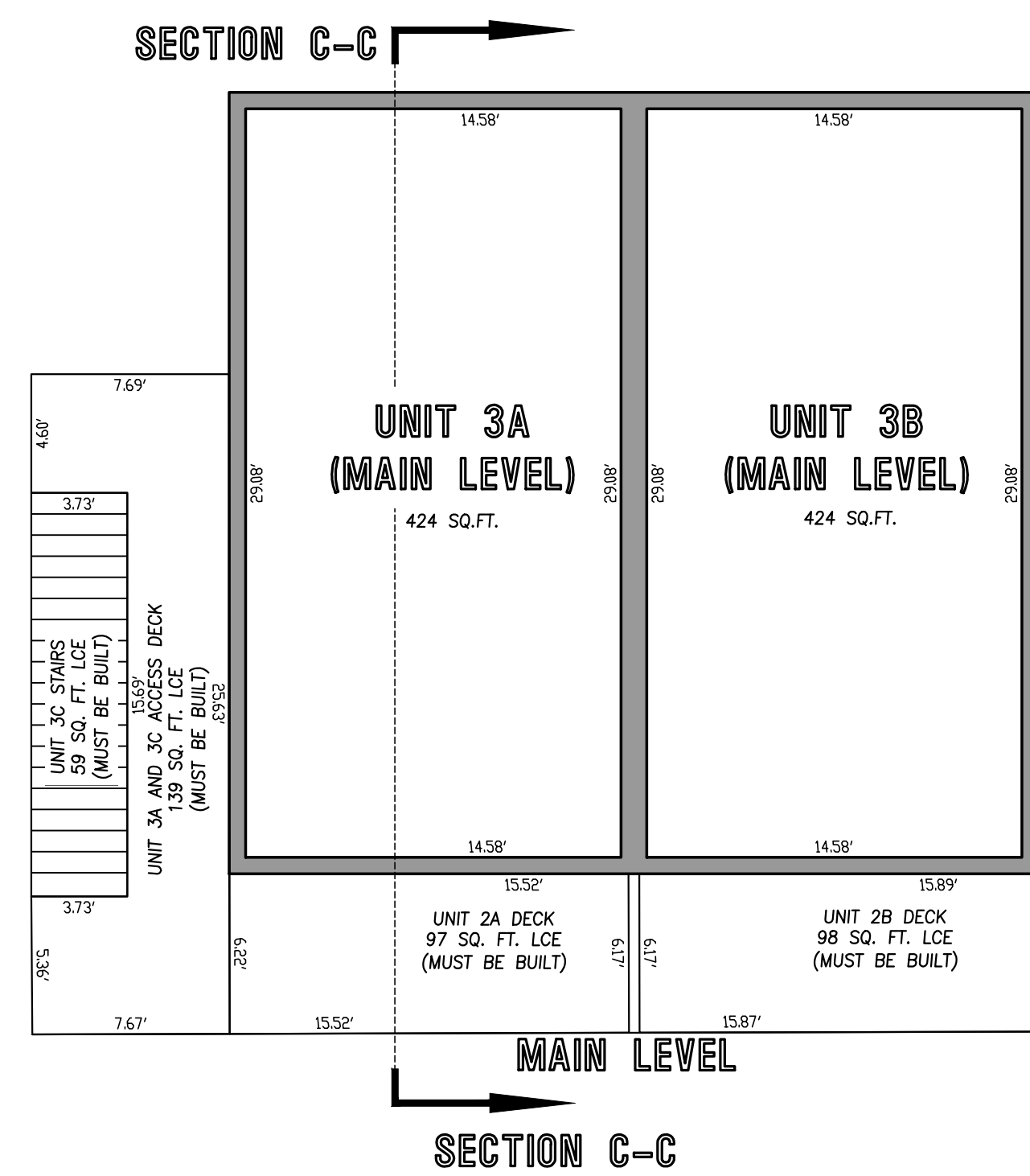
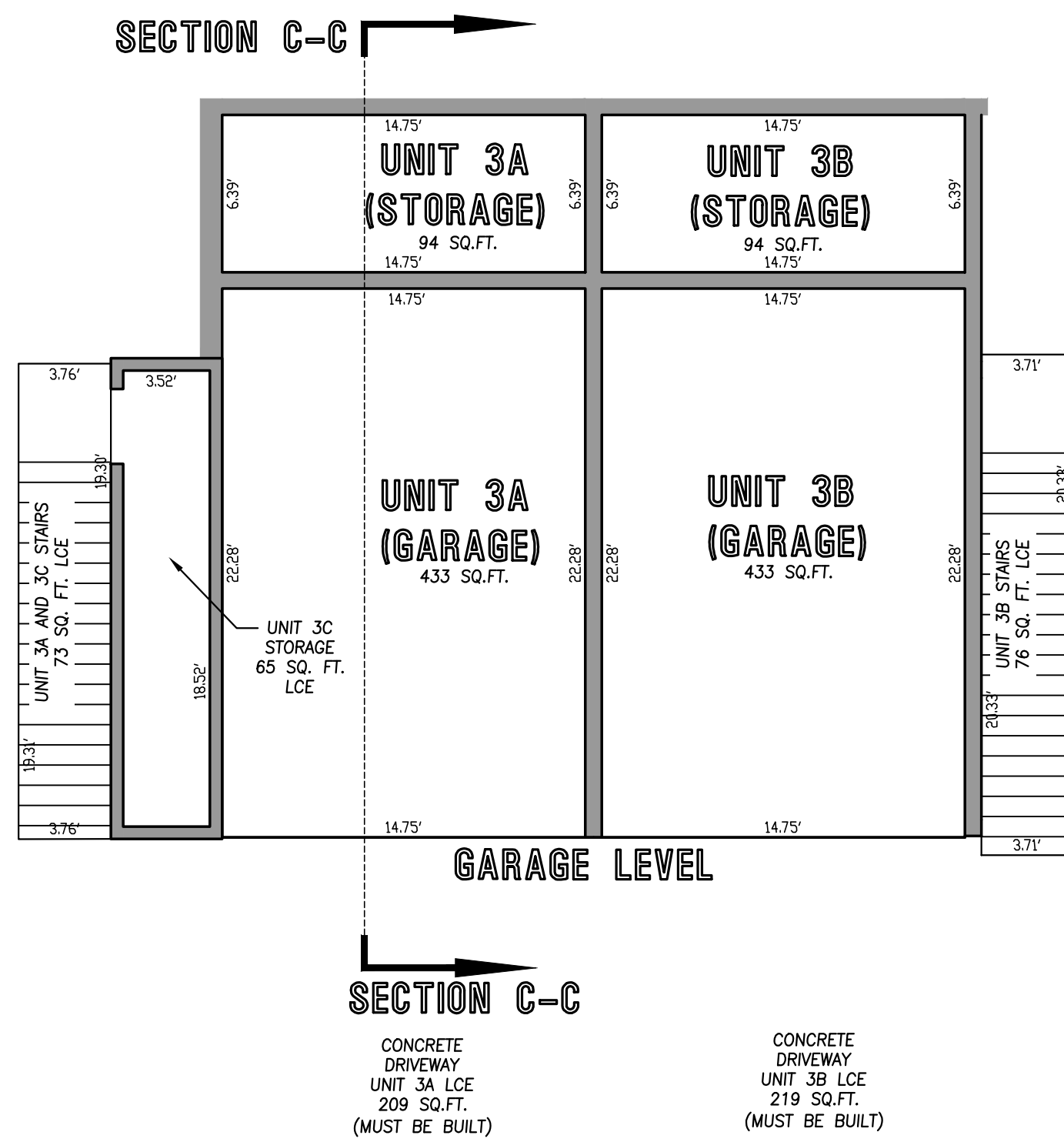
Subassociation
 Lot 6 Rico Bedrock Subdivision
 S25 T40N R11W NMPM
 County of Dolores, State of Colorado



Bedrock Building 2

BRD LLC PO BOX 1746 Telluride, CO 81435	Bedrock Building 2 Subassociation S25 T40N R11W NMPM
3-29-24	BULSON SURVEYING
PROJECT NUMBER 22055	

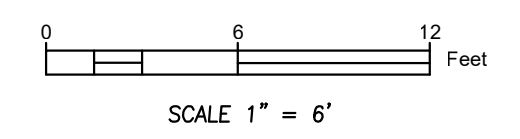
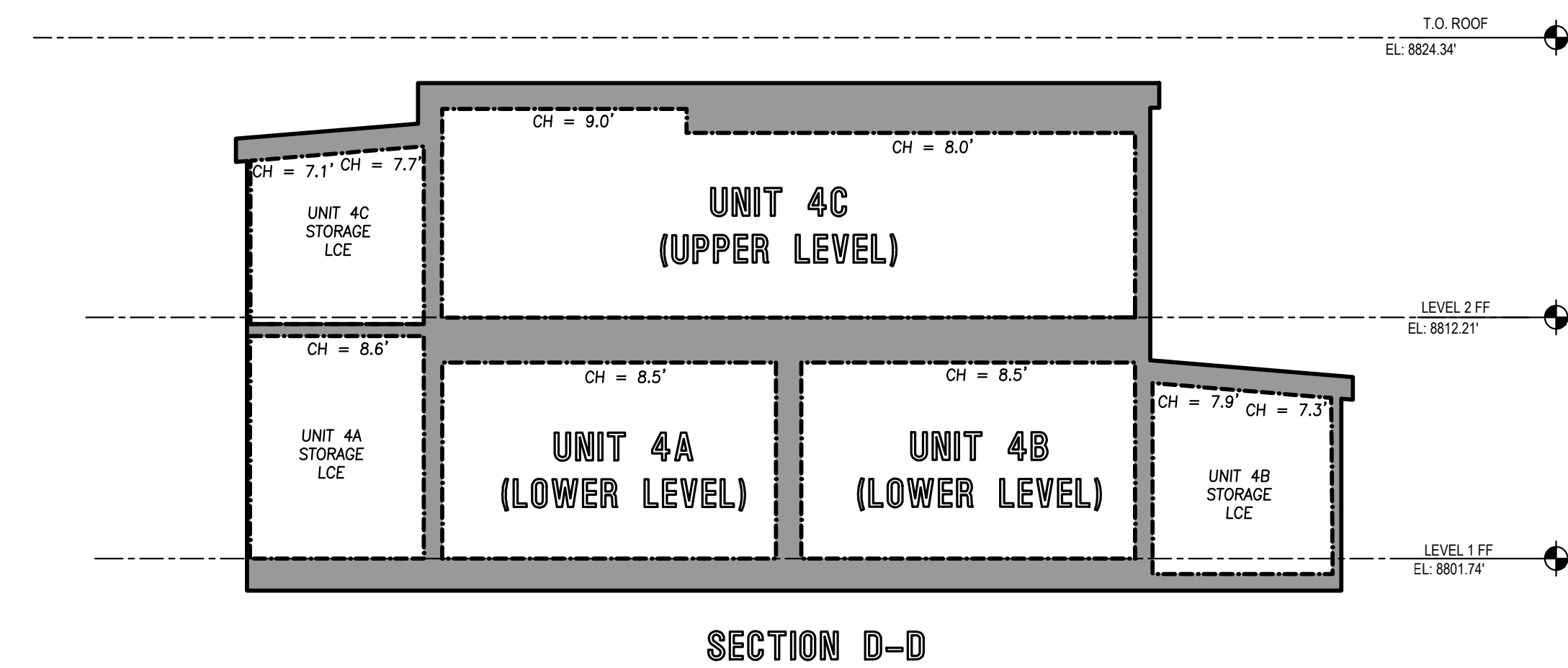
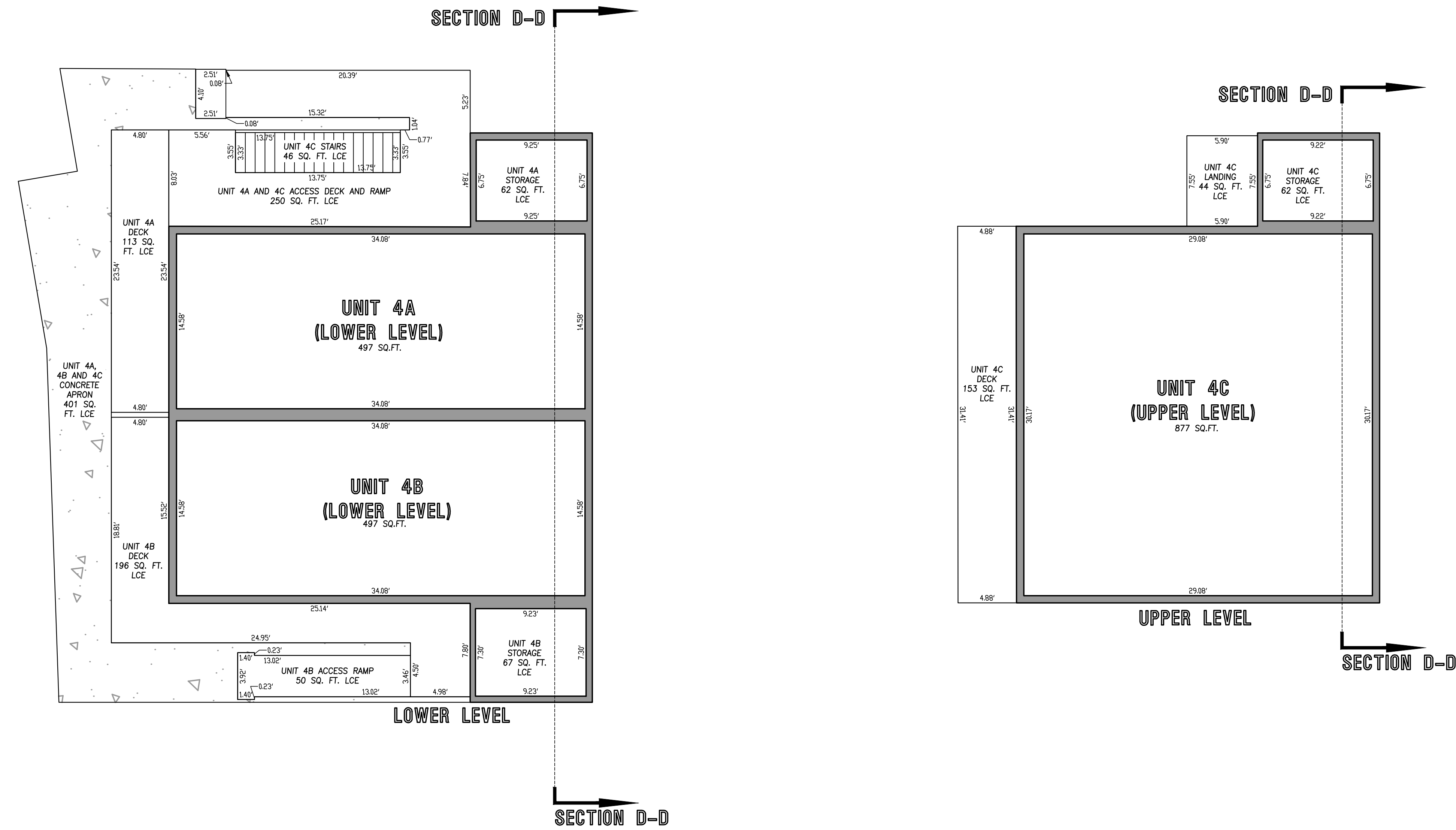
Subassociation
 Lot 6 Rico Bedrock Subdivision
 S25 T40N R11W NMPM
 County of Dolores, State of Colorado



Bedrock Building 3

BRD LLC PO BOX 1746 Telluride, CO 81435	Bedrock Building 3 Subassociation S25 T40N R11W NMPM
3-29-24	BULSON SURVEYING
PROJECT NUMBER 22055	

Subassociation
 Lot 6 Rico Bedrock Subdivision
 S25 T40N R11W NMPM
 County of Dolores, State of Colorado



Bedrock Building 4

BRD LLC PO BOX 1746 Telluride, CO 81435	Bedrock Building 4 Subassociation S25 T40N R11W NMPM
3-29-24	BULSON SURVEYING
PROJECT NUMBER 22055	

**DECLARATIONS OF COVENANTS CONDITIONS AND RESTRICTIONS
(THE BEDROCK CONDOMINIUMS MASTER ASSOCIATION)**

This Declaration of Covenants, Conditions and Restrictions for the Bedrock Condominiums Master Association (“**Declaration**”), is made effective as of this _____ day of _____, 2024 (“**Effective Date**”), is executed, made and entered into by BRD, LLC, a Colorado limited liability company (“**Declarant**”).

RECITALS

1. Declarant is the owner of that certain real property situated in The Town of Rico, Dolores County, Colorado (“**Property**”), as more particularly described on attached **Exhibit “A”**.

2. Declarant intends to establish the Property with “**Master Association Common Elements**”, four constructed buildings with ten units, within two subordinate associations as set forth below ~~and “**Future Development Areas**”~~ with the ability of the Declarant to convert Master Association Common Elements into additional Units (defined below) and further subdivide the Property in order to accommodate the remaining units that can be developed on the Property at a future date. The Master Association Common Elements, ~~Future Development Areas~~ together with the improvements will be established as a condominium regime, entitled Bedrock Condominiums, a Colorado common interest ownership community under the Act (defined below) (“**Common Interest Community**” or “**Community**”), which shall be governed by The Bedrock Condominiums Master Owners Association, a Colorado non-profit corporation (“**Association**” or “**Master Association**”), which has been formed as a non-profit association to exercise the functions set forth herein and to own, lease, hold, operate, care for and manage certain property owned by the Association for the common benefit of Owners and Occupants of Common Interest Community.

3. In addition to the four buildings already constructed within the Subordinate Associations (defined below), Declarant has reserved the right to develop and construct one or more separate buildings (“**Building(s)**”) on ~~the Future Development~~ Master Association Elements and convert such areas into Units and further subdivide the Property (defined below) ~~Areas~~. Each Building may contain either single residence or unit or multiple individual residential condominium units (“**Units**”). As Buildings and Units are substantially completed ~~on the Future Development Areas~~, Declarant will file documents which will supplement this Declaration and the Map, to annex the Building, Units and other improvements into the Common Interest Community and to establish new “**Subordinate Association(s)**” (defined below) to manage the affairs of the Buildings, Units and other Improvements ~~constructed on the Future Development Areas~~. ~~It is intended that the Common Elements established within the Future Development Areas will be commonly owned and exclusively used by only the Owners of Units constructed in Building(s) and made subject to the provisions of the Subordinate Association for those Building(s).~~ The creation of the Subordinate Associations shall comply with the provisions of this Declaration, although the Declarant may include other provisions in any supplemental instrument, which are not inconsistent with these Declarations. Each Subordinate Association will have the right, power, authority and obligation to manage and maintain the development that occurs within the area designated for that particular Subordinate Association. A Subordinate Association will not have the right, power, authority and obligation to manage and maintain the development that occurs within an area designated as another Subordinate Association, unless specifically stated and designated by Declarant in this Declaration or any amendment or supplement to the Declaration or Map. Owners of Units within a Subordinate Association shall share in the cost and expense of maintaining Buildings, Improvements and Common Elements located within that Subordinate Association.

4. The Master Association has been formed to own, operate and manage common elements which are to be shared between more than one Subordinate Association, such as roads, pathways, utilities, landscaping, snow storage and similar common areas. In addition, the Master Association will monitor and enforce compliance with restrictions contained in these Declarations and shall provide for the proper payment of taxes for all Master Association Property, among other undertakings. A Subordinate Association shall not be authorized or empowered to interfere with the exercise of power and authority nor with the proper management or operation of the affairs of either the Master Association or of another Subordinate Association as such authority is granted by these Declarations.

5. Each Subordinate Association will have authority and jurisdiction to manage and administer all matters and affairs which occur within the boundaries of the particular Subordinate Association and to manage and maintain the Subordinate Association Common Elements and Subordinate Association Facilities included within the boundaries of the Subordinate Association, to the exclusion of the management and control of the Master Association or any other Subordinate Association, except in instances where these Declarations or other instrument provide for some management and control of a portion of the Subordinate Association by the Master Association in connection with the Master Association Common Elements or Master Association Facilities, and then such management and control shall be narrowly exercised and construed by the Master Association. The Declarant for so long as Declarant’s Reserved Rights exist ~~owns the rights to develop the Future Development Areas or a Unit~~ in the Common Interest Community shall resolve any conflicts between the respective roles and jurisdiction of the Master Association and each Subordinate Association. Thereafter, any disputes will be resolved by mediation.

6. The Common Interest Community has been approved for development pursuant to the Town Approvals (defined below). Under the Town Approvals, a total of twenty-six bedrooms configured into various Unit mixes are approved to be constructed and as of the date of this Declaration a total of 10 individual Units with 12 bedrooms in four buildings have been constructed. The maximum number of Units that may be created within the Common Interest Community is 24 Units/26 Bedrooms. Declarant is reserving the right for itself and its designees to construct additional Buildings, Units and other Improvements, consistent with the Town Approvals, ~~on the Master Association Common Elements on the Future Development Areas. The Map may indicate the general location for such future development and designate such areas as "Future Development Areas"~~ although the location and footprint of improvements is not specifically designated.

~~7. Declarant further intends that each Subordinate Association shall be created with the filing of the initial Declaration and the initial Map for the Common Interest Community. The Future Development Areas are distinct and separate phase(s) in the Common Interest Community and may be annexed with additional units in one or more phases together or separately and may be withdrawn prior to the sale of any Units constructed in a Building within the Future Development Areas. The Future Development Areas shall be owned separately and no rights or interests in the Future Development Areas are established or vest in Owners of Units with the Subordinate Associations. The Future Development Areas may be transferred, conveyed, mortgaged or hypothecated without consent or approval of the Owners within a Subordinate Association or this Master Association.~~

8.7. Declarant desires to establish covenants, conditions and restrictions upon the Common Interest Community and certain mutually beneficial restrictions and limitations with respect to the proper use, occupancy, improvement and enjoyment thereof, all for the purposes of enhancing and protecting the value, desirability and attractiveness of the Common Interest Community and enhancing the quality of life within the Common Interest Community.

9.8. Declarant desires and intends that the Owners, Mortgagees, Occupants and all other Persons hereafter acquiring any interest in the Common Interest Community shall at all times enjoy the benefits of, and shall hold their interests subject to, the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements contained in this Declaration, as it may be amended from time to time.

DECLARATION

NOW, THEREFORE, for the purposes set forth above and herein, Declarant for itself and its successors and assigns hereby declares that the Common Interest Community and any other property, if any, which becomes subject to this Declaration in the manner hereinafter provided, and each part thereof, shall be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, improved, altered, maintained and enjoyed subject to the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations, exceptions, easements, privileges, rights and other provisions hereinafter set forth, for the duration hereof, all of which are declared to be part of, pursuant to, and in furtherance of a common and general plan of development, improvement, enhancement, use, occupancy and enjoyment of the Common Interest Community, and all of which shall run with the land and be binding upon and inure to the benefit of (i) the Common Interest Community and every part thereof, (ii) Declarant and its successors and assigns, (iii) the Association and its successors and assigns, (iv) every Member of the Association, and (v) all Owners, Occupants and other Persons having or acquiring any right, title or interest in or to the Common Interest Community or any part thereof, or any Improvement thereon, and their respective heirs, personal representatives, successors and assigns. Provided always, that to the extent this Declaration provides that the Declarant shall not be bound by or is exempt from the application of certain covenants, conditions and restrictions contained herein, Declarant shall not be considered subject to such covenants conditions or restrictions.

ARTICLE ONE DEFINITIONS

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

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

1.2. **Buildings** "Buildings" means those portions of the Improvements consisting of physical building structures and appurtenant components, including, by way of illustration but not limitation, any Unit, platform, balcony, deck, terrace, porch, patio, stairs, hallway, foundations, columns, supports, exterior walls, roofs, partition walls, roof overhangs, basements, attics and parking garages and parking and storage spaces, if any accommodating Units and described as such herein and/or on the Map (as amended from time-to-time). Upon completion of the construction of a new Building, Declarant shall cause a supplement to the Map and Declaration to be prepared, executed and recorded, which will establish the dimensions, location, number and extent of the Units and Building Common Elements contained in the Building within a new Subordinate Association.

1.3. Common Interest Community. “Common Interest Community” means Bedrock Condominiums, a Colorado common interest ownership community, and any additional real property which may from time to time be annexed into the Common Interest Community and made subject to this Declaration by Supplemental Declaration and Supplemental Map, including all Units and Association Property, together with all Improvements and other amenities now or hereafter located thereon, and together with all easements, rights, appurtenances and privileges belonging or in any way pertaining thereto. If any portion of the Property is subsequently withdrawn from the Common Interest Community pursuant to the provisions of this Declaration, the term “Common Interest Community” shall no longer apply to such withdrawn property.

1.4. Declarant. “Declarant” means BRD, LLC, a Colorado limited liability company, its successors, assigns, and affiliates. A Person shall be deemed to be a “successor and assign” of Declarant if specifically designated in a duly Recorded instrument as a successor or assign of Declarant under this Declaration and shall be deemed a successor and assign of Declarant only as to the particular rights or interests of Declarant under this Declaration which are specifically designated in that written instrument. The term “affiliate of Declarant” shall have the meaning set forth in Section 38-33.3-103(1) of the Act.

1.5. Declaration. “Declaration” means this instrument and all Supplemental Declarations, as this instrument and such Supplemental Declarations may be amended from time to time.

1.6. Deed of Trust. “Deed of Trust” means a Mortgage.

1.7. Household Pets. “Household Pets” means generally recognized household pets such as dogs, cats, fish, birds, rodents, and non-poisonous reptiles.

1.8. Improvements. “Improvements” means any improvements, structural or otherwise, alterations, additions, repairs, excavation, grading, landscaping or other work which in any way alter any property within the Common Interest Community ~~or subject to the control of a Subordinate Association,~~ or the improvements located thereon, from its natural or improved state existing on the date this Declaration or a Supplemental Declaration for such property was first Recorded, including, but not limited to, Buildings, landscaping, retaining walls, roads, parking structures or parking areas, pathways and the like. Once an Improvement has been constructed or accomplished on a property within the Common Interest Community, any subsequent alteration of or addition to or removal of that Improvement shall also constitute an “Improvement” hereunder.

1.9. Lease. “Lease” means and refers to any agreement for the leasing, rental, use or occupancy of a residential dwelling located on a Unit within the Common Interest Community. The required terms and procedures for Leases are more particularly set forth in Section 3.33 below.

1.10. Limited Common Element. “Limited Common Element” means a Common Element that is designated by this Declaration, a Supplemental Declaration, a Map or an amended or a Supplemental Map, for the exclusive use of one or more Units in the Common Interest Community but fewer than all of the Units.

1.11. Unit. “Unit” means any part of the Common Interest Community which is designated as a Unit on a Map or an amended or Supplemental Map, together with all Improvements thereon and appurtenances thereto.

1.12. Rules and Regulations. “Rules and Regulations” means rules and regulations adopted from time to time by the Master Association Executive Board ~~or by the Subordinate Association Executive Board~~ as provided for in this Declaration.

1.13. Map. “Map” means the Community Map for Bedrock Condominiums, as recorded _____, 2024 at Reception No _____ in the Official Records, as said Map may be amended from time to time. By this reference, said Final Map is incorporated in this Declaration. The term “Map” shall also mean and refer to each Supplemental Map and/or amended Map.

1.14. Master Association “Master Association” means Bedrock Condominium Master Association, a Colorado non-profit corporation, its successors and assigns.

1.15. Master Association Allocated Interests. “Allocated Interests” means the Common Expense liability and the votes in the Master Association allocated to each Subordinate Association, which interests are allocated as follows:

- (a) Each Subordinate Association shall be allocated a share of the Common Expense for the Community based upon the constructed conditioned square footage within that Subordinate Association. The share each Subordinate Association shall be allocated is calculated on the basis of a fraction, the numerator of which is the constructed conditioned square footage within that Subordinate Association and the denominator of which is the total constructed conditioned square footage actually constructed from time to time within the Common Interest Community. Such fraction is then multiplied by the Common Expense or the Assessment in question to determine that Subordinate Associations share thereof. The Common Expense liability of a Subordinate

Association is determined without reference to the size, location, value or use of the Subordinate Association.

(b) Initially, the Subordinate Associations where units have been constructed shall have one (1) vote in the Master Association, which vote shall be weighted on the basis of a fraction, the numerator of which is the constructed conditioned square footage within each Subordinate Association and the denominator of which is the total constructed conditioned square footage actually constructed from time to time within the Common Interest Community. It is acknowledged that the votes assigned to the Subordinate Associations in the Master Association shall be exercised by the Subordinate Association when formed and not by the individual Owners of Units in the Subordinate Association.

(c) If the conditioned square footage actually constructed ~~on the Future Development~~ ~~Reason the Master Association Common Elements~~ or elsewhere in the Common Interest Community pursuant to the Declarants Reserved Rights, or otherwise, should increase or decrease, or Units are added to or withdrawn from the Common Interest Community, then (i) the Common Expense liability for the Common Interest Community shall be reallocated to account for the conditioned square footage of new Units actually constructed or withdrawn Units as set forth above and (ii) one vote in the Master Association shall be allocated to each new Subordinate Association in the Common Interest Community following the addition or withdrawal of Units and a new Subordinate Association.

The Allocated Interests for the Common Interest Community are specifically set forth on **Exhibit "B"** attached hereto and made a part hereof by this reference, as said **Exhibit "B"** may be amended from time to time.

1.16. Master Association Assessment. "Assessment" means a Regular Assessment, Special Assessment, or Reimbursement Assessment, as defined in this Declaration, which have been assessed or charged by the ~~Subordinate~~Master Association Executive Board.

1.17. Master Association Budget. "Budget" means a written itemized estimate of the Common Expenses to be incurred by the Master Association in performing its functions under this Declaration and adopted respectively by the Master Association Executive Board pursuant to this Declaration.

1.18. Master Association Bylaws. "Bylaws" means the Bylaws of the Master Association which have been or will be adopted by the Executive Board of the Association, as the same may be amended from time to time.

1.19. Master Association Common Element. "Master Association Common Element" means any portion of the Common Interest Community designated in this Declaration or on a Map or any Supplemental Plan as a Master Association Common Element or a Master Association Limited Common Element. Master Association Common Element may also be such other property which is owned or leased or maintained by the Master Association for the common use and enjoyment of the Owners and Occupants, such as pathways, utilities, utility and other easements, common roads and parking areas, landscaping and the like. Any beneficial rights, if any, under easements granted and conveyed to the Master Association shall be deemed to be a Master Association Common Element.

1.20. Master Association Common Expenses. "Master Association Common Expenses" means any expenditures made or liabilities incurred by or on behalf of the Master Association, together with any allocations to reserves, if any, including, but not limited to the following:

(a) The costs of maintenance, management, operation, repair and replacement of the Master Association Property, and of all other parts of the Common Interest Community which are managed or maintained by the Master Association;

(b) The costs of Improvements constructed from time to time by the Master Association on or in connection with the Master Association Property, if such costs were included within a duly adopted Master Association Budget;

(c) Unpaid assessments;

(d) The costs of management and administration of the Master Association, including, but not limited to, compensation paid by the Master Association to managers, accountants, attorneys and employees;

(e) The costs of utilities and services (including, but not limited to, treated or untreated water, electricity, gas, sewer, trash pick-up and disposal and recycling), which may be

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provided to the Master Association or the Common Interest Community or parts thereof and not individually metered or assessed to Units, landscaping maintenance, and other services which generally benefit and enhance the value and desirability of the Common Interest Community or parts thereof and which are provided by or on behalf of the Association;

(f) The costs of insurance maintained by the Master Association as required or permitted herein;

(g) Reasonable reserves for contingencies, replacements and other proper purposes as deemed appropriate by the Master Association Executive Board to meet anticipated costs and expenses including, but not limited to, maintenance, repair and replacement of Master Association Property that must be maintained, repaired or replaced on a periodic basis. The foregoing shall not be construed as creating any obligation on the part of the Master Association, including the period of time when the Master Association is controlled by the Declarant, to establish, impose and/or maintain any reserves, rather, this provision is intended to authorize the Master Association to collect such reserves should the Master Association in its sole discretion determine that reserves should be maintained;

(h) The costs of bonding the members of the Master Association Executive Board, the officers of the Master Association, any professional managing agent or any other Person handling the funds of the Master Association;

(i) Taxes paid by the Master Association;

(j) Amounts paid by the Master Association for the discharge of any lien or encumbrance levied against Association Property or any portion thereof;

(k) The costs and expenses incurred by the Master Association Executive Board, and compensation that may be paid by the Master Association to members of the Master Association Executive Board;

(l) The costs and expenses incurred by any committees that may be established from time to time by the Master Association Executive Board, and compensation that may be paid by the Master Association to members of such committees;

(m) The costs of any security or security systems or services that may be installed, operated, monitored or contracted for by the Master Association for the benefit of the Common Interest Community or any part thereof;

(n) The costs of maintaining, operating and replacing informational, recreational, cultural, health-related or similar facilities or enterprises available to or for the benefit of all of the Common Interest Community;

(o) All expenses expressly declared to be Common Expenses by this Declaration or by a Supplemental Declaration, and all expenses lawfully determined to be Common Expenses by the Master Association Executive Board; and

(p) Other expenses incurred by the Master Association for any reason whatsoever in connection with Master Association Property, or the costs of any other item or service provided or performed by the Master Association pursuant to this Declaration, the Master Association Articles, Master Association Bylaws, Master Association Rules and Regulations or in furtherance of the purposes of the Master Association or in the discharge of any duties or powers of the Master Association, including any duties and obligations established in accordance with the Town Approvals. In the event that any common services furnished to the Common Interest Community are part of services that are provided to or benefit property in addition to the Common Interest Community, Common Expenses shall only include the cost of such services reasonably allocated to the services provided to the Common Interest Community.

1.21. Master Association Executive Board. "Master Association Executive Board" means the Master Association Executive Board of the Master Association as provided for in this Declaration and in the Master Association Bylaws.

1.22. Master Association Facilities. "Master Association Facilities" means Improvements

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made, which are designated as Master Association Facilities in these Declarations or on the Map. Master Association Facilities will be managed and maintained by the Master Association. Each Owner of a Unit in the Community will have the right to use and enjoy the Master Association Facilities.

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1.30. Master Association Property. "Master Association Property" means, to the extent of the Master Association's interest therein: (a) all real and personal property, including Buildings and Improvements, if any, now or hereafter owned or leased by the Association, (b) all Common Elements now or hereafter owned, leased or maintained by the Association, together with the Improvements thereon; (c) all easements created or reserved on any Map, or Supplemental Map, or in this Declaration or in any separate agreement, for the use and benefit of the Association and/or the Owners, and (d) any utilities, facilities and/or features (or interests therein) that may be owned, leased or maintained by the Master Association or which the Master Association and/or the Owners are entitled to use. Master Association Property may be located within or outside the Common Interest Community. Ownership of the Master Association Property is subject to the Permitted Exceptions. Subordinate Association Property is not Master Association Property.

1.23. Member. "Member" means each ~~Unit Owner~~ Subordinate Association and the ~~including the Declarant. Membership in the Master Association and a Subordinate Association shall be appurtenant to, and may not be separated from, ownership of a Unit.~~

1.24. Mortgage. "Mortgage" means any mortgage, deed of trust or other security instrument, given voluntarily by the Owner of a Unit, creating a real property security interest in a Unit and Recorded in the records of the Clerk and Recorder of Dolores County. "First Mortgage" means a mortgage which is the first and most senior of the Mortgages on the same Unit. The term "Mortgage" does not mean a statutory, tax or judicial lien. The term "Deed of Trust" when used herein shall be synonymous with the term "Mortgage."

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

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1.26. Mortgagor. "Mortgagor" means the maker, obligor or grantor of a Mortgage. The term "Mortgagor" includes a trustor or grantor under a Deed of Trust.

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1.27. Notice and Hearing. "Notice and Hearing" means a written notice and public hearing before the Executive Board, or a panel appointed by the Executive Board, as set forth in the Bylaws.

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1.28. Occupant. "Occupant" means any Person who is a tenant in a residence on a Unit pursuant to a Lease with the Owner thereof. "Occupant" also means any Person who is present within the Common Interest Community as a family member, guest or invitee of an Owner, an Occupant, the Declarant, or the Association.

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1.31. Official Records "Official Records" shall mean the Office of the Clerk and Recorder for Dolores County, Colorado.

1.32. Owner. "Owner" means the Person, including Declarant, or, if more than one, all Persons collectively, who hold fee simple title of record to a Unit, including sellers under executory contracts of sale and excluding buyers thereunder. The term "Owner" shall be analogous to the term "Unit Owner", as that term is defined in the Act.

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1.33. Bedrock 1 & 2 Subordinate Association. "Bedrock 1 & 2 Subordinate Association" shall mean the Subordinate Association which may be formed to manage and administer any Buildings and other Improvements which are constructed and designated as Bedrock 1 & 2 Condominiums, to own, maintain and manage the Bedrock 1 & 2 Common Elements (also referred to as Subordinate Association Common Elements) and to exercise and perform the other rights, duties, powers and authorities granted hereunder to a Subordinate Association.

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1.34. Bedrock 3 & 4 Subordinate Association "Bedrock 3 & 4 Subordinate Association" shall mean the Subordinate Association which may be formed to manage and administer any Buildings and other Improvements which are constructed and designated as Bedrock 3 & 4 Condominiums, to own, maintain and manage the Bedrock 3 & 4 Common Elements (also referred to as Subordinate Association Common Elements) and to exercise and perform the other rights, duties, powers and authorities granted hereunder to a Subordinate Association.

1.35. "Official Records" means the Office of the Clerk and Recorder of Dolores County, Colorado

1.36. Permitted Exceptions. “Permitted Exceptions” means all liens, encumbrances, reservations, restrictions, conditions, easements and other matters of record which encumber the title to all or any part of the Common Interest Community, as of the date this Declaration or a Supplemental Declaration is Recorded. This Declaration and shall be subject to such Permitted Exceptions.

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1.37. Person. “Person” means a natural person, a corporation, a partnership, a limited liability company, a trust, or any other entity capable of holding title to real property pursuant to the laws of the State of Colorado.

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1.38. Plat. “Plat” means that Bedrock Subdivision Plat recorded at Reception No 171981, in the official records which creates Lot 6 which is subject to the Master Community Governing Documents

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1.39. Record or Recorded. “Record” or “Recorded” means an instrument of record in, or the act of recording an instrument with, the office of the Clerk and Recorder of Dolores County.

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1.40. Regular Assessment. “Regular Assessment” means a charge against an Owner and the Owner’s Unit for purposes of covering the annual costs of operating and administering the Master Association ~~and/or a Subordinate Association~~ and all other Common Expenses. Regular Assessments are based on a Budget adopted by the Master Association Executive Board ~~and/or a Subordinate Association Executive Board~~ in accordance with the Declaration and are allocated to the Subordinate Associations in accordance with the respective Master Association Allocated Interests and to the Units in accordance with the respective with the respective Subordinate Association Allocated Interests. A Common expenses that in the judgment of the Master Association Executive Board benefits fewer than all of the subordinate Associations in the Common Interest Community maybe allocated exclusively to the Subordinate Associations so benefited. A Common Expenses that in the judgment of a Subordinate Association Executive Board benefits fewer than all of the Units in the Subordinate Associations may be allocated exclusively to the Unit or Units so benefited.

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1.41. Reimbursement Assessment. “Reimbursement Assessment” means a charge against a particular Owner and the Owner’s Unit for the purpose of reimbursing the Master Association ~~and/or a Subordinate Association~~ for costs and expenses incurred by the Master Association ~~and/or a Subordinate Association~~ in connection with the enforcement of any provision hereof or the remedying of any violation by the Owner or an Occupant of this Declaration or any amendment hereto or, the Articles, Bylaws, Rules and Regulations of the respective Master Association ~~and/or a Subordinate Association~~, or any approvals granted by the Master Association Executive Board ~~and/or a Subordinate Association Executive Board~~, or for other purposes set forth in the Declaration, together with late charges and interest as provided for herein. Reimbursement Assessment shall include without limitation any Common Expense caused by the misconduct of any Owner or of such Owner’s Occupants.

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1.42. Special Assessment. “Special Assessment” means a charge against an Owner and the Owner’s Unit for purposes of reimbursing the Master Association ~~and/or a Subordinate Association~~ for costs and expenses incurred or to be incurred by the Master Association ~~and/or a Subordinate Association~~ for the purpose of paying for the construction, reconstruction, repair, maintenance or replacement of capital improvements to or upon or serving the Common Interest Community for which the Master Association ~~and/or a Subordinate Association~~ has authority, the costs of which were not included in a Regular Assessment, or for excess reconstruction costs or other extraordinary expenses, or to acquire Master Association Property ~~and/or Subordinate Association Property~~, or for funding any operating deficit of the Master Association ~~and/or a Subordinate Association~~, as authorized by the Master Association Executive Board ~~and/or a Subordinate Association Executive Board~~ from time to time as provided herein. Special Assessments shall be based on a Budget adopted by the Master Association Executive Board ~~and/or a Subordinate Association Executive Board~~ in accordance with these Declarations.

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1.43. Subordinate Association “Subordinate Association” means each separate association that is formed to manage and maintain Buildings, Improvements and Common Elements located and designated as a Subordinate Association.

~~**1.44. Subordinate Association Allocated Interests.** “Subordinate Association Allocated Interests” means the Common Expense liability and the votes in the Subordinate Association allocated to each Unit, which interests are allocated as follows:~~

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~~(a) The Common Expense liability for each Unit is calculated on the basis of a~~

~~fraction, the numerator of which is one (1) and the denominator of which is the total number of Units within the Subordinate Association. Such fraction is then multiplied by the Common Expense or the Assessment in question to determine that Unit's share thereof. The Common Expense liability of a Unit is determined without reference to the size, location, value or use of the Unit. The Common Expense liability shall also be deemed to include an obligation for each Owner of a Unit within the Subordinate Association to a prorata share of the Master Association Common Expenses allocated to the Subordinate Association, which cost shall be allocated to each Owner of a Unit within the Subordinate Association in accordance with the Units Subordinate Association Allocated Interests.~~

~~(b) — Each Owner of a Unit within the Subordinate Association shall be allocated a vote in the Subordinate Association which shall be weighted in accordance with the Allocated Interest assigned to the Unit and as may be further provided for in the Declaration and for a Supplemental Declaration for the Subordinate Association.~~

~~(c) — Voting on Master Association matters assigned to a Subordinate Association shall be exercised by the Subordinate Association Executive Board and not by the individual Owners of Units in the Subordinate Association.~~

~~(d) — The foregoing allocations may not discriminate in favor of Units owned by Declarant or an affiliate of Declarant.~~

~~(e) — If Units are added to or withdrawn from the Subordinate Association or the Common Interest Community, (i) the Common Expense liability for each Unit shall be reallocated on the basis of a fraction, the numerator of which is one (1) and the denominator of which is the total number of Units in the Common Interest Community following the addition or withdrawal of such Units, and (ii) one (1) vote in the Association shall continue to be allocated to each Unit in the Common Interest Community following the addition or withdrawal of such Units.~~

~~(f) — The Allocated Interests for the Subordinate Association will be stated in the Supplemental Map and/or Supplemental Declaration.~~

~~**1.45. Subordinate Association Assessment.** “Subordinate Association Assessment” means a Regular Assessment, Special Assessment, or Reimbursement Assessment, as defined in these Declarations, which have been assessed or charged by the Subordinate Association Executive Board.~~

~~**1.46. Subordinate Association Budget.** “Subordinate Association Budget” means a written itemized estimate of the Common Expenses to be incurred by the Subordinate Association in performing its functions under this Declaration and adopted by the Subordinate Association Executive Board pursuant to this Declaration.~~

~~**1.47. Subordinate Association Bylaws.** “Bylaws” means the Bylaws of the Subordinate Association, as the same may be amended from time to time.~~

~~**1.48. Subordinate Association Common Element.** “Subordinate Association Common Element” means any portion of the Common Interest Community designated in this Declaration or on a Map or any Supplemental Plan as a Subordinate Association Common Element or Subordinate Association Limited Common Element or other property which is owned or leased or maintained by the Subordinate Association for the common use and enjoyment of the Owners and Occupants or some of them within the Subordinate Association.~~

~~**1.49. Subordinate Association Common Expenses.** “Subordinate Association Common Expenses” means any expenditures made or liabilities incurred by or on behalf of the Subordinate Association, together with any allocations to reserves, including, but not limited to the following:~~

~~(a) — The costs of maintenance, management, operation, repair and replacement of the Subordinate Association Property and any other property within the Common Interest Community which is managed or maintained by the Subordinate Association, if any;~~

~~(b) — The costs of Improvements constructed from time to time by the Subordinate Association on or in connection with Subordinate Association Property, if such costs were included within a duly adopted Budget;~~

~~(c) — Unpaid assessments;~~

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~~(d) — The costs of management and administration of the Subordinate Association, including, but not limited to, compensation paid by the Subordinate Association to managers, accountants, attorneys and employees;~~

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~~(e) — The costs of utilities and services (including, but not limited to, treated or untreated water, electricity, gas, sewer, trash pick up and disposal and recycling), which may be provided to the Subordinate Association, not individually metered or assessed to Units within the Subordinate Association, landscaping maintenance, and other services which generally benefit and enhance the value and desirability of the Subordinate Association or parts thereof and which are provided by or on behalf of the Subordinate Association;~~

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~~(f) — The costs of insurance maintained by the Subordinate Association as required or permitted herein;~~

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~~(g) — Reasonable reserves for contingencies, replacements and other proper purposes as deemed appropriate by the Subordinate Association Executive Board to meet anticipated costs and expenses including, but not limited to, maintenance, repair and replacement of Subordinate Association Property that must be maintained, repaired or replaced on a periodic basis. The foregoing shall not be construed as creating any obligation on the part of the Subordinate Association, including the period of time when the Subordinate Association is controlled by the Declarant, to establish, impose and/or maintain any reserves, rather, this provision is intended to authorize the Subordinate Association to collect such reserves should the Subordinate Association in its sole discretion determine that reserves should be maintained;~~

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~~(h) — The costs of bonding the members of the Subordinate Association Executive Board, the officers of the Subordinate Association, any professional managing agent or any other Person handling the funds of the Subordinate Association;~~

~~(i) — Taxes paid by the Subordinate Association;~~

~~(j) — Amounts paid by the Subordinate Association for the discharge of any lien or encumbrance levied against Subordinate Association Property or any portion thereof;~~

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~~(k) — The costs and expenses incurred by the Subordinate Association Executive Board, and compensation that may be paid by the Association to members of the Subordinate Association Executive Board;~~

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~~(l) — The costs and expenses incurred by any committees that may be established from time to time by the Subordinate Association Executive Board, and compensation that may be paid by the Subordinate Association to members of such committees;~~

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~~(m) — The costs of any security or security systems or services that may be installed, operated, monitored or contracted for by the Subordinate Association for the benefit of the Common Interest Community or any part thereof;~~

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~~(n) — The costs of maintaining, operating and replacing informational, recreational, cultural, health related or similar facilities or enterprises available to or for the benefit of all or a portion of the Subordinate Association;~~

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~~(o) — All expenses expressly declared to be Subordinate Association Common Expenses by this Declaration or by a Supplemental Declaration, and all expenses lawfully determined to be Common Expenses by the Subordinate Association Executive Board; and~~

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~~(p) — Master Association Common Expenses duly assessed against the Subordinate Association;~~

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~~(q) — Other expenses incurred by the Subordinate Association for any reason whatsoever in connection with Subordinate Association Property, or the costs of any other item or service provided or performed by the Subordinate Association pursuant to this Declaration, the Subordinate Association Articles, Subordinate Association Bylaws, Subordinate Association Rules and Regulations, or other duly adopted documents, or in furtherance of the purposes of the~~

~~Association or in the discharge of any duties or powers of the Subordinate Association, including any duties and obligations established in accordance with the Town Approvals. In the event that any common services furnished to the Subordinate Association are part of services that are provided to or benefit property in addition to the Subordinate Association, Subordinate Association Common Expenses shall only include the cost of such services reasonably allocated to the services provided to the Subordinate Association.~~

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~~1.50. **Subordinate Association Executive Board.** "Subordinate Association Executive Board" means the Executive Board of the Subordinate Association as provided for in this Declaration and any Supplemental Declaration for the Subordinate Association.~~

~~1.51. **Subordinate Association Facilities.** "Subordinate Association Facilities" means Improvements made to the Community, which are designated as Subordinate Association Facilities in this Declaration or on the Map. Subordinate Association Facilities will be managed and maintained by the particular Subordinate Association having jurisdiction. Each Owner of a Unit in the Subordinate Association will have the right to use and enjoy the Subordinate Association Facilities.~~

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~~1.52. **Subordinate Association Property.** "Subordinate Association Property" means, to the extent of the Subordinate Association's interest therein: (a) all real and personal property, including Buildings and Improvements, now or hereafter owned or leased by the Subordinate Association, (b) all Subordinate Association Common Elements and/or Subordinate Association Facilities now or hereafter owned, leased or maintained by the Subordinate Association, together with the Improvements thereon;~~

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~~(c) all easements created or reserved on any Map, or Supplemental Map, or in this Declaration or in any separate agreement, for the use and benefit of the Subordinate Association and/or the Owners within that particular Subordinate Association, and (d) any water systems, sewer systems, facilities and/or features (or interests therein), if any, that may be owned, leased or maintained by the Subordinate Association or which the Subordinate Association and/or the Owners within a particular Subordinate Association are entitled to use. Subordinate Association Property may be located within or outside the Common Interest Community. Subordinate Association Property does not include the Units constructed thereon and its ownership is subject to the Permitted Exceptions.~~

~~1.53;1.44. **Supplemental Declaration.** "Supplemental Declaration" means an amendment to this Declaration which, among other things, annexes real property into the Common Interest Community and subjects such real property to this Declaration, establishes a Subordinate Association, and/or sets forth such other amendments to this Declaration and such additional covenants, conditions, uses and restrictions as may be applicable to the annexed property and/or the Subordinate Association as deemed appropriate by Declarant in its sole discretion.~~

~~1.54;1.45. **Supplemental Map.** "Supplemental Map" means an amendment to the Map which, among other things, annexes real property described therein into the Common Interest Community, establishes Subordinate Association Property, Subordinate Association Common Elements, Subordinate Association Facilities, Buildings, Building Common Elements and Units, and/or sets forth such other amendments to the Map and such additional designations as may be applicable to the annexed property and/or the Subordinate Association as deemed appropriate by Declarant in its sole discretion.~~

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~~1.55;1.46. **Town.** "Town" shall mean the Town of Rico, including all boards, commissions, councils, employees and staff.~~

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~~1.56;1.47. **Town Approvals.** "Town Approvals" shall mean any and all approvals, as may be amended, which have been granted or may be granted by the Town creating entitlements relating to the Property enabling Declarant to develop, improve and construct the Common Interest Community and any Improvements thereon, which Town Approvals are maintained by the Town of Rico. The term Town Approvals shall also include future plan and permit approvals, which are required by the Town in accordance with applicable Town codes, regulations and design guidelines.~~

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ARTICLE TWO
GENERAL RESTRICTIONS APPLICABLE TO THE COMMON INTEREST COMMUNITY

It is the intention of Declarant to establish and impose a common and general plan for the improvement, development, use and occupancy of the Common Interest Community, all in order to enhance the value, desirability, and attractiveness of the Common Interest Community and to promote the marketing, development and enjoyment thereof. Accordingly, Declarant hereby declares that the entire Common Interest Community, including but not limited to the ~~Master Association Common Elements Future Development Areas~~ and Units, shall be owned, held, used, occupied, improved, altered, maintained, conveyed, leased, encumbered and enjoyed subject to the following covenants, conditions, restrictions, reservations, easements, rights and other provisions, and to the further requirements and restrictions set forth in the Design Guidelines, subject to such Declarant exemptions as may be set forth herein.

Declarant further intends that the Declarant and the respective Executive Board of the Master Association or a Subordinate Association having jurisdiction over the particular property, Building, Unit or other Improvement shall alone have the authority to review, monitor, enforce and apply the following rules and restrictions.

2.1. Development and Design Control. Except as otherwise expressly provided in this Declaration or in a Supplemental Declaration, (i) no Building or Improvements shall be commenced, made, done, permitted, located, erected, improved, altered or removed within the Common Interest Community without the prior written approval of the Town of Rico ~~and Declarant for so long as Declarant owns or controls the Future Development Areas~~, or a Unit in the Common Interest Community, and (ii) all subsequent additions to or changes or alterations in any Building, Unit or Improvements shall also be subject to the prior approval of the Town of Rico ~~and Declarant for so long as Declarant owns or controls the Future Development Areas or a Unit in the Common Interest Community~~. No separate or additional design review or other approval by the Master Association or a Subordinate Association shall be required to construct any Building, Unit or any Improvements.

Declarant or designee is expressly authorized to construct any and all such additional Buildings, Units and other Improvements in the Common Interest Community (as may be expanded), as such future development rights are noted in this Declaration and/or in the Map, which development and construction shall be subject to and completed in accordance with the Town Approvals. By the acceptance of a deed to a Unit and/or by the recordation of this Declaration, each Owner, Occupant, Person, Master Association and/or Subordinate Association agrees that it is prohibited from undertaking or causing to be undertaken any act or action which will in any way interfere with or otherwise attempt to limit or restrict the right or ability of Declarant or designee to undertake construction of such additional Buildings, Unit or any Improvements within the Common Interest Community, including, without limitation, appearing and objecting to any development application or permit application with the Town of Rico. Declarant may seek an order enjoining any Owner, Occupant, Person, Master Association and/or Subordinate Association from acting in a manner that violates this restriction and may further recover damages incurred as a consequence of such actions.

2.2. Violation of Law, Insurance, Etc. No Owner or Occupant or Person shall do any act or cause or permit anything to be done or kept in or upon a Unit or Common Element, or the Master Association Property or the Subordinate Association Property, which would result in the increase of, or cancellation of, insurance maintained by the Master Association or the Subordinate Association or would be in violation of any federal, state, Dolores County, Town or other law, ordinance, regulation or code of any governmental body having jurisdiction, or of any Rule or Regulation promulgated by the Association or the Subordinate Association, or of any provision of this Declaration.

2.3. General Maintenance of Common Interest Community. All property within the Common Interest Community, including without limitation all, Units, the ~~Future Development Areas~~ Master Association Common Elements (including unimproved areas or areas on which Improvements are under construction), Master Association Property, ~~Subordinate Association Property~~, Improvements, and landscaping, shall be kept and maintained in a clean and attractive condition and in good order, condition and repair.

(a) **Units.** Except as specifically set forth in this Section or in a Supplemental Declaration, maintenance, repair, and upkeep of each Unit shall be the responsibility of the Owner of the Unit. Such maintenance and repair shall be performed by each Owner whenever necessary or appropriate and at regular intervals in order to keep the Unit in substantially the same condition and appearance as existed at the time of acquisition of the Unit or completion of construction of the Unit, subject to normal wear and tear that cannot be avoided. Said Owner's obligations shall include all maintenance, repair or replacement required as a consequence of any fire, wind, snow, rain, vandalism, theft or other casualty. Unsightly conditions on Unit shall constitute a nuisance under this Declaration.

(b) **Master Association Property.** All Master Association Property shall be maintained by the Master Association and the cost thereof shall be a Common Expense which shall be allocated among the Subordinate Associations in accordance with these Declarations, provided, that if any Master Association Property is damaged by an Owner or Occupant, the expense of repairing the damage may be charged to that Unit Owner as a Reimbursement Assessment. The Master Association may enter into contracts to have these maintenance responsibilities performed by third parties.

~~(c) **Subordinate Association Property.** All Subordinate Association Property shall be maintained by the Subordinate Association and the cost thereof shall be a Subordinate Association Common Expense which shall be allocated among the Unit Owners in the Subordinate Association in accordance with these Declarations or any Supplemental Declaration or Supplemental Map, provided, that if any Subordinate Association Property is damaged by an Owner or Occupant, the expense of repairing the damage may be charged to that Unit Owner as a Reimbursement Assessment. The Subordinate Association may enter into contracts to have these maintenance responsibilities performed by third parties.~~

~~(c)~~ The individual Owners and the Master Association Executive Board ~~and/or the Subordinate Association Executive Board~~ shall each use a reasonable standard of care in providing for the repair, management and maintenance of the properties for which they are responsible so that the entire Common Interest Community will reflect a pride of ownership.

(d) If an Owner fails to perform any obligations under this Section within ten (10) days following receipt of a written notice from the Executive Board having jurisdiction, requesting the same, the Executive Board shall have the right to enter upon Unit of the Owner to cure the violation, to perform any needed repairs or maintenance, or to otherwise cause compliance with this Section, and to levy and collect a Reimbursement Assessment upon the Owner and its Unit for the costs and expenses incurred by the Master Association Property ~~or the Subordinate Association Property~~ in connection therewith. The Executive Board having jurisdiction shall have no right to enter into the interior of a residence without the consent of the Owner except in the case of a clear emergency.

2.4. Residential Use and Occupancy; Parking.

(a) Each Unit shall be improved, occupied and used only for private residential purposes, consistent with these Declarations, Town Approvals and applicable zoning.

(b) No business, professional or other non-residential or commercial use shall be made of any Units, excepting in-home businesses or occupations which do not involve: (i) employees, (ii) the solicitation or invitation of the general public, or (iii) the servicing of customers, employees, contractors or subcontractors and which activities are conducted entirely within the residence and do not cause any additional traffic or parking within the Community or otherwise create a nuisance for neighboring Subordinate Associations, Units or the Community.

(c) Declarant may use Future Developments Areas and Units for sales and marketing purposes and for construction staging.

2.5. New Construction Required; No Temporary Buildings or Occupancy. All Buildings and Improvements constructed within or placed upon the Common Interest Community shall be new. No mobile homes (single or double wide), and no used or temporary house, structure, tent, teepee, or non-permanent out-building (specifically including without limitation mobile homes and trailers) shall ever be placed, erected or allowed to remain within the Common Interest Community except temporary structures or construction trailers used for construction purposes during the construction of the Buildings and Improvements, which temporary facilities shall be removed following completion of construction. The work of constructing, altering or remodeling any Building, Unit or Improvement within the Common Interest Community shall be prosecuted diligently from the commencement thereof until the completion thereof. The foregoing shall not restrict the use and placement of temporary construction trailers, offices and showrooms on the Property by Declarant or designees in connection with the development, construction, sales and marketing of the Project.

2.6. Annoying Light, Sound or Odor. All exterior lighting installed or maintained in the Common Interest Community shall be placed so that the light source is reasonably screened or shielded from other Units and from the Master Association Property ~~and/or Subordinate Association Property~~. No light shall be emitted from any part of the Common Interest Community (including any Unit), which is unreasonably bright or causes unreasonable glare. The Executive Board having jurisdiction may establish additional standards for exterior lighting including, without limitation, standards for hue and intensity. The foregoing shall not restrict Declarant or designee from installing and using temporary lights of any type or size to maintain security during construction of the Project, which would otherwise be in violation of this Section.

No sound shall be emitted from any part of the Common Interest Community (including without limitation any Unit), which is unreasonably loud or annoying to others, and no odor shall be emitted from any part of the Common Interest Community (including without limitation any Unit), which is noxious or unreasonably offensive to others. Again without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells (excepting chimes), or other sound devices, other than security devices used exclusively for security purposes, shall be located or used within the Common Interest Community except with the prior written approval of the Executive Board. The foregoing shall not restrict Declarant or designee from constructing the Project and in the course of such construction, emitting noises, which would otherwise be in violation of this Section.

The Executive Board in its sole discretion shall have the right and authority to determine the existence of any violation of this Section including the reasonableness of any light, sound or odor.

2.7. Noxious or Offensive Activities; Nuisances; Construction Activities. No noxious or offensive activity shall occur or be allowed at any time on any property within the Common Interest Community, nor shall anything be done or placed thereon which is or may become a nuisance or cause an unreasonable embarrassment, disturbance, or annoyance to Owners, Occupants, Declarant or the Master Association Property ~~or the Subordinate Association Property~~, or which causes damage to neighboring property, or which interferes with the peaceful enjoyment or possession and proper use of the Common Interest Community, or any part thereof, by Owners or Occupants. The Executive Board in its sole

discretion, shall have the right and authority to determine the existence of any nuisance or unreasonable embarrassment, disturbance or annoyance under this Section. Each Owner shall comply with the Rules and Regulations and the requirements of all health authorities and other governmental authorities having jurisdiction over the Common Interest Community.

2.8. No Hazardous or Unsafe Activities. No activity shall be conducted on, and no Improvement shall be constructed on, any property within the Common Interest Community, which is or might be unsafe or hazardous to any Person or property.

2.9. No Solid Fuel Burning Fireplaces, Outside Burning; Fire Hazards. No solid fuel burning fireplaces or other devices shall be allowed within the Common Interest Community, unless an Owner obtains a permit therefore pursuant to Town regulations. No exterior fires shall be lighted or permitted on any property within the Common Interest Community except in a contained barbecue unit while attended and in use for cooking purposes. No Owner shall cause or permit any condition on his Unit which creates a fire hazard or is in violation of fire prevention regulations, or which would increase insurance rates for either the Master Association Property ~~or the Subordinate Association Property~~ or for other Owners. Notwithstanding the foregoing, the Declarant shall have the right to perform burning activities in connection with the development, marketing and maintenance of the Common Interest Community.

2.10. No Firearms or Hunting. The use or discharge of firearms, including but not limited to BB guns and pellet guns, on any part of the Common Interest Community is expressly prohibited. Hunting on any part of the Common Interest Community is expressly prohibited.

2.11. No Unsightliness; Outside Personal Property Storage and Clothes Drying. Other than property of the Declarant, all unsightly structures, facilities, equipment, objects, and conditions, all sporting equipment (e.g., skis, snowboards, bikes, mountain bikes, kayaks, etc.), and all snow removal, garden or maintenance equipment except when in actual use, shall be kept in an enclosed or covered structure or in screened area approved in writing by the Executive Board having jurisdiction. No laundry or wash shall be dried or hung outside on any Unit.

2.12. Master Association ~~and Subordinate Association~~ Roads, Streets and Facilities.

The roads, streets, pathways, within the Community as shown on the Map and designated as Master Association Facilities or Master Association Common Elements will be owned and managed by the Master Association. The Master Association will maintain and repair these facilities and the costs of such maintenance and repair will be assessed as a Common Expense. Declarant reserves the right to enlarge, reduce, terminate and/or relocate any or all of the Master Association Facilities and/or the Master Association Common Elements. This right is deemed a Reserved Rights of Declarant under Article Eighteen and may be exercised in accordance with the provisions of Article Eighteen.

~~The roads, streets and pathways, within the Community as shown on the Map and designated as Subordinate Association Facilities will be owned and managed by the particular Subordinate Association. The respective Subordinate Association having jurisdiction will maintain and repair these facilities and the costs of such maintenance and repair will be assessed as a Common Expense. Declarant reserves the right to enlarge, reduce, terminate and/or relocate any or all of the Subordinate Association Facilities and/or the Subordinate Association Common Elements. This right is deemed a Reserved Rights of Declarant under Article Eighteen and may be exercised in accordance with the provisions of Article Eighteen.~~

2.13. Vehicle Parking, Storage, Operation and Repair.

(a) The Executive Board having jurisdiction shall allow for parking of permitted vehicles (passenger automobiles, including without limitation vans and SUVs, and/or one ton or smaller pick-up trucks) within the Common Interest Community at locations designated for parking.

(b) No boats, trailers, buses, motor homes, mobile homes, campers (on or off supporting vehicles), motorcycles, snowmobiles, recreational vehicles, all terrain vehicles, trucks, industrial or commercial vehicles (both cabs or trailers), abandoned or inoperable vehicles (as defined below), or any other similar vehicles (excepting passenger automobiles and one ton or smaller pick-up trucks) shall be parked or stored within the Common Interest Community except with that advance approval by the Executive Board.

(c) No motorized vehicle of any kind shall be maintained, repaired, repainted, serviced or rebuilt on Association Property ~~or Subordinate Association Property~~.

(d) An "abandoned or inoperable vehicle" shall mean any motorized vehicle which does not display a current motor vehicle license or which has not been driven under its own propulsion for a period of one (1) week or longer (excepting otherwise permitted vehicles parked by Owners or Occupants on their Unit driveways while on vacation or during a period of illness), or which does not have an operable propulsion system within the vehicle. In the event that the Executive Board or the Executive Board shall determine that a vehicle is abandoned or inoperable, or is otherwise in violation of the provisions of this Section 2.16, a written notice of violation

describing said vehicle shall be personally delivered to the vehicle owner (if such owner can be reasonably ascertained) or shall be conspicuously placed upon the vehicle (if the owner cannot be reasonably ascertained), and if the offending vehicle is not removed within seventy-two (72) hours thereafter, the Executive Board or Executive Board (as the case may be) shall have the right to remove and store the offending vehicle, or cause the vehicle to be removed and stored, at the sole expense of the owner of the vehicle if the vehicle is located on a street, or at the sole expense of the Owner of the Unit on which the vehicle is located, and to enter upon an Owner's Unit for such purpose, all without liability on the part of the Executive Board or the Executive Board.

2.14. Garbage; Trash; Compost; Containers. No refuse, garbage, trash, grass, shrub, or tree clippings, plant waste, compost, metal, bulk materials, scrap, rubbish, or debris of any kind shall be kept, stored, maintained or allowed to accumulate or remain within the Common Interest Community, except within an enclosed structure or in areas designated within the Building 3 and 4 Common Elements as designated by that Sub-Association Executive Board. Garbage containers shall comply with all applicable Town requirements concerning type and location of containers.

2.15. Animals. Each Unit shall be entitled to a maximum of no more than three (3) dogs or cats (or any combination thereof) and a reasonable number of other Household Pets, so long as the total number of Household Pets shall not exceed six (6), such dogs, cats or other Household Pets are not kept for any commercial purpose, are not kept in unreasonable numbers, do not cause an unreasonable amount of noise or odor, or do not otherwise become a nuisance or threat to other Owners or Occupants. The foregoing notwithstanding, a Person shall only keep a Household Pet in the Common Interest Community in accordance with all applicable laws, regulations and restrictions promulgated by the Town. The Executive Board shall be responsible for enforcing the restrictions set forth in this Section 3.18, and shall have, and is hereby given, the right and authority to determine in its sole discretion that any one or more dogs, cats and other Household Pets are being kept for commercial purposes, or are being kept in unreasonable numbers, or are causing an unreasonable amount of noise or odor, or are otherwise a nuisance to other Owners or Occupants, or that an Owner or Occupant is otherwise in violation of this Section 3.18, and to take such action or actions as it deems reasonably necessary to remedy the violation, including without limitation the levying of fines and/or Reimbursement Assessments as provided in Section 11.9 hereof. Also without limiting the generality of the foregoing, the Executive Board may require the owner or custodian of a dog that barks or howls excessively, or of a dog, cat, or other Household Pet that exhibits threatening behavior or that has other offensive habits or that otherwise violates the restrictions set forth in this Section 3.18, to confine such animal indoors, or to permanently remove such animal from the Common Interest Community, and may adopt Rules and Regulations governing pets.

2.16. Use of Easement Areas; Utility Installation. All easements shown on the Map or a Supplemental Map or other instrument covering any portion of the Common Interest Community have been created or reserved for the purposes indicated on such Map, other instrument and/or elsewhere these Declarations. No Owner or Occupant or other Association may erect any structure of any type whatsoever in such easement areas, nor may an Owner or Occupant or other Association use the surface of such easement areas for any private use, other than driveways or landscaping which will not interfere with the use of said easement by the Persons or entities for whose benefit it has been created or reserved and which receives the prior written approval of the Executive Board of the Association burdened by the easement.

2.17. Restoration of Improvements in the Event of Damage or Destruction. In the event of damage to or destruction of any Improvement on any Unit, the Owner thereof shall cause the damaged or destroyed Improvement to be promptly restored or replaced to its original condition or such other condition as may be approved in writing by the Executive Board of the Association owning or maintaining the Improvement, or the Owner shall cause the damaged or destroyed Improvement to be promptly demolished and the Unit to be suitably landscaped, subject to the approval of the Executive Board, so as to present a pleasing and attractive appearance. Such Improvements shall be repaired, restored or otherwise demolished and suitably landscaped within such reasonable time frame as may be established by the Executive Board.

2.18. Leases. Any Owner shall have the right to Lease the residential dwelling on his Unit under the following conditions:

(a) All Leases shall be in writing, and must cover the entire Unit, i.e., no Leases of bedrooms alone or otherwise covering less than all of the residence shall be permitted.

(b) All Leases shall provide (i) that the terms of the Lease and the tenant's use of the residence shall be subject in all respects to the provisions of this Declaration, and the Articles, the Bylaws, the Rules and Regulations, and the Town Approvals, (ii) that the Occupant has received and reviewed copies of said documents, and (iii) that any failure by the Occupant to comply with any of the aforesaid documents, in any respect, shall be a default by Occupant under the Lease and a default by Occupant and Owner under said documents which may be enforced against Occupant and/or Owner by the Executive Board.

(c) The Owner shall notify the Association immediately upon the leasing of his residence and shall provide the Association with a copy of the Lease and with the name and mailing address of the Occupant and the mailing address (if changed) of the Owner.

(d) Each Owner who leases a residence shall be responsible for assuring compliance

by the Occupant with all of the provisions of this Declaration, any pertinent Supplemental Declaration, the Articles, the Bylaws, the Rules and Regulations, and the Town Approvals, and shall be jointly and severally responsible with the Occupant for any violations thereof by the Occupant.

(e) Each Lease shall expressly provide that the Association (via the Executive Board) shall have the right to give the Occupant written notice that the Occupant is in violation of one or more of the documents listed in subsection (c) above, which notice shall specify a period of time (at least 5 days) in which the Occupant may cure the violation. If the violation continues uncured, or if it is repeated within the 3-month period following the date of the first notice, the Lease shall provide that the Owner gives to the Association an irrevocable power of attorney to act on the Owner's behalf to give such statutory notices to the Occupant and to take such other actions as may be necessary or appropriate to terminate the Lease and to evict the Occupant from the Premises. If a Lease does not contain such provisions, the Owner hereby irrevocably appoints the Association as its attorney-in-fact to act on its behalf as set forth herein.

2.19. Restrictions on Re-Subdivision, Property Restrictions, Rezoning, and Time Sharing.

Except as expressly permitted in this Declaration, (i) no Unit shall ever be further subdivided or replatted by an Owner into smaller Units, (ii) no physical portion less than all of any such Unit, nor any easement or divided interest therein, shall be conveyed, transferred or encumbered by the Owner, and (iii) no Unit may be combined with any other Unit nor the boundary lines adjusted between any two Units.

(a) Declarant reserves the right to revise the boundaries of a Building or a Unit, or to combine two Units owned by Declarant or to adjust or remove boundary lines between Units owned by Declarant, provided any necessary Town Approvals are obtained, all Declaration and Map amendments required by the Act and/or local land use laws are prepared, executed and Recorded, and the necessary reallocation of Allocated Interests of the Owners is accomplished. In the case of the combination of two Units, such interests shall be reallocated to reflect the fact that two Units have been eliminated and one Unit created in its place, unless the Executive Board requires that the combined Units continue to pay two Assessments. All costs relating to the foregoing activities shall be the sole responsibility and obligation of Declarant. Declarant's rights under this subsection (a) shall terminate upon the first to occur of (i) the date which is 30 years after the Recording of this Declaration, or (ii) Declarant's relinquishing of these rights by a Recorded instrument.

(b) The boundaries between adjoining Units may also be adjusted or removed (*i.e.* the Units combined) by the Owner(s) thereof other than Declarant, if (i) the written consent of the Executive Board having jurisdiction over the property is first obtained, in the sole discretion of the Executive Board, (ii) all applicable regulations and codes are complied with and all necessary Town Approvals are obtained, (iii) the proposed adjustment or removal does not violate the terms of any document evidencing a security interest in the subject Units, (iv) all Declaration and Map amendments required by the Act and/or local land use laws are prepared, executed and Recorded, and (v) the necessary reallocation of Allocated Interests of the Owners is accomplished pursuant to the guidelines set forth above or as otherwise required by the Executive Board. All costs relating to such activity (including the attorneys' fees and costs incurred by the Executive Board in reviewing and acting upon the matter) shall be the sole responsibility and obligation of the Owner(s) applying for the same.

(c) No further covenants, conditions, restrictions or easements shall be Recorded by any Owner (except Declarant in the exercise of its reserved rights) or other Person against any Unit without the provisions thereof having been first approved in writing by the Executive Board for consistency with the Declaration and the general plan of development for the Common Interest Community. Any covenants, conditions, restrictions or easements Recorded without such approvals being evidenced thereon shall be null and void. This provision does not apply to Mortgages.

(d) No application for rezoning of any Unit, and no application for any variance or special use permit for any Unit, shall be filed with any governmental authority by any Owner (except Declarant in the exercise of any reserved rights) unless the proposed use of the Unit has first been approved in writing by the Executive Board and the proposed use otherwise complies with the Declaration.

(e) No form of time-share or interval ownership or use program shall ever be created or allowed in connection with any Unit in the Common Interest Community, and any such attempted ownership or use program shall be null and void and unenforceable.

2.20. Town of Rico Deed Restriction. The Property and all Units within the Property are subject to the Housing Restriction for Lot 6, Bedrock Subdivision, Town of Rico, recorded at Reception Number _____, Dolores County Clerk and Recorder (the "Deed Restriction") and all Units shall be owned and occupied in accordance with the Deed Restriction. This section 2.20 may not be amended or deleted without the written approval of the Town of Rico.

2.20.2.21. Health, Safety and Welfare. In the event any uses, activities, or facilities within the Common Interest Community are deemed by the Executive Board having jurisdiction over the property

to be an unreasonable annoyance or nuisance, or to adversely affect the health, safety or welfare of Owners or Occupants, the Executive Board may adopt Rules and Regulations governing the same in order to appropriately restrict and regulate such uses, activities or facilities within the Common Interest Community. Such rules shall be consistent with the purposes and provisions of this Declaration.

2.21-2.22. Implementation and Variances. The Executive Board having jurisdiction over the property may implement the restrictions set forth in this Article 2, or otherwise restrict and regulate the use and occupancy of the Common Interest Community and the Units by reasonable Rules and Regulations of general application adopted by the Executive Board from time to time. The Executive Board may, in its sole discretion and in extenuating circumstances, grant variances from any of the restrictions set forth in this Article 2 (excepting any such restrictions with respect to which the Executive Board has the authority to grant variances under this Declaration), if the Executive Board determines, in its sole discretion, (a) either (i) that a particular restriction creates a substantial hardship or burden on an Owner or Occupant, which hardship or burden was not caused by said Owner or Occupant, or (ii) that a change of circumstances since the Recordation of this Declaration has rendered such restriction obsolete, and (b) that the activity permitted under the variance, in the judgment of the

Executive Board, will not have any material adverse effect on the Owners and Occupants of the Common Interest Community (including neighboring Units) and is consistent with the high quality of living intended to be promoted hereby throughout the Common Interest Community. When an Owner applies for a variance, the Board must give at least ten (10) days advance written notice of the variance hearing, and of the nature of the variance requested, postage prepaid, by certified mail, return receipt requested, to all Owners of Units within the Common Interest Community, at the current addresses for such Owners reflected in the Association files. The applying Owner must provide the Committee with an accurate list of the Owners to be so notified. If the foregoing notice requirements are complied with, it is not necessary that the Owners actually receive the notice that is mailed to them, such notices being deemed received upon mailing. No variance shall conflict with the Town Approvals or with ordinances or regulations of the Town. If a variance from the Town Approvals or Town laws or regulations is also required in connection with a matter for which a variance is desired hereunder, it shall be the Owner's responsibility to obtain such variance before submitting a variance application to the Executive Board.

2.22-2.23. Declarant Activities or to restrict in any way Declarant's right and ability to develop, improve, maintain, repair, regulate, operate, administer, manage, market, sell, lease, encumber or dispose of the Common Interest Community, the Units, the Association Property or any part thereof, including the right to construct Improvements, place construction and office trailers, and install signs thereon, all in the complete discretion of Declarant.

ARTICLE THREE MASTER ASSOCIATION

3.1. Master Association. The Master Association has been formed as a Colorado nonprofit corporation under the Colorado Revised Nonprofit Corporation Act to manage the affairs of the Common Interest Community. As used in this Article, the term Association or Master Association shall each mean and refer to the Master Association. Subject to the power, authority and rights, duties and obligations of each Subordinate Association that is expected to be formed, the Master Association shall serve as the master governing body for all of the Owners and Occupants in the Common Interest Community, for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of Master Association Property, the levying and collection of Assessments for Master Association Common Expenses and other expenses of the Master Association, and such other matters as may be provided in this Declaration, the Articles, Bylaws, and Rules and Regulations. The Master Association shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it on behalf of the Owners in accordance with the provisions of this Declaration, the Articles and the Bylaws.

3.2. Master Association Executive Board. The affairs of the Master Association shall be managed by the Master Association Executive Board. The number and term of the members of the Master Association Executive Board shall be fixed in the Articles of Incorporation or the Bylaws, provided, however, that at least one member of the Master Association Executive Board must be a Member from and in each Subordinate Association that has been formed pursuant to these Declarations. A quorum shall be deemed present throughout any meeting of the Master Association Executive Board if persons entitled to cast at least fifty percent (50%) of the votes on the Executive Board are present at the beginning of the meeting or grant their proxy as provided in C.R.S. Section 7-128-205(4). With the exception of matters that may be discussed in executive session, as set forth in Section 38-33.3-308(3-7) of the Act, all regular and special meetings of the Master Association Executive Board or any committee thereof shall be open to attendance by all Members of the Association or their representatives. Without limiting the generality of the foregoing, no Rule or Regulation may be validly adopted during an executive session. Agendas for meetings of the Master Association Executive Board shall be made reasonably available for examination by all Members of the Association or their representatives. The Master Association Executive Board shall have all of the powers, authority and duties granted or delegated to it by the Act, this Declaration, the Articles or Bylaws. Except as provided in the Act, this Declaration, the Articles or Bylaws, the Master Association Executive Board may act in all instances on behalf of the Master Association, but not for a duly established Subordinate Association. The Master Association Executive Board may not, however, act on behalf of the Master Association to amend this Declaration, to terminate the Common Interest Community, or to elect members of the Master Association Executive Board or determine the

qualifications, powers and duties, or terms of office of Master Association Executive Board members, but the Master Association Executive Board may fill vacancies in its membership for the unexpired portion of any term. The Master Association Executive Board may, by resolution, delegate portions of its authority to officers of the Master Association, but such delegation of authority shall not relieve the Executive Board of the ultimate responsibility for management of the affairs of the Master Association. If appointed by Declarant, in the performance of their duties, the members of the Master Association Executive Board and the officers of the Master Association are required to exercise the care required of fiduciaries of the Unit Owners. If not appointed by Declarant, no member of the Master Association Executive Board and no officer shall be liable for actions taken or omissions made in the performance of such member's or officer's duties except for wanton and willful acts or omissions.

3.3. Membership in Master Association. There shall be one Membership in the Master Association for each Subordinate Community within the Common Interest Community ~~and one Membership for the owner of the Future Development Areas~~. Declarant shall hold a Membership in the Master Association so long as the Declarant has the right to develop the ~~Future Development Area~~ Master Association Common Elements pursuant to the Declarant Reserved Rights. Membership in the Master Association, other than the membership of the Declarant tied to the ~~Future Development Area~~ Declarant Reserved Rights, shall not be assignable separate and apart from fee simple title to a Unit, and may not otherwise be separated from ownership of a Unit.

3.4. Voting Rights of Members.

(a) **By Declarant for Future Development Areas.** Initially the Declarant ~~as the owner of the Future Development Area~~ (prior to the time that a new Subordinate Association for ~~the Future Development Area~~ additional units created pursuant to the Declarant's Reserved Rights has been formed) shall be entitled to one (1) vote in the Master Association, which will be allocated the additional conditioned square footage which is actually constructed on ~~the Future Development Area~~ pursuant to the Declarant Reserved Rights divided by the total amount of conditioned square footage which is actually constructed within the Common Interest Community. The vote allocated to ~~a Future Development Area~~ the Declarant may be cast pursuant to a proxy duly executed by the Declarant.

(b) **By the Subordinate Association.** Upon the formation of a Subordinate Association, the Subordinate Association Executive Board shall be entitled to one (1) vote in the Master Association, which will be allocated as provided for in the definition of Master Association Allocated Interests and by the Subordinate Association Allocated Interests. Occupants of Units shall not have voting rights. The Subordinate Association Executive Board will designate a member of the Subordinate Association Executive Board to exercise the vote for the Subordinate Association Executive Board and the Subordinate Association Executive Board may instruct the designated member on how to vote on some or all of the matters presented to the Master Association. The individual owners of Units within a Subordinate Association shall not be entitled to cast a vote in Master Association matters, rather their interests are being represented by the Subordinate Association Executive Board.

3.5. Termination of Contracts and Leases of Declarant. The following contracts and leases, if entered into before the Master Association Executive Board elected by the Owners pursuant to Section 38-33.3-303(7) takes office, may be terminated without penalty by the Master Association at any time after the Master Association Executive Board elected by the Owners or Subordinate Association(s) pursuant to said Section 38-33.3-303(7) takes office, upon not less than ninety (90) days notice to the other party: (i) Any management contract, employment contract or lease of recreational or parking areas or facilities; (ii) Any other contract or lease between the Master Association and Declarant or an affiliate of Declarant; or (iii) Any contract or lease that is not bona fide or was unconscionable to the Owners at the time entered into under the circumstances then prevailing.

3.6. Period of Declarant Control of Master Association. Notwithstanding any other provisions hereof, Declarant shall have and hereby reserves the power to appoint and remove, in its sole discretion, the members of the Master Association Executive Board and the officers of the Master Association during the period commencing upon the Recording of this Declaration and terminating no later than the earlier of (a) sixty (60) days after conveyance of seventy-five percent (75%) of the Units that may be created to Owners other than Declarant; or (b) two (2) years after the last conveyance of a Unit by the Declarant in the ordinary course of business;

During said Period of Declarant Control of the Master Association:

(a) Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created to Owners other than Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Master Association Executive Board must be elected by Unit Owners other than Declarant.

(b) Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units that may be created to Owners other than Declarant, not less than thirty-three and one-third percent (33-1/3%) of the members of the Master Association Executive Board must be elected by Unit Owners other than Declarant.

At any time prior to the termination of the Period of Declarant Control of the Master Association,

the Declarant may voluntarily surrender and relinquish the right to appoint and remove officers and members of the Master Association Executive Board, but in such event Declarant may require, for the duration of the Period of Declarant Control of the Master Association, that specified actions of the Master Association or the Master Association Executive Board, as described in a Recorded instrument executed by Declarant, be approved by Declarant before they become effective. As to such actions, Declarant may give its approval or disapproval in its sole discretion and option, and its disapproval shall invalidate any such action by the Master Association Executive Board or the Master Association. Not later than the termination of the Period of Declarant Control of the Master Association, the Owners (including Declarant) shall elect an Master Association Executive Board of at least three (3) members, at least a majority of whom must be Owners other than Declarant or designated representatives of Owners other than Declarant, and the Master Association Executive Board shall elect the officers, with such Master Association Executive Board members and officers to take office upon election. Pursuant to Section 38-33.3-303(9) of the Act, within sixty (60) days after Owners other than Declarant elect a majority of the members of the Master Association Executive Board, Declarant shall deliver to the Master Association all property of the Owners and of the Association held or controlled by Declarant, including without limitation the following items:

- (a) The original or a certified copy of the recorded Declaration as amended, the Association's Articles of Incorporation, Bylaws, minute books, other books and records, and any rules and regulations which may have been promulgated;
- (b) An accounting for Master Association funds and financial statements from the date the Master Association received funds and ending on the date the Period of Declarant Control ends. The financial statements shall be audited by an independent certified public accountant and shall be accompanied by the accountant's letter, expressing either the opinion that the financial statements present fairly the financial position of the Master Association in conformity with generally accepted accounting principles or a disclaimer of the accountant's ability to attest to the fairness of the presentation of the financial information in conformity with generally accepted accounting principles and the reasons therefore. The expense of the audit shall not be paid for or charged to the Master Association.
- (c) The Master Association funds or control thereof;
- (d) All of the Declarant's tangible personal property that has been represented by the Declarant to be the property of the Master Association or all of the Declarant's tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of Master Association Property, and inventories of these properties;
- (e) A copy, for the nonexclusive use by the Master Association, of any plans and specifications used in the construction of the improvements in the Common Interest Community;
- (f) All insurance policies then in force, in which the Owners, the Master Association, or its directors and officers are named as insured persons;
- (g) Copies of any certificates of occupancy that may have been issued with respect to any improvements comprising the Common Interest Community;
- (h) Any other permits issued by governmental bodies applicable to the Common Interest Community and which are currently in force or which were issued within one year prior to the date on which Unit Owners other than the Declarant took control of the Master Association;
- (i) Written warranties of the contractor, subcontractors, suppliers, and manufacturers that are still effective;
- (j) A roster of Owners and Occupants and Mortgagees and their addresses and telephone numbers, if known, as shown on the Declarant's records.
- (k) Employment contracts in which the A Master Association is a contracting party;
and
- (l) Any service contract in which the Master Association is a contracting party or in which the Master Association or the Owners have any obligation to pay a fee to the persons performing the services.

ARTICLE FOUR SUBORDINATE ASSOCIATION

4.1. **Subordinate Association.** As used in this Article, the terms Subordinate Association and Association shall each mean and refer to the Subordinate Association. Declarant has established two (2) Subordinate Associations as set forth herein and on the Map. ~~There shall be established any number of separate Subordinate Associations for any future improvements on the Future Development Areas.~~ Each Subordinate Association shall be formed as a Colorado nonprofit corporation under the Colorado Revised Nonprofit Corporation Act to manage the affairs of the Subordinate Association Property. Subject to the power, authority and rights, duties and obligations of the Subordinate Association to manage the Common

Interest Community, the Subordinate Association shall serve as the governing body for all of the Owners and Occupants in a Subordinate Association, for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of the Subordinate Association and the Subordinate Association Property, the levying and collection of Assessments for Common Expenses and other expenses of the Subordinate Association, and such other matters as may be provided in this Declaration, any Supplemental Declaration and/or Supplemental Map acknowledging the Subordinate Association, the Articles, Bylaws, and Rules and Regulations for the Subordinate Association. A Subordinate Association shall not be deemed to be conducting a business of any kind, and all funds received by the Subordinate Association shall be held and applied by it on behalf of the Owners in accordance with the provisions of this Declaration, the Articles and the Bylaws.

~~4.2. **Subordinate Association Executive Board.** The affairs of the Subordinate Association shall be managed by a Subordinate Association Executive Board. The number, term, and qualifications of the members of the Subordinate Association Executive Board shall be fixed in the Articles of Incorporation or the Bylaws for the Subordinate Association. A quorum shall be deemed present throughout any meeting of the Subordinate Association Executive Board if persons entitled to cast at least fifty percent (50%) of the votes on the Subordinate Association Executive Board are present at the beginning of the meeting or grant their proxy as provided in C.R.S. Section 7-128-205(4). With the exception of matters that may be discussed in executive session, as set forth in Section 38-33.3-308(3-7) of the Act, all regular and special meetings of the Subordinate Association Executive Board or any committee thereof shall be open to attendance by all Members of the Subordinate Association or their representatives. Without limiting the generality of the foregoing, no Rule or Regulation may be validly adopted during an executive session. Agendas for meetings of the Subordinate Association Executive Board shall be made reasonably available for examination by all Members of the Subordinate Association or their representatives. The Subordinate Association Executive Board shall have all of the powers, authority and duties granted or delegated to it by the Act, this Declaration, the Articles or Bylaws for the Subordinate Association. Except as provided in the Act, this Declaration, the Articles or Bylaws for the Subordinate Association or by separate agreement, the Subordinate Association Executive Board may act in all instances on behalf of the Association, but not for any other duly established Subordinate Association or for the Master Association. The Subordinate Association Executive Board may not, however, act on behalf of the Subordinate Association to amend this Declaration, to terminate the Common Interest Community, or to elect members of the Subordinate Association Executive Board or determine the qualifications, powers and duties, or terms of office of Subordinate Association Executive Board members, but the Subordinate Association Executive Board may fill vacancies in its membership for the unexpired portion of any term. The Subordinate Association Executive Board may, by resolution, delegate portions of its authority to officers of the Subordinate Association, but such delegation of authority shall not relieve the Subordinate Association Executive Board of the ultimate responsibility for management of the affairs of the Association. If appointed by Declarant, in the performance of their duties, the members of the Subordinate Association Executive Board and the officers of the Subordinate Association are required to exercise the care required of fiduciaries of the Unit Owners. If not appointed by Declarant, no member of the Subordinate Association Executive Board and no officer shall be liable for actions taken or omissions made in the performance of such member's or officer's duties except for wanton and willful acts or omissions.~~

~~4.3. **Subordinate Association Common Elements.** All common elements and limited common elements associated within a Subordinate Association shall be designated as "Subordinate Association Common Elements Associated with (the name of the Subordinate Association)" on a Supplemental Map and/or Supplemental Declaration for the Subordinate Association. Ownership of the Subordinate Association Common Elements and Subordinate Association Facilities, however, shall vest only in the Owners of Units within that Subordinate Association alone and shall not vest in the Owners of Units created on the Future Development Areas in the Community.~~

~~4.4. **Powers and Duties of the Subordinate Association.** The purposes, powers, duties and obligations of a Subordinate Association, in addition to the powers, duties and obligations allowed under the Act and as contained these Declarations and Rules and Regulations as the same uniquely apply to the Subordinate Association, which powers shall include, without limitation the following powers, which shall be administered by the Subordinate Association Executive Board: (a) Maintain, repair, replace, insure, manage and control the Subordinate Association Property; (b) Prepare and adopt a Subordinate Association Budget, providing for the cost, operation, repair, replacement and management of the Subordinate Association, including Buildings, Improvements, facilities, landscaping and lands associated with the Subordinate Association and the Subordinate Association Property attributable to the Subordinate Association; (c) Impose and collect Subordinate Association Assessments, whether general assessments, special assessments or reimbursement assessments from owners of the Units in the Subordinate Association in accordance with the Subordinate Association Budget; (d) Collect duly assessed Master Association Assessments, whether general assessments, special assessments or reimbursement assessments from owners of the Units in the Subordinate Association in accordance with the Master Association Budget; and (e) all other and necessary powers appropriate for the proper management of the Subordinate Association and consistent with these Declarations and the Act.~~

~~4.5. **Membership in Subordinate Association.** There shall be one Membership in the Subordinate Association for each Unit within the Subordinate Association. The Person or Persons who constitute the Owner of a Unit shall automatically be the holder of the Membership appurtenant to that Unit, and shall collectively be the "Member" of the Subordinate Association with respect to that Unit, and~~

~~the Membership appurtenant to that Unit, automatically pass with fee simple title to the Unit. Declarant shall hold a Membership in the Subordinate Association for each Unit owned by Declarant. Membership in the Subordinate Association shall not be assignable separate and apart from fee simple title to a Unit, and may not otherwise be separated from ownership of a Unit.~~

~~4.6. **Allocated Interests of Members in The Subordinate Association.** A Supplemental Declaration and Supplemental Map for a Subordinate Association shall establish the Allocated Interest for each Unit in the Subordinate Association which shall be calculated on the basis of the square footage for the Units in the particular Subordinate Association (measured in accordance with the provisions of this Declaration) using the following formula, the numerator of which will be the square footage of a particular Unit and the denominator of which is the total square footage of all of the Units in the Subordinate Association. The Allocated Interest shall be used to establish the voting rights of each Unit Owner for the Subordinate Association, the Unit Owner's share of common expenses established for the Subordinate Association and the relative interests of the Unit Owner in the Subordinate Association Property.~~

~~4.7. **Separate Unit Owner Classes for Multiple Building in a Subordinate Association.** In instances where a Subordinate Association consists of more than one Building, the Declarant or the Subordinate Association Executive Board may establish separate classes of Unit Owners for each Building within that Subordinate Association and, in such instance, the costs and expenses of maintaining that particular Building would be assessed against the Owners of Units in that particular Building.~~

~~4.8. **Voting in a Subordinate Association.** If only one of the multiple owners of a Unit is present at a Subordinate Association meeting, such owner is entitled to cast the vote allocated to that Unit. If more than one of the multiple owners is present, the vote allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is majority agreement if any of the multiple owners casts the vote allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the Unit. In the event of a protest being made by one or more multiple owners, and a majority of the multiple owners of the Unit cannot agree on how to cast their vote, any vote cast for that Unit shall be null and void with regard to the issue being voted upon. Such multiple owners and their Unit shall nevertheless be counted in determining the presence of a quorum with respect to the issue being voted upon. In accordance with Section 38-33.3-309 of the Act, and except as may otherwise be provided in the Bylaws, a quorum is deemed present throughout any meeting of the Members of the Subordinate Association if persons entitled to cast at least twenty percent (20%) of the total allocated votes in the Subordinate Association are present, in person or by proxy, at the beginning of the meeting. Provided a quorum of allocated votes entitled to vote is present in person or by proxy, the affirmative vote of a majority of the total allocated votes so present shall constitute approval of any matter voted upon unless a different number is required on a particular matter by the Act, this Declaration, the Articles, or the Bylaws. The vote allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of a vote by the other owners of the Unit through a duly executed proxy. A Unit Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy shall terminate eleven (11) months after its date, unless a different termination date is otherwise set forth on its face. No vote allocated to a Unit owned by the Subordinate Association may be cast. The Unit Owners, by a vote of sixty-seven percent (67%) of all allocated votes present and entitled to vote at any meeting of the Unit Owners of the Subordinate Association at which a quorum is present, may remove any member of the Subordinate Association Executive Board with or without cause, other than a member appointed by Declarant.~~

~~4.9. **Payment of Assessments of the Subordinate Association.** All Owners of Units within a Subordinate Association shall be obligated to pay the Assessments imposed by the Subordinate Association Executive Board to meet the Common Expenses of maintenance, operation and management of the Subordinate Association Property and the Subordinate Association. In addition, all Owners of Units within a Subordinate Association shall be obligated to pay their prorata share of the Assessments imposed by the Master Subordinate Association Executive Board to meet the Common Expenses of maintenance, operation and management of the Master Association Property and the Master Association. The Declarant shall pay all Subordinate Association Common Expenses for each Unit it owns within the Subordinate Association until that Unit is sold to a third party. A Supplemental Declaration and Supplemental Map for a Subordinate Association may provide to the establishment of a working fund and/or a capital reserve fund upon the initial sale of each Unit from the Declarant to a third party. Assessments shall be made by the Subordinate Association no less frequently than annually and shall be based on a budget adopted no less frequently than annually by the Subordinate Association. All Owners shall be obligated to pay the Assessments imposed by the Board to meet the Common Expenses of maintenance, operation and management of the Community. The Declarant shall pay all Common Expenses for each Unit it owns, until that Unit is sold to a third party. Upon the initial sale of each Unit from the Declarant to a third party, the third party purchaser shall make the working fund contribution specified in Section 18.4 below. Assessments shall be made by the Association no less frequently than annually and shall be based on a budget adopted no less frequently than annually by the Association. In addition to paying all properly levied assessments imposed by the Community under the Governing Documents, the Owners of units within such Subordinate Subordinate Association shall be responsible for paying for all of the common expenses attributable to the costs and expenses associated with the Subordinate Association. The~~

~~Subordinate Association is empowered to impose, collect and enforce Subordinate Association Assessments in the same manner that the Master Association may impose, collect and enforce Assessments for the Master Association as the same is provided for in this Declaration.~~

~~4.10. **Period of Declarant Control of Association.** A Supplemental Declaration and Supplemental Map for a Subordinate Association may provide for a period of Declarant Control in accordance with the Act.~~

ARTICLE FIVE **MASTER ASSOCIATION PROPERTY**

5.1. **Use and Enjoyment of Master Association Property.** With the exception of Master Association Limited Common Elements, and except as otherwise provided in this Declaration or in the Master Association Rules and Regulations, each Owner shall have the non-exclusive right to use and enjoy Master Association Property in common with all other Owners. ~~This right shall not extend to Subordinate Association Property, whose use and enjoyment is limited to the Owner, Occupant, and the family members, guests and invitees of each Owner of a Unit within the Subordinate Association, as provided for in Article Four.~~ The right to use and enjoy Master Association Property shall extend to each Owner, Occupant, and the family members, guests and invitees of each Owner, and to such other users as may be authorized by this Declaration or by the Executive Board from time to time, and shall be appurtenant to each Unit, subject at all times to the provisions of this Declaration (including Declarant's reserved rights hereunder) or the Articles, Bylaws, and the Rules and Regulations. No Owner or Occupant shall place any structure or store or leave any materials or personal property upon Master Association Property, nor shall any Owner or Occupant engage in any activity which will temporarily or permanently impair free and unobstructed access to all parts of the Master Association Property (excepting Limited Common Elements) by all Owners. With respect to Limited Common Elements, each Owner and Occupant of a Unit designated by Declaration or Map for the use of such Limited Common Element shall have the non-exclusive right to use and enjoy the same in common with all other Owners and Occupants of Units so designated, for all purposes for which the Limited Common Element was created, subject to any Rules and Regulations relating thereto.

5.2. **Association May Regulate Use of Master Association Property.** The Master Association, acting through the Master Association Executive Board, shall have the right and authority to regulate the use of Master Association Property by the promulgation, enforcement and interpretation from time to time of such Rules and Regulations relating thereto as the Master Association considers necessary or appropriate for the protection and preservation of Master Association Property and the enhancement of the use and enjoyment thereof by Owners and Occupants and other authorized users. The Master Association, acting through the Executive Board, may for good cause suspend the right of any person to use and enjoy Master Association Property, including without limitation the right of a Member who or which is delinquent in the payment of any Master Association Assessments, and the right of any Member or other authorized user who is in violation of the terms and provisions of this Declaration or the Master Association Articles, Master Association Bylaws, Master Association Rules and Regulations or the terms and provisions of any approvals granted by the Master Association Executive Board.

5.3. **Master Association to Maintain and Improve Master Association Property.** The Master Association, its agents and employees, shall maintain and repair, snowplow as necessary, and otherwise manage the Master Association Property (including the Master Association Limited Common Elements), including, but not limited to, any Buildings or other Improvements. The Master Association may construct, alter and remove such Improvements and landscaping upon Master Association Property as the Master Association in its discretion considers necessary, desirable or appropriate from time to time, and may do all such other and further acts which the Master Association Executive Board deems necessary or appropriate to preserve, protect and enhance the Association Property and the beauty thereof in accordance with the general objectives for the Common Interest Community reflected in this Declaration. Separate bids shall be let for the maintenance of Limited Common Elements so that the costs thereof can be assessed exclusively to the Units benefited thereby. The Master Association may contract with third parties to perform any of the foregoing responsibilities.

5.4. **No Partition of Master Association Property.** No Owner or other Person shall have any right to partition or to seek the partition of Master Association Property or any part thereof ~~unless otherwise provide for herein.~~

5.5. **Owner Liability for Owner or Occupant Damage to Association Property.** Each Owner shall be liable to the Master Association for any damage to Master Association Property or for any expense, loss or liability suffered or incurred by the Association ~~in connection with Subordinate Association Property arising from~~ arising from (a) the negligence or willful misconduct of such Owner or of any Occupant, agent, employee, family member, guest or invitee of such Owner, or (b) any violation by such Owner or any Occupant, agent, employee, family member, guest or invitee of such Owner of any law, regulation, or code, including without limitation any environmental law, or of any provisions of this Declaration, or the Master Association Rules and Regulations relating to Master Association Property. Each Owner shall indemnify, defend and hold the Master Association harmless from any loss, damage, expense or liability arising from the circumstances described in

subsections (a) or (b) immediately above. The Master Association shall have the power to levy and collect a Reimbursement Assessment against an Owner to recover the costs, expenses, damages, losses or liabilities incurred by the Master Association as a consequence of any such negligence, willful misconduct or violations.

5.6. **Damage or Destruction to Master Association Property.** In the event of damage to or destruction of Master Association Property, including Improvements thereon, by fire, snow, rain, high winds or other casualty, the Master Association shall repair or replace the same in accordance with the provisions of this Declaration. Repair, reconstruction, or replacement of Master Association Property shall be accomplished under such contracting and bidding procedures as the Association shall determine are appropriate. If insurance proceeds available to the Master Association on account of damage or destruction exceed the cost of repair, reconstruction, and replacement, the Master Association may use the same for future maintenance, repair, improvement, and operation of Master Association Property or for any other use deemed appropriate by the Master Association Executive Board.

5.7. **Condemnation of Master Association Property.** If any Master Association Property or part thereof or interest therein is taken under exercise of the power of eminent domain or by purchase in lieu thereof, the portion of any award in condemnation or the price payable for the deed in lieu that is attributable to the Master Association Property taken or purchased shall be paid to the ~~Subordinate Master~~ Association. The Master Association shall have the exclusive right to participate in such condemnation proceedings and to represent the interests of all Owners and Occupants and other Persons therein. Any award or funds received by the Master Association shall be held by the Master Association for the purposes stated hereinabove or as a reserve for future maintenance, repair, reconstruction, or replacement of Master Association Property or may be used for Improvements or additions to or operation of Master Association Property or for such other uses as may be deemed appropriate by the Master Association Executive Board. Except as may otherwise be provided by the Act, no Owner or other Person shall be entitled to participate as a party or otherwise in any condemnation proceedings nor to receive any proceeds therefrom.

5.8. **Title to Master Association Property Upon Dissolution of Master Association.** In the event of dissolution of the Master Association, the Master Association Property shall, to the extent permitted by law and reasonably possible, be conveyed or transferred to an appropriate public, governmental or quasi-governmental agency or organization or to a nonprofit corporation, association, trust, or other organization, to be used, in any such event, for the common benefit of Owners of Units within the Master Association for the purposes for which the Master Association Property was held by the Master Association. If the foregoing is not possible, the Master Association Property shall be sold or disposed of and the proceeds from the sale or disposition shall be distributed to Owners in proportion to each Owner's Allocated Interest in the Common Expenses of the Master Association.

5.9. **Mechanic's Liens on Master Association Property.** Declarant shall be responsible for the release of mechanics' liens filed with respect to Master Association Property, or any part thereof, if such liens arise from labor performed or materials furnished at the instance of Declarant, its agents, contractors or subcontractors. Likewise, the Master Association shall be responsible for the release of mechanics' liens filed with respect to Master Association Property, or any part thereof, if such liens arise from labor performed or materials furnished at the instance of the ~~Subordinate Master~~ Association, its directors, officers, agents, contractors or subcontractors. No labor performed or materials furnished with respect to a or Unit at the instance of the Unit Owner within a Master Association shall be the basis for filing a lien against Master Association Property. No labor performed or materials furnished with respect to Master Association Property at the instance of the Master Association Executive Board shall be the basis for filing a lien against any Unit.

ARTICLE SIX SUBORDINATE ASSOCIATION PROPERTY

~~6.1. **Use and Enjoyment of Subordinate Association Property.** The Subordinate Association Declaration shall govern the use and enjoyment of any Subordinate Association Property as defined in such Declaration. Each Owner of a Unit within a particular Subordinate Association shall have the non-exclusive right to use and enjoy Subordinate Association Property in common with all other Owners of Units within the same Subordinate Association. An Owner of a Unit within the Common Interest Community who is not a Member of a Subordinate Association, shall have a limited right to gain access to other Subordinate Association Property, subject to reasonable rules which may be promulgated by the Subordinate Association managing the Subordinate Association Property. In the absence of an agreement, an Owner of a Unit within the Common Interest Community who is not a Member of a Subordinate Association and/or a different Subordinate Association shall not be entitled to otherwise use and shall have no ownership rights or interests in the Subordinate Association Property of another Subordinate Association. The right to use and enjoy Subordinate Association Property shall extend to each Owner, Occupant, and the family members, guests and invitees of each Owner within a particular Subordinate Association, and to such other users as may be authorized by this Declaration or by the a particular Subordinate Association Executive Board from time to time, and shall be appurtenant to each Unit in the Subordinate Association, subject at all times to the provisions of this Declaration (including Declarant's reserved rights hereunder) or the Articles, Bylaws, and the Rules and Regulations. No Owner or Occupant shall place any structure or store or leave any materials or personal property upon Subordinate Association~~

~~Property, nor shall any Owner or Occupant engage in any activity which will temporarily or permanently impair free and unobstructed access to all parts of the Subordinate Association Property (excepting Limited Common Elements within the Subordinate Association as designated by the Map) by all Owners. With respect to Limited Common Elements within the Subordinate Association, each Owner and Occupant of a Unit designated by Declaration or Map for the use of such Limited Common Element within the Subordinate Association shall have the non-exclusive right to use and enjoy the same in common with all other Owners and Occupants of Units so designated, for all purposes for which the Limited Common Element within the Subordinate Association was created, subject to any Rules and Regulations relating thereto.~~

~~6.2. **Subordinate Association May Regulate Use of Subordinate Association Property.** The Subordinate Association, acting through the Subordinate Association Executive Board, shall have the right and authority to regulate the use of Subordinate Association Property by the promulgation, enforcement and interpretation from time to time of such Rules and Regulations relating thereto as the Subordinate Association considers necessary or appropriate for the protection and preservation of Subordinate Association Property and the enhancement of the use and enjoyment thereof by Owners and Occupants and other authorized users. The Subordinate Association, acting through the Subordinate Association Executive Board, may for good cause suspend the right of any person to use and enjoy Subordinate Association Property, including without limitation the right of a Member who or which is delinquent in the payment of any Subordinate Association Assessments, and the right of any Member or other authorized user who is in violation of the terms and provisions of this Declaration or the Articles, Bylaws, Rules and Regulations, Design Guidelines or the terms and provisions of any approvals granted by the Subordinate Association Executive Board.~~

~~6.3. **Subordinate Association to Maintain and Improve Subordinate Association Property.** The Subordinate Association, its agents and employees, shall maintain and repair, snowplow as necessary, and otherwise manage the Subordinate Association Property (including the Limited Common Elements), including, but not limited to, any Improvements, Project Roads, postal kiosks, landscaping, paths, trails, parking areas, drives, lighting, signage, and recreational and other facilities located thereon. The Subordinate Association may construct, alter and remove such Improvements and landscaping upon Subordinate Association Property as the Subordinate Association in its discretion considers necessary, desirable or appropriate from time to time, and may do all such other and further acts which the Subordinate Association Executive Board deems necessary or appropriate to preserve, protect and enhance the Subordinate Association Property and the beauty thereof in accordance with the general objectives for the Common Interest Community reflected in this Declaration. Separate bids shall be let for the maintenance of Limited Common Elements so that the costs thereof can be assessed exclusively to the Units benefited thereby. The Subordinate Association may contract with third parties to perform any of the foregoing responsibilities.~~

~~6.4. **No Partition of Subordinate Association Property.** No Owner or other Person shall have any right to partition or to seek the partition of Subordinate Association Property or any part thereof.~~

~~6.5. **Owner Liability for Owner or Occupant Damage to Subordinate Association Property.** Each Owner shall be liable to the Subordinate Association for any damage to Subordinate Association Property or for any expense, loss or liability suffered or incurred by the Subordinate Association in connection with Subordinate Association Property arising from (a) the negligence or willful misconduct of such Owner or of any Occupant, agent, employee, family member, guest or invitee of such Owner, or (b) any violation by such Owner or any Occupant, agent, employee, family member, guest or invitee of such Owner of any law, regulation, or code, including without limitation any environmental law, or of any provisions of this Declaration, or the Rules and Regulations relating to Subordinate Association Property. Each Owner shall indemnify, defend and hold the Subordinate Association harmless from any loss, damage, expense or liability arising from the circumstances described in subsections (a) or (b) immediately above. The Subordinate Association shall have the power to levy and collect a Reimbursement Assessment against a Unit Owner to recover the costs, expenses, damages, losses or liabilities incurred by the Subordinate Association as a consequence of any such negligence, willful misconduct or violations.~~

~~6.6. **Damage or Destruction to Subordinate Association Property.** In the event of damage to or destruction of Subordinate Association Property, including Improvements thereon, by fire, rockfall, other geohazard condition, or other casualty, the Subordinate Association shall repair or replace the same in accordance with the provisions of this Declaration. Repair, reconstruction, or replacement of Subordinate Association Property shall be accomplished under such contracting and bidding procedures as the Subordinate Association shall determine are appropriate. If insurance proceeds available to the Subordinate Association on account of damage or destruction exceed the cost of repair, reconstruction, and replacement, the Subordinate Association may use the same for future maintenance, repair, improvement, and operation of Subordinate Association Property or for any other use deemed appropriate by the Subordinate Association Executive Board.~~

~~6.7. **Condemnation of Subordinate Association Property.** If any Subordinate Association Property or part thereof or interest therein is taken under exercise of the power of eminent domain or by purchase in lieu thereof, the portion of any award in condemnation or the price payable for the deed in lieu that is attributable to the Subordinate Association Property taken or purchased shall be paid to the Association. The Subordinate Association shall have the exclusive right to participate in such condemnation proceedings and to represent the interests of all Owners and Occupants and other Persons~~

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~~therein. Any award or funds received by the Subordinate Association shall be held by the Subordinate Association as a reserve for future maintenance, repair, reconstruction, or replacement of Subordinate Association Property or may be used for Improvements or additions to or operation of Subordinate Association Property or for such other uses as may be deemed appropriate by the Subordinate Association Executive Board. Except as may otherwise be provided by the Act, no Owner or other Person shall be entitled to participate as a party or otherwise in any condemnation proceedings nor to receive any proceeds therefrom.~~

~~6.8. **Title to Subordinate Association Property Upon Dissolution of Association.** In the event of dissolution of the Subordinate Association, the Subordinate Association Property shall, to the extent permitted by law and reasonably possible, be conveyed or transferred to an appropriate public, governmental or quasi governmental agency or organization or to a nonprofit corporation, association, trust, or other organization, to be used, in any such event, for the common benefit of Owners for the purposes for which the Subordinate Association Property was held by the Association. If the foregoing is not possible, the Subordinate Association Property shall be sold or disposed of and the proceeds from the sale or disposition shall be distributed to Owners in proportion to each Owner's Allocated Interest in the Common Expenses of the Subordinate Association.~~

~~6.9. **Mechanic's Liens on Subordinate Association Property.** Declarant shall be responsible for the release of mechanics' liens filed with respect to Subordinate Association Property, or any part thereof, if such liens arise from labor performed or materials furnished at the instance of Declarant, its agents, contractors or subcontractors. Likewise, the Subordinate Association shall be responsible for the release of mechanics' liens filed with respect to Subordinate Association Property, or any part thereof, if such liens arise from labor performed or materials furnished at the instance of the Association, its directors, officers, agents, contractors or subcontractors. No labor performed or materials furnished with respect to a Unit at the instance of the Unit Owner shall be the basis for filing a lien against Subordinate Association Property. No labor performed or materials furnished with respect to Subordinate Association Property at the instance of the Subordinate Association Executive Board shall be the basis for filing a lien against any Unit.~~

~~6.10. **Owner to Maintain Limited Common Elements.** Each Owner shall be responsible for the day to day cleaning and upkeep of the Subordinate Association Limited Common Elements, including the Building Common Elements, reserved for the use of such Owner and any other Owners. Any and all cost associated with said day to day care, cleaning and upkeep of said Subordinate Association Limited Common Elements shall be paid and discharged by the Owner or Owners entitled to the exclusive use of said Subordinate Association Limited Common Elements. The expense of maintaining, repairing, replacing or reconstructing a Subordinate Association Limited Common Element shall be assessed equally against the Unit or Units to which such Subordinate Association Limited Common Element is assigned.~~

ARTICLE SEVEN EASEMENTS

~~7.1. **Easements for Incidental Encroachments.** If any portion of an Improvement approved by the Master Association Executive Board or the Subordinate Association Executive Board encroaches in its approved location respectively upon Master Association Property or Subordinate Association Property, including any future encroachments arising or resulting from the repair or reconstruction of an Improvement subsequent to its damage, destruction or condemnation, a valid easement on the surface and for subsurface support below such surface and for the maintenance of same, so long as it stands, shall and does exist for such incidental encroachment.~~

~~7.2. **Blanket Association Utility and Drainage Easement Over Roads and Association Property.** There is hereby created, granted and reserved to the Master Association for the Master Association Property and, consistent with this Declaration, the Common Interest Community, its agents, employees and assigns, a perpetual, non-exclusive blanket easement over, across, upon and under all Master Association Property at locations shown on the Map for "Master Association Utility Easements" for the construction, installation, testing, operation, monitoring, management, administration, maintenance, repair, removal and replacement of utilities and utility lines, irrigation lines and systems, drainage systems, pipes, wires, circuits, conduits, meters, facilities and systems for the benefit of the Common Interest Community or any part thereof or neighboring lands, including but not limited to drainage, domestic water, irrigation water, sewer, gas, telephone, electricity, cable TV and other master TV and communication systems, if any, together with an easement for access, ingress and egress to accomplish such purposes, and together with the right to grant any such easement rights to utility companies. The Master Association or other person or entity exercising such utility and drainage easement rights shall be obligated to restore, reseed, replant and/or re-landscape the surface of the disturbed area to as close to its original condition as possible, as promptly as possible following completion of any utility or drainage work.~~

~~There is hereby created, granted and reserved to each Subordinate Association, with respect to its associated Subordinate Association Property, its agents, employees and assigns, a perpetual, non-exclusive blanket easement over, across, upon and under all Subordinate Association Property at locations shown on the Map for "Subordinate Association Utility Easements" for the construction, installation, testing, operation, monitoring, management, administration, maintenance, repair, removal and replacement of utilities and utility lines, irrigation lines and systems, drainage systems, pipes, wires, circuits, conduits, meters, facilities and systems for the benefit of the Subordinate Association or any part~~

~~thereof or neighboring lands, including but not limited to drainage, domestic water, irrigation water, sewer, gas, telephone, electricity, cable TV and other master TV and communication systems, if any, together with an easement for access, ingress and egress to accomplish such purposes, and together with the right to grant any such easement rights to utility companies. The Subordinate Association or other person or entity exercising such utility and drainage easement rights shall be obligated to restore, reseed, replant and/or re-landscape the surface of the disturbed area to as close to its original condition as possible, as promptly as possible following completion of any utility or drainage work.~~

7.3. Association Administrative Easement Over Roads, Private Driveways and Association Property. There is hereby created, granted and reserved to the Master Association ~~and each the Subordinate Association~~, its agents, employees and assigns, a perpetual, non-exclusive easement over, across, upon and under all paths, roads and private driveways (as-built) in the Common Interest Community and all Master Association Property ~~and Subordinate Association Property~~, a right to use the same for purposes of enabling the Master Association ~~or Subordinate Association~~, as the case may be and as authorized by the Declarations, to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration.

7.4. Declarant Easement Over Roads, Paths and Association Property. There is hereby created, granted and reserved to Declarant and its successors and assigns a non-exclusive easement over, across, upon and under all roads in the Common Interest Community and all Master Association Property ~~and all Subordinate Association Property~~ (including without limitation all easements benefiting the Master Association ~~or the Subordinate Association~~), including a right of access, ingress and egress thereto, and a right to use such roads and paths and Master Association Property ~~and all Subordinate Association Property~~, and each and every part thereof, for all purposes reasonably related to (a) Declarant's development, improvement, maintenance, management, marketing and sale of the Common Interest Community and all portions thereof and/or (b) Declarant's exercise and implementation of the rights reserved to Declarant under this Declaration, and/or (c) the discharge by Declarant of any of its obligations under this Declaration or under the SIA or any other Declarant obligations relating to the Common Interest Community. Declarant's rights with respect to this easement shall terminate upon the first to occur of (i) the date which is thirty (30) years after the Recording of this Declaration, or (ii) Declarant's relinquishment of all or a portion of this easement right by Recorded instrument.

7.5. Utility. There is hereby created, granted and reserved for the use and benefit of the Declarant, the Master Association, Subordinate Association and appropriate public utilities, perpetual, non-exclusive easements over, upon, across and under those portions of the Common Interest Community that are designated "**Utility Easement**" on the Map. Utility Easements may be used for the installation, operation, maintenance, repair, removal or replacement of underground utility lines and related surface facilities. Drainage Easements may be used for the installation, operation, maintenance, repair, removal or replacement of drainage systems and facilities. Except as may otherwise be provided in any Development Agreement between Declarant and the Town or in any other separate agreement between Declarant and a utility supplier, the party causing the disturbance shall be obligated to restore, repair, reseed and/or re-landscape any area disturbed by the exercise of these easement rights to as close to its original condition as possible, as promptly as possible following the completion of any work within a Utility or Drainage Easement.

7.6. Blanket Emergency Services Easement. There is hereby created, granted and reserved for the use and benefit of all police, sheriff, fire protection, ambulance and other similar emergency agencies or persons, now or hereafter serving the Common Interest Community and its Owners and Occupants, a perpetual, non-exclusive blanket Emergency Services Easement over, upon, along and across all streets, roads, properties and areas within the Common Interest Community, for use in the lawful performance of their duties.

7.7. Easements Deemed Created. All conveyances of Units and Association Property hereafter made, whether by Declarant or otherwise, shall be deemed and construed to grant and reserve all of the easements referred to in this Article 7 and elsewhere in this, even though no specific reference to such easements appears in the conveyancing instruments.

7.8. Restrictions on Owners in Easement Areas. Neither the Declarant, the Master Association, the Subordinate Associations, or the Owners Units that are subject to any easements created by this Declaration or by the Map shall acquire no right, title or interest in any cables, conduits, mains, lines, or other equipment or facilities or improvements that may be installed upon, over or under the easement area by a beneficiary of said easement rights. Moreover, Owners and Occupants of Units that are subject to any such easements are hereby prohibited from (i) constructing any Improvements upon the easement areas excepting driveways and any other Improvements expressly approved in writing in advance by the Executive Board, (ii) altering or obstructing the flow of any water or drainage thereon, or (iii) landscaping the same, in any manner that might interfere with the full and proper exercise of said easement rights by any beneficiary thereof. Finally, said Owners and Occupants are hereby prohibited from violating any of the restrictions relating to the use of the easement areas as may be set forth in this Declaration. Any Owner or Occupant violating any of these restrictions shall be obligated to remove the offending improvement or landscaping and to restore the surface of the area to its original condition at the Owner's cost and expense, or otherwise to remedy the violation, within 30 days following a written request therefore from any easement beneficiary. If said Owner or Occupant fails to comply with the request in a timely manner, the respective Master Association and the Subordinate Associations shall have the right to enter

upon the Owner's Unit to perform the necessary work and may assess the costs thereof against the Owner and the Owner's Unit in the form of a Reimbursement Assessment.

ARTICLE NINE
POWERS AND DUTIES OF THE MASTER ASSOCIATION AND SUBODINATE ASSOCIATIONS

9.1. General Powers and Duties of Association. The ~~respective~~ Master Association shall ~~each~~ have and may exercise all of the powers and rights and duties of a Colorado corporation formed under the Colorado Revised Nonprofit Corporation Act, and all of the powers and duties provided for in the Act including those enumerated in Section 38-33.3-302 of the Act, as such laws may be amended from time to time, subject only to the limitations upon such powers as are contained in this Declaration. More specifically, and without limiting the generality of the foregoing, the ~~respective~~ Master Association ~~and Subordinate Association~~ shall have all of the powers and duties necessary (i) for the administration, management, governance and operation of the Common Interest Community ~~and the respective Master Association and Subordinate Association~~, (ii) to own, operate, improve, maintain, repair, manage, lease, encumber, and otherwise deal with respective Master Association Property ~~and Subordinate Association Property~~, (iii) to improve, maintain and repair the respective Master Association Limited Common Elements ~~or Subordinate Association Limited Common Elements~~, and (iv) to do any and all lawful things that may be authorized, required or permitted to be done by the ~~respective~~ Master Association ~~and Subordinate Association~~ under the Act and/or under the provisions of this Declaration.

~~As used in this Article, the term Association shall be deemed to mean both the Master Association and each duly formed Subordinate Association, as the case may be and the context intends and the Executive Board shall be deemed to mean both the Executive Board for the Master Association and the Executive Board for each duly formed Subordinate Association as the case may be and the context intends. The powers and authority herein granted shall extend only to such extent and to such property as this Declaration assigns jurisdiction, therefore, the Master Association is not granted powers and authority to regulate matters that have been assigned to a Subordinate Association, nor may a Subordinate Association exercise powers and authority over the Master Association or over another Subordinate Association.~~

9.2. Power to Grant Easements. The respective Master Associations ~~and each Subordinate Association~~ shall have the power to grant access, utility, drainage, irrigation, and such other easements upon, over, across or under the Master Association Property ~~and Subordinate Association Property~~ as it deems necessary or desirable for the benefit of the ~~respective~~ Master Association Property ~~or the Subordinate Association Property~~ or parts thereof, or for the benefit of all or less than all of the Owners in the Master Association ~~or the Subordinate Association~~, or for the benefit of lands situated outside the Common Interest Community. The ~~respective~~ Master Associations ~~and each Subordinate Association~~ shall have the power to grant access, utility, drainage, irrigation, and such other easements upon, over, across or under the Master Association Property ~~and Subordinate Association Property~~ as it deems necessary or desirable for the benefit of its Members, or for the benefit of all or less than all of the Owners, or for the benefit of lands situated outside the Common Interest Community.

9.3. Power to Convey or Encumber Association Property. The ~~respective~~ Master Associations ~~and/or each Subordinate Association~~ shall have the power to convey, or subject to a security interest, portions of the Master Association Property ~~and Subordinate Association Property~~ if Owners entitled to cast at least sixty-seven percent (67%) of the allocated votes in the ~~respective~~ Master Association Property ~~and Subordinate Association Property~~, including sixty-seven percent (67%) of the votes allocated to Units not owned by Declarant, agree to that action, except that all Owner(s) of Units to which any Limited Common Element is allocated must agree in order to convey that Limited Common Element or to subject it to a security interest. Proceeds of the sale are an asset of the ~~respective~~ Master Association ~~and/or Subordinate Association~~. An agreement to convey, or subject to a security interest, Association Property must be evidenced by the execution of an agreement, in the same manner as a deed, by the ~~respective~~ Master Association ~~and/or Subordinate Association~~. ~~The agreement must specify a date after which the agreement will be void unless approved by the required percentage of allocated votes. Any grant, conveyance or deed executed by the respective Master Association and/or Subordinate Association must be recorded in Dolores County and is effective only upon Recordation. The respective Master Association and/or Subordinate Association, on behalf of the Owners, may contract to convey an interest in a Master Association Property or Subordinate Association Property, but the contract is not enforceable against the Association until approved, executed and ratified pursuant to this Section. Thereafter, the respective Master Association and/or Subordinate Association shall have all the powers necessary and appropriate to effect the conveyance or encumbrance, including the power to execute deeds or other instruments. Unless in compliance with this Section any purported conveyance, encumbrance, judicial sale, or other transfer of Master Association Property or Subordinate Association Property is void. A conveyance or encumbrance of Master Association Property or Subordinate Association Property pursuant to this Section shall not deprive any Unit of its rights of (i) access, ingress and egress to the Unit, and (ii) support of the Unit. A conveyance or encumbrance of Association Property pursuant to this Section shall not affect the priority or validity of preexisting encumbrances.~~

9.4. General Power to Provide Services and Facilities to Owners. The ~~respective~~ Master Associations ~~and/or each Subordinate Association~~ shall have the power, but not the obligation, to acquire, construct, operate, manage, maintain, repair and administer services and facilities for the benefit of the

Owners, or some of them, including, without limitation, security, animal control, rockfall mitigation, noise attenuation, vegetation control, insect and pest control, television service, parking facilities, transportation facilities, snow removal, signage, (including entry monuments), lighting, (including seasonal lighting), fencing, landscape walls, landscaping services and facilities, drainage facilities, including retention and detention ponds, irrigation facilities, water features, trash and solid waste disposal services, including recycling programs, utility services, recreational facilities and services, maintenance, and such other services, functions and facilities as are deemed appropriate by the Executive Board of the ~~respective~~ Master Associations ~~and/or each Subordinate Association~~. The foregoing list shall not be deemed to be a representation by Declarant of services or facilities that will in fact be available for use by the Owners. The ~~respective~~ Master Associations ~~and/or each Subordinate Association~~ may enter into such agreements and arrangements as it may deem appropriate with any provider of utilities or services to the Common Interest Community or any portion thereof and may form or join any districts created to provide such services.

9.5. Power to Provide Special Services to Owners. The ~~respective~~ Master Associations ~~and/or each Subordinate Association~~ shall have the power to provide services to an Owner or group of Owners. Any service or services to an Owner or group of Owners shall be provided pursuant to an agreement in writing which shall provide for payment to the ~~respective~~ Master Associations ~~and/or each Subordinate Association~~ by such Owner or group of Owners of the costs and expenses of the ~~respective~~ Master Associations ~~and/or each Subordinate Association~~ in providing such services, including a fair share of the overhead expenses of the ~~respective~~ Master Associations ~~and/or each Subordinate Association~~, and shall contain reasonable provisions assuring that the obligation to pay for such services shall be binding upon any heirs, personal representatives, successors and assigns of the Owner or group of Owners and that the payment for such services shall, in the discretion of the Executive Board of the ~~respective~~ Master Associations ~~and/or each Subordinate Association~~, be secured by a lien on the Unit(s) of the Owner or group of Owners.

9.6. Power to Charge for Special Association Property Uses and Special Association Services. The ~~respective~~ Master Associations ~~and/or each Subordinate Association~~ shall have the power to establish reasonable admission or other fees or charges for any special or extraordinary Master Association Property ~~or Subordinate Association Property~~ uses or for any Master Association ~~or Subordinate Association~~ services such as special parking privileges, special recreation facilities, conference rooms, instruction, or similar uses beyond the ordinary use of Master Association Property uses ~~or Subordinate Association Property~~ and ordinary Master Association ~~or Subordinate Association~~ services. Such charges or fees shall be set forth in schedules of charges and fees adopted from time to time by the Master Association Executive Board ~~or the Subordinate Association Executive Board~~.

9.7. Power to Acquire Property and Construct Improvements. The ~~respective~~ Master Associations ~~and/or each Subordinate Association~~ may acquire, hold, encumber and/or convey any right, title or interest in or to real or personal property, including Improvements. The Master Association ~~and the Subordinate Association~~ may construct Improvements on respective Master Association Property ~~provided such improvements do not interfere with the Declarant's reserved rights, or Subordinate Association Property and may demolish existing Improvements thereon.~~

9.8. Power to Adopt Rules and Regulations. The ~~respective~~ Master Association ~~and/or each Subordinate Association~~ may adopt, amend, repeal, and enforce such Rules and Regulations as the ~~respective~~ Executive Board may consider necessary, desirable or appropriate from time to time with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the ~~respective~~ Master Association Property ~~or Subordinate Association Property~~ (including Limited Common Elements), and the use of any other property within the Common Interest Community, including Units. Any such Rules and Regulations shall be effective only upon adoption by resolution at an open meeting of the ~~respective~~ Master Association Executive Board ~~and/or each Subordinate Association Executive Board~~. ~~Notice of the adoption, amendment, or repeal of any Rule or Regulation shall be given in writing to each Owner, and copies of the currently effective Rules and Regulations shall be made available to each Owner and Occupant upon request and payment of the reasonable expense of copying the same. Each Owner and Occupant (and all other Persons who are authorized users of Master Association Property or Subordinate Association Property) shall comply with such Rules and Regulations, and each Owner shall see that Occupants claiming through such Owner comply with such Rules and Regulations.~~ Such Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of conflict between the Rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall govern. Such Rules and Regulations may establish reasonable and uniformly applied penalties (including the levying and collection of fines) for the violation of such Rules and Regulations or of any provision of this Declaration, the Articles, or the Bylaws.

9.9. Power to Contract with Employees, Agents, Contractors, Districts, Consultants and Managers. The ~~respective~~ Master Association ~~and/or each Subordinate Association~~ shall have the power to contract with, and/or to employ and discharge employees, agents, independent contractors and consultants, including lawyers and accountants, and special districts, to perform any of the responsibilities of the ~~respective~~ Master Association ~~and/or each Subordinate Association~~ under this Declaration, including without limitation maintenance responsibilities. The ~~respective~~ Master Association ~~and/or each Subordinate Association~~ shall also have the power to retain and pay for the services of a manager or managers, which may be an affiliate of Declarant, to undertake any of the administrative or managerial

responsibilities for which the Association may have responsibility under this Declaration, to the extent deemed advisable by the Association, and may delegate any of its duties, powers, or functions to any such manager. Notwithstanding any delegation to a manager of any duties, powers, or functions of the ~~respective Master Association and/or each Subordinate Association~~ and its Executive Board shall remain ultimately responsible for the performance and exercise of such duties, powers, and functions.

9.10. Power to Assign Future Income. The ~~respective Master Association and/or each Subordinate Association~~ shall have the power to assign its right to future income, including the right to receive Regular Assessments, but only following the affirmative vote of at least fifty-one (51) percent of the total allocated votes in the ~~respective Master Association and/or each Subordinate Association~~, at a duly-called meeting of the Members of the ~~respective Master Association and/or each Subordinate Association~~.

9.11. Duty to Accept Property and Facilities Transferred by Declarant. The ~~respective Master Association and/or each Subordinate Association~~ shall accept title to any real property, or interests in real property, including any Improvements and personal property thereon, transferred to the respective Master Associations ~~and/or each Subordinate Association~~ by Declarant, or Declarant's successors or assigns. Property interests transferred to the ~~respective Master Association and/or each Subordinate Association~~ by Declarant or its successors or assigns may include fee simple title, undivided interests, easements, leasehold interests and licenses to use. Any property or interest in property transferred to ~~the respective and/or each Subordinate Master Association~~ by Declarant shall, except to the extent otherwise specifically approved by resolution of the Executive Board, be transferred to the ~~respective Master Association and/or each Subordinate Association~~ free and clear of all monetary obligations, liens and encumbrances (other than the lien of property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration and all easements, covenants, conditions, restrictions, and equitable servitudes or other encumbrances of record or otherwise in existence. Except as otherwise specifically approved by resolution of the Executive Board, no property or interest in property transferred to the ~~respective Master Association and/or each Subordinate Association~~ by Declarant shall impose upon the ~~respective Master Association and/or each Subordinate Association~~ any obligation to make monetary payments to Declarant or any affiliate of Declarant, including, but not limited to, any purchase price, rent, charge, or fee. Any Improvements or personal property transferred to the ~~respective Master Association and/or each Subordinate Association~~ by Declarant shall be in good working order, ordinary wear and tear excepted, and at the time of transfer Declarant shall make any repairs reasonably required to bring the transferred property into good working order. Subject only to the foregoing, the ~~respective Master Association and/or each Subordinate Association~~ shall accept all properties transferred to it by Declarant in their "Where Is, As Is" condition, without recourse of any kind, and Declarant disclaims and shall not be deemed to make or to have made any representations or warranties, express or implied, by fact or law, with respect to the transferred properties or any aspect or element thereof, including without limitation warranties of merchantability, habitability, fitness for a particular purpose, or workmanlike construction.

9.12. Duty to Manage and Care for Association Property. The ~~respective Master Association and/or each Subordinate Association~~ shall manage, operate, care for, maintain, repair and replace all ~~respective Master Association Property and Subordinate Association Property~~ and keep the same in a functional, clean and attractive condition for the benefit and enjoyment of the Owners. Except as otherwise specifically provided in this Declaration the ~~respective Master Association and/or each Subordinate Association~~ shall also manage, operate, care for, maintain and repair the ~~respective Limited Common Elements~~.

9.13. Owner's Duty to Manage and Care for Limited Common Elements. Each Owner shall be responsible for the day-to-day cleaning and upkeep of the Limited Common Elements, including any Building Common Elements, reserved for the use of such Owner and any other Owners. Any and all costs associated with said day-to-day care, cleaning and upkeep of said Limited Common Elements shall be paid and discharged by the Owner or Owners entitled to the exclusive use of said Limited Common Elements. The expense of maintaining, repairing, replacing or reconstructing a Limited Common Element shall be assessed equally against the Unit or Units to which such Limited Common Element is assigned. Should an Owner fail to discharge these duties and obligations, then the Association may, but is not obligated to discharge said duties and obligations and to assess the Units charged with these duties and obligations as a Reimbursable Assessment.

9.14. Duty to Pay Taxes. The ~~respective Master Association and/or each Subordinate Association~~ shall pay any taxes and assessments levied upon Association Property (excepting Limited Common Elements) and any other taxes and assessments payable by the Association ~~and the Subordinate Association~~ before they become delinquent. The ~~respective Master Association and/or each Subordinate Association~~ shall have the right to contest any such taxes or assessments by appropriate legal proceedings provided no sale or foreclosure of any lien for such tax or assessment occurs and provided further that the ~~respective Master Association and/or each Subordinate Association~~ shall keep and hold sufficient funds to pay and discharge the taxes and assessments, together with any interest and penalties which may accrue with respect thereto, if the contest of such taxes is unsuccessful.

9.15. Duty to Keep Association Records. The ~~respective Master Association and/or each Subordinate Association~~ shall keep financial records in sufficient detail to enable the respective Master Association ~~and/or each Subordinate Association~~ to carry out its responsibilities under this Declaration and to comply with the requirements of the Act, including, but not limited to, current records of paid and

unpaid Assessments for each Unit. All financial and other records of the ~~respective~~ Master Association ~~and/or each Subordinate Association~~ shall be made reasonably available for examination by the Owners and the authorized agents of the Owners.

9.16. Duty to Support Executive Board. The ~~respective~~ Master Association ~~and/or each Subordinate Association~~ shall take such actions, provide such funds, and do such other things as may be necessary or appropriate from time to time to support and assist the respective Executive Board in the performance of its responsibilities under this Declaration, and shall cooperate with said Committee to the fullest extent possible in such matters.

9.17. Insurance. Commencing not later than the time of the first conveyance of a Unit to a Person other than Declarant, the Master Association ~~and, when Units are constructed and conveyed to third parties, the Subordinate Association~~, shall maintain and keep in effect at all times the following types of insurance, and the cost of said coverage shall be paid by the Master Association ~~and the Subordinate Association~~ as a Common Expense, provided that the Declarant may include terms and conditions in any Supplemental Declaration providing for different insurance coverage requirements for a Subordinate Association for the completed Buildings and Units being annexed into the Common Interest Community at the time the Supplemental Declaration is being recorded. ~~As used in this Section the term "Association" shall mean and apply to both the Master Association and the Subordinate Association, term "Association Property" shall mean and apply to both the Master Association Property and the Subordinate Association Property and the term "Executive Board" shall mean and refer to both the Master Association Executive Board and the Subordinate Association Executive Board as the context and meaning intends.~~

(a) **Casualty Insurance.** To the extent reasonably available, property insurance on all Master Association Property ~~and the Subordinate Association Property~~, including but not limited to Improvements and personalty, owned or leased by the Master Association ~~and the Subordinate Association~~, and on all property that must become Master Association Property ~~and the Subordinate Association Property~~. Such insurance shall be for broad form covered causes of loss, including casualty, fire, and extended coverage insurance including, if available at reasonable cost, coverage for vandalism and malicious mischief and, if available and if deemed appropriate, coverage for flood, earthquake, and war risk. Such insurance shall, to the extent reasonably obtainable, be for the full insurable replacement cost of the insured property, less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavation, foundations and other items normally excluded from property policies.

(b) **Liability Insurance.** Comprehensive general liability insurance against claims and liabilities arising in connection with the ownership, existence, use, maintenance or management of the Master Association Property ~~and the Subordinate Association Property~~ (including the Master Association ~~and the Subordinate Association~~ Limited Common Elements), and covering public liability or claims of liability for injury to persons and/or property, and death of any person or persons, and, if the Association owns or operates motor vehicles, public liability or claims of liability for bodily injury (including death) and property damage arising as a result of the ownership and operation of motor vehicles. Such liability insurance for other than motor vehicle liability shall, to the extent reasonably obtainable, (a) have limits of not less than Five Million Dollars (\$5,000,000.00) per person and Five Million Dollars (\$5,000,000.00) per occurrence; (b) insure the Master Association Executive Board, ~~the Subordinate Association Property Executive Board~~, the Master Association ~~and the Subordinate Association~~ and its officers, the manager, if any, and their respective employees, agents and all Persons acting as agents; (c) include the Declarant as an additional insured as its interests may appear; (d) include the Owners as additional insureds, but only for claims and liabilities arising in connection with the ownership, existence, use, maintenance or management of Master Association Property ~~and the Subordinate Association Property~~; (e) cover claims of one or more insured parties against other insured parties; (f) be written on an occurrence basis; and (g) shall name as additional insureds such other parties as may be required by specific agreements.

(c) **Contractual Liability Insurance.** To the extent reasonably available, contractual liability insurance covering such contractual obligations and liabilities, indemnifications, hold harmless agreements, and agreements to defend, as the Master Association ~~and the Subordinate Association~~ may have or be a party to from time to time, with coverage of at least Two Million Dollars (\$2,000,000.00) or such greater amount as the Master Association Executive Board ~~and the Subordinate Association Property Executive Board~~ shall determine to be appropriate from time to time.

(d) **Fidelity Bonds.** To the extent reasonably available, fidelity bond coverage against dishonest acts on the part of directors, officers, managers, trustees, agents, employees or volunteers responsible for handling funds belonging to or administered by the Master Association ~~and the Subordinate Association~~. If funds of the Master Association ~~and the Subordinate Association~~ are handled by a management agent, then fidelity bond coverage may also be obtained for the officers, employees, or agents thereof handling or responsible for Master Association ~~and the Subordinate Association~~ funds. The fidelity bond or insurance must name the Master Association ~~and the Subordinate Association~~ as the named insured and shall be written to provide protection in an amount no less than the lesser of (a) one-half times the Master Association ~~and the Subordinate Association's~~ estimated annual operating expenses and reserves, (b) a sum equal to three (3) months aggregate Regular Assessments, plus reserves, as calculated from the current Budget of the Association; or (c) the estimated maximum amount of funds, including reserves, in the custody of the Master Association ~~and the Subordinate Association~~ (and its management agent) at any one time. In connection with such coverage, an appropriate endorsement to the policy to cover any person who serves without compensation shall be added if the policy would not otherwise cover

volunteers.

(e) **Worker's Compensation.** A Worker's Compensation policy, if necessary, to meet the requirements of law.

(f) **Directors and Officers Liability Insurance.** Directors and officers liability insurance with coverage of at least Two Million Dollars (\$2,000,000.00) or such greater amount as the Executive Board shall approve for all Association, Master Association Executive Board, ~~the Subordinate Association Property Executive Board~~ and its officers, members and managers, for any and all errors and/or omissions and other covered actions that occur during their tenure in office or employment. This insurance coverage shall be mandatory.

(g) **Other Insurance.** Such other insurance in such amounts as the Master Association Executive Board ~~and the Subordinate Association Property Executive Board~~ shall determine, from time to time, to be appropriate to protect the Master Association ~~and the Subordinate Association~~ or the Owners, or as may be required by the Act.

(h) **General Provisions Respecting Insurance.** Insurance obtained by the Master Association ~~and the Subordinate Association~~ may contain such deductible provisions as good business practice may dictate. If the insurance described is not reasonably available, or if any policy of such insurance is canceled or not renewed without a replacement policy therefore having been obtained by it, the Association ~~and the Subordinate Association~~ shall promptly cause notice of that fact to be delivered or sent prepaid by U.S. Mail to all Owners.

Insurance policies carried pursuant to Sections 10.16(a) and 10.16(b) above shall provide that (i) each Owner is an insured Person under the policy with respect to liability arising out of such Owner's interest in the Master Association Property ~~and the Subordinate Association Property~~ or membership in the Association ~~and the Subordinate Association~~; (ii) the insurer waives its rights of subrogation under the policy against the Master Association ~~and the Subordinate Association~~, each Owner, and any Person claiming by, through, or under such Owner or any other director, agent, or employee of the foregoing; (iii) no act or omission by any Owner, unless acting within the scope of such Owner's authority on behalf of the Master Association ~~and the Subordinate Association~~, will void the policy or be a condition to recovery under the policy; and (iv) if at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy shall be the primary insurance. An insurer that has issued an insurance policy for the insurance described in Sections 10.16(a) and 10.16(b) above shall issue certificates or memoranda of insurance to the Association and, upon request, to any Owner or holder of a security interest. Unless otherwise provided by statute, the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, and each Owner and holder of a security interest to whom a certificate or memorandum of insurance has been issued, at their respective last-known addresses.

Any loss covered by the property insurance policy described in Section 10.16(a) above must be adjusted with the Master Association ~~and the Subordinate Association~~, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a security interest. The insurance trustee or the Master Association ~~and the Subordinate Association~~ shall hold any insurance proceeds in trust for the Association ~~and the Subordinate Association~~, Owners and lienholders as their interests may appear. Subject to the provisions of Section 38.33.3-313(9) of the Act, the proceeds must be disbursed first for the repair or restoration of the damaged property, and the Association, Owners, and lienholders 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 or the Common Interest Community is terminated.

The Master Association ~~and the Subordinate Association~~ may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment. To the extent the Master Association ~~and the Subordinate Association~~ settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefiting from such repair or restoration for all deductibles paid by the Master Association ~~and the Subordinate Association~~. In the event more than one Unit is damaged by a loss, the Association in its reasonable discretion may assess each Unit Owner a pro rata share of any deductible paid by the Master Association ~~and the Subordinate Association~~. Insurance obtained by the Master Association ~~and the Subordinate Association~~ shall, to the extent reasonably possible, and provided Declarant reimburses the Master Association ~~and the Subordinate Association~~ for any additional premium payable on account thereof, name Declarant as an additional insured and shall contain a waiver of rights of subrogation as against Declarant.

Insurance policies and insurance coverage shall be reviewed at least annually by the Master Association Executive Board ~~and the Subordinate Association Executive Board~~ to ascertain whether coverage under the policies is sufficient in light of the current values of the Association Property and in light of the possible or potential liabilities of the Association ~~and the Subordinate Association~~ and other insured parties. The aforementioned insurance may be provided under blanket policies covering the Association Property and property of Declarant.

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In no event shall insurance coverage obtained or maintained by the Master Association ~~and the Subordinate Association~~ obviate the need for Owners and Occupants to obtain insurance for their own benefit.

Furthermore, to the extent reasonably available, insurance policies obtained by the Association shall contain the following provisions:

(i) The coverage afforded by such policies shall not be brought into contribution or proration with any insurance which may be purchased by an Owner, Occupant or Mortgagee.

(i) The conduct of any one or more Owners or Occupants shall not constitute grounds for avoiding liability on any such policies.

(ii) Each policy must contain a waiver of any defenses based on co- insurance or on invalidity arising from the acts of the insured.

(iii) A “severability of interest” endorsement shall be obtained which shall preclude the insurer from denying the claim of an Owner or Occupant because of the conduct or negligent acts of the Association and its agents or other Owners or Occupants.

(iv) Any “no other insurance” clause shall exclude insurance purchased by Owners, Occupants or Mortgagees.

(v) Coverage must not be prejudiced by (i) any act or neglect of Owners or Occupants when such act or neglect is not within the control of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Common Interest Community over which the Association has no control.

(vi) Coverage may not be canceled or substantially modified without at least thirty (30) days (or such lesser period as the Association may reasonably deem appropriate) prior written notice to the Association.

(vii) Any policy of property insurance which gives the carrier the right to elect to restore damage in lieu of a cash settlement must provide that such election is not exercisable without the prior written approval of the Association, or when in conflict with the insurance trust provisions contained herein, or any requirement of law.

(viii) A recognition of any insurance trust agreement entered into by the Association.

(ix) Each hazard insurance policy shall be written by a hazard insurance carrier which has a financial rating as designated in *Best’s Key Rating Guide* of Class VI or better, or if such rating service be discontinued, an equivalent rating by a successor thereto or a similar such rating service. Each insurance carrier must be specifically licensed or authorized by law to transact business within the State of Colorado.

(f) **Nonliability of Association or Executive Board.** Notwithstanding the duty of the Association to obtain insurance coverage, as stated herein, neither the Association ~~and the Subordinate Association~~ nor any Executive Board member, nor the Declarant, shall be liable to any Owner, Occupant, Mortgagee or other Person, if any risks or hazards are not covered by insurance, or if the appropriate insurance is not obtained because such insurance coverage is not reasonably obtainable on the Association’s behalf, or if the amount of insurance is not adequate, and it shall be the responsibility of each Owner and Occupant to ascertain the coverage and protection afforded by the Association’s insurance and to procure and pay for such additional insurance coverage and protection as the Owner or Occupant may desire.

(g) **Premiums.** Premiums for insurance policies purchased by the Master Association ~~and the Subordinate Association~~ and other expenses connected with acquiring such insurance shall be paid by the Master Association ~~and the Subordinate Association~~ as a Master Association Common Expense ~~and as a Subordinate Association Common Expense~~, except that (i) liability insurance on Limited Common Elements shall be separately bid and the cost thereof shall only be included in the Regular Assessments of the Units entitled to use such Limited Common Elements, and (ii) the amount of increase over any annual or other premium occasioned by the use, misuse, occupancy or abandonment of a Unit or its appurtenances, or Association Property, by an Owner or Occupant, may at the Executive Board’s election, be assessed against that particular Owner and its Unit as a Reimbursement Assessment.

(h) **Insurance Claims.** The Master Association ~~and the Subordinate Association~~ is hereby irrevocably appointed and authorized, subject to the provisions contained herein, to adjust all claims arising under insurance policies purchased by the Master Association ~~and the Subordinate Association~~ and to execute and deliver releases upon the payment of claims, and to do all other acts reasonably necessary to accomplish any of the foregoing. The Master Association Executive Board ~~and the Subordinate~~

~~Association Executive Board~~ has full and complete power to act for the Master Association ~~and the Subordinate Association~~ in this regard, and may, in its discretion, appoint an authorized representative, or enter into an insurance trust agreement, wherein the trustee shall have the authority to negotiate losses under any policy purchased by the Master Association ~~and the Subordinate Association~~.

(i) **Benefit.** Except as otherwise provided herein, all insurance policies purchased by the Association shall be for the benefit of, and any proceeds of insurance received by the Master Association ~~and the Subordinate Association~~ or any insurance trustee shall be held or disposed of in trust for the Master Association ~~and the Subordinate Association~~, the Owners, or the Occupants, as their interests may appear.

(j) **Other Insurance to be Carried by Unit Owners.** Insurance coverage on the furnishings and other items of personal property belonging to an Owner or Occupant, public liability insurance coverage upon each Unit, and casualty insurance coverage for the Units, shall be the responsibility of the Owner or Occupant of the Unit. No Unit Owner or Occupant shall maintain any insurance which would limit or reduce the insurance proceeds payable under the casualty insurance maintained by the Master Association ~~and the Subordinate Association~~ in the event of damage to the Improvements or fixtures on Master Association Property ~~and the Subordinate Association Property~~.

9.18. Damage to Common Interest Community. Any portion of the Common Interest Community for which insurance is required under Section 38-33.3-313 of the Act which is damaged or destroyed must be repaired or replaced promptly by the Association unless: (i) the Common Interest 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 Unit Owners, including owners of every Unit that will not be rebuilt, vote not to rebuild; or (iv) prior to the conveyance of any Unit to a person other than Declarant, a Mortgagee on the damaged portion of the Common Interest Community rightfully demands all or a substantial part of the insurance proceeds.

The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If the entire Common Interest Community is not repaired or replaced, the insurance proceeds attributable to the damaged Master Association Property ~~and the Subordinate Association Property~~ must be used to restore the damaged area to a condition compatible with the remainder of the Common Interest Community, and, except to the extent that other Persons will be distributees, the insurance proceeds attributable to Units that are not rebuilt must be distributed to the Owners of those Units, or to lienholders, as their interests may appear, and the remainder of the proceeds must be distributed to all Owners or lienholders as their interests may appear in proportion to the Common Expense liabilities of all the Units.

In the event of damage to or destruction of all or a portion of the Master Association Property ~~and the Subordinate Association Property~~ due to fire or other adversity or disaster, the insurance proceeds, if sufficient to reconstruct or repair the damage, shall be applied by the Master Association ~~and the Subordinate Association~~ to such reconstruction and repair. If the insurance proceeds with respect to such Master Association Property ~~and the Subordinate Association Property~~ damage or destruction are insufficient to repair and reconstruct the damage or destruction, the Master Association ~~and the Subordinate Association~~ may levy a Special Assessment in the aggregate amount of such deficiency, or if any Owner or group of Owners is liable for such damage, may levy a Reimbursement Assessment against the Owner or group of Owners responsible therefore, and shall proceed to make such repairs or reconstruction. Such Assessment shall be due and payable as provided by resolution of the respective Executive Board, but not sooner than sixty (60) days after written notice thereof. The Assessment provided for herein shall be a debt of each Owner assessed and a lien on the Owner's Unit, and may be enforced and collected in the same manner as any Assessment Lien provided for in this Declaration. If the entire damaged Association Property is not repaired or replaced, the insurance proceeds attributable to the damaged Association Property must be used to restore the damaged area to a condition compatible with the remainder of the Common Interest Community. No distributions of insurance proceeds shall be made unless made jointly payable to the Owners and first Mortgagees of their respective Units, if any.

9.19. Limited Liability. Neither the Master Association ~~and the Subordinate Association~~ nor its past, present or future officers or directors, nor any employee, agent or committee member of the Master Association ~~and the Subordinate Association~~ or of the ~~respective~~ Executive Board shall be liable to any Owner or Occupant or to any other Person for actions taken or omissions made except for wanton and willful acts or omissions. Without limiting the generality of the foregoing, the Master Association ~~and the Subordinate Association~~, ~~the respective~~ Executive Board shall not be liable to any Owner or Occupant or other Person for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice. Acts taken upon the advice of legal counsel, certified public accountants, registered or licensed engineers, architects or surveyors shall conclusively be deemed to be in good faith and without malice. To the extent insurance carried by the Master Association ~~and the Subordinate Association~~ for such purposes shall not be adequate, the Owners severally agree to indemnify and to defend the Master Association ~~and the Subordinate Association~~ and ~~its the respective~~ Executive Board against claims, damages or other liabilities resulting from such good faith action or failure to act.

ARTICLE TEN ASSESSMENTS

10.1. Assessment Obligation and Lien. Declarant, on behalf of each Unit and with the recordation of each Supplemental Declaration and Supplemental Map for each Unit, shall be deemed to

covenant and agree, and each Unit Owner, by acceptance of a deed therefore (including a public trustee's or sheriff's deed), whether or not it shall be so expressed in any such deed or other instrument of conveyance, shall be deemed to covenant and agree, to pay to the Association: (1) Regular Assessments or charges, (2) Special Assessments, and (3) Reimbursement Assessments, such assessments to be established and collected as hereinafter provided (collectively the "Assessments").

~~The Assessments shall mean Assessments properly imposed by the Master Association and/or each Subordinate Association duly created hereunder. As used in this Article, Association shall be deemed to mean both the respective Master Association and each duly formed Subordinate Association, as the case may be and the context intends, and the Executive Board shall be deemed to mean both the Executive Board for the Master Association and the Executive Board for each duly formed Subordinate Association as the case may be and the context intends, except that the Master Association through its Master Association Executive Board may only impose, collect and enforce Master Association Assessments and each Subordinate Association through its Subordinate Association Executive Board may only impose, collect and enforce Subordinate Association Assessments assessed by the particular Subordinate Association.~~

No Owner shall have any right to set-off against an Assessment any claims that the Owner may have or may claim to have against the Association.

The Assessments, together with interest, late charges, costs, and reasonable attorneys' fees, shall be a continuing lien and security interest upon the Unit against which each such Assessment is charged. The obligation for such payments by each Unit Owner to the Association is an independent covenant, with all amounts due from time to time payable in full without notice (except as otherwise expressly provided in this Declaration) or demand, and without set-off or deduction of any kind or nature. Each Unit Owner is liable for Assessments made against such Owner's Unit during his period of ownership of the Unit. Each Assessment, together with interest, late charges, costs and reasonable attorneys' fees, shall also be the joint, several and personal obligation of each Person who was an Owner of such Unit at the time when the Assessment became due. Upon the transfer of title to a Unit, the transferor and the transferee shall be jointly, severally and personally liable for all unpaid Assessments and other charges due to the Association prior to the date of transfer, and the transferee shall be personally liable for all such Assessments and charges becoming due thereafter.

10.2. Statutory Lien. The Association has a statutory lien pursuant to Section 38-33.3-316 of the Act on the Unit of an Owner for all Assessments levied against such Unit or fines imposed against such Unit's Owner from the time the Assessment or fine becomes due (the "Assessment Lien"). Fees, charges, late charges, attorneys' fees, fines and interest charged by the Association pursuant to the Act or this Declaration are enforceable as Assessments. The amount of the lien shall include all such items from the time such items become due. If an Assessment is payable in installments, the Association has an Assessment Lien for each installment from the time it becomes due, including the due date set by the Executive Board's acceleration of installment obligations. An Assessment Lien is extinguished unless proceedings to enforce the lien are instituted within 6 years after the full amount of Assessments becomes due.

10.3. Lien Superior to Homestead and Other Exemptions. An Assessment Lien 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 subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said Assessment Lien.

10.4. Priority of Lien. An Assessment Lien is prior to all other liens and encumbrances on a Unit except as follows:

- (a) Liens and encumbrances Recorded before the recordation of this Declaration;
- (b) A security interest on the Unit 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. An Assessment Lien is prior to the security interest described in the preceding sentence to the extent of an amount equal to the Regular Assessments (based on a Budget adopted by the Association pursuant to Section 11.7 below) which would have become due, in the absence of any acceleration, during the six (6) months immediately preceding institution by the Association or any party holding a lien senior to any part of the Association lien created under this Article 11 of an action or a nonjudicial foreclosure either to enforce or to extinguish the lien;
- (c) Liens for real estate taxes and other governmental assessments or charges against the Unit; and
- (d) As may otherwise be set forth in the Act. The priority of mechanics' and materialmen's liens is not affected by the Act.

This Article 11 does not prohibit an action or suit to recover sums for which this Article 11 creates a lien or prohibit the Association from taking a deed in lieu of foreclosure. Sale or transfer of any Unit shall not

affect the lien for an Assessment.

10.5. Perfection of Lien. The Recording of this Declaration constitutes record notice and perfection of the statutory lien. No further Recordation of any claim of lien for Assessments is required; however, a claim may be Recorded at the Association's option, in which event costs and attorneys' fees incurred in connection with the preparation and filing of such claim shall be assessed against the Unit as a Reimbursement Assessment.

10.6. Regular Assessments.

(a) A Regular Assessment shall be made annually against each Unit, based upon an annual Budget prepared by the Executive Board, for purposes of paying (i) the annual costs of operating and administering the Association and all other Common Expenses, (ii) reasonable reserves for contingencies, replacements, and other proper purposes, (iii) the costs of services rendered or expenditures incurred by the Association to or for less than all Units, (iv) the costs of improving or maintaining Limited Common Elements, and reasonable reserves for such costs, which costs shall be assessed only to the Units designated for the use of said Limited Common Elements, (unless such costs are for the general benefit of the Common Interest Community), and (v) such other matters as may be reasonably determined by the Executive Board to be the subject of a Regular Assessment;

(b) Regular Assessments shall be allocated in accordance with the Allocated Interests of each Unit in the Common Interest Community. Any Common Expense or portion thereof benefiting fewer than all of the Units shall be assessed exclusively against the Units benefited. If Common Expense liabilities are reallocated, Common Expense Assessments and any installment thereof not yet due shall be reallocated in accordance with the reallocated Common Expense liabilities.

(c) Regular Assessments shall be levied on a calendar year basis, except that the initial Regular Assessment period shall commence on the first day of the calendar month or quarter in which the first Unit is conveyed by Declarant to a Person other than Declarant. Regular Assessments shall be paid in installments on a monthly, quarterly or semi-annual basis, as the Executive Board may determine from time to time, and shall be due either on the first day of each calendar month or on the first day of each calendar year quarter (January 1, April 1, July 1 and October 1), or on the first day of a semi-annual period (e.g. January 1, July 1) as appropriate. Unless and until changed to a monthly or semi-annual system by the Executive Board, Regular Assessments shall be due and payable on the first day of each calendar quarter. Any Unit Owner acquiring a Unit between installment due dates shall pay a pro rata share of the immediately preceding installment.

(d) The Executive Board shall fix the amount of the Regular Assessment, using the Budget procedure described below, at least thirty (30) days before the end of each calendar year. Written notice of the Regular Assessment shall be sent to each Owner. Failure of the Executive Board timely to fix and levy the Regular Assessments for any year or to send a notice thereof to any Owner shall not relieve or release any Owner from liability for payment of Regular Assessments or any installments thereof for that or subsequent years as soon as the Executive Board levies the Regular Assessment and provides notice thereof. If a duly adopted Budget is amended during the calendar year, the Executive Board shall provide written notice to the Owners of any changes caused thereby in the remaining Regular Assessments due during that year.

(e) The Executive Board shall also mail to each Owner at least ten (10) days prior to the due date thereof a written notice of the amount of the next quarterly (or monthly or semi annual, as the case may be) installment of Regular Assessment that is due from such Owner, and the date on which such installment is due pursuant to paragraph 11.6(d) above. Failure of the Executive Board to send timely notice to any Owner of an installment of Regular Assessment due shall not relieve or release any Owner from liability for payment of that installment as soon as the Executive Board in fact provides such notice.

(f) In accordance with Section 38-33.3-314 of the Act, any surplus funds remaining after payment of or provision for Association expenses and any prepayment of or provision for reserves shall be carried forward as a credit against the next year's budget.

10.7. Association Budget. Commencing in 2024, and during the last three (3) months of each year thereafter, the Executive Board shall prepare or cause to be prepared an operating budget (the "**Budget**") for the next calendar year. The Budget shall provide for the allocation of any surplus funds remaining from any previous Budget period. The annual Budget may provide for a Special Assessment in any calendar year, if considered necessary or appropriate by the Executive Board. Alternatively, the Executive Board may at any time adopt a Special Budget that provides for a Special Assessment. Within thirty (30) days after adoption of any proposed Budget for the Association, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the Budget to all 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 sixty (60) days after the mailing or other delivery of the summary. Such meeting may, but need not

be, concurrent with the annual meeting of the Members as provided in the Bylaws. Unless at that meeting sixty-seven percent (67%) of all allocated votes in the Association reject the Budget, the Budget shall be ratified, whether or not a quorum of Owners is present. In the event that the proposed Budget is rejected, the Budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent Budget proposed by the Executive Board.

If the Executive Board considers it necessary or appropriate, a duly adopted Budget may be amended during the calendar year by the Executive Board, provided the same notice and ratification procedure is followed for the Amended Budget as is required for the annual Budget.

10.8. Special Assessments. In addition to the other Assessments authorized in this Article 11, the Executive Board may levy, in any assessment year, 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, maintenance or replacement of capital improvements (including related fixtures and personal property and including without limitation irrigation systems), to or upon or serving the Common Interest Community, or for excess reconstruction costs or other extraordinary expenses, or to acquire Association Property, or for funding any operating deficit of the Association. Special Assessments shall be allocated in the same manner as Regular Assessments, that is, in accordance with the Allocated Interests of each Unit in the Common Interest Community, and shall be due and payable to the Association on the due date fixed by the Executive Board in the notice given to the Owners of such Special Assessment, which due date shall be no earlier than thirty (30) days after the giving of such notice. Any Special Assessment for an Improvement or other expenditure which will benefit fewer than all of the Units shall only be levied against the Units benefited; provided, that expenditures in connection with Association Property (excepting Limited Common Elements) shall be deemed for the general benefit of all Units, wherever located. If fewer than all of the Units will be subject to the Special Assessment, then such Special Assessment shall be allocated equally amongst those Units.

10.9. Reimbursement Assessments. In addition to the other Assessments authorized in this Article 11, the Executive Board may levy against any Owner or Owners, at any time and from time to time, a Reimbursement Assessment for purposes of reimbursing the Association for all costs and expenses incurred by it in enforcing any provision of or in remedying any violation of this Declaration, the Articles, Bylaws, Rules and Regulations or Design Guidelines, or any approvals granted by the Executive Board, by such Owner or Owners, their Occupant(s), or their agents, employees or contractors. Reimbursement Assessments may also be made by the Executive Board for any other purposes for which this Declaration provides for the levying of a Reimbursement Assessment. Finally, and in addition to the foregoing, a Reimbursement Assessment may also be levied in the form of a reasonable fine against an Owner for a violation of this Declaration, the Articles, Bylaws, or the Rules and Regulations, but only after the Owner(s) to be so fined have been provided with Notice and Hearing. Reimbursement Assessments shall be due and payable to the Association on the due date fixed by the Executive Board in the notice given to the Owner(s) of such Reimbursement Assessment, which date shall be no earlier than thirty (30) days after the giving of such notice.

10.10. Effect of Nonpayment of Assessments; Remedies of the Association. Any Assessment or portion or installment thereof which is not paid when due (or for which a bad check is issued) shall be deemed delinquent and shall bear interest from and after the due date at the rate of interest set by the Executive Board from time to time, which shall not exceed the maximum amount set by law, and the Executive Board may also assess a bad check charge in the amount of 10 percent (10%) of the bad check or \$50.00, whichever is greater. The Executive Board may also suspend the delinquent Owner's use of Association Property and Association services or benefits, as provided in Section 13.4. The delinquent Owner shall also be liable for all costs, including attorneys' fees, which may be incurred by the Association in collecting a delinquent Assessment, which collection costs shall be added to the delinquent Assessment. The Executive Board may but shall not be required to record a Notice of Delinquent Assessment or charge against any Unit as to which an Assessment or charge is delinquent. The Notice shall be executed by an officer of the Executive Board, and shall set forth the amount of the unpaid Assessment or charge, the name of the delinquent Owner and a description of the Unit.

The Assessment Lien may be foreclosed by the Association in the same manner as a mortgage on real property. The Association shall be entitled to purchase the Unit at foreclosure. The Association may also bring an action at law against the Owner personally obligated to pay the delinquent Assessment and/or foreclose the lien against said Owner's Unit in the discretion of the Association. No Owner may exempt himself or otherwise avoid liability for the Assessments provided for herein by waiver of the use or enjoyment of any of the Association Property or by abandonment of the Unit against which the Assessments are made.

In any action by the Association to collect Assessments or to foreclose a lien for unpaid Assessments, the court may appoint a receiver to collect all sums alleged to be due from the Unit Owner prior to or during the pending of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pending of the action to the extent of the Association's Regular Assessments.

10.11. Statement of Unpaid Assessments. The Association shall furnish to an Owner or such Owner's designee or to a holder of a security interest or its designee upon written request, delivered personally or by facsimile transmittal or by certified mail, first class postage prepaid, return receipt requested, to the Association, a written statement setting forth the amount of unpaid Assessments currently

levied against such Owner's Unit, whether delinquent or not. The statement shall be furnished within fourteen (14) days after receipt of the request and is binding on the Association, the Executive Board, and every Owner. If no statement is furnished either delivered personally or by facsimile transmission or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a lien upon the Unit for unpaid Assessments which were due as of the date of the request.

10.12. Assessments for Tort Liability. In the event of any tort liability against the Association which is not covered completely by insurance, each Owner shall contribute for the payment of such liability as a Special Assessment. The Association may, however, require a larger contribution from fewer than all Owners under any legal or equitable principles regarding liability for negligent or willful acts or omissions.

10.13. Working Capital Fund. In addition to the various Assessments provided for above, at the time of closing of each conveyance of a Unit in the Common Interest Community, including initial conveyances to the Unit Owners, and all subsequent resales, the Unit purchaser shall be obligated to pay to the Association a non-refundable contribution to the Association's working capital fund in the amount of two (2) times the most recently adopted regular monthly assessment. Said working capital fund may be used by the Association from time to time for any Association purpose deemed appropriate by the Executive Board, and need not be segregated or accumulated. Such payment shall not be deemed to be a prepayment of any Assessment, and shall not relieve the Owner from the obligation to pay all Assessments as and when due. At the time of closing of a reconveyance of an Owner's Unit to a new Owner, the selling Owner shall forfeit any right to the working capital fund and the new Owner shall pay an additional non-refundable contribution to the working capital fund in the amount calculated as above set forth.

Notwithstanding the foregoing, any builder acquiring an undeveloped Unit from Declarant for the purpose of constructing a residential dwelling thereon and selling the same in the ordinary course of the builder's business, and not for the builder's own residence, shall not be required to pay the above-described contribution to the working capital fund until the first to occur of the following: (a) the new residence on the Unit is occupied by a tenant or otherwise; or (b) the Unit is sold to a third party, in which case the purchaser shall make the payment to the working capital fund.

The following conveyances shall be exempt from the working capital fund contribution obligation: Gift transfers and other transfers for no consideration, transfers for estate planning purposes or public purposes, transfers by court order (including foreclosure sales) or by will or intestacy, and transfers to a successor or assign of Declarant or an affiliate of Declarant.

If a working capital fund contribution is not timely paid to the Association as above required, the delinquent contribution shall bear interest at the rate of eighteen percent (18%) per annum from the date of the conveyance until paid in full, shall constitute the personal, joint and several obligation and liability of the transferee(s), and the Association shall have a lien and security interest on the title to the transferee's Unit in the amount of the delinquent contribution, accrued interest thereon, and costs and attorneys' fees incurred in collecting the same, which may be foreclosed by the Association in the same manner as a mortgage on real property.

10.13. Statement of Assessments. The Association shall furnish to a Owner or such Owner's designee or to a holder of a security interest or its designee upon written request by the Owner, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the Association's registered agent, a statement setting forth the amount of unpaid Assessments currently levied against such Owner's Unit. The statement shall be furnished within ten business days after receipt of the request by the Association and is binding on the Association, the Board, and every Owner. If no statement is furnished to the Owner or holder of a security interest or their designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a priority lien upon the Unit for unpaid Assessments which were due as of the date of the request.

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10.14. Grantee and Grantor Both Responsible. The grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments (including fees, charges, late charges, attorney fees, fines and interest) against the latter for the Assessments provided herein up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore, subject only to the limitations set forth in Section 22.1 above. The term "grantee" as used in this section shall not apply to the holder of any first Mortgage upon a Unit, or to any person or entity acquiring title to a Unit, by either sheriff's or public trustee's deed through foreclosure, or who acquires title by a deed given in lieu of foreclosure of a Mortgage, deed of trust, or other security instrument encumbering such Unit.

ARTICLE ELEVEN EMINENT DOMAIN

11.1. Definitions. The term "taking", as used in this Article, shall mean condemnation by eminent domain or sale under threat of condemnation.

As used in this Article, as the case may be and the context intends, the term "Association" shall be deemed to mean both the Master Association and each duly formed Subordinate Association, the term "Executive Board" shall be deemed to mean both the Executive Board for the Master Association and the

Executive Board for each duly formed Subordinate Association and the term "Association Property" shall be deemed to mean both the Master Association Property and/or Subordinate Association Property.

11.2. Representation in Condemnation Proceedings of Association Property. In the event of a threatened taking of all or any portion of the Association Property, the Owners hereby appoint the Association through such persons as the Executive Board may designate to represent the Association and all of the Owners in connection therewith. The Association shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action. Service of process on the Association shall constitute sufficient notice to all Owners, and service of process on each individual Owner shall not be necessary. As used in this Article, Association shall be deemed to mean both the Association and each duly formed Subordinate Association, as the case may be and the context intends and the Executive Board shall be deemed to mean both the Executive Board for the Association and the Executive Board for each duly formed Subordinate Association as the case may be and the context intends

11.3. Award for Association Property. Any awards received by the Association on account of the taking of Association Property shall be paid to the Association. The Association may, in its sole discretion, retain any award in the general funds of the Association or distribute all or any portion thereof to the Owners as their interests may appear. The rights of an Owner and the Mortgagee of a Unit as to any such distribution shall be governed by the provisions of the Mortgage encumbering the Unit.

11.4. Taking of Units. If a Unit is acquired by eminent domain or part of a Unit is acquired by eminent domain leaving the Owner with a remnant which may not practically or lawfully be used for any purpose permitted by this Declaration, the award must include compensation to the Owner for that Unit and its Allocated Interests whether or not any Association Property was acquired. Upon acquisition, unless the decree otherwise provides, that Unit's Allocated Interests are automatically reallocated to the remaining Units (as appropriate) in proportion to the respective Allocated Interests of those Units before the taking. Any remnant of a Unit remaining after part of a Unit is taken is thereafter Association Property. Otherwise, if part of a Unit is acquired by eminent domain, the award must compensate the Owner for the reduction in value of the Unit and its interest in the Association Property whether or not any Association Property was acquired. Upon acquisition, unless the decree otherwise provides:

- (a) That Unit's Allocated Interests are reduced in proportion to the reduction in the size of the Unit; and
- (b) The portion of Allocated Interests divested from the partially acquired Unit is automatically reallocated to that Unit and to the remaining Units (as appropriate) in proportion to the respective interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests.

11.5. Miscellaneous. The court decree shall be recorded in Dolores County. The reallocations of Allocated Interests pursuant to this Article shall be confirmed by an amendment to the Declaration prepared, executed, and recorded by the Association.

ARTICLE TWELVE UNITS

12.1. Inseparability of a Unit.

A Unit and its appurtenant undivided interest in the Master Association Common Elements, the easements appurtenant thereto, and the exclusive use of the Master Limited Common Elements, designated for such Unit shall together comprise one Unit which shall be inseparable and may be conveyed, assigned, leased, devised or encumbered only as a Unit.

When a Building has been constructed and a Supplemental Map and a Supplemental Declaration for the pertinent Subordinate Association has been executed and recorded in conformance with this Declaration, a Unit and its appurtenant undivided interest in the Master Association Common Elements, the Subordinate Association Common Elements, the Building Common Elements, the easements appurtenant thereto, and the exclusive use of the Master Limited Common Elements, the Subordinate Association Limited Common Elements, the Building Limited Common Elements designated for such Unit shall together comprise one Unit which shall be inseparable and may be conveyed, assigned, leased, devised or encumbered only as a Unit.

12.2. Owner's Maintenance Responsibility for a Unit. Each Owner shall have the obligation to maintain and keep in good repair his/her Unit and all Improvements installed or constructed by the Owner within his Unit, including, but not limited to, the interior surfaces of walls, ceilings and floors (including any Owner interior finish, dry wall or wallboard surfaces, carpeting, tile, wallpaper, paint or other covering), internally installed utility distribution services such as water, light, gas, power, sewer, telephone and air conditioning, and all doors, windows, and window panes, lamps and accessories installed by an Owner, as well as all fixtures and appliances located within such Owner's Unit. An Owner shall reimburse the Association for any expenditure incurred for replacing and repairing of any Common Element and related facility, damaged through fault of Owner, or the Owner's guests, invitees, or tenants, and the Association shall be entitled to assess such Owner for such amounts which shall be payable,

collectible and enforceable in the same manner as Assessments pursuant to these Declarations. No Owner shall alter any Common Element without the prior written consent of the Association; provided, however, that an Owner of a Limited Common Element may modify the same provided all Owners with an interest therein agree and such modification does not interfere with the rights of other Owners.

12.3. Maintenance Responsibility of the Association.

The Master Association, through the Master Association Executive Board, shall maintain, replace, improve and keep in good repair, as a Master Association Common Expense, all Master Association Property.

~~The Subordinate Association, through the Subordinate Association Executive Board, shall maintain, replace, improve and keep in good repair, as a Subordinate Association Common Expense, all Subordinate Association Property.~~

12.4. Reservation of Access.

The Master Association Executive Board, shall have the right of access to each Sub Association's Common Elements from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of Master Association Common Elements, or at any time deemed necessary by the Master Association for the making of emergency repairs to prevent damage to the Master Association Property.

~~The Subordinate Association Executive Board, shall have the right of access to each Unit and its appurtenant Limited Common Elements from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of Subordinate Association Common Elements, or at any time deemed necessary by the Subordinate Association for the making of emergency repairs to prevent damage to the Subordinate Association Property.~~

12.5. Owner Remodeling of a Unit. An Owner shall have the right to redecorate, remodel or reconstruct the interior of such Owner's Unit, provided that no reconstruction or remodeling shall be made without the prior written consent of the Declarant during the Marketing Period and the Subordinate Association Executive Board. No such alteration shall materially affect the structural integrity, Common Elements, or exterior appearance of the Building. Such right to repair, alter and remodel shall carry the obligation to replace any finished materials removed with similar or other types or kinds of finishing materials.

12.6. Mechanic's Liens. Subsequent to the completion of the Buildings, Units and/or Improvements described on the Map, no labor performed or materials furnished and incorporated into a Unit with the consent or at the request of the Owner or his agent or his contractor or subcontractor shall be the basis for filing of a lien against the Unit of another Owner not expressly consenting to or requesting the same, or against any of the Common Elements, except as to the undivided interest of the Owner for whom such labor or materials shall have been furnished.

12.7. Indemnification. Each Owner shall indemnify and hold harmless each of the other Owners from and against any and all liability, loss or damage, including reasonable attorney's fees, that the other Owners incur as a result of the claims of any lien against the indemnifying Owner's Unit or any part thereof for labor performed, or for materials furnished in work on such Owner's Unit.

**ARTICLE THIRTEEN
MAPS AND SUPPLEMENTAL MAPS**

13.1. Filing of Supplemental Map for the Buildings and Units. At such time as a Building has been substantially completed and prior to any conveyance by Declarant of a Unit, Declarant shall cause to be filed for record in the office of the Clerk and Recorder of Dolores County, Colorado, a Supplemental Map which shall contain a sufficient survey description of the air space of each Unit so as to locate the same accurately and properly. The Supplemental Map may be filed in whole or in parts or sections, from time to time, as stages of construction of the Buildings, Units and other Improvements are substantially completed. Each section of the Supplemental Map filed subsequent to the first filed Map shall be termed a Supplemental Community Map to the Community Map and the numerical sequence of such Supplement shall be shown thereon.

13.2. Contents of a Map. The initial Map shall depict and show at least the following:

(a) The name and a general schematic map of the entire Common Interest Community;

(b) The location and dimensions of all land not subject to development rights, or subject only to the development right to withdraw, and the location and dimensions of all existing Buildings and other Improvements within the Common Interest Community;

~~(c) The location and dimensions of the Future Development Areas located within the~~

~~Common Interest Community:~~

~~(c)~~ A legally sufficient description of any real estate subject to development rights, labeled to identify the rights applicable to each Unit;

~~(d)~~ The extent of any existing encroachments across any Common Interest Community boundary;

~~(e)~~ To the extent feasible, a legally sufficient description of all easements serving or burdening any portion of the Common Interest Community;

~~(f)~~ A legally sufficient description of any real estate in which the Owners will own only an estate for years, labeled as "leasehold real estate";

~~(g)~~ The distance between noncontiguous parcels of real estate comprising the Common Interest Community;

~~(h)~~ The location and dimensions of the horizontal and vertical boundaries of each Unit, if any, being established, together with the location and dimensions of the Common Elements and Limited Common Elements within the Common Interest Community, with reference to all established data of each Unit and that Unit's identifying number;

~~(i)~~ Any portion of the Common Interest Community in which the Declarant has reserved the right to create additional Units or Common Elements, identified appropriately; and

~~(j)~~ Any other information as may be included in the discretion of the Declarant.

13.3. **Contents of a Supplemental Map Reflecting Completed Condominium Units Within a New Subordinate Association.** Each new Supplemental Map shall depict and show at least the following:

(l) The name and a general schematic map of the entire Common Interest Community and the particular Subordinate Association;

(m) The location and dimensions of all land not subject to development rights, or subject only to the development right to withdraw, and the location and dimensions of all existing Buildings and other Improvements within the particular Subordinate Association;

(n) A legally sufficient description of any real estate subject to development rights, labeled to identify the rights applicable to and within the Subordinate Association;

(o) The extent of any existing encroachments across any Subordinate Association boundary;

(p) To the extent feasible, a legally sufficient description of all easements serving or burdening any portion of the Subordinate Association;

(q) A legally sufficient description of any real estate in which the Owners will own only an estate for years, labeled as "leasehold real estate";

(r) The distance between noncontiguous parcels of real estate comprising the Subordinate Association;

(s) The location and dimensions of the horizontal and vertical boundaries of each Unit within the Subordinate Association being established, together with the location and dimensions of the Common Elements and Limited Common Elements within the Subordinate Association, with reference to all established data of each Unit and that Unit's identifying number;

(t) Any portion of the Subordinate Association in which the Declarant has reserved the right to create additional Units or Common Elements, identified appropriately; and

(u) Any other information as may be included in the discretion of the Declarant.

13.4. **Certification of Map.** All plats or maps must contain a certification by a registered land surveyor that the plat or map contains all the information required by Section 38-33.3-209 of the Act.

13.5. **Supplemental Maps.** Supplemental Community Maps shall be filed prior to the conveyance of any Units shown thereon and any Supplemental Community Map shall contain the same requirements as set forth for the original Community Map.

ARTICLE FOURTEEN DESCRIPTION OF A UNIT

14.1. **Legal Description of Unit.** Every instrument affecting the title to a Unit shall describe

that Unit by its identifying Unit designation followed by the words "Unit _____, Bedrock 1 & 2 ~~or 3 & 4~~ Subordinate Association, Bedrock Condominiums in accordance with the recorded Condominium Declaration and Map, Town of Rico, Dolores County, Colorado." Every such description shall be good and sufficient for all purposes to sell, convey, transfer, encumber or otherwise affect not only the Unit, but also the General and Limited Common Elements and Subordinate Association Common Elements and any Building Common Elements, appurtenant thereto. Each such description shall be construed to include a nonexclusive easement for ingress to and egress from the Unit, and use (consistent with the Community Map and this Declaration) of the General and Limited Common Elements and Subordinate Association Common Elements and any Building Common Elements.

14.2. **Unit Boundaries.** At such time as the construction of a Building has been substantially completed and a Supplemental Map and Supplemental Declaration is being prepared, the following criteria is established and shall be used in all instances to describe and designate the boundaries of each Building and Unit:

(a) **Upper Horizontal Boundaries.** The horizontal plane of the bottom surface of the lower of (i) the unfinished joists, or (ii) any common Building mechanical, plumbing, fire safety and/or electrical improvements, extended to an intersection with the vertical perimeter boundaries.

(b) **Lower Horizontal Boundaries.** The horizontal plane of the unfinished surface of the concrete, gypcrete or plywood subflooring, extended to an intersection with the vertical perimeter boundaries.

(c) **Vertical Perimeter Boundaries.** The planes defined by the unfinished interior surface face of studs and framing or face of concrete on all demising and exterior walls, extended to an intersection with the horizontal perimeter boundaries.

(d) Where walls, floors, and ceilings are designated as boundaries of a Unit, (i) all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, and finished flooring and any other materials constituting any part of the finished surfaces thereof are part of the Unit, and (ii) all other portions of the walls, floors, or ceilings are part of the Common Elements.

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

(f) Subject to the provision of Section 6.2.3 above, all spaces, interior partitions, and other fixtures and Improvements within the boundaries of a Unit are a part of the Unit.

(g) Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, decks, ski lockers, storage rooms, parking spaces and all exterior doors and windows or other fixtures designed to serve a single Unit, but located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.

(h) In the event of any conflict between any provisions of this Declaration and depictions contained on the Community Map, with respect to any Unit boundary, the depictions on the Community Map shall control.

14.3. **Amendment Deemed Included.** The reference to the Map and the Declaration in any instrument shall be deemed to include any recorded supplements or amendments to the Map or the Declaration, whether or not specific reference is made thereto.

14.4. **Conveyance of a Unit.** Upon the purchase of any Unit from Declarant, a copy of each instrument of conveyance shall be furnished by Declarant to the Master Association and the Subordinate Association. Upon any subsequent conveyance of a Parcel or a Unit, a copy of the instrument of conveyance shall be furnished to the Master Association or the Subordinate Association by the grantee.

ARTICLE FIFTEEN TITLE AND OWNERSHIP

15.1. **Title.** The title to any Unit may be held and owned by one or more person, firm, corporation, partnership, association, trust or other legal entity including Declarant, or any number of combinations thereof. By acceptance by any grantee of his deed or other instrument of conveyance from the Declarant or any prior Owner, each Owner specifically waives his right to institute and/or maintain a partition action or any other action designed to cause a division of the General Common Elements. Each Owner specifically agrees not to institute any action therefor. Furthermore, each Owner agrees that Section 15.1 may be pleaded as a bar to the maintenance of such an action. A violation of this provision shall entitle the Association to collect, jointly and severally, from the parties violating the same, the actual attorneys' fees, costs and other damages the Association incurs in connection therewith.

15.2. **Transfer of General Common Elements.** All Owners and the Master Association ~~and~~

~~the Subordinate Association~~, covenant that they shall neither by act nor omission, seek to abandon, subdivide, encumber, sell or transfer the Common Elements without the consent of: (i) the Owners representing an aggregate ownership interest of 66% or more of the Common Elements in the Master Association ~~or within the Subordinate Association should the Common Element sought to be transferred is within a Subordinate Association~~; (ii) the First Mortgagees representing an aggregate of 66% of the then-outstanding balances of such Mortgages covering or affecting any or all Units; and (iii) during the period of Reserved Declarant Rights as provided for herein, the consent of the Declarant. Any such action without the written consent of said Owners, First Mortgagees and, if applicable, the Declarant, shall be null and void. Notwithstanding the foregoing, nothing contained in this shall be construed to limit or prohibit a proportionate adjustment in the percentage ownership in the General Common Elements in connection with the combination, division, or partition of any Unit pursuant to the right of combination, division, or partition of a Unit by the Owner or between Owners thereof for the purpose of sale, use, or improvement of such Unit. Nothing to the foregoing withstanding, the Master Association ~~and the Subordinate Association~~ shall not abandon, subdivide, encumber, sell or transfer a portion of the General Common Elements which has been properly designated as a Limited Common Element or a Building Common Element without the consent of the Owner(s) of the Unit(s) to which the Limited Common Element or Building Common Element has been assigned.

15.3. Right to Mortgage a Unit. Each Owner shall have the right to mortgage or otherwise encumber a Unit without restriction. No Owner, however, shall attempt to or shall have the right to mortgage or otherwise encumber the Common Elements or any part thereof except the undivided interest therein appurtenant to Unit. Any Mortgage or other encumbrance of any or any Unit within the Community shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owner whose title is derived through the foreclosure by private power of sale, judicial foreclosure, or otherwise.

15.4. Right to Mortgage the ~~Future Development Area~~ Master Association Common Elements. ~~Should the Declarant exercise the Declarant Reserved Rights to add additional units to the Community, the Declarant shall have the right to mortgage or otherwise encumber the Future Development Area Master Association Common Elements where such additional units are to be constructed~~ without restriction.

ARTICLE SIXTEEN ASSESSMENTS AND TAXATION

16.1. Separate Assessments and Taxation - Notice to Assessor. The Declarant shall give written notice to the Assessor of Dolores, Colorado, of the creation of this Community, as provided by the Act, so that each Unit when such Unit is constructed and annexed into the Community, together with its undivided interest in the Common Elements and its interest in the Common Elements appurtenant thereto, shall be deemed a separate parcel and subject to separate assessment and taxation.

16.2. Assessments and Taxation. Each Unit, when annexed into the Common Interest Community, shall be separately assessed for all taxes and assessments of the State of Colorado, Dolores County or any other political subdivision or district having authority to tax. For the purpose of such assessment, the valuation of the Common Elements shall be apportioned among the Units in proportion to the percentage undivided interest in the Common Elements appurtenant to such Units.

ARTICLE SEVENTEEN OBSOLESCENCE

~~17.1. Definitions. As used in this Article, as the case may be and the context intends, the term "Association" shall be deemed to mean both the Master Association and each duly formed Subordinate Association, the term "Executive Board" shall be deemed to mean both the Executive Board for the Master Association and the Executive Board for each duly formed Subordinate Association and the term "Association Property" shall be deemed to mean both the Master Association Property and/or Subordinate Association Property.~~

~~17.2.~~**17.1. Renewal and Reconstruction.** The Owners representing an aggregate percentage ownership interest of 66% or more (according to the percentage interest in General Common Elements), and holders of duly recorded first Mortgages representing an aggregate of 66% of the outstanding aggregate principal balance of said Mortgages, may agree that the Community is obsolete and adopt a plan for the renewal and reconstruction.

If a plan for the renewal or reconstruction is adopted, notice of such plan shall be recorded, and the expense of renewal and reconstruction shall be payable by all of the Owners as Common Expenses or Limited Common Expenses; provided, however, that an Owner, who is not a party to such a plan for renewal or reconstruction, may give written notice to the Association within fifteen days after the date of adoption of such plan that his Unit shall be purchased by the Association for the fair market value thereof. The Association shall then have 30 days within which to cancel such plan. If such plan is not canceled, the Unit of the requesting Owner shall be purchased according to the following procedures.

If such Owner and the Association can agree on the fair market value thereof, then such sale shall be consummated within 30 days after such agreement.

If the parties are unable to agree, the date when either party notifies the other that he or it is unable

to agree with the other shall be the "Commencement Date" from which all periods of time mentioned hereafter shall be measured. Within ten days following the Commencement Date, each party shall nominate an appraiser in writing (and give notice of such nomination to the other party). If either party fails to make such a nomination, the appraiser nominated shall, within five days after default by the other party, appoint and associate with him another appraiser. If the two designated or selected appraisers are unable to agree on the fair market value of the Unit, they shall appoint another appraiser to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire, each appraiser previously appointed shall nominate two appraisers, and from the names of the four appraisers so nominated one shall be drawn by lot by any judge of any court of record in Dolores County, Colorado, and the name so drawn shall be such umpire. The nominations from whom the umpire is to be drawn by lot shall be submitted within ten days of the failure of the two appraisers to agree, which, in any events shall not be later than 20 days following the appointment of the second appraiser. The decision of the appraisers as to the fair market value, or in the case of their disagreement, then such decision of the umpire, shall be final and binding and a judgment based upon the decision rendered may be entered in any court having jurisdiction thereof. The expenses and fees of such appraisers shall be borne equally by the Association and the Owner.

The sale shall be consummated within fifteen days thereafter, and the Association, as attorney-in-fact, shall disburse such proceeds to the Association, Owner(s), and lienholders, as their interests may appear.

~~17.3.17.2.~~ **Sale of Property.** If the Owners representing an aggregate percentage ownership interest of 90% or more (according to the percentage interest in General Common Elements) may agree that the Community is obsolete and that the same should be sold, the Association shall forthwith record a notice executed by the Association's president and secretary or assistant secretary setting forth such fact, and upon the recording of such notice the Community shall be sold by the Association, as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration. The sales proceeds shall be collected and apportioned between the Owners on the basis of each Owner's appurtenant interest in and to the Common Elements as specified in **Exhibit "B"** and such apportioned proceeds shall be paid into separate accounts, each account representing one Unit. Each such account shall be in the name of the Association, and shall be further identified by the Unit designation and the name of the Owner. The Association, as attorney-in-fact, shall use and disburse the total amount of each separate account, without contribution from one account to another, to the Association, Owner(s) and lienholders, as their interests may appear.

~~17.4.17.3.~~ **Conveyance of General Common Elements.** The Owners representing an aggregate ownership interest of 90% or more (according to the percentage interest in General Common Elements) with the consent of the Declarant during the Period of the Declarant's Reserved Rights as provided for herein, may agree to convey or encumber all or part of the General Common Elements. Such agreement to convey or encumber all or part of the General Common Elements must be evidenced by the execution of an agreement, or ratifications thereof, in the same manner as a deed, by the requisite number of Owners and Declarant and, as appropriate, recordation of amendments to the Declaration and/or Map. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in the Office of the Clerk and Recorder of the County of Dolores and is effective only upon recordation.

Unless in compliance with this section, any purported conveyance, encumbrance, or other voluntary transfer of Common Elements is void.

A conveyance or encumbrance of General Common Elements pursuant to this section shall not deprive the ~~Future Development Area~~ Declarant or any Unit of its rights of ingress and egress and support of ~~Future Development Area or any Unit or the General Common Elements.~~

A conveyance or encumbrance of General Common Elements pursuant to this section does not affect the priority or validity of preexisting encumbrances.

ARTICLE EIGHTEEN

DECLARANT'S RESERVED RIGHTS

Declarant hereby expressly reserves to itself and its successors and assigns the following described rights, which include development rights and special Declarant rights, any one or more of which rights may be exercised, in the sole and absolute discretion of Declarant, at any time and from time to time during the period commencing upon the Recording of this Declaration and ending on the date of termination of such rights established below. It is expressly understood that Declarant shall not be obligated to exercise any of these reserved rights, and that no consent shall be required from any Owner, Mortgagee, or the Master Association or the Subordinate Association for the effective exercise of any of these reserved rights.

Except as limited by this Article, such reserved rights may be exercised upon or in connection with all or any portion of the Common Interest Community or the Subordinate Association as the case may be. Such rights may be exercised with respect to different parcels of said real estate at different times, and in connection therewith Declarant hereby states that (i) no assurances are made regarding the location of new Improvements ~~within the Future Development Area~~ and over the Master Association Common

Elements or with respect to reserved rights, even if a reference to a phase or phasing appears in a legal description, Map, Supplemental Map, Town Approvals or other agreement relating to the property, and (ii) if a particular reserved right is exercised in any portion of the real estate subject to that reserved right, that reserved right is not required to be exercised in all or any portion of the remainder of that real estate.

The reserved rights hereinafter set forth shall be prior and superior to any other provisions of this Declaration and may not be amended, modified, terminated or otherwise altered in any way without the express prior written consent of Declarant. All conveyances of Units and other portions of the Common Interest Community hereafter made, whether by Declarant or otherwise, shall be deemed and construed to reserve to Declarant and/or to grant to Declarant all of the rights reserved by and to Declarant in this Article and elsewhere in this Declaration or even though no specific reference to such rights appears in the conveyancing instruments. Nothing in this Article shall limit or impair any other rights granted or reserved to Declarant by other provisions of this Declaration.

As used in this Article, as the case may be and the context intends, the term "Association" shall be deemed to mean both the Master Association and each duly formed Subordinate Association, the term "Executive Board" shall be deemed to mean both the Executive Board for the Master Association and the Executive Board for each duly formed Subordinate Association and the term "Association Property" shall be deemed to mean both the Master Association Property and/or Subordinate Association Property.

The following rights are hereby reserved to Declarant and its successors and assigns:

18.1. Construction of Buildings, Units and Improvements.

The right, but not the obligation, to construct Buildings, Units and any other additional Improvements on either the ~~Future Development Areas~~ Master Association Common Elements or ~~Master Association Property or Subordinate Association Property~~ at any time and from time to time for the improvement and enhancement thereof for the benefit of the Master Association ~~or the Subordinate Association~~ and the Owners, or some of them.

The right throughout the Common Interest Community to complete Buildings, Units and any other additional Improvements ~~at such locations generally indicated on the Map as Future Development Areas and over the Master Association Common Elements or Master Association Property~~ (Declarant's Reserved Rights), and as may be indicated on any Supplemental Maps or Amended Maps. The ~~location indicated as Future Development Areas (Declarant's Reserved Rights) is an approximation and the location, and~~ mass and scale of the Building, Units and other Improvements may vary from that shown on the Map. The right to add additional Building, Units and other Improvements is intended to be broadly reserved for the entirety of the ~~Future Development Areas~~ Master Association Common Elements and Master Association Property, subject only to the Town Approvals.

The right to construct and complete Improvements according to the terms and conditions of any documents and agreements relating to the Town Approvals executed by Declarant in connection with the Common Interest Community, as may be amended from time to time.

The right to annex into the Common Interest Community such additional Buildings, Units and any other additional Improvements constructed on either ~~the Future Development Areas~~ Master Association Common Elements or the Master Association Property ~~or the Subordinate Association Property~~ which may be accomplished by successive Supplemental Declarations, in no particular or pre-established order, and may provide that property annexed thereby (the "Annexed Units") is phased so that it is made subject to this Declaration at different times. Upon Recording of a Supplemental Declaration, the Annexed Units described therein shall be subject to all of the covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes, and other provisions set forth in this Declaration, except to the extent specifically stated in the Supplemental Declaration or as modified thereby. Any such Supplemental Declaration may impose on the Annexed Units described therein additional covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes, and other provisions than those set forth in this Declaration, taking into account the unique and particular aspects of the Annexed Units covered thereby and of the proposed development thereof. Furthermore, Declarant shall have the right to reserve in such Supplemental Declaration any development rights that Declarant considers necessary or appropriate, provided that such provision shall not extend the termination date for the exercise of Declarant's development rights as set forth below. A Supplemental Declaration may provide for a Subordinate Association of Owners within the Annexed Units described in the Supplemental Declaration and for the right of the Subordinate Association to assess such Owners for common expenses unique to those Owners and function in accordance with the provisions of this Declaration.

The right to create, grant and/or use and enjoy additional non-exclusive easements, and to relocate existing easements, upon or across any portion of the Common Interest Community (including ~~but not limited to~~ the ~~Future Development Areas~~ Master Association Common Elements, Master Association Property and Subordinate Association Property), as may be reasonably required for the construction by Declarant of the above- described Improvements or the effective exercise by Declarant of any of the other reserved rights described in this Article.

18.2. Sales, Marketing and Management. The right to construct, locate, relocate or operate, and to maintain upon, and to remove from, any part of the Common Interest Community including the

~~Future Development Areas~~ Master Association Common Elements, Master Association Property, Association Property and Units owned by Declarant ~~and Association Property~~, in the discretion of Declarant, and in such number, size and location as may be reasonably required by Declarant in connection with the completion of Buildings, Units and any other additional Improvements, the management of the development, and/or the promotion, marketing, sale or rental of Units, the following:

- (a) Sales offices, management offices, and/or construction offices, and structures containing or relating to the same. Such offices, to the extent they are not situated on a Unit, are hereby declared to be personal property of the Declarant and shall in any case be removable by Declarant or its successors or assigns promptly upon the Declarant or its successors or assigns ceasing to be an Owner of a ~~the Future Development Area or~~ Unit or the expiration of the Declarant Reserved Rights;
- (b) Signs identifying and advertising the Common Interest Community, ~~the Future Development Area~~ and Units therein, or relating to development or construction thereon;
- (c) Model residences constructed or to be constructed pursuant to the Declarant Reserved Rights on the Future Development Areas;
- (d) Parking areas and facilities, and lighting, necessary or desirable in the marketing of the Common Interest Community and Units;
- (e) Employees in offices; equipment; vehicles; and marketing and construction materials.

Together with the right to attract, invite or bring prospective purchasers of Units into the Common Interest Community at all times, and to permit them to use and enjoy the Association Property.

18.3. Merger. The right to merge or consolidate the Common Interest Community with another common interest community of the same form of ownership.

18.4. Declarant Control of Association. The right to appoint or remove any Executive Board member or officer of the Association, but only for and during the "Period of Declarant Control of Association".

~~18.5. — The right to annex into the Common Interest Community all or any part of any lot, parcel, tract, unit or land located within the boundaries of the Town of Rico as of the Effective Date, including, without limitation, any and all property that is adjacent to or adjoins the Common Interest Community ("Annexable Property"). Each Owner hereunder hereby grants to Declarant the right to annex all or any part of the Annexable Property to the Common Interest Community and to modify such Owner's Allocated Interests accordingly. Alternatively, Declarant shall have the right and is authorized to develop portions of the Annexable Property and/or to convey, lease or mortgage portions of the Annexable Property to such third party or parties as Declarant may deem appropriate, without annexing them to the Common Interest Community, whether for purposes consistent with this Declaration or otherwise. Declarant makes no assurances that all or any portion of the Annexable Property will be added to the Common Interest Community and Declarant reserves the right to annex all or any portion of the Annexable Property to the Common Interest Community in any order it deems appropriate in its sole and absolute discretion. The annexation of additional real property to the Common Interest Community shall be accomplished by the Recording by Declarant with the Clerk and Recorder of Dolores County of a Supplemental Declaration containing a legal description of the land area to be added to the Common Interest Community and amending this Declaration accordingly, together with a Supplemental Plat thereof. The Supplemental Declaration shall assign an identifying number to each new Unit created thereby, and shall reallocate the Allocated Interests of all Owners in the Common Interest Community in accordance with the definition of Allocated Interests contained in this Declaration. In no event shall any annexation increase the number of Units in the Common Interest Community beyond the twenty-three Unit maximum stated in the Recitals to this Declaration. The Supplemental Declaration shall also describe any Master Association Property or Subordinate Association Property (including Limited Common Areas) thereby created. The annexation of the Annexable Property may be accomplished by successive Supplemental Declarations, in no particular or pre-established order, and may provide that property annexed thereby (the "Annexed Property") is phased so that it is made subject to this Declaration at different times. Upon Recording of a Supplemental Declaration, the Annexed Property described therein shall be subject to all of the covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes, and other provisions set forth in this Declaration, except to the extent specifically stated in the Supplemental Declaration or as modified thereby. Any such Supplemental Declaration may impose on the Annexed Property described therein additional covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes, and other provisions than those set forth in this Declaration, taking into account the unique and particular aspects of the Annexed Property covered thereby and of the proposed development thereof. Furthermore, Declarant shall have the right to reserve in such Supplemental Declaration any development rights that Declarant considers necessary or appropriate, provided that such provision shall not extend the termination date for the exercise of Declarant's development rights as set forth in this Declaration. A Supplemental Declaration may provide for a Subordinate Association of Owners within the Annexed Property described in the Supplemental Declaration and for the right of the Subordinate Association to assess such Owners for common expenses unique to those Owners.~~

18.6-18.5. Withdrawal Rights and Procedure. The right at any time and from time to time

to withdraw from the Common Interest Community any Declarant-owned Unit(s), the ~~Future Development~~ Master Association Common Elements, ~~Area~~ or Association Property.

Withdrawal may only be accomplished by the recording by Declarant of an amendment to this Declaration and an amendment to the Map, if necessary. Upon the recording of such amendment(s), the ~~Master Association Common Elements withdrawn Future Development Area~~, or Units and/or Association Property shall no longer be part of the Common Interest Community or subject to this Declaration in any way.

~~Each Declarant-owned~~ The Master Association Common Elements, Declarant owned ~~Future Development Area or Units~~, and ~~each Declarant-owned~~ Association Property, is hereby described and declared to be a separate portion of real estate that is subject to this right of withdrawal, and Declarant expressly reserves the right to withdraw ~~the Future Development Area portions of the Master Association Common Elements~~, or one or more Declarant-owned Units and/or all or a portion of any ~~Declarant-owned~~ Association Property from the Common Interest Community. Once a Unit has been conveyed to an Owner other than Declarant, that portion of the real estate is no longer subject to this right of withdrawal. ~~Likewise, once Association Property has been conveyed to the Association, or the Town, that portion of the real estate is no longer subject to this right of withdrawal. Areas of the Future Development Area may be considered a distinct and separate phase, such that Declarant or assignee may withdrawal portions of the Future Development Area from the Common Interest Community notwithstanding the fact that Units have been constructed and sold elsewhere within the Common Interest Community.~~

The withdrawn property shall be subject to whatever easements, if any, may be reasonably necessary for access or utility service to, or operation or management or use or enjoyment of, the Common Interest Community or any part thereof. Similarly, the owner(s) of the withdrawn property shall have whatever easements, if any, are reasonably necessary for access or utility service to or for use or enjoyment of the withdrawn property over and across Association Property within the Common Interest Community. At the time any withdrawal of real estate is accomplished, Declarant shall record whatever documents are necessary to establish such reciprocal easements in the Official Records.

18.7.18.6. Effect of Contraction. In the event any real property or Units are annexed into or withdrawn from the Common Interest Community as provided herein, the definitions used in this Declaration shall be automatically revised to encompass and refer to the Common Interest Community as contracted, e.g., "Common Interest Community" shall mean the real property described herein minus any real property withdrawn therefrom; similarly, "Association Property", "~~Future Development Areas~~", and "Units" shall mean and include those areas as described herein less those so designated on any amendment to the Declaration or Map relating to any real property which is withdrawn pursuant to this Article.

The recording of amendments to the Declaration and Map which reallocate the Allocated Interests in the Common Interest Community shall automatically:

- (a) Vest in each existing Owner the reallocated Allocated Interests appurtenant to the Owner's Unit; and
- (b) Vest in each existing Mortgagee a perfected security interest in the reallocated Allocated Interests appurtenant to the encumbered Unit.

18.8.18.7. Transfer of Additional Property to Association. The right, but not the obligation, to transfer additional real and personal property, and Improvements thereon, to the Association from time to time in furtherance of this Declaration.

18.9.18.8. Other Reserved Development Rights. Subject to compliance with any applicable Town requirements, the right with respect to all or any Declarant-owned portion of the Common Interest Community (including the Units) to (a) create Master Association Property or Subordinate Association Property (including Limited Common Elements); (b) combine Units; (c) reconfigure Units and/or Master Association Property or Subordinate Association Property, or otherwise modify or amend the recorded Map; (d) amend the Town Approvals; (e) convert Units into Master Association Property or Subordinate Association Property and/or streets, paths or other Improvements; (f) annex Buildings, Units and other Improvements into the Common Interest Community; (g) establish a Subordinate Associations to manage and administer the annexed Buildings, Units and other Improvements and designate and establish Subordinate Association Common Elements and Building Common Elements; (h) enlarge, reduce, relocate or abandon Master Association Common Elements and Master Association Property and/or Subordinate Association Common Elements and Subordinate Association Property; (i) convert Master Association Property or Subordinate Association Property into Units and/or Improvements; (j) the right to impose additional restrictive covenants and protective covenants upon the Property provided they are not inconsistent with, nor do they lower, the standards of the original covenants; (k) the right to enter into, establish, execute, amend, and otherwise deal with contracts and agreements for the use, lease, repair, maintenance or regulations of recreational facilities and/or Master Association Common Elements or Subordinate Association Common Elements, which may or may not be a part of the Common Interest Community. Additionally, in order to effectively exercise the rights reserved to Declarant under this Article, the right to amend this Declaration (without the consent of Owners, Mortgagees or the Association being required) for purposes of (i) complying with or qualifying for federal or state registration of the

project (ii) satisfying title insurance requirements, or (iii) bringing any provision or provisions of the Declaration into compliance with the Act.

18.10.18.9. Owner Review, Acceptance and Waiver of Rights Re: Town Approvals and Declarant's Reserved Rights. Each Owner, by its acceptance of a deed or other conveyance vesting in the Owner an interest in a Unit in the Common Interest Community, acknowledges that the Owner has carefully reviewed and understands the Town Approvals (as it may be amended from time to time) and the Declarant's reserved rights as set forth in this Article or elsewhere in this Declaration, that the Owner accepts and approves such matters and appreciates any potential impacts that the implementation of the Town Approvals and/or the exercise of such reserved rights may have on the Owner's Unit, and expressly waives any rights the Owner may have to object to or to interfere in any way with the implementation of such Town Approvals or the exercise of such rights.

18.11.18.10. Declarant As Attorney-in-Fact for Owners. Each Owner, by its acceptance of a deed or other conveyance vesting in the Owner an interest in a Unit in the Common Interest Community, does hereby irrevocably constitute and appoint Declarant (with full power of substitution) as said Owner's attorney-in-fact, in said Owner's name, place and stead, to take any and all actions and to execute and deliver any and all instruments as may be necessary or appropriate to Declarant's exercise of the various rights reserved to Declarant under this Article or elsewhere in this Declaration specifically including without limitation Declarant's reserved right to use all existing easements within the Common Interest Community, or to create, grant, use and/or revise the Map and relocate additional or existing easements across any portion of the Common Interest Community. The consent of Owners or holders of Mortgage shall not be required for the Declarant or its assignees to exercise any reserved rights, and Declarant or its assignees may proceed without limitation at their option, subject to existing land use, zoning laws and any planned unit development requirements of the Town. Reserved rights of the Declarant or its assignees may be exercised with respect to portions of the ~~Future Development Areas~~ Master Association Common Elements of the Common Interest Community at different times. Additionally, Declarant or its assignees may exercise any reserved rights on all or any portion of the Common Interest Community in whatever order is determined. Declarant or its assignees shall not be obligated to exercise any reserved rights or to expand the Common Interest Community beyond the number of Units initially submitted.

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18.12.18.11. Transfer and Assignment of Declarant's Reserved Rights. Any one or more rights created or reserved for the benefit of Declarant under this Article or elsewhere in this Declaration may be transferred and assigned in whole or in part to any Person by an instrument describing the right or rights transferred and Recorded in Dolores County. Such instrument shall be executed by the transferor/assignor Declarant and the transferee/assignee. The provisions of Section 38-33.3-304 of the Act shall apply to any transfer of special declarant rights.

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18.13.18.12. Termination of Declarant's Reserved Rights. With the exception of Declarant's right to appoint or remove Executive Board members and officers of the Association, the rights reserved to Declarant in this Article shall automatically terminate and expire upon the first to occur of (i) the date which is thirty (30) years after the Recording of this Declaration, or (ii) Declarant's relinquishment and surrender of such rights by Recorded instrument. Declarant may from time to time relinquish and surrender one or more but less than all of the reserved rights, in which event the unrelinquished reserved rights shall remain fully valid and effective for the remainder of the term thereof. The Association may extend the time period for exercise of a development right, or reinstate a lapsed development right, subject to whatever terms, conditions and limitations the Association may impose on the subsequent exercise of the development right. The extension or renewal of a development right and any terms, conditions and limitations shall be included in an amendment executed by Declarant or the owner of the real estate subject to the development right and the Association.

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18.14.18.13. Interpretation. Recording of amendments to the Declaration and the Community Map or plat pursuant to reserved rights in the Declaration shall automatically effectuate the terms and provisions of that amendment. Further, such amendment shall automatically vest in each existing Owner the reallocated Allocated Interests appurtenant to his Unit. Further, upon the recording of an amendment to the Declaration, the definitions used in this Declaration shall automatically be extended to encompass and to refer to the Community as expanded and to any Additional Improvements, and the same shall be added to and become a part of the Community for all purposes. All conveyances of Units after such amendment is recorded shall be effective to transfer rights in all Common Elements, whether or not reference is made to any Amendment of the Declaration or Community Map.

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ARTICLE NINETEEN GENERAL PROVISIONS

As used in this Article, as the case may be and the context intends, the term "Association" shall be deemed to mean both the Master Association and each duly formed Subordinate Association, the term "Executive Board" shall be deemed to mean both the Executive Board for the Master Association and the Executive Board for each duly formed Subordinate Association and the term "Association Property" shall be deemed to mean both the Master Association Property and/or Subordinate Association Property.

19.1 **Duration of Declaration.** The term of this Declaration shall be perpetual.

19.2 **Termination of Common Interest Community.** The Common Interest Community may be terminated only by the agreement of (i) Owners to which at least ninety percent (90%) of the votes in the Association are allocated, (ii) the holders of all First Mortgages on Units and (iii) the Declarant during the period of the Declarant Reserved Rights as set forth herein. ~~A Subordinate Association may be terminated only by the agreement of (i) Owners to which at least 90 percent (90%) of the votes in the Subordinate Association are allocated, and (ii) the holders of all First Mortgages on Units in that Subordinate Association.~~ In the event of such termination, the provisions of Section 38- 33.3-218 of the Act shall apply.

19.3 **Amendment of Declaration and Map.** This Declaration and the Map may be amended pursuant to Section 38-33.3-217 of the Act. Under the Act, the Declaration may be amended by Declarant in certain defined circumstances, including without limitation (a) when the Declarant is exercising reserved rights under Article hereof, (b) for purposes of correcting clerical, typographical or technical errors, or (c) to comply with the requirements, standards, or guidelines of recognized secondary mortgage markets, the Department of Housing and Urban Development, the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or the Federal National Mortgage Association. The Act also provides that the Declaration may be amended by the Association in certain defined circumstances. Otherwise, and subject always to (i) any provisions of this Declaration requiring the consent of Declarant, and (ii) the provisions allowing Owners to amend this Declaration (with the consent of the Association) in certain circumstances this Declaration (including the Map) may be amended only by the vote or agreement of Owners to which more than sixty-six percent (66%) of the votes in the Association are allocated. No amendment shall be effective to change, limit, impair, reduce or eliminate any right of Declarant as provided in this unless such amendment is approved in writing by Declarant.

Furthermore, Section 38-33.3-217(4) of the Act provides that except to the extent expressly permitted or required by other provisions of the Act (e.g., permitted Declarant or Association amendments), no amendment may (i) create or increase special Declarant rights, (ii) increase the number of Units beyond the 23 Units allowed by the Town Approvals, or (iii) change the boundaries of any Unit or the Allocated Interests of a Unit, except as specifically set forth herein, in the absence of a vote or agreement of Owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated, including sixty-seven percent (67%) of the votes allocated to Units not owned by Declarant.

Further, Section 38-33.3-217(4.5) of the Act provides that except to the extent expressly permitted or required by other provisions of the Act, no amendment may change the uses to which any Unit is restricted in the absence of a vote or agreement of Owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated. It is agreed by the Owners that in the event an amendment is sent to the Owner at the address provided to Association and on file with the Association and the Owner has not responded either in favor or against the amendment within thirty days of the date the proposed amendment is properly sent to the Owner, then the Owner shall automatically be deemed to have consented to the proposed amendment with no need for further written consent to evidence such vote.

No consent of any mortgage or trust deed holder shall be required to accomplish any such amendments.

The County shall consent to any amendment of the Declaration or Map, provided that in the event that the County has not acted to either approve or deny an amendment properly presented to the County within thirty days of delivery to the County, it shall be deemed to be approved by the County.

An amendment to this Declaration shall be in the form of a "First (or Second, etc.) Amendment to Declaration and Map of Bedrock Condominiums". With the exception of Declarant amendments, amendments to this Declaration shall be duly executed by the President and Secretary of the Association and Recorded in the Office of the Clerk and Recorder of Dolores County. All amendments to this Declaration shall be indexed in the Grantee's index in the names of the Common Interest Community and the Association, and in the Grantor's index in the name of each Person executing the amendment.

19.4 **Compliance; Enforcement.**

Every Owner and Occupant in the Common Interest Community and every other Person who may be an authorized user of Master Association Property, shall fully and faithfully observe, abide by, comply with and perform all of the covenants, conditions and restrictions set forth in this Declaration, the Master Association Articles, Master Association Bylaws, Master Association Rules and Regulations and all approvals granted by the Master Association Executive Board, as the same or any of them may be amended from time to time. In addition to any other rights or remedies that may be provided to any Person under the terms and provisions of this Declaration, Declarant, the Master Association through its Master Association Executive Board, the Master Association Executive Board as to matters involving (i) Improvements within the Common Interest Community or (ii) the restrictions contained herein and made applicable to the Master Association with respect to which the Master Association Executive Board is otherwise expressly given enforcement authority under this Declaration and every Owner (except an Owner that is delinquent in the payment of Assessments hereunder) shall have the right, acting alone or together with others having such right, to enforce, by any proceeding at law or in equity, any or all of the covenants, conditions, restrictions, assessments, charges, liens, servitudes, easements and other provisions

now or hereafter imposed by this Declaration, the Master Association Articles, Master Association Bylaws, Master Association Rules and Regulations and approvals granted by the Master Association Executive Board. The enforcement authority granted hereunder to the Master Association Executive Board shall not be considered exclusive, and may also be exercised by the Master Association Executive Board.

~~Every Owner and Occupant in a Subordinate Association and every other Person who may be an authorized user of Subordinate Association Property, shall fully and faithfully observe, abide by, comply with and perform all of the covenants, conditions and restrictions set forth in this Declaration, the Subordinate Association Articles, Subordinate Association Bylaws, Subordinate Association Rules and Regulations and all approvals granted by the Subordinate Association Executive Board, as the same or any of them may be amended from time to time. In addition to any other rights or remedies that may be provided to any Person under the terms and provisions of this Declaration, Declarant, the Subordinate Association through its Subordinate Association Executive Board, the Subordinate Association Executive Board as to matters involving (i) Improvements within the Subordinate Association or (ii) the restrictions contained herein and made applicable to the Subordinate Association with respect to which the Subordinate Association Executive Board is otherwise expressly given enforcement authority under this Declaration and every Owner (except an Owner that is delinquent in the payment of Assessments hereunder) shall have the right, acting alone or together with others having such right, to enforce, by any proceeding at law or in equity, any or all of the covenants, conditions, restrictions, assessments, charges, liens, servitudes, easements and other provisions now or hereafter imposed by this Declaration, the Subordinate Association Articles, Subordinate Association Bylaws, Subordinate Association Rules and Regulations and approvals granted by the Subordinate Association Executive Board. The enforcement authority granted hereunder to the Subordinate Association Executive Board shall not be considered exclusive, and may also be exercised by the Subordinate Association Executive Board. Such enforcement rights shall include without limitation the right to bring an injunctive action for any form of injunctive relief available under Colorado law (including specific performance), or an action for damages, or both. Injunctive relief may include, without limitation, orders to stop work, orders to remove Improvements constructed in violation hereof, orders to compel performance, and any other orders appropriate under the circumstances.~~

The ~~respective~~ Executive Board~~s~~ shall have the further right (a) to levy and collect, after Notice and Hearing, reasonable fines for the violation of any of the foregoing matters, (b) to levy and collect a Reimbursement Assessment against any Owner, (c) to enter upon any Unit within the Common Interest Community, after giving the Owner or Occupant at least five (5) days' written notice of the nature of the violation, (unless an emergency exists, in which case without notice), without liability to the Owner or Occupant thereof, to enforce or cause compliance with such matters, at the cost and expense of the Owner or Occupant in violation, and/or (d) the Executive Board may temporarily cut off any or all Association services or benefits to the subject Owner or Occupant and his Unit, including the right to use Association Property (except access roads), until the violation is cured.

In any action brought under this Section, the prevailing party shall be entitled to an award of its reasonable attorneys' fees and costs incurred in connection therewith. Failure by any party entitled to do so to exercise in a particular instance any of the rights available to it under this Section shall in no event be deemed a waiver of the right to do so in any other instance. Provided always, that no Owner shall have the right to bring an enforcement action against another Owner or Occupant for a breach by that Owner or Occupant of any of such matters, or against Declarant, the Association or the Executive Board for a breach by Declarant, the Association or the Executive Board of any of such matters or for a failure by the Declarant, Association or the Executive Board to enforce compliance with such matters by others, until the aggrieved Owner has given the offending Owner or Occupant, or Declarant, the Association and/or the Executive Board at least thirty (30) days prior written notice of the aggrieved Owner's complaint and the opportunity to resolve the problem during that thirty (30) day period. And further provided, that notwithstanding any law to the contrary, no action shall be commenced or maintained to enforce the terms of any building restriction contained in the provisions of this Declaration or any of the Bylaws, the Articles of Incorporation, or the Rules and Regulations, or to compel the removal of any Building, Unit or other Improvement because of the violation of the terms of any such building restriction, unless the action is commenced within one year from the date from which the person commencing the action knew or in the exercise of reasonable diligence should have known of the violation for which the action is sought to be brought or maintained.

19.5 **Rights of First Mortgagees.** Upon the filing of a written request therefore with the Association, the holder of a First Mortgage on any Unit in the Common Interest Community shall be entitled to:

- (e) Written notice from the Association that the Owner of the subject Unit is delinquent in the payment of Assessments thereon;
- (f) Inspect the books and records of the Association during normal business hours;
- (g) Receive copies of annual Association financial statements;
- (h) Receive written notice of meetings of the Association where matters will be considered that, if approved, will require the consent of First Mortgagees or some of them;

- (i) Receive written notice of condemnation proceedings affecting any Association Property; and
- (j) Receive written notice of the lapse of any insurance that the Association is required to maintain under this Declaration.

In addition, any First Mortgagee shall be entitled to pay any taxes or other charges which are in default and which may or have become a lien against Association Property and may pay any overdue premiums on hazard or general liability insurance policies covering Association Property, and shall be entitled to immediate reimbursement therefore from the Association, unless the Association is contesting any unpaid taxes or other charges and has set aside sufficient funds to pay the contested amounts if necessary.

19.6 **Notice.** Each Owner, and each First Mortgagee if it so elects, shall register its mailing address from time to time with the Association. Except as otherwise specifically provided in this Declaration, any notice permitted or required to be given hereunder shall be in writing and may be delivered either personally, or by facsimile transmission, or by mail. Notices delivered personally or sent by facsimile transmission shall be deemed given on the date so delivered or sent. If delivery is made by mail, it shall be deemed to have been delivered two (2) business days after a copy of the same has been posted in the first-class U.S. Mail with adequate postage affixed, addressed to the receiving party at the address last registered by such party with the Association, or in the case of an Owner that has not provided such an address, to the Unit of that Owner. Notices to the Association shall be sent to such address as it may from time to time designate in writing to each Owner.

19.7 **No Dedication to Public Use.** Except as otherwise expressly provided herein or therein to the contrary, nothing contained in this Declaration or on the Map shall be deemed to be or to constitute a dedication of all or any part of the Common Interest Community to the public or to any public use.

19.8 **Interpretation of Declaration; Conflicts with Act.** The provisions of this Declaration shall be liberally construed to effectuate their purpose of creating a common and general plan for the development, improvement, enhancement, protection and enjoyment of the Common Interest Community, and to the extent possible, shall be construed so as to be consistent with the Act. In the event that any of the terms and conditions of this Declaration are determined to be inconsistent with the Act, the Act shall control. Notwithstanding anything to the contrary in this Declaration, no rights or powers reserved to Declarant hereunder shall exceed the time limitations upon or the permissible extent of such rights or powers under the Act, and in the event any of such reserved rights or powers are determined to be inconsistent with the Act, the related provisions shall not be invalidated but shall be modified to the extent required to comply with the Act.

19.9 **Conflict With Maps.** In the event of any conflict or inconsistency between the provisions of this Declaration and the Map, including the Map notes thereon, the provisions of said Map or Map notes, as the case may be, shall govern and control and this Declaration shall automatically be amended, but only to the extent necessary to conform the conflicting provisions hereof with the provisions of said Map or Map Notes.

19.10 **Violations Constitute a Nuisance.** Any violation of any provision, covenant, condition, restriction or equitable servitude contained in this Declaration, whether by act or omission, is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by any Person entitled to enforce the provisions of this Declaration. This provision does not limit the remedies that may be available under this Declaration or at law or in equity. Failure of the Association to bring enforcement action to correct any violation of this Declaration shall not constitute a waiver of or estop the Association from bringing a future or subsequent enforcement action to correct such violation or any other similar violation.

19.11 **Declarant's Disclaimer of Representations and Warranties.** No representations or warranties of any kind, express or implied, have been given or made or shall be deemed to have been given or made by Declarant or its agents or employees in connection with the Common Interest Community or any portion thereof or any Improvements thereon, its or their physical condition, zoning, compliance with applicable laws, fitness for intended use or operation, adequacy or availability of utilities, or in connection with the subdivision, sale, improvement, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in writing herein, in any registration statement or purchase and sale agreement executed by Declarant, or in any closing document related thereto. Furthermore, no such representations or warranties have been given or made or shall be deemed to have been given or made by Declarant or its agents or employees that the plans presently envisioned for the complete development of the Common Interest Community, can or will be carried out, or that any land now owned or hereafter acquired by Declarant is or will be subjected to this Declaration or that any such land (whether or not it is subjected to this Declaration) is or will be committed to or developed for a particular (or any) use, or that if such land is once used for a particular use, such use will continue in effect, unless and except as shall be specifically set forth in writing herein, in any registration statement or purchase and sale agreement executed by Declarant, or in any closing document related thereto.

19.12 **Captions.** Captions given to various Articles and Sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof and shall not be considered in interpreting any of the provisions hereof.

19.13 **Singular Includes Plural.** Unless the context requires a contrary construction, as employed in this Declaration the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

19.14 **Remedies Cumulative.** Each remedy provided under this Declaration is cumulative and not exclusive.

19.15 **Costs and Attorneys' Fees.** In any action or proceeding involving the interpretation or enforcement of any provision of this Declaration, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs incurred in connection therewith.

19.16 **Governing Law; Jurisdiction.** The laws of the State of Colorado shall govern the interpretation, validity, performance, and enforcement of this Declaration. Any legal action brought in connection with this shall be commenced in the District Court for Dolores County, Colorado, and by acceptance of a deed to a Unit each Unit Owner voluntarily submits to the jurisdiction of such court.

19.17 **Severability.** Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof. Where any provision of this Declaration is alleged to be or declared by a court of competent jurisdiction to be unconscionable, Declarant shall have the right by amendment to this Declaration to replace such provision with a new provision, as similar thereto as practicable but which in Declarant's reasonable opinion would be considered not to be unconscionable.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of the Effective Date. OWNER:

BRD, LLC, a Colorado limited liability company:

_____, Manager

Date:

STATE OF _____)
)ss
COUNTY OF _____)

Subscribed and sworn before me by _____, as Manager of BRD

Witness my hand and official seal.

My commission expires:

EXHIBIT "A"

Lot 6 Bedrock Subdivision, According to the Bedrock Subdivision Plat, Town of Rico, Dolores County, State of Colorado, Recorded at Reception Number 171981, Dolores County Clerk and Records Office.

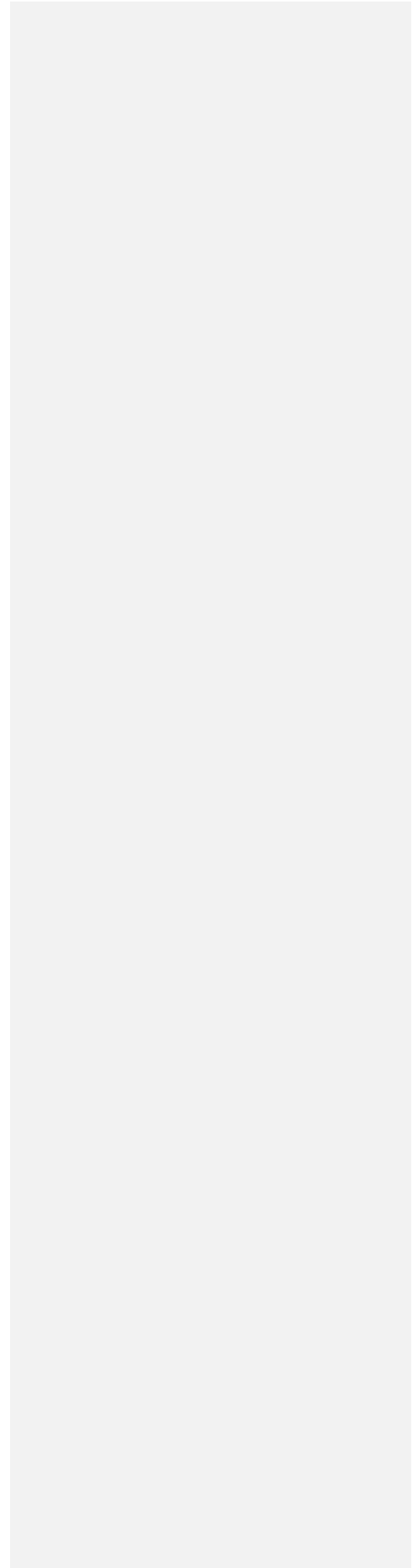
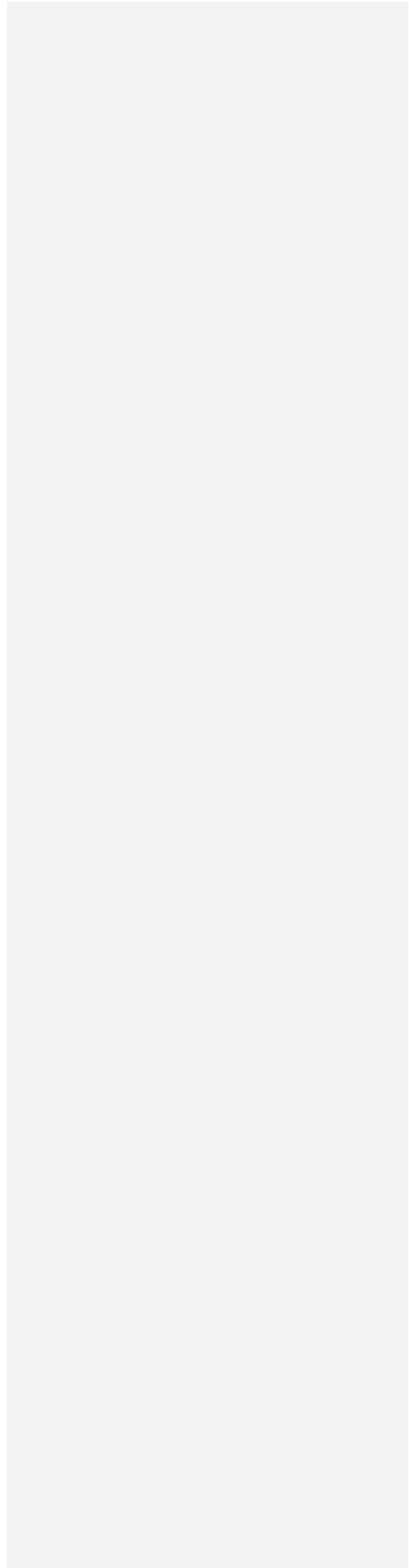


EXHIBIT "B"
(Allocated Interests)

Subordinate Association/ Declarant/Future Development Area Designation	Number of Units/Bedrooms Constructed/Permitted to Be Constructed	Allocated Interest in the Master Association (Note: Subject to reallocation in accordance with Section 1.16 upon construction of additional Units on the Future Development Area)	Votes Allocated to the Subordinate Association/ Future Development Areas in the Master Association (to be Weighted in accordance with Allocated Interest in accordance with Section 1.16)
Bedrock 1 & 2	4 Units/4 bedrooms	2,668 Sq Ft = 40%	1
Bedrock 3 & 4	6 Units/8 bedrooms	4,041 Sq Ft = 60%	1
Future Development Area Declaration	13 Units/Bedrooms	TBD upon Construction of Units with 6,291 Sq Ft Allowed per Town Approvals	1
Totals:	23 Units/26 bedrooms	6,607 Square feet 100%	3

EXHIBIT "C"
(Recorded Easements and
Licenses)

All easements now existing or subsequently created and affecting the Property.



**DECLARATIONS OF COVENANTS CONDITIONS AND RESTRICTIONS
(THE BEDROCK CONDOMINIUMS MASTER ASSOCIATION)**

This Declaration of Covenants, Conditions and Restrictions for the Bedrock Condominiums Master Association (“**Declaration**”), is made effective as of this _____ day of _____, 2024 (“**Effective Date**”), is executed, made and entered into by BRD, LLC, a Colorado limited liability company (“**Declarant**”).

RECITALS

1. Declarant is the owner of that certain real property situated in The Town of Rico, Dolores County, Colorado (“**Property**”), as more particularly described on attached **Exhibit “A”**.

2. Declarant intends to establish the Property with “**Master Association Common Elements**”, four constructed buildings with ten units, within two subordinate associations as set forth below with the ability of the Declarant to convert Master Association Common Elements into additional Units (defined below) and further subdivide the Property in order to accommodate the remaining units that can be developed on the Property at a future date. The Master Association Common Elements, together with the improvements will be established as a condominium regime, entitled Bedrock Condominiums, a Colorado common interest ownership community under the Act (defined below) (“**Common Interest Community**” or “**Community**”), which shall be governed by The Bedrock Condominiums Master Owners Association, a Colorado non-profit corporation (“**Association**” or “**Master Association**”), which has been formed as a non-profit association to exercise the functions set forth herein and to own, lease, hold, operate, care for and manage certain property owned by the Association for the common benefit of Owners and Occupants of Common Interest Community.

3. In addition to the four buildings already constructed within the Subordinate Associations (defined below), Declarant has reserved the right to develop and construct one or more separate buildings (“**Building(s)**”) on Master Association Elements and convert such areas into Units and further subdivide the Property (defined below). Each Building may contain either single residence or unit or multiple individual residential condominium units (“**Units**”). As Buildings and Units are substantially completed, Declarant will file documents which will supplement this Declaration and the Map, to annex the Building, Units and other improvements into the Common Interest Community and to establish new “**Subordinate Association(s)**” (defined below) to manage the affairs of the Buildings, Units and other Improvements. The creation of the Subordinate Associations shall comply with the provisions of this Declaration, although the Declarant may include other provisions in any supplemental instrument, which are not inconsistent with these Declarations. Each Subordinate Association will have the right, power, authority and obligation to manage and maintain the development that occurs within the area designated for that particular Subordinate Association. A Subordinate Association will not have the right, power, authority and obligation to manage and maintain the development that occurs within an area designated as another Subordinate Association, unless specifically stated and designated by Declarant in this Declaration or any amendment or supplement to the Declaration or Map. Owners of Units within a Subordinate Association shall share in the cost and expense of maintaining Buildings, Improvements and Common Elements located within that Subordinate Association.

4. The Master Association has been formed to own, operate and manage common elements which are to be shared between more than one Subordinate Association, such as roads, pathways, utilities, landscaping, snow storage and similar common areas. In addition, the Master Association will monitor and enforce compliance with restrictions contained in these Declarations and shall provide for the proper payment of taxes for all Master Association Property, among other undertakings. A Subordinate Association shall not be authorized or empowered to interfere with the exercise of power and authority nor with the proper management or operation of the affairs of either the Master Association or of another Subordinate Association as such authority is granted by these Declarations.

5. Each Subordinate Association will have authority and jurisdiction to manage and administer all matters and affairs which occur within the boundaries of the particular Subordinate Association and to manage and maintain the Subordinate Association Common Elements and Subordinate Association Facilities included within the boundaries of the Subordinate Association, to the exclusion of the management and control of the Master Association or any other Subordinate Association, except in instances where these Declarations or other instrument provide for some management and control of a portion of the Subordinate Association by the Master Association in connection with the Master Association Common Elements or Master Association Facilities, and then such management and control shall be narrowly exercised and construed by the Master Association. The Declarant for so long as Declarant’s Reserved Rights exist in the Common Interest Community shall resolve any conflicts between the respective roles and jurisdiction of the Master Association and each Subordinate Association. Thereafter, any disputes will be resolved by mediation.

6. The Common Interest Community has been approved for development pursuant to the Town Approvals (defined below). Under the Town Approvals, a total of twenty-six bedrooms configured into various Unit mixes are approved to be constructed and as of the date of this Declaration a total of 10 individual Units with 12 bedrooms in four buildings have been constructed. The maximum number of Units that may be created within the Common Interest Community is 24 Units/26 Bedrooms.

Declarant is reserving the right for itself and its designees to construct additional Buildings, Units and other Improvements, consistent with the Town Approvals, on the Master Association Common Elements although the location and footprint of improvements is not specifically designated.

7. Declarant desires to establish covenants, conditions and restrictions upon the Common Interest Community and certain mutually beneficial restrictions and limitations with respect to the proper use, occupancy, improvement and enjoyment thereof, all for the purposes of enhancing and protecting the value, desirability and attractiveness of the Common Interest Community and enhancing the quality of life within the Common Interest Community.

8. Declarant desires and intends that the Owners, Mortgagees, Occupants and all other Persons hereafter acquiring any interest in the Common Interest Community shall at all times enjoy the benefits of, and shall hold their interests subject to, the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements contained in this Declaration, as it may be amended from time to time.

DECLARATION

NOW, THEREFORE, for the purposes set forth above and herein, Declarant for itself and its successors and assigns hereby declares that the Common Interest Community and any other property, if any, which becomes subject to this Declaration in the manner hereinafter provided, and each part thereof, shall be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, improved, altered, maintained and enjoyed subject to the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations, exceptions, easements, privileges, rights and other provisions hereinafter set forth, for the duration hereof, all of which are declared to be part of, pursuant to, and in furtherance of a common and general plan of development, improvement, enhancement, use, occupancy and enjoyment of the Common Interest Community, and all of which shall run with the land and be binding upon and inure to the benefit of (i) the Common Interest Community and every part thereof, (ii) Declarant and its successors and assigns, (iii) the Association and its successors and assigns, (iv) every Member of the Association, and (v) all Owners, Occupants and other Persons having or acquiring any right, title or interest in or to the Common Interest Community or any part thereof, or any Improvement thereon, and their respective heirs, personal representatives, successors and assigns. Provided always, that to the extent this Declaration provides that the Declarant shall not be bound by or is exempt from the application of certain covenants, conditions and restrictions contained herein, Declarant shall not be considered subject to such covenants conditions or restrictions.

ARTICLE ONE DEFINITIONS

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

1.1. Act. “Act” shall mean the Colorado Common Interest Ownership Act as set forth in C.R.S. 38-33.3-101, et seq., as the same may be amended from time to time.

1.2. Buildings “Buildings” means those portions of the Improvements consisting of physical building structures and appurtenant components, including, by way of illustration but not limitation, any Unit, platform, balcony, deck, terrace, porch, patio, stairs, hallway, foundations, columns, supports, exterior walls, roofs, partition walls, roof overhangs, basements, attics and parking garages and parking and storage spaces, if any accommodating Units and described as such herein and/or on the Map (as amended from time-to-time). Upon completion of the construction of a new Building, Declarant shall cause a supplement to the Map and Declaration to be prepared, executed and recorded, which will establish the dimensions, location, number and extent of the Units and Building Common Elements contained in the Building within a new Subordinate Association.

1.3. Common Interest Community. “Common Interest Community” means Bedrock Condominiums, a Colorado common interest ownership community, and any additional real property which may from time to time be annexed into the Common Interest Community and made subject to this Declaration by Supplemental Declaration and Supplemental Map, including all Units and Association Property, together with all Improvements and other amenities now or hereafter located thereon, and together with all easements, rights, appurtenances and privileges belonging or in any way pertaining thereto. If any portion of the Property is subsequently withdrawn from the Common Interest Community pursuant to the provisions of this Declaration, the term “Common Interest Community” shall no longer apply to such withdrawn property.

1.4. Declarant. “Declarant” means BRD, LLC, a Colorado limited liability company, its successors, assigns, and affiliates. A Person shall be deemed to be a “successor and assign” of Declarant if specifically designated in a duly Recorded instrument as a successor or assign of Declarant under this Declaration and shall be deemed a successor and assign of Declarant only as to the particular rights or interests of Declarant under this Declaration which are specifically designated in that written instrument. The term “affiliate of Declarant” shall have the meaning set forth in Section 38-33.3-103(1) of the Act.

1.5. Declaration. “Declaration” means this instrument and all Supplemental Declarations, as this instrument and such Supplemental Declarations may be amended from time to time.

1.6. Deed of Trust. “Deed of Trust” means a Mortgage.

1.7. Household Pets. “Household Pets” means generally recognized household pets such as dogs, cats, fish, birds, rodents, and non-poisonous reptiles.

1.8. Improvements. “Improvements” means any improvements, structural or otherwise, alterations, additions, repairs, excavation, grading, landscaping or other work which in any way alter any property within the Common Interest Community, or the improvements located thereon, from its natural or improved state existing on the date this Declaration or a Supplemental Declaration for such property was first Recorded, including, but not limited to, Buildings, landscaping, retaining walls, roads, parking structures or parking areas, pathways and the like. Once an Improvement has been constructed or accomplished on a property within the Common Interest Community, any subsequent alteration of or addition to or removal of that Improvement shall also constitute an “Improvement” hereunder.

1.9. Lease. “Lease” means and refers to any agreement for the leasing, rental, use or occupancy of a residential dwelling located on a Unit within the Common Interest Community. The required terms and procedures for Leases are more particularly set forth in Section 3.33 below.

1.10. Limited Common Element. “Limited Common Element” means a Common Element that is designated by this Declaration, a Supplemental Declaration, a Map or an amended or a Supplemental Map, for the exclusive use of one or more Units in the Common Interest Community but fewer than all of the Units.

1.11. Unit. “Unit” means any part of the Common Interest Community which is designated as a Unit on a Map or an amended or Supplemental Map, together with all Improvements thereon and appurtenances thereto.

1.12. Rules and Regulations. “Rules and Regulations” means rules and regulations adopted from time to time by the Master Association Executive Board as provided for in this Declaration.

1.13. Map. “Map” means the Community Map for Bedrock Condominiums, as recorded _____, 2024 at Reception No _____ in the Official Records, as said Map may be amended from time to time. By this reference, said Final Map is incorporated in this Declaration. The term “Map” shall also mean and refer to each Supplemental Map and/or amended Map.

1.14. Master Association “Master Association” means Bedrock Condominium Master Association, a Colorado non-profit corporation, its successors and assigns.

1.15. Master Association Allocated Interests. “Allocated Interests” means the Common Expense liability and the votes in the Master Association allocated to each Subordinate Association, which interests are allocated as follows:

(a) Each Subordinate Association shall be allocated a share of the Common Expense for the Community based upon the constructed conditioned square footage within that Subordinate Association. The share each Subordinate Association shall be allocated is calculated on the basis of a fraction, the numerator of which is the constructed conditioned square footage within that Subordinate Association and the denominator of which is the total constructed conditioned square footage actually constructed from time to time within the Common Interest Community. Such fraction is then multiplied by the Common Expense or the Assessment in question to determine that Subordinate Associations share thereof. The Common Expense liability of a Subordinate Association is determined without reference to the size, location, value or use of the Subordinate Association.

(b) Initially, the Subordinate Associations where units have been constructed shall have one (1) vote in the Master Association, which vote shall be weighted on the basis of a fraction, the numerator of which is the constructed conditioned square footage within each Subordinate Association and the denominator of which is the total constructed conditioned square footage actually constructed from time to time within the Common Interest Community. It is acknowledged that the votes assigned to the Subordinate Associations in the Master Association shall be exercised by the Subordinate Association when formed and not by the individual Owners of Units in the Subordinate Association.

(c) If the conditioned square footage actually constructed on the Master Association Common Elements or elsewhere in the Common Interest Community pursuant to the Declarants Reserved Rights, or otherwise, should increase or decrease, or Units are added to or withdrawn from the Common Interest Community, then (i) the Common Expense liability for the Common Interest Community shall be reallocated to account for the conditioned square footage of new Units actually constructed or withdrawn Units as set forth above and (ii) one vote in the Master Association shall be allocated to each new Subordinate Association in the Common Interest Community following the addition or withdrawal of Units and a new Subordinate Association.

The Allocated Interests for the Common Interest Community are specifically set forth on **Exhibit "B"** attached hereto and made a part hereof by this reference, as said **Exhibit "B"** may be amended from time to time.

1.16. Master Association Assessment. "Assessment" means a Regular Assessment, Special Assessment, or Reimbursement Assessment, as defined in this Declaration, which have been assessed or charged by the Master Association Executive Board.

1.17. Master Association Budget. "Budget" means a written itemized estimate of the Common Expenses to be incurred by the Master Association in performing its functions under this Declaration and adopted respectively by the Master Association Executive Board pursuant to this Declaration.

1.18. Master Association Bylaws. "Bylaws" means the Bylaws of the Master Association which have been or will be adopted by the Executive Board of the Association, as the same may be amended from time to time.

1.19. Master Association Common Element. "Master Association Common Element" means any portion of the Common Interest Community designated in this Declaration or on a Map or any Supplemental Plan as a Master Association Common Element or a Master Association Limited Common Element. Master Association Common Element may also be such other property which is owned or leased or maintained by the Master Association for the common use and enjoyment of the Owners and Occupants, such as pathways, utilities, utility and other easements, common roads and parking areas, landscaping and the like. Any beneficial rights, if any, under easements granted and conveyed to the Master Association shall be deemed to be a Master Association Common Element.

1.20. Master Association Common Expenses. "Master Association Common Expenses" means any expenditures made or liabilities incurred by or on behalf of the Master Association, together with any allocations to reserves, if any, including, but not limited to the following:

(a) The costs of maintenance, management, operation, repair and replacement of the Master Association Property, and of all other parts of the Common Interest Community which are managed or maintained by the Master Association;

(b) The costs of Improvements constructed from time to time by the Master Association on or in connection with the Master Association Property, if such costs were included within a duly adopted Master Association Budget;

(c) Unpaid assessments;

(d) The costs of management and administration of the Master Association, including, but not limited to, compensation paid by the Master Association to managers, accountants, attorneys and employees;

(e) The costs of utilities and services (including, but not limited to, treated or untreated water, electricity, gas, sewer, trash pick-up and disposal and recycling), which may be provided to the Master Association or the Common Interest Community or parts thereof and not individually metered or assessed to Units, landscaping maintenance, and other services which generally benefit and enhance the value and desirability of the Common Interest Community or parts thereof and which are provided by or on behalf of the Association;

(f) The costs of insurance maintained by the Master Association as required or permitted herein;

(g) Reasonable reserves for contingencies, replacements and other proper purposes as deemed appropriate by the Master Association Executive Board to meet anticipated costs and expenses including, but not limited to, maintenance, repair and replacement of Master Association Property that must be maintained, repaired or replaced on a periodic basis. The foregoing shall not be construed as creating any obligation on the part of the Master Association, including the period of time when the Master Association is controlled by the Declarant, to establish, impose and/or maintain any reserves, rather, this provision is intended to authorize the Master Association to collect such reserves should the Master Association in its sole discretion determine that reserves should be maintained;

(h) The costs of bonding the members of the Master Association Executive Board, the officers of the Master Association, any professional managing agent or any other Person handling the funds of the Master Association;

(i) Taxes paid by the Master Association;

(j) Amounts paid by the Master Association for the discharge of any lien or encumbrance levied against Association Property or any portion thereof;

(k) The costs and expenses incurred by the Master Association Executive Board, and compensation that may be paid by the Master Association to members of the Master Association Executive Board;

(l) The costs and expenses incurred by any committees that may be established from time to time by the Master Association Executive Board, and compensation that may be paid by the Master Association to members of such committees;

(m) The costs of any security or security systems or services that may be installed, operated, monitored or contracted for by the Master Association for the benefit of the Common Interest Community or any part thereof;

(n) The costs of maintaining, operating and replacing informational, recreational, cultural, health-related or similar facilities or enterprises available to or for the benefit of all of the Common Interest Community;

(o) All expenses expressly declared to be Common Expenses by this Declaration or by a Supplemental Declaration, and all expenses lawfully determined to be Common Expenses by the Master Association Executive Board; and

(p) Other expenses incurred by the Master Association for any reason whatsoever in connection with Master Association Property, or the costs of any other item or service provided or performed by the Master Association pursuant to this Declaration, the Master Association Articles, Master Association Bylaws, Master Association Rules and Regulations or in furtherance of the purposes of the Master Association or in the discharge of any duties or powers of the Master Association, including any duties and obligations established in accordance with the Town Approvals. In the event that any common services furnished to the Common Interest Community are part of services that are provided to or benefit property in addition to the Common Interest Community, Common Expenses shall only include the cost of such services reasonably allocated to the services provided to the Common Interest Community.

1.21. Master Association Executive Board. “Master Association Executive Board” means the Master Association Executive Board of the Master Association as provided for in this Declaration and in the Master Association Bylaws.

1.22. Master Association Facilities. “Master Association Facilities” means Improvements made, which are designated as Master Association Facilities in these Declarations or on the Map. Master Association Facilities will be managed and maintained by the Master Association. Each Owner of a Unit in the Community will have the right to use and enjoy the Master Association Facilities.

1.30. Master Association Property. “Master Association Property” means, to the extent of the Master Association’s interest therein: (a) all real and personal property, including Buildings and Improvements, if any, now or hereafter owned or leased by the Association, (b) all Common Elements now or hereafter owned, leased or maintained by the Association, together with the Improvements thereon; (c) all easements created or reserved on any Map, or Supplemental Map, or in this Declaration or in any separate agreement, for the use and benefit of the Association and/or the Owners, and (d) any utilities, facilities and/or features (or interests therein) that may be owned, leased or maintained by the Master Association or which the Master Association and/or the Owners are entitled to use. Master Association Property may be located within or outside the Common Interest Community. Ownership of the Master Association Property is subject to the Permitted Exceptions. Subordinate Association Property is not Master Association Property.

1.23. Member. “Member” means each Subordinate Association and the Declarant.

1.24. Mortgage. “Mortgage” means any mortgage, deed of trust or other security instrument, given voluntarily by the Owner of a Unit, creating a real property security interest in a Unit and Recorded in the records of the Clerk and Recorder of Dolores County. “First Mortgage” means a mortgage which is the first and most senior of the Mortgages on the same Unit. The term “Mortgage” does not mean a statutory, tax or judicial lien. The term “Deed of Trust” when used herein shall be synonymous with the term “Mortgage.”

1.25. Mortgagee. “Mortgagee” means a mortgagee under a Mortgage or a beneficiary under a Deed of Trust, as the case may be, and the assignees of such Mortgagee.

1.26. Mortgagor. “Mortgagor” means the maker, obligor or grantor of a Mortgage. The term “Mortgagor” includes a trustor or grantor under a Deed of Trust.

1.27. Notice and Hearing. “Notice and Hearing” means a written notice and public hearing before the Executive Board, or a panel appointed by the Executive Board, as set forth in the Bylaws.

1.28. Occupant. “Occupant” means any Person who is a tenant in a residence on a Unit pursuant to a Lease with the Owner thereof. “Occupant” also means any Person who is present within the Common Interest Community as a family member, guest or invitee of an Owner, an Occupant, the Declarant, or the Association.

1.31. Official Records “Official Records” shall mean the Office of the Clerk and Recorder for Dolores County, Colorado.

1.32. Owner. “Owner” means the Person, including Declarant, or, if more than one, all Persons collectively, who hold fee simple title of record to a Unit, including sellers under executory contracts of sale and excluding buyers thereunder. The term “Owner” shall be analogous to the term “Unit Owner”, as that term is defined in the Act.

1.33. Bedrock 1 & 2 Subordinate Association. “Bedrock 1 & 2 Subordinate Association” shall mean the Subordinate Association which may be formed to manage and administer any Buildings and other Improvements which are constructed and designated as Bedrock 1 & 2 Condominiums, to own, maintain and manage the Bedrock 1 & 2 Common Elements (also referred to as Subordinate Association Common Elements) and to exercise and perform the other rights, duties, powers and authorities granted hereunder to a Subordinate Association.

1.34. Bedrock 3 & 4 Subordinate Association “Bedrock 3 & 4 Subordinate Association” shall mean the Subordinate Association which may be formed to manage and administer any Buildings and other Improvements which are constructed and designated as Bedrock 3 & 4 Condominiums, to own, maintain and manage the Bedrock 3 & 4 Common Elements (also referred to as Subordinate Association Common Elements) and to exercise and perform the other rights, duties, powers and authorities granted hereunder to a Subordinate Association.

1.35. Official Records means the Office of the Clerk and Recorder of Dolores County, Colorado

1.36. Permitted Exceptions. “Permitted Exceptions” means all liens, encumbrances, reservations, restrictions, conditions, easements and other matters of record which encumber the title to all or any part of the Common Interest Community, as of the date this Declaration or a Supplemental Declaration is Recorded. This Declaration and shall be subject to such Permitted Exceptions.

1.37. Person. “Person” means a natural person, a corporation, a partnership, a limited liability company, a trust, or any other entity capable of holding title to real property pursuant to the laws of the State of Colorado.

1.38. Plat. “Plat” means that Bedrock Subdivision Plat recorded at Reception No 171981, in the official records which creates Lot 6 which is subject to the Master Community Governing Documents

1.39. Record or Recorded. “Record” or “Recorded” means an instrument of record in, or the act of recording an instrument with, the office of the Clerk and Recorder of Dolores County.

1.40. Regular Assessment. “Regular Assessment” means a charge against an Owner and the Owner’s Unit for purposes of covering the annual costs of operating and administering the Master Association and all other Common Expenses. Regular Assessments are based on a Budget adopted by the Master Association Executive Board in accordance with the Declaration and are allocated to the Subordinate Associations in accordance with the respective Master Association Allocated Interests and to the Units in accordance with the respective with the respective Subordinate Association Allocated Interests. A Common expenses that in the judgment of the Master Association Executive Board benefits fewer than all of the subordinate Associations in the Common Interest Community maybe allocated exclusively to the Subordinate Associations so benefited. A Common Expenses that in the judgment of a Subordinate Association Executive Board benefits fewer than all of the Units in the Subordinate Associations may be allocated exclusively to the Unit or Units so benefited.

1.41. Reimbursement Assessment. “Reimbursement Assessment” means a charge against a particular Owner and the Owner’s Unit for the purpose of reimbursing the Master Association for costs and expenses incurred by the Master Association in connection with the enforcement of any provision hereof or the remedying of any violation by the Owner or an Occupant of this Declaration or any amendment hereto or, the Articles, Bylaws, Rules and Regulations of the respective Master Association, or any approvals granted by the Master Association Executive Board, or for other purposes set forth in the Declaration, together with late charges and interest as provided for herein. Reimbursement Assessment shall include without limitation any Common Expense caused by the misconduct of any Owner or of such Owner’s Occupants.

1.42. Special Assessment. “Special Assessment” means a charge against an Owner and the Owner’s Unit for purposes of reimbursing the Master Association for costs and expenses incurred or to be incurred by the Master Association for the purpose of paying for the construction, reconstruction, repair, maintenance or replacement of capital improvements to or upon or serving the Common Interest Community for which the Master Association has authority, the costs of which were not included in a Regular Assessment, or for excess reconstruction costs or other extraordinary expenses, or to acquire Master Association Property, or for funding any operating deficit of the Master Association, as authorized by the Master Association Executive Board from time to time as provided herein. Special Assessments shall be based on a Budget adopted by the Master Association Executive Board in accordance with these Declarations.

1.43. Subordinate Association “Subordinate Association” means each separate association that is formed to manage and maintain Buildings, Improvements and Common Elements located and designated as a Subordinate Association.

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1.44. Supplemental Declaration. “Supplemental Declaration” means an amendment to this Declaration which, among other things, annexes real property into the Common Interest Community and subjects such real property to this Declaration, establishes a Subordinate Association, and/or sets forth such other amendments to this Declaration and such additional covenants, conditions, uses and restrictions as may be applicable to the annexed property and/or the Subordinate Association as deemed appropriate by Declarant in its sole discretion.

1.45. Supplemental Map. “Supplemental Map” means an amendment to the Map which, among other things, annexes real property described therein into the Common Interest Community, establishes Subordinate Association Property, Subordinate Association Common Elements, Subordinate Association Facilities, Buildings, Building Common Elements and Units, and/or sets forth such other amendments to the Map and such additional designations as may be applicable to the annexed property and/or the Subordinate Association as deemed appropriate by Declarant in its sole discretion.

1.46. Town. “Town” shall mean the Town of Rico, including all boards, commissions, councils, employees and staff.

1.47. Town Approvals. “Town Approvals” shall mean any and all approvals, as may be amended, which have been granted or may be granted by the Town creating entitlements relating to the Property enabling Declarant to develop, improve and construct the Common Interest Community and any Improvements thereon, which Town Approvals are maintained by the Town of Rico. The term Town Approvals shall also include future plan and permit approvals, which are required by the Town in accordance with applicable Town codes, regulations and design guidelines.

ARTICLE TWO

GENERAL RESTRICTIONS APPLICABLE TO THE COMMON INTEREST COMMUNITY

It is the intention of Declarant to establish and impose a common and general plan for the improvement, development, use and occupancy of the Common Interest Community, all in order to enhance the value, desirability, and attractiveness of the Common Interest Community and to promote the marketing, development and enjoyment thereof. Accordingly, Declarant hereby declares that the entire Common Interest Community, including but not limited to the Master Association Common Elements and Units, shall be owned, held, used, occupied, improved, altered, maintained, conveyed, leased, encumbered and enjoyed subject to the following covenants, conditions, restrictions, reservations, easements, rights and other provisions, and to the further requirements and restrictions set forth in the Design Guidelines, subject to such Declarant exemptions as may be set forth herein.

Declarant further intends that the Declarant and the respective Executive Board of the Master Association or a Subordinate Association having jurisdiction over the particular property, Building, Unit or other Improvement shall alone have the authority to review, monitor, enforce and apply the following rules and restrictions.

2.1. Development and Design Control. Except as otherwise expressly provided in this Declaration or in a Supplemental Declaration, (i) no Building or Improvements shall be commenced, made, done, permitted, located, erected, improved, altered or removed within the Common Interest Community without the prior written approval of the Town of Rico, or a Unit in the Common Interest Community, and (ii) all subsequent additions to or changes or alterations in any Building, Unit or Improvements shall also be subject to the prior approval of the Town of Rico. No separate or additional design review or other approval by the Master Association or a Subordinate Association shall be required to construct any Building, Unit or any Improvements.

Declarant or designee is expressly authorized to construct any and all such additional Buildings, Units and other Improvements in the Common Interest Community (as may be expanded), as such future development rights are noted in this Declaration and/or in the Map, which development and construction shall be subject to and completed in accordance with the Town Approvals. By the acceptance of a deed to a Unit and/or by the recordation of this Declaration, each Owner, Occupant, Person, Master Association and/or Subordinate Association agrees that it is prohibited from undertaking or causing to be undertaken any act or action which will in any way interfere with or otherwise attempt to limit or restrict the right or ability of Declarant or designee to undertake construction of such additional Buildings, Unit or any Improvements within the Common Interest Community, including, without limitation, appearing and objecting to any development application or permit application with the Town of Rico. Declarant may seek an order enjoining any Owner, Occupant, Person, Master Association and/or Subordinate Association from acting in a manner that violates this restriction and may further recover damages incurred as a consequence of such actions.

2.2. Violation of Law, Insurance, Etc. No Owner or Occupant or Person shall do any act or cause or permit anything to be done or kept in or upon a Unit or Common Element, or the Master Association Property or the Subordinate Association Property, which would result in the increase of, or cancellation of, insurance maintained by the Master Association or the Subordinate Association or would be in violation of any federal, state, Dolores County, Town or other law, ordinance, regulation or code of any governmental body having jurisdiction, or of any Rule or Regulation promulgated by the Association or the Subordinate Association, or of any provision of this Declaration.

2.3. General Maintenance of Common Interest Community. All property within the Common Interest Community, including without limitation all, Units, the Master Association Common Elements (including unimproved areas or areas on which Improvements are under construction), Master

Association Property, , Improvements, and landscaping, shall be kept and maintained in a clean and attractive condition and in good order, condition and repair.

(a) **Units.** Except as specifically set forth in this Section or in a Supplemental Declaration, maintenance, repair, and upkeep of each Unit shall be the responsibility of the Owner of the Unit. Such maintenance and repair shall be performed by each Owner whenever necessary or appropriate and at regular intervals in order to keep the Unit in substantially the same condition and appearance as existed at the time of acquisition of the Unit or completion of construction of the Unit, subject to normal wear and tear that cannot be avoided. Said Owner's obligations shall include all maintenance, repair or replacement required as a consequence of any fire, wind, snow, rain, vandalism, theft or other casualty. Unsanitary conditions on Unit shall constitute a nuisance under this Declaration.

(b) **Master Association Property.** All Master Association Property shall be maintained by the Master Association and the cost thereof shall be a Common Expense which shall be allocated among the Subordinate Associations in accordance with these Declarations, provided, that if any Master Association Property is damaged by an Owner or Occupant, the expense of repairing the damage may be charged to that Unit Owner as a Reimbursement Assessment. The Master Association may enter into contracts to have these maintenance responsibilities performed by third parties.

(c) The individual Owners and the Master Association Executive Board shall each use a reasonable standard of care in providing for the repair, management and maintenance of the properties for which they are responsible so that the entire Common Interest Community will reflect a pride of ownership.

(d) If an Owner fails to perform any obligations under this Section within ten (10) days following receipt of a written notice from the Executive Board having jurisdiction, requesting the same, the Executive Board shall have the right to enter upon Unit of the Owner to cure the violation, to perform any needed repairs or maintenance, or to otherwise cause compliance with this Section, and to levy and collect a Reimbursement Assessment upon the Owner and its Unit for the costs and expenses incurred by the Master Association Property in connection therewith. The Executive Board having jurisdiction shall have no right to enter into the interior of a residence without the consent of the Owner except in the case of a clear emergency.

2.4. Residential Use and Occupancy; Parking.

(a) Each Unit shall be improved, occupied and used only for private residential purposes, consistent with these Declarations, Town Approvals and applicable zoning.

(b) No business, professional or other non-residential or commercial use shall be made of any Units, excepting in-home businesses or occupations which do not involve: (i) employees, (ii) the solicitation or invitation of the general public, or (iii) the servicing of customers, employees, contractors or subcontractors and which activities are conducted entirely within the residence and do not cause any additional traffic or parking within the Community or otherwise create a nuisance for neighboring Subordinate Associations, Units or the Community.

(c) Declarant may use Future Developments Areas and Units for sales and marketing purposes and for construction staging.

2.5. New Construction Required; No Temporary Buildings or Occupancy. All Buildings and Improvements constructed within or placed upon the Common Interest Community shall be new. No mobile homes (single or double wide), and no used or temporary house, structure, tent, teepee, or non-permanent out-building (specifically including without limitation mobile homes and trailers) shall ever be placed, erected or allowed to remain within the Common Interest Community except temporary structures or construction trailers used for construction purposes during the construction of the Buildings and Improvements, which temporary facilities shall be removed following completion of construction. The work of constructing, altering or remodeling any Building, Unit or Improvement within the Common Interest Community shall be prosecuted diligently from the commencement thereof until the completion thereof. The foregoing shall not restrict the use and placement of temporary construction trailers, offices and showrooms on the Property by Declarant or designees in connection with the development, construction, sales and marketing of the Project.

2.6. Annoying Light, Sound or Odor. All exterior lighting installed or maintained in the Common Interest Community shall be placed so that the light source is reasonably screened or shielded from other Units and from the Master Association Property. No light shall be emitted from any part of the Common Interest Community (including any Unit), which is unreasonably bright or causes unreasonable glare. The Executive Board having jurisdiction may establish additional standards for exterior lighting including, without limitation, standards for hue and intensity. The foregoing shall not restrict Declarant or designee from installing and using temporary lights of any type or size to maintain security during construction of the Project, which would otherwise be in violation of this Section.

No sound shall be emitted from any part of the Common Interest Community (including without limitation any Unit), which is unreasonably loud or annoying to others, and no odor shall be emitted from any part of the Common Interest Community (including without limitation any Unit), which is noxious or unreasonably offensive to others. Again without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells (excepting chimes), or other sound devices, other than security devices used exclusively for security purposes, shall be located or used within the Common Interest Community except with the prior written approval of the Executive Board. The foregoing shall not restrict Declarant or designee from constructing the Project and in the course of such construction, emitting noises, which would otherwise be in violation of this Section.

The Executive Board in its sole discretion shall have the right and authority to determine the existence of any violation of this Section including the reasonableness of any light, sound or odor.

2.7. Noxious or Offensive Activities; Nuisances; Construction Activities. No noxious or offensive activity shall occur or be allowed at any time on any property within the Common Interest Community, nor shall anything be done or placed thereon which is or may become a nuisance or cause an unreasonable embarrassment, disturbance, or annoyance to Owners, Occupants, Declarant or the Master Association Property, or which causes damage to neighboring property, or which interferes with the peaceful enjoyment or possession and proper use of the Common Interest Community, or any part thereof, by Owners or Occupants. The Executive Board in its sole discretion, shall have the right and authority to determine the existence of any nuisance or unreasonable embarrassment, disturbance or annoyance under this Section. Each Owner shall comply with the Rules and Regulations and the requirements of all health authorities and other governmental authorities having jurisdiction over the Common Interest Community.

2.8. No Hazardous or Unsafe Activities. No activity shall be conducted on, and no Improvement shall be constructed on, any property within the Common Interest Community, which is or might be unsafe or hazardous to any Person or property.

2.9. No Solid Fuel Burning Fireplaces. Outside Burning; Fire Hazards. No solid fuel burning fireplaces or other devices shall be allowed within the Common Interest Community, unless an Owner obtains a permit therefore pursuant to Town regulations. No exterior fires shall be lighted or permitted on any property within the Common Interest Community except in a contained barbecue unit while attended and in use for cooking purposes. No Owner shall cause or permit any condition on his Unit which creates a fire hazard or is in violation of fire prevention regulations, or which would increase insurance rates for either the Master Association Property or for other Owners. Notwithstanding the foregoing, the Declarant shall have the right to perform burning activities in connection with the development, marketing and maintenance of the Common Interest Community.

2.10. No Firearms or Hunting. The use or discharge of firearms, including but not limited to BB guns and pellet guns, on any part of the Common Interest Community is expressly prohibited. Hunting on any part of the Common Interest Community is expressly prohibited.

2.11. No Unsightliness; Outside Personal Property Storage and Clothes Drying. Other than property of the Declarant, all unsightly structures, facilities, equipment, objects, and conditions, all sporting equipment (e.g., skis, snowboards, bikes, mountain bikes, kayaks, etc.), and all snow removal, garden or maintenance equipment except when in actual use, shall be kept in an enclosed or covered structure or in screened area approved in writing by the Executive Board having jurisdiction. No laundry or wash shall be dried or hung outside on any Unit.

2.12. Master Association, Streets and Facilities.

The roads, streets, pathways, within the Community as shown on the Map and designated as Master Association Facilities or Master Association Common Elements will be owned and managed by the Master Association. The Master Association will maintain and repair these facilities and the costs of such maintenance and repair will be assessed as a Common Expense. Declarant reserves the right to enlarge, reduce, terminate and/or relocate any or all of the Master Association Facilities and/or the Master Association Common Elements. This right is deemed a Reserved Rights of Declarant under Article Eighteen and may be exercised in accordance with the provisions of Article Eighteen.

2.13. Vehicle Parking, Storage, Operation and Repair.

(a) The Executive Board having jurisdiction shall allow for parking of permitted vehicles (passenger automobiles, including without limitation vans and SUVs, and/or one ton or smaller pick-up trucks) within the Common Interest Community at locations designated for parking.

(b) No boats, trailers, buses, motor homes, mobile homes, campers (on or off supporting vehicles), motorcycles, snowmobiles, recreational vehicles, all terrain vehicles, trucks, industrial or commercial vehicles (both cabs or trailers), abandoned or inoperable vehicles (as defined below), or any other similar vehicles (excepting passenger automobiles and one ton or smaller pick-up trucks) shall be parked or stored within the Common Interest Community except with that advance approval by the Executive Board.

(c) No motorized vehicle of any kind shall be maintained, repaired, repainted, serviced or rebuilt on Association Property.

(d) An “abandoned or inoperable vehicle” shall mean any motorized vehicle which does not display a current motor vehicle license or which has not been driven under its own propulsion for a period of one (1) week or longer (excepting otherwise permitted vehicles parked by Owners or Occupants on their Unit driveways while on vacation or during a period of illness), or which does not have an operable propulsion system within the vehicle. In the event that the Executive Board or the Executive Board shall determine that a vehicle is abandoned or inoperable, or is otherwise in violation of the provisions of this Section 2.16, a written notice of violation describing said vehicle shall be personally delivered to the vehicle owner (if such owner can be reasonably ascertained) or shall be conspicuously placed upon the vehicle (if the owner cannot be reasonably ascertained), and if the offending vehicle is not removed within seventy-two (72) hours thereafter, the Executive Board or Executive Board (as the case may be) shall have the right to remove and store the offending vehicle, or cause the vehicle to be removed and stored, at the sole expense of the owner of the vehicle if the vehicle is located on a street, or at the sole expense of the Owner of the Unit on which the vehicle is located, and to enter upon an Owner’s Unit for such purpose, all without liability on the part of the Executive Board or the Executive Board.

2.14. Garbage; Trash; Compost; Containers. No refuse, garbage, trash, grass, shrub, or tree clippings, plant waste, compost, metal, bulk materials, scrap, rubbish, or debris of any kind shall be kept, stored, maintained or allowed to accumulate or remain within the Common Interest Community, except within an enclosed structure or in areas designated within the Building 3 and 4 Common Elements as designated by that Sub-Association Executive Board. Garbage containers shall comply with all applicable Town requirements concerning type and location of containers.

2.15. Animals. Each Unit shall be entitled to a maximum of no more than three (3) dogs or cats (or any combination thereof) and a reasonable number of other Household Pets, so long as the total number of Household Pets shall not exceed six (6), such dogs, cats or other Household Pets are not kept for any commercial purpose, are not kept in unreasonable numbers, do not cause an unreasonable amount of noise or odor, or do not otherwise become a nuisance or threat to other Owners or Occupants. The foregoing notwithstanding, a Person shall only keep a Household Pet in the Common Interest Community in accordance with all applicable laws, regulations and restrictions promulgated by the Town. The Executive Board shall be responsible for enforcing the restrictions set forth in this Section 3.18, and shall have, and is hereby given, the right and authority to determine in its sole discretion that any one or more dogs, cats and other Household Pets are being kept for commercial purposes, or are being kept in unreasonable numbers, or are causing an unreasonable amount of noise or odor, or are otherwise a nuisance to other Owners or Occupants, or that an Owner or Occupant is otherwise in violation of this Section 3.18, and to take such action or actions as it deems reasonably necessary to remedy the violation, including without limitation the levying of fines and/or Reimbursement Assessments as provided in Section 11.9 hereof. Also without limiting the generality of the foregoing, the Executive Board may require the owner or custodian of a dog that barks or howls excessively, or of a dog, cat, or other Household Pet that exhibits threatening behavior or that has other offensive habits or that otherwise violates the restrictions set forth in this Section 3.18, to confine such animal indoors, or to permanently remove such animal from the Common Interest Community, and may adopt Rules and Regulations governing pets.

2.16. Use of Easement Areas; Utility Installation. All easements shown on the Map or a Supplemental Map or other instrument covering any portion of the Common Interest Community have been created or reserved for the purposes indicated on such Map, other instrument and/or elsewhere these Declarations. No Owner or Occupant or other Association may erect any structure of any type whatsoever in such easement areas, nor may an Owner or Occupant or other Association use the surface of such easement areas for any private use, other than driveways or landscaping which will not interfere with the use of said easement by the Persons or entities for whose benefit it has been created or reserved and which receives the prior written approval of the Executive Board of the Association burdened by the easement.

2.17. Restoration of Improvements in the Event of Damage or Destruction. In the event of damage to or destruction of any Improvement on any Unit, the Owner thereof shall cause the damaged or destroyed Improvement to be promptly restored or replaced to its original condition or such other condition as may be approved in writing by the Executive Board of the Association owning or maintaining the Improvement, or the Owner shall cause the damaged or destroyed Improvement to be promptly demolished and the Unit to be suitably landscaped, subject to the approval of the Executive Board, so as to present a pleasing and attractive appearance. Such Improvements shall be repaired, restored or otherwise demolished and suitably landscaped within such reasonable time frame as may be established by the Executive Board.

2.18. Leases. Any Owner shall have the right to Lease the residential dwelling on his Unit under the following conditions:

(a) All Leases shall be in writing, and must cover the entire Unit, i.e., no Leases of bedrooms alone or otherwise covering less than all of the residence shall be permitted.

(b) All Leases shall provide (i) that the terms of the Lease and the tenant’s use of the residence shall be subject in all respects to the provisions of this Declaration, and the Articles, the

Bylaws, the Rules and Regulations, and the Town Approvals, (ii) that the Occupant has received and reviewed copies of said documents, and (iii) that any failure by the Occupant to comply with any of the aforesaid documents, in any respect, shall be a default by Occupant under the Lease and a default by Occupant and Owner under said documents which may be enforced against Occupant and/or Owner by the Executive Board.

(c) The Owner shall notify the Association immediately upon the leasing of his residence and shall provide the Association with a copy of the Lease and with the name and mailing address of the Occupant and the mailing address (if changed) of the Owner.

(d) Each Owner who leases a residence shall be responsible for assuring compliance by the Occupant with all of the provisions of this Declaration, any pertinent Supplemental Declaration, the Articles, the Bylaws, the Rules and Regulations, and the Town Approvals, and shall be jointly and severally responsible with the Occupant for any violations thereof by the Occupant.

(e) Each Lease shall expressly provide that the Association (via the Executive Board) shall have the right to give the Occupant written notice that the Occupant is in violation of one or more of the documents listed in subsection (c) above, which notice shall specify a period of time (at least 5 days) in which the Occupant may cure the violation. If the violation continues uncured, or if it is repeated within the 3-month period following the date of the first notice, the Lease shall provide that the Owner gives to the Association an irrevocable power of attorney to act on the Owner's behalf to give such statutory notices to the Occupant and to take such other actions as may be necessary or appropriate to terminate the Lease and to evict the Occupant from the Premises. If a Lease does not contain such provisions, the Owner hereby irrevocably appoints the Association as its attorney-in-fact to act on its behalf as set forth herein.

2.19. Restrictions on Re-Subdivision, Property Restrictions, Rezoning, and Time Sharing.

Except as expressly permitted in this Declaration, (i) no Unit shall ever be further subdivided or replatted by an Owner into smaller Units, (ii) no physical portion less than all of any such Unit, nor any easement or divided interest therein, shall be conveyed, transferred or encumbered by the Owner, and (iii) no Unit may be combined with any other Unit nor the boundary lines adjusted between any two Units.

(a) Declarant reserves the right to revise the boundaries of a Building or a Unit, or to combine two Units owned by Declarant or to adjust or remove boundary lines between Units owned by Declarant, provided any necessary Town Approvals are obtained, all Declaration and Map amendments required by the Act and/or local land use laws are prepared, executed and Recorded, and the necessary reallocation of Allocated Interests of the Owners is accomplished. In the case of the combination of two Units, such interests shall be reallocated to reflect the fact that two Units have been eliminated and one Unit created in its place, unless the Executive Board requires that the combined Units continue to pay two Assessments. All costs relating to the foregoing activities shall be the sole responsibility and obligation of Declarant. Declarant's rights under this subsection (a) shall terminate upon the first to occur of (i) the date which is 30 years after the Recording of this Declaration, or (ii) Declarant's relinquishing of these rights by a Recorded instrument.

(b) The boundaries between adjoining Units may also be adjusted or removed (*i.e.* the Units combined) by the Owner(s) thereof other than Declarant, if (i) the written consent of the Executive Board having jurisdiction over the property is first obtained, in the sole discretion of the Executive Board, (ii) all applicable regulations and codes are complied with and all necessary Town Approvals are obtained, (iii) the proposed adjustment or removal does not violate the terms of any document evidencing a security interest in the subject Units, (iv) all Declaration and Map amendments required by the Act and/or local land use laws are prepared, executed and Recorded, and (v) the necessary reallocation of Allocated Interests of the Owners is accomplished pursuant to the guidelines set forth above or as otherwise required by the Executive Board. All costs relating to such activity (including the attorneys' fees and costs incurred by the Executive Board in reviewing and acting upon the matter) shall be the sole responsibility and obligation of the Owner(s) applying for the same.

(c) No further covenants, conditions, restrictions or easements shall be Recorded by any Owner (except Declarant in the exercise of its reserved rights) or other Person against any Unit without the provisions thereof having been first approved in writing by the Executive Board for consistency with the Declaration and the general plan of development for the Common Interest Community. Any covenants, conditions, restrictions or easements Recorded without such approvals being evidenced thereon shall be null and void. This provision does not apply to Mortgages.

(d) No application for rezoning of any Unit, and no application for any variance or special use permit for any Unit, shall be filed with any governmental authority by any Owner (except Declarant in the exercise of any reserved rights) unless the proposed use of the Unit has first been approved in writing by the Executive Board and the proposed use otherwise complies with the Declaration.

(e) No form of time-share or interval ownership or use program shall ever be created

or allowed in connection with any Unit in the Common Interest Community, and any such attempted ownership or use program shall be null and void and unenforceable.

2.20. Town of Rico Deed Restriction. The Property and all Units within the Property are subject to the Housing Restriction for Lot 6, Bedrock Subdivision, Town of Rico, recorded at Reception Number _____, Dolores County Clerk and Recorder (the "Deed Restriction") and all Units shall be owned and occupied in accordance with the Deed Restriction. This section 2.20 may not be amended or deleted without the written approval of the Town of Rico.

2.21. Health, Safety and Welfare. In the event any uses, activities, or facilities within the Common Interest Community are deemed by the Executive Board having jurisdiction over the property to be an unreasonable annoyance or nuisance, or to adversely affect the health, safety or welfare of Owners or Occupants, the Executive Board may adopt Rules and Regulations governing the same in order to appropriately restrict and regulate such uses, activities or facilities within the Common Interest Community. Such rules shall be consistent with the purposes and provisions of this Declaration.

2.22. Implementation and Variances. The Executive Board having jurisdiction over the property may implement the restrictions set forth in this Article 2, or otherwise restrict and regulate the use and occupancy of the Common Interest Community and the Units by reasonable Rules and Regulations of general application adopted by the Executive Board from time to time. The Executive Board may, in its sole discretion and in extenuating circumstances, grant variances from any of the restrictions set forth in this Article 2 (excepting any such restrictions with respect to which the Executive Board has the authority to grant variances under this Declaration), if the Executive Board determines, in its sole discretion, (a) either (i) that a particular restriction creates a substantial hardship or burden on an Owner or Occupant, which hardship or burden was not caused by said Owner or Occupant, or (ii) that a change of circumstances since the Recordation of this Declaration has rendered such restriction obsolete, and (b) that the activity permitted under the variance, in the judgment of the

Executive Board, will not have any material adverse effect on the Owners and Occupants of the Common Interest Community (including neighboring Units) and is consistent with the high quality of living intended to be promoted hereby throughout the Common Interest Community. When an Owner applies for a variance, the Board must give at least ten (10) days advance written notice of the variance hearing, and of the nature of the variance requested, postage prepaid, by certified mail, return receipt requested, to all Owners of Units within the Common Interest Community, at the current addresses for such Owners reflected in the Association files. The applying Owner must provide the Committee with an accurate list of the Owners to be so notified. If the foregoing notice requirements are complied with, it is not necessary that the Owners actually receive the notice that is mailed to them, such notices being deemed received upon mailing. No variance shall conflict with the Town Approvals or with ordinances or regulations of the Town. If a variance from the Town Approvals or Town laws or regulations is also required in connection with a matter for which a variance is desired hereunder, it shall be the Owner's responsibility to obtain such variance before submitting a variance application to the Executive Board.

2.23. Declarant Activities or to restrict in any way Declarant's right and ability to develop, improve, maintain, repair, regulate, operate, administer, manage, market, sell, lease, encumber or dispose of the Common Interest Community, the Units, the Association Property or any part thereof, including the right to construct Improvements, place construction and office trailers, and install signs thereon, all in the complete discretion of Declarant.

ARTICLE THREE MASTER ASSOCIATION

3.1. Master Association. The Master Association has been formed as a Colorado nonprofit corporation under the Colorado Revised Nonprofit Corporation Act to manage the affairs of the Common Interest Community. As used in this Article, the term Association or Master Association shall each mean and refer to the Master Association. Subject to the power, authority and rights, duties and obligations of each Subordinate Association that is expected to be formed, the Master Association shall serve as the master governing body for all of the Owners and Occupants in the Common Interest Community, for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of Master Association Property, the levying and collection of Assessments for Master Association Common Expenses and other expenses of the Master Association, and such other matters as may be provided in this Declaration, the Articles, Bylaws, and Rules and Regulations. The Master Association shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it on behalf of the Owners in accordance with the provisions of this Declaration, the Articles and the Bylaws.

3.2. Master Association Executive Board. The affairs of the Master Association shall be managed by the Master Association Executive Board. The number and term of the members of the Master Association Executive Board shall be fixed in the Articles of Incorporation or the Bylaws, provided, however, that at least one member of the Master Association Executive Board must be a Member from and in each Subordinate Association that has been formed pursuant to these Declarations. A quorum shall be deemed present throughout any meeting of the Master Association Executive Board if persons entitled to cast at least fifty percent (50%) of the votes on the Executive Board are present at the beginning of the meeting or grant their proxy as provided in C.R.S. Section 7- 128-205(4). With the exception of matters that may be discussed in executive session, as set forth in Section 38-33.3-308(3-7) of the Act, all regular

and special meetings of the Master Association Executive Board or any committee thereof shall be open to attendance by all Members of the Association or their representatives. Without limiting the generality of the foregoing, no Rule or Regulation may be validly adopted during an executive session. Agendas for meetings of the Master Association Executive Board shall be made reasonably available for examination by all Members of the Association or their representatives. The Master Association Executive Board shall have all of the powers, authority and duties granted or delegated to it by the Act, this Declaration, the Articles or Bylaws. Except as provided in the Act, this Declaration, the Articles or Bylaws, the Master Association Executive Board may act in all instances on behalf of the Master Association, but not for a duly established Subordinate Association. The Master Association Executive Board may not, however, act on behalf of the Master Association to amend this Declaration, to terminate the Common Interest Community, or to elect members of the Master Association Executive Board or determine the qualifications, powers and duties, or terms of office of Master Association Executive Board members, but the Master Association Executive Board may fill vacancies in its membership for the unexpired portion of any term. The Master Association Executive Board may, by resolution, delegate portions of its authority to officers of the Master Association, but such delegation of authority shall not relieve the Executive Board of the ultimate responsibility for management of the affairs of the Master Association. If appointed by Declarant, in the performance of their duties, the members of the Master Association Executive Board and the officers of the Master Association are required to exercise the care required of fiduciaries of the Unit Owners. If not appointed by Declarant, no member of the Master Association Executive Board and no officer shall be liable for actions taken or omissions made in the performance of such member's or officer's duties except for wanton and willful acts or omissions.

3.3. Membership in Master Association. There shall be one Membership in the Master Association for each Subordinate Community within the Common Interest Community. Declarant shall hold a Membership in the Master Association so long as the Declarant has the right to develop the Master Association Common Elements pursuant to the Declarant Reserved Rights. Membership in the Master Association, other than the membership of the Declarant tied to the Declarant Reserved Rights, shall not be assignable separate and apart from fee simple title to a Unit, and may not otherwise be separated from ownership of a Unit.

3.4. Voting Rights of Members.

(a) **By Declarant.** Initially the Declarant (prior to the time that a new Subordinate Association for additional units created pursuant to the Declarant's Reserved Rights has been formed) shall be entitled to one (1) vote in the Master Association, which will be allocated the additional conditioned square footage which is actually constructed on pursuant to the Declarant Reserved Rights divided by the total amount of conditioned square footage which is actually constructed within the Common Interest Community. The vote allocated to the Declarant may be cast pursuant to a proxy duly executed by the Declarant.

(b) **By the Subordinate Association.** Upon the formation of a Subordinate Association, the Subordinate Association Executive Board shall be entitled to one (1) vote in the Master Association, which will be allocated as provided for in the definition of Master Association Allocated Interests and by the Subordinate Association Allocated Interests. Occupants of Units shall not have voting rights. The Subordinate Association Executive Board will designate a member of the Subordinate Association Executive Board to exercise the vote for the Subordinate Association Executive Board and the Subordinate Association Executive Board may instruct the designated member on how to vote on some or all of the matters presented to the Master Association. The individual owners of Units within a Subordinate Association shall not be entitled to cast a vote in Master Association matters, rather their interests are being represented by the Subordinate Association Executive Board.

3.5. Termination of Contracts and Leases of Declarant. The following contracts and leases, if entered into before the Master Association Executive Board elected by the Owners pursuant to Section 38-33.3-303(7) takes office, may be terminated without penalty by the Master Association at any time after the Master Association Executive Board elected by the Owners or Subordinate Association(s) pursuant to said Section 38-33.3-303(7) takes office, upon not less than ninety (90) days notice to the other party: (i) Any management contract, employment contract or lease of recreational or parking areas or facilities; (ii) Any other contract or lease between the Master Association and Declarant or an affiliate of Declarant; or (iii) Any contract or lease that is not bona fide or was unconscionable to the Owners at the time entered into under the circumstances then prevailing.

3.6. Period of Declarant Control of Master Association. Notwithstanding any other provisions hereof, Declarant shall have and hereby reserves the power to appoint and remove, in its sole discretion, the members of the Master Association Executive Board and the officers of the Master Association during the period commencing upon the Recording of this Declaration and terminating no later than the earlier of (a) sixty (60) days after conveyance of seventy-five percent (75%) of the Units that may be created to Owners other than Declarant; or (b) two (2) years after the last conveyance of a Unit by the Declarant in the ordinary course of business;

During said Period of Declarant Control of the Master Association:

(a) Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created to Owners other than Declarant, at least one (1) member and not

less than twenty-five percent (25%) of the members of the Master Association Executive Board must be elected by Unit Owners other than Declarant.

(b) Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units that may be created to Owners other than Declarant, not less than thirty-three and one-third percent (33-1/3%) of the members of the Master Association Executive Board must be elected by Unit Owners other than Declarant.

At any time prior to the termination of the Period of Declarant Control of the Master Association, the Declarant may voluntarily surrender and relinquish the right to appoint and remove officers and members of the Master Association Executive Board, but in such event Declarant may require, for the duration of the Period of Declarant Control of the Master Association, that specified actions of the Master Association or the Master Association Executive Board, as described in a Recorded instrument executed by Declarant, be approved by Declarant before they become effective. As to such actions, Declarant may give its approval or disapproval in its sole discretion and option, and its disapproval shall invalidate any such action by the Master Association Executive Board or the Master Association. Not later than the termination of the Period of Declarant Control of the Master Association, the Owners (including Declarant) shall elect an Master Association Executive Board of at least three (3) members, at least a majority of whom must be Owners other than Declarant or designated representatives of Owners other than Declarant, and the Master Association Executive Board shall elect the officers, with such Master Association Executive Board members and officers to take office upon election. Pursuant to Section 38-33.3-303(9) of the Act, within sixty (60) days after Owners other than Declarant elect a majority of the members of the Master Association Executive Board, Declarant shall deliver to the Master Association all property of the Owners and of the Association held or controlled by Declarant, including without limitation the following items:

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

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

(c) The Master Association funds or control thereof;

(d) All of the Declarant's tangible personal property that has been represented by the Declarant to be the property of the Master Association or all of the Declarant's tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of Master Association Property, and inventories of these properties;

(e) A copy, for the nonexclusive use by the Master Association, of any plans and specifications used in the construction of the improvements in the Common Interest Community;

(f) All insurance policies then in force, in which the Owners, the Master Association, or its directors and officers are named as insured persons;

(g) Copies of any certificates of occupancy that may have been issued with respect to any improvements comprising the Common Interest Community;

(h) Any other permits issued by governmental bodies applicable to the Common Interest Community and which are currently in force or which were issued within one year prior to the date on which Unit Owners other than the Declarant took control of the Master Association;

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

(j) A roster of Owners and Occupants and Mortgagees and their addresses and telephone numbers, if known, as shown on the Declarant's records.

(k) Employment contracts in which the A Master Association is a contracting party;
and

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

ARTICLE FOUR SUBORDINATE ASSOCIATION

4.1. **Subordinate Association.** As used in this Article, the terms Subordinate Association and Association shall each mean and refer to the Subordinate Association. Declarant has established two (2) Subordinate Associations as set forth herein and on the Map. Each Subordinate Association shall be formed as a Colorado nonprofit corporation under the Colorado Revised Nonprofit Corporation Act to manage the affairs of the Subordinate Association Property. Subject to the power, authority and rights, duties and obligations of the Subordinate Association to manage the Common Interest Community, the Subordinate Association shall serve as the governing body for all of the Owners and Occupants in a Subordinate Association, for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of the Subordinate Association and the Subordinate Association Property, the levying and collection of Assessments for Common Expenses and other expenses of the Subordinate Association, and such other matters as may be provided in this Declaration, any Supplemental Declaration and/or Supplemental Map acknowledging the Subordinate Association, the Articles, Bylaws, and Rules and Regulations for the Subordinate Association. A Subordinate Association shall not be deemed to be conducting a business of any kind, and all funds received by the Subordinate Association shall be held and applied by it on behalf of the Owners in accordance with the provisions of this Declaration, the Articles and the Bylaws.

ARTICLE FIVE MASTER ASSOCIATION PROPERTY

5.1. **Use and Enjoyment of Master Association Property.** With the exception of Master Association Limited Common Elements, and except as otherwise provided in this Declaration or in the Master Association Rules and Regulations, each Owner shall have the non-exclusive right to use and enjoy Master Association Property in common with all other Owners. The right to use and enjoy Master Association Property shall extend to each Owner, Occupant, and the family members, guests and invitees of each Owner, and to such other users as may be authorized by this Declaration or by the Executive Board from time to time, and shall be appurtenant to each Unit, subject at all times to the provisions of this Declaration (including Declarant's reserved rights hereunder) or the Articles, Bylaws, and the Rules and Regulations. No Owner or Occupant shall place any structure or store or leave any materials or personal property upon Master Association Property, nor shall any Owner or Occupant engage in any activity which will temporarily or permanently impair free and unobstructed access to all parts of the Master Association Property (excepting Limited Common Elements) by all Owners. With respect to Limited Common Elements, each Owner and Occupant of a Unit designated by Declaration or Map for the use of such Limited Common Element shall have the non-exclusive right to use and enjoy the same in common with all other Owners and Occupants of Units so designated, for all purposes for which the Limited Common Element was created, subject to any Rules and Regulations relating thereto.

5.2. **Association May Regulate Use of Master Association Property.** The Master Association, acting through the Master Association Executive Board, shall have the right and authority to regulate the use of Master Association Property by the promulgation, enforcement and interpretation from time to time of such Rules and Regulations relating thereto as the Master Association considers necessary or appropriate for the protection and preservation of Master Association Property and the enhancement of the use and enjoyment thereof by Owners and Occupants and other authorized users. The Master Association, acting through the Executive Board, may for good cause suspend the right of any person to use and enjoy Master Association Property, including without limitation the right of a Member who or which is delinquent in the payment of any Master Association Assessments, and the right of any Member or other authorized user who is in violation of the terms and provisions of this Declaration or the Master Association Articles, Master Association Bylaws, Master Association Rules and Regulations or the terms and provisions of any approvals granted by the Master Association Executive Board.

5.3. **Master Association to Maintain and Improve Master Association Property.** The Master Association, its agents and employees, shall maintain and repair, snowplow as necessary, and otherwise manage the Master Association Property (including the Master Association Limited Common Elements), including, but not limited to, any Buildings or other Improvements. The Master Association may construct, alter and remove such Improvements and landscaping upon Master Association Property as the Master Association in its discretion considers necessary, desirable or appropriate from time to time, and may do all such other and further acts which the Master Association Executive Board deems necessary or appropriate to preserve, protect and enhance the Association Property and the beauty thereof in accordance with the general objectives for the Common Interest Community reflected in this Declaration. Separate bids shall be let for the maintenance of Limited Common Elements so that the costs thereof can be assessed exclusively to the Units benefited thereby. The Master Association may contract with third parties to perform any of the foregoing responsibilities.

5.4. **No Partition of Master Association Property.** No Owner or other Person shall have any right to partition or to seek the partition of Master Association Property or any part thereof unless otherwise provide for herein.

5.5. **Owner Liability for Owner or Occupant Damage to Association Property.** Each Owner shall be liable to the Master Association for any damage to Master Association Property or for any expense, loss or liability suffered or incurred by the Association arising from (a) the negligence or willful misconduct of such Owner or of any Occupant, agent, employee, family member, guest or invitee of such Owner, or (b) any violation by such Owner or any Occupant, agent, employee, family member, guest or invitee of such Owner of any law, regulation, or code, including without limitation any environmental law, or of any provisions of this Declaration, or the Master Association Rules and Regulations relating to Master Association Property. Each Owner shall indemnify, defend and hold the Master Association harmless from any loss, damage, expense or liability arising from the circumstances described in subsections (a) or (b) immediately above. The Master Association shall have the power to levy and collect a Reimbursement Assessment against an Owner to recover the costs, expenses, damages, losses or liabilities incurred by the Master Association as a consequence of any such negligence, willful misconduct or violations.

5.6. **Damage or Destruction to Master Association Property.** In the event of damage to or destruction of Master Association Property, including Improvements thereon, by fire, snow, rain, high winds or other casualty, the Master Association shall repair or replace the same in accordance with the provisions of this Declaration. Repair, reconstruction, or replacement of Master Association Property shall be accomplished under such contracting and bidding procedures as the Association shall determine are appropriate. If insurance proceeds available to the Master Association on account of damage or destruction exceed the cost of repair, reconstruction, and replacement, the Master Association may use the same for future maintenance, repair, improvement, and operation of Master Association Property or for any other use deemed appropriate by the Master Association Executive Board.

5.7. **Condemnation of Master Association Property.** If any Master Association Property or part thereof or interest therein is taken under exercise of the power of eminent domain or by purchase in lieu thereof, the portion of any award in condemnation or the price payable for the deed in lieu that is attributable to the Master Association Property taken or purchased shall be paid to the Master Association. The Master Association shall have the exclusive right to participate in such condemnation proceedings and to represent the interests of all Owners and Occupants and other Persons therein. Any award or funds received by the Master Association shall be held by the Master Association for the purposes stated hereinabove or as a reserve for future maintenance, repair, reconstruction, or replacement of Master Association Property or may be used for Improvements or additions to or operation of Master Association Property or for such other uses as may be deemed appropriate by the Master Association Executive Board. Except as may otherwise be provided by the Act, no Owner or other Person shall be entitled to participate as a party or otherwise in any condemnation proceedings nor to receive any proceeds therefrom.

5.8. **Title to Master Association Property Upon Dissolution of Master Association.** In the event of dissolution of the Master Association, the Master Association Property shall, to the extent permitted by law and reasonably possible, be conveyed or transferred to an appropriate public, governmental or quasi-governmental agency or organization or to a nonprofit corporation, association, trust, or other organization, to be used, in any such event, for the common benefit of Owners of Units within the Master Association for the purposes for which the Master Association Property was held by the Master Association. If the foregoing is not possible, the Master Association Property shall be sold or disposed of and the proceeds from the sale or disposition shall be distributed to Owners in proportion to each Owner's Allocated Interest in the Common Expenses of the Master Association.

5.9. **Mechanic's Liens on Master Association Property.** Declarant shall be responsible for the release of mechanics' liens filed with respect to Master Association Property, or any part thereof, if such liens arise from labor performed or materials furnished at the instance of Declarant, its agents, contractors or subcontractors. Likewise, the Master Association shall be responsible for the release of mechanics' liens filed with respect to Master Association Property, or any part thereof, if such liens arise from labor performed or materials furnished at the instance of the Master Association, its directors, officers, agents, contractors or subcontractors. No labor performed or materials furnished with respect to a or Unit at the instance of the Unit Owner within a Master Association shall be the basis for filing a lien against Master Association Property. No labor performed or materials furnished with respect to Master Association Property at the instance of the Master Association Executive Board shall be the basis for filing a lien against any Unit.

ARTICLE SIX SUBORDINATE ASSOCIATION PROPERTY

Use and Enjoyment of Subordinate Association Property. The Subordinate Association Declaration shall govern the use and enjoyment of any Subordinate Association Property as defined in such Declaration.

ARTICLE SEVEN EASEMENTS

7.1. **Easements for Incidental Encroachments.** If any portion of an Improvement approved by the Master Association Executive Board encroaches in its approved location respectively upon Master Association Property, including any future encroachments arising or resulting from the repair or reconstruction of an Improvement subsequent to its damage, destruction or condemnation, a valid easement on the surface and for subsurface support below such surface and for the maintenance of same,

so long as it stands, shall and does exist for such incidental encroachment.

7.2. Blanket Association Utility and Drainage Easement Over Roads and Association Property. There is hereby created, granted and reserved to the Master Association for the Master Association Property and, consistent with this Declaration, the Common Interest Community, its agents, employees and assigns, a perpetual, non-exclusive blanket easement over, across, upon and under all Master Association Property at locations shown on the Map for "Master Association Utility Easements" for the construction, installation, testing, operation, monitoring, management, administration, maintenance, repair, removal and replacement of utilities and utility lines, irrigation lines and systems, drainage systems, pipes, wires, circuits, conduits, meters, facilities and systems for the benefit of the Common Interest Community or any part thereof or neighboring lands, including but not limited to drainage, domestic water, irrigation water, sewer, gas, telephone, electricity, cable TV and other master TV and communication systems, if any, together with an easement for access, ingress and egress to accomplish such purposes, and together with the right to grant any such easement rights to utility companies. The Master Association or other person or entity exercising such utility and drainage easement rights shall be obligated to restore, reseed, replant and/or re-landscape the surface of the disturbed area to as close to its original condition as possible, as promptly as possible following completion of any utility or drainage work.

7.3. Association Administrative Easement Over Roads, Private Driveways and Association Property. There is hereby created, granted and reserved to the Master Association, its agents, employees and assigns, a perpetual, non-exclusive easement over, across, upon and under all paths, roads and private driveways (as-built) in the Common Interest Community and all Master Association Property, a right to use the same for purposes of enabling the Master Association, as the case may be and as authorized by the Declarations, to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration.

7.4. Declarant Easement Over Roads, Paths and Association Property. There is hereby created, granted and reserved to Declarant and its successors and assigns a non-exclusive easement over, across, upon and under all roads in the Common Interest Community and all Master Association Property (including without limitation all easements benefiting the Master Association), including a right of access, ingress and egress thereto, and a right to use such roads and paths and Master Association Property, and each and every part thereof, for all purposes reasonably related to (a) Declarant's development, improvement, maintenance, management, marketing and sale of the Common Interest Community and all portions thereof and/or (b) Declarant's exercise and implementation of the rights reserved to Declarant under this Declaration, and/or (c) the discharge by Declarant of any of its obligations under this Declaration or under the SIA or any other Declarant obligations relating to the Common Interest Community. Declarant's rights with respect to this easement shall terminate upon the first to occur of (i) the date which is thirty (30) years after the Recording of this Declaration, or (ii) Declarant's relinquishment of all or a portion of this easement right by Recorded instrument.

7.5. Utility. There is hereby created, granted and reserved for the use and benefit of the Declarant, the Master Association, Subordinate Association and appropriate public utilities, perpetual, non-exclusive easements over, upon, across and under those portions of the Common Interest Community that are designated "**Utility Easement**" on the Map. Utility Easements may be used for the installation, operation, maintenance, repair, removal or replacement of underground utility lines and related surface facilities. Drainage Easements may be used for the installation, operation, maintenance, repair, removal or replacement of drainage systems and facilities. Except as may otherwise be provided in any Development Agreement between Declarant and the Town or in any other separate agreement between Declarant and a utility supplier, the party causing the disturbance shall be obligated to restore, repair, reseed and/or re-landscape any area disturbed by the exercise of these easement rights to as close to its original condition as possible, as promptly as possible following the completion of any work within a Utility or Drainage Easement.

7.6. Blanket Emergency Services Easement. There is hereby created, granted and reserved for the use and benefit of all police, sheriff, fire protection, ambulance and other similar emergency agencies or persons, now or hereafter serving the Common Interest Community and its Owners and Occupants, a perpetual, non-exclusive blanket Emergency Services Easement over, upon, along and across all streets, roads, properties and areas within the Common Interest Community, for use in the lawful performance of their duties.

7.7. Easements Deemed Created. All conveyances of Units and Association Property hereafter made, whether by Declarant or otherwise, shall be deemed and construed to grant and reserve all of the easements referred to in this Article 7 and elsewhere in this, even though no specific reference to such easements appears in the conveyancing instruments.

7.8. Restrictions on Owners in Easement Areas. Neither the Declarant, the Master Association, the Subordinate Associations, or the Owners Units that are subject to any easements created by this Declaration or by the Map shall acquire no right, title or interest in any cables, conduits, mains, lines, or other equipment or facilities or improvements that may be installed upon, over or under the easement area by a beneficiary of said easement rights. Moreover, Owners and Occupants of Units that

are subject to any such easements are hereby prohibited from (i) constructing any Improvements upon the easement areas excepting driveways and any other Improvements expressly approved in writing in advance by the Executive Board, (ii) altering or obstructing the flow of any water or drainage thereon, or (iii) landscaping the same, in any manner that might interfere with the full and proper exercise of said easement rights by any beneficiary thereof. Finally, said Owners and Occupants are hereby prohibited from violating any of the restrictions relating to the use of the easement areas as may be set forth in this Declaration. Any Owner or Occupant violating any of these restrictions shall be obligated to remove the offending improvement or landscaping and to restore the surface of the area to its original condition at the Owner's cost and expense, or otherwise to remedy the violation, within 30 days following a written request therefore from any easement beneficiary. If said Owner or Occupant fails to comply with the request in a timely manner, the respective Master Association and the Subordinate Associations shall have the right to enter upon the Owner's Unit to perform the necessary work and may assess the costs thereof against the Owner and the Owner's Unit in the form of a Reimbursement Assessment.

ARTICLE NINE
POWERS AND DUTIES OF THE MASTER ASSOCIATION AND SUBODINATE ASSOCIATIONS

9.1. General Powers and Duties of Association. The Master Association shall have and may exercise all of the powers and rights and duties of a Colorado corporation formed under the Colorado Revised Nonprofit Corporation Act, and all of the powers and duties provided for in the Act including those enumerated in Section 38-33.3-302 of the Act, as such laws may be amended from time to time, subject only to the limitations upon such powers as are contained in this Declaration. More specifically, and without limiting the generality of the foregoing, the Master Association shall have all of the powers and duties necessary (i) for the administration, management, governance and operation of the Common Interest Community , (ii) to own, operate, improve, maintain, repair, manage, lease, encumber, and otherwise deal with respective Master Association Property , (iii) to improve, maintain and repair the respective Master Association Limited Common Elements, and (iv) to do any and all lawful things that may be authorized, required or permitted to be done by the Master Association under the Act and/or under the provisions of this Declaration.

9.2. Power to Grant Easements. The respective Master Association shall have the power to grant access, utility, drainage, irrigation, and such other easements upon, over, across or under the Master Association Property as it deems necessary or desirable for the benefit of the Master Association Property or parts thereof, or for the benefit of all or less than all of the Owners in the Master Association , or for the benefit of lands situated outside the Common Interest Community. The Master Association shall have the power to grant access, utility, drainage, irrigation, and such other easements upon, over, across or under the Master Association Property as it deems necessary or desirable for the benefit of its Members, or for the benefit of all or less than all of the Owners, or for the benefit of lands situated outside the Common Interest Community.

9.3. Power to Convey or Encumber Association Property. The Master Associations shall have the power to convey, or subject to a security interest, portions of the Master Association Property if Owners entitled to cast at least sixty-seven percent (67%) of the allocated votes in the Master Association Property , including sixty-seven percent (67%) of the votes allocated to Units not owned by Declarant, agree to that action, except that all Owner(s) of Units to which any Limited Common Element is allocated must agree in order to convey that Limited Common Element or to subject it to a security interest. Proceeds of the sale are an asset of the Master Association . An agreement to convey, or subject to a security interest, Association Property must be evidenced by the execution of an agreement, in the same manner as a deed, by the Master Association. A conveyance or encumbrance of Master Association Property pursuant to this Section shall not deprive any Unit of its rights of (i) access, ingress and egress to the Unit, and (ii) support of the Unit. A conveyance or encumbrance of Association Property pursuant to this Section shall not affect the priority or validity of preexisting encumbrances.

9.4. General Power to Provide Services and Facilities to Owners. The Master Association shall have the power, but not the obligation, to acquire, construct, operate, manage, maintain, repair and administer services and facilities for the benefit of the Owners, or some of them, including, without limitation, security, animal control, rockfall mitigation, noise attenuation, vegetation control, insect and pest control, television service, parking facilities, transportation facilities, snow removal, signage, (including entry monuments), lighting, (including seasonal lighting), fencing, landscape walls, landscaping services and facilities, drainage facilities, including retention and detention ponds, irrigation facilities, water features, trash and solid waste disposal services, including recycling programs, utility services, recreational facilities and services, maintenance, and such other services, functions and facilities as are deemed appropriate by the Executive Board of the Master Association. The foregoing list shall not be deemed to be a representation by Declarant of services or facilities that will in fact be available for use by the Owners. The Master Association may enter into such agreements and arrangements as it may deem appropriate with any provider of utilities or services to the Common Interest Community or any portion thereof and may form or join any districts created to provide such services.

9.5. Power to Provide Special Services to Owners. The Master Associations shall have the power to provide services to an Owner or group of Owners. Any service or services to an Owner or group

of Owners shall be provided pursuant to an agreement in writing which shall provide for payment to the Master Associations by such Owner or group of Owners of the costs and expenses of the Master Associations in providing such services, including a fair share of the overhead expenses of the Master Association, and shall contain reasonable provisions assuring that the obligation to pay for such services shall be binding upon any heirs, personal representatives, successors and assigns of the Owner or group of Owners and that the payment for such services shall, in the discretion of the Executive Board of the Master Association, be secured by a lien on the Unit(s) of the Owner or group of Owners.

9.6. Power to Charge for Special Association Property Uses and Special Association Services. The Master Associations shall have the power to establish reasonable admission or other fees or charges for any special or extraordinary Master Association Property uses or for any Master Association services such as special parking privileges, special recreation facilities, conference rooms, instruction, or similar uses beyond the ordinary use of Master Association Property uses and ordinary Master Association services. Such charges or fees shall be set forth in schedules of charges and fees adopted from time to time by the Master Association Executive Board.

9.7. Power to Acquire Property and Construct Improvements. The Master Associations may acquire, hold, encumber and/or convey any right, title or interest in or to real or personal property, including Improvements. The Master Association may construct Improvements on respective Master Association Property provided such improvements do not interfere with the Declarant's reserved rights.

9.8. Power to Adopt Rules and Regulations. The Master Association may adopt, amend, repeal, and enforce such Rules and Regulations as the Executive Board may consider necessary, desirable or appropriate from time to time with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Master Association Property (including Limited Common Elements), and the use of any other property within the Common Interest Community, including Units. Any such Rules and Regulations shall be effective only upon adoption by resolution at an open meeting of the Master Association Executive Board. Such Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of conflict between the Rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall govern. Such Rules and Regulations may establish reasonable and uniformly applied penalties (including the levying and collection of fines) for the violation of such Rules and Regulations or of any provision of this Declaration, the Articles, or the Bylaws.

9.9. Power to Contract with Employees, Agents, Contractors, Districts, Consultants and Managers. The Master Association shall have the power to contract with, and/or to employ and discharge employees, agents, independent contractors and consultants, including lawyers and accountants, and special districts, to perform any of the responsibilities of the Master Association under this Declaration, including without limitation maintenance responsibilities. The Master Association shall also have the power to retain and pay for the services of a manager or managers, which may be an affiliate of Declarant, to undertake any of the administrative or managerial responsibilities for which the Association may have responsibility under this Declaration, to the extent deemed advisable by the Association, and may delegate any of its duties, powers, or functions to any such manager. Notwithstanding any delegation to a manager of any duties, powers, or functions of the Master Association and its Executive Board shall remain ultimately responsible for the performance and exercise of such duties, powers, and functions.

9.10. Power to Assign Future Income. The Master Association shall have the power to assign its right to future income, including the right to receive Regular Assessments, but only following the affirmative vote of at least fifty-one (51) percent of the total allocated votes in the Master Association, at a duly-called meeting of the Members of the Master Association.

9.11. Duty to Accept Property and Facilities Transferred by Declarant. The Master Association shall accept title to any real property, or interests in real property, including any Improvements and personal property thereon, transferred to the respective Master Associations by Declarant, or Declarant's successors or assigns. Property interests transferred to the Master Association by Declarant or its successors or assigns may include fee simple title, undivided interests, easements, leasehold interests and licenses to use. Any property or interest in property transferred to Master Association by Declarant shall, except to the extent otherwise specifically approved by resolution of the Executive Board, be transferred to the Master Association free and clear of all monetary obligations, liens and encumbrances (other than the lien of property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration and all easements, covenants, conditions, restrictions, and equitable servitudes or other encumbrances of record or otherwise in existence. Except as otherwise specifically approved by resolution of the Executive Board, no property or interest in property transferred to the Master Association by Declarant shall impose upon the Master Association any obligation to make monetary payments to Declarant or any affiliate of Declarant, including, but not limited to, any purchase price, rent, charge, or fee. Any Improvements or personal property transferred to the Master Association by Declarant shall be in good working order, ordinary wear and tear excepted, and at the time of transfer Declarant shall make any repairs reasonably required to bring the transferred property into good working order. Subject only to the foregoing, the Master Association shall accept all properties transferred to it by Declarant in their "Where Is, As Is" condition, without recourse of any kind, and Declarant disclaims and shall not be deemed to make or to have made any representations or warranties, express or implied, by fact or law, with respect to the transferred properties or any aspect or element thereof, including without limitation warranties of merchantability, habitability, fitness for a particular purpose, or workmanlike construction.

9.12. Duty to Manage and Care for Association Property. The Master Association shall manage, operate, care for, maintain, repair and replace all Master Association Property and keep the same in a functional, clean and attractive condition for the benefit and enjoyment of the Owners. Except as otherwise specifically provided in this Declaration the Master Association shall also manage, operate, care for, maintain and repair the Limited Common Elements.

9.13. Owner's Duty to Manage and Care for Limited Common Elements. Each Owner shall be responsible for the day-to-day cleaning and upkeep of the Limited Common Elements, including any Building Common Elements, reserved for the use of such Owner and any other Owners. Any and all costs associated with said day-to-day care, cleaning and upkeep of said Limited Common Elements shall be paid and discharged by the Owner or Owners entitled to the exclusive use of said Limited Common Elements. The expense of maintaining, repairing, replacing or reconstructing a Limited Common Element shall be assessed equally against the Unit or Units to which such Limited Common Element is assigned. Should an Owner fail to discharge these duties and obligations, then the Association may, but is not obligated to discharge said duties and obligations and to assess the Units charged with these duties and obligations as a Reimbursable Assessment.

9.14. Duty to Pay Taxes. The Master Association shall pay any taxes and assessments levied upon Association Property (excepting Limited Common Elements) and any other taxes and assessments payable by the Association before they become delinquent. The Master Association shall have the right to contest any such taxes or assessments by appropriate legal proceedings provided no sale or foreclosure of any lien for such tax or assessment occurs and provided further that the Master Association shall keep and hold sufficient funds to pay and discharge the taxes and assessments, together with any interest and penalties which may accrue with respect thereto, if the contest of such taxes is unsuccessful.

9.15. Duty to Keep Association Records. The Master Association shall keep financial records in sufficient detail to enable the respective Master Association to carry out its responsibilities under this Declaration and to comply with the requirements of the Act, including, but not limited to, current records of paid and unpaid Assessments for each Unit. All financial and other records of the Master Association shall be made reasonably available for examination by the Owners and the authorized agents of the Owners.

9.16. Duty to Support Executive Board. The Master Association shall take such actions, provide such funds, and do such other things as may be necessary or appropriate from time to time to support and assist the respective Executive Board in the performance of its responsibilities under this Declaration, and shall cooperate with said Committee to the fullest extent possible in such matters.

9.17. Insurance. Commencing not later than the time of the first conveyance of a Unit to a Person other than Declarant, the Master Association, shall maintain and keep in effect at all times the following types of insurance, and the cost of said coverage shall be paid by the Master Association as a Common Expense, provided that the Declarant may include terms and conditions in any Supplemental Declaration providing for different insurance coverage requirements for a Subordinate Association for the completed Buildings and Units being annexed into the Common Interest Community at the time the Supplemental Declaration is being recorded..

(a) **Casualty Insurance.** To the extent reasonably available, property insurance on all Master Association Property, including but not limited to Improvements and personalty, owned or leased by the Master Association, and on all property that must become Master Association Property. Such insurance shall be for broad form covered causes of loss, including casualty, fire, and extended coverage insurance including, if available at reasonable cost, coverage for vandalism and malicious mischief and, if available and if deemed appropriate, coverage for flood, earthquake, and war risk. Such insurance shall, to the extent reasonably obtainable, be for the full insurable replacement cost of the insured property, less applicable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavation, foundations and other items normally excluded from property policies.

(b) **Liability Insurance.** Comprehensive general liability insurance against claims and liabilities arising in connection with the ownership, existence, use, maintenance or management of the Master Association Property (including the Master Association Limited Common Elements), and covering public liability or claims of liability for injury to persons and/or property, and death of any person or persons, and, if the Association owns or operates motor vehicles, public liability or claims of liability for bodily injury (including death) and property damage arising as a result of the ownership and operation of motor vehicles. Such liability insurance for other than motor vehicle liability shall, to the extent reasonably obtainable, (a) have limits of not less than Five Million Dollars (\$5,000,000.00) per person and Five Million Dollars (\$5,000,000.00) per occurrence; (b) insure the Master Association Executive Board, the Master Association and its officers, the manager, if any, and their respective employees, agents and all Persons acting as agents; (c) include the Declarant as an additional insured as its interests may appear; (d) include the Owners as additional insureds, but only for claims and liabilities arising in connection with the ownership, existence, use, maintenance or management of Master Association Property ; (e) cover claims of one or more insured parties against other insured parties; (f) be written on an occurrence basis; and (g) shall name as additional insureds such other parties as may be required by specific agreements.

(c) **Contractual Liability Insurance.** To the extent reasonably available, contractual liability insurance covering such contractual obligations and liabilities, indemnifications, hold harmless

agreements, and agreements to defend, as the Master Association may have or be a party to from time to time, with coverage of at least Two Million Dollars (\$2,000,000.00) or such greater amount as the Master Association Executive Board shall determine to be appropriate from time to time.

(d) **Fidelity Bonds.** To the extent reasonably available, fidelity bond coverage against dishonest acts on the part of directors, officers, managers, trustees, agents, employees or volunteers responsible for handling funds belonging to or administered by the Master Association. If funds of the Master Association are handled by a management agent, then fidelity bond coverage may also be obtained for the officers, employees, or agents thereof handling or responsible for Master Association funds. The fidelity bond or insurance must name the Master Association as the named insured and shall be written to provide protection in an amount no less than the lesser of (a) one-half times the Master Association estimated annual operating expenses and reserves, (b) a sum equal to three (3) months aggregate Regular Assessments, plus reserves, as calculated from the current Budget of the Association; or (c) the estimated maximum amount of funds, including reserves, in the custody of the Master Association (and its management agent) at any one time. In connection with such coverage, an appropriate endorsement to the policy to cover any person who serves without compensation shall be added if the policy would not otherwise cover volunteers.

(e) **Worker's Compensation.** A Worker's Compensation policy, if necessary, to meet the requirements of law.

(f) **Directors and Officers Liability Insurance.** Directors and officers liability insurance with coverage of at least Two Million Dollars (\$2,000,000.00) or such greater amount as the Executive Board shall approve for all Association, Master Association Executive Board, and its officers, members and managers, for any and all errors and/or omissions and other covered actions that occur during their tenure in office or employment. This insurance coverage shall be mandatory.

(g) **Other Insurance.** Such other insurance in such amounts as the Master Association Executive Board shall determine, from time to time, to be appropriate to protect the Master Association or the Owners, or as may be required by the Act.

(h) **General Provisions Respecting Insurance.** Insurance obtained by the Master Association may contain such deductible provisions as good business practice may dictate. If the insurance described is not reasonably available, or if any policy of such insurance is canceled or not renewed without a replacement policy therefore having been obtained by it, the Association shall promptly cause notice of that fact to be delivered or sent prepaid by U.S. Mail to all Owners.

Insurance policies carried pursuant to Sections 10.16(a) and 10.16(b) above shall provide that (i) each Owner is an insured Person under the policy with respect to liability arising out of such Owner's interest in the Master Association Property or membership in the Association; (ii) the insurer waives its rights of subrogation under the policy against the Master Association, each Owner, and any Person claiming by, through, or under such Owner or any other director, agent, or employee of the foregoing; (iii) no act or omission by any Owner, unless acting within the scope of such Owner's authority on behalf of the Master Association, will void the policy or be a condition to recovery under the policy; and (iv) if at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy shall be the primary insurance. An insurer that has issued an insurance policy for the insurance described in Sections 10.16(a) and 10.16(b) above shall issue certificates or memoranda of insurance to the Association and, upon request, to any Owner or holder of a security interest. Unless otherwise provided by statute, the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, and each Owner and holder of a security interest to whom a certificate or memorandum of insurance has been issued, at their respective last-known addresses.

Any loss covered by the property insurance policy described in Section 10.16(a) above 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 Association, and not to any holder of a security interest. The insurance trustee or the Master Association shall hold any insurance proceeds in trust for the Association, Owners and lienholders as their interests may appear. Subject to the provisions of Section 38.33.3-313(9) of the Act, the proceeds must be disbursed first for the repair or restoration of the damaged property, and the Association, Owners, and lienholders 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 or the Common Interest Community is terminated.

The Master Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment. To the extent the Master Association settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefiting from such repair or restoration for all deductibles paid by the Master Association. In the event more than one Unit is damaged by a loss, the Association in its reasonable discretion may assess each Unit Owner a pro rata share of any deductible paid by the Master Association. Insurance obtained by the Master Association shall, to the extent reasonably possible, and provided Declarant reimburses the Master Association for any additional premium payable on account thereof, name Declarant as an additional insured and shall contain a waiver of rights of subrogation as against Declarant.

Insurance policies and insurance coverage shall be reviewed at least annually by the Master Association Executive Board to ascertain whether coverage under the policies is sufficient in light of the current values of the Association Property and in light of the possible or potential liabilities of the Association and other insured parties. The aforementioned insurance may be provided under blanket policies covering the Association Property and property of Declarant.

In no event shall insurance coverage obtained or maintained by the Master Association obviate the need for Owners and Occupants to obtain insurance for their own benefit.

Furthermore, to the extent reasonably available, insurance policies obtained by the Association shall contain the following provisions:

(i) The coverage afforded by such policies shall not be brought into contribution or proration with any insurance which may be purchased by an Owner, Occupant or Mortgagee.

(i) The conduct of any one or more Owners or Occupants shall not constitute grounds for avoiding liability on any such policies.

(ii) Each policy must contain a waiver of any defenses based on co-insurance or on invalidity arising from the acts of the insured.

(iii) A “severability of interest” endorsement shall be obtained which shall preclude the insurer from denying the claim of an Owner or Occupant because of the conduct or negligent acts of the Association and its agents or other Owners or Occupants.

(iv) Any “no other insurance” clause shall exclude insurance purchased by Owners, Occupants or Mortgagees.

(v) Coverage must not be prejudiced by (i) any act or neglect of Owners or Occupants when such act or neglect is not within the control of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Common Interest Community over which the Association has no control.

(vi) Coverage may not be canceled or substantially modified without at least thirty (30) days (or such lesser period as the Association may reasonably deem appropriate) prior written notice to the Association.

(vii) Any policy of property insurance which gives the carrier the right to elect to restore damage in lieu of a cash settlement must provide that such election is not exercisable without the prior written approval of the Association, or when in conflict with the insurance trust provisions contained herein, or any requirement of law.

(viii) A recognition of any insurance trust agreement entered into by the Association.

(ix) Each hazard insurance policy shall be written by a hazard insurance carrier which has a financial rating as designated in *Best's Key Rating Guide* of Class VI or better, or if such rating service be discontinued, an equivalent rating by a successor thereto or a similar such rating service. Each insurance carrier must be specifically licensed or authorized by law to transact business within the State of Colorado.

(f) **Nonliability of Association or Executive Board.** Notwithstanding the duty of the Association to obtain insurance coverage, as stated herein, neither the Association nor any Executive Board member, nor the Declarant, shall be liable to any Owner, Occupant, Mortgagee or other Person, if any risks or hazards are not covered by insurance, or if the appropriate insurance is not obtained because such insurance coverage is not reasonably obtainable on the Association's behalf, or if the amount of insurance is not adequate, and it shall be the responsibility of each Owner and Occupant to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for such additional insurance coverage and protection as the Owner or Occupant may desire.

(g) **Premiums.** Premiums for insurance policies purchased by the Master Association and other expenses connected with acquiring such insurance shall be paid by the Master Association as a Master Association Common Expense, except that (i) liability insurance on Limited Common Elements shall be separately bid and the cost thereof shall only be included in the Regular Assessments of the Units entitled to use such Limited Common Elements, and (ii) the amount of increase over any annual or other premium occasioned by the use, misuse, occupancy or abandonment of a Unit or its appurtenances, or Association Property, by an Owner or Occupant, may at the Executive Board's election, be assessed against that particular Owner and its Unit as a Reimbursement Assessment.

(h) **Insurance Claims.** The Master Association is hereby irrevocably appointed and authorized, subject to the provisions contained herein, to adjust all claims arising under insurance policies purchased

by the Master Association and to execute and deliver releases upon the payment of claims, and to do all other acts reasonably necessary to accomplish any of the foregoing. The Master Association Executive Board has full and complete power to act for the Master Association in this regard, and may, in its discretion, appoint an authorized representative, or enter into an insurance trust agreement, wherein the trustee shall have the authority to negotiate losses under any policy purchased by the Master Association.

(i) **Benefit.** Except as otherwise provided herein, all insurance policies purchased by the Association shall be for the benefit of, and any proceeds of insurance received by the Master Association or any insurance trustee shall be held or disposed of in trust for the Master Association, the Owners, or the Occupants, as their interests may appear.

(j) **Other Insurance to be Carried by Unit Owners.** Insurance coverage on the furnishings and other items of personal property belonging to an Owner or Occupant, public liability insurance coverage upon each Unit, and casualty insurance coverage for the Units, shall be the responsibility of the Owner or Occupant of the Unit. No Unit Owner or Occupant shall maintain any insurance which would limit or reduce the insurance proceeds payable under the casualty insurance maintained by the Master Association in the event of damage to the Improvements or fixtures on Master Association Property .

9.18. Damage to Common Interest Community. Any portion of the Common Interest Community for which insurance is required under Section 38-33.3-313 of the Act which is damaged or destroyed must be repaired or replaced promptly by the Association unless: (i) the Common Interest 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 Unit Owners, including owners of every Unit that will not be rebuilt, vote not to rebuild; or (iv) prior to the conveyance of any Unit to a person other than Declarant, a Mortgagee on the damaged portion of the Common Interest Community rightfully demands all or a substantial part of the insurance proceeds.

The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If the entire Common Interest Community is not repaired or replaced, the insurance proceeds attributable to the damaged Master Association Property must be used to restore the damaged area to a condition compatible with the remainder of the Common Interest Community, and, except to the extent that other Persons will be distributees, the insurance proceeds attributable to Units that are not rebuilt must be distributed to the Owners of those Units, or to lienholders, as their interests may appear, and the remainder of the proceeds must be distributed to all Owners or lienholders as their interests may appear in proportion to the Common Expense liabilities of all the Units.

In the event of damage to or destruction of all or a portion of the Master Association Property due to fire or other adversity or disaster, the insurance proceeds, if sufficient to reconstruct or repair the damage, shall be applied by the Master Association to such reconstruction and repair. If the insurance proceeds with respect to such Master Association Property damage or destruction are insufficient to repair and reconstruct the damage or destruction, the Master Association may levy a Special Assessment in the aggregate amount of such deficiency, or if any Owner or group of Owners is liable for such damage, may levy a Reimbursement Assessment against the Owner or group of Owners responsible therefore, and shall proceed to make such repairs or reconstruction. Such Assessment shall be due and payable as provided by resolution of the respective Executive Board, but not sooner than sixty (60) days after written notice thereof. The Assessment provided for herein shall be a debt of each Owner assessed and a lien on the Owner's Unit, and may be enforced and collected in the same manner as any Assessment Lien provided for in this Declaration. If the entire damaged Association Property is not repaired or replaced, the insurance proceeds attributable to the damaged Association Property must be used to restore the damaged area to a condition compatible with the remainder of the Common Interest Community. No distributions of insurance proceeds shall be made unless made jointly payable to the Owners and first Mortgagees of their respective Units, if any.

9.19. Limited Liability. Neither the Master Association nor its past, present or future officers or directors, nor any employee, agent or committee member of the Master Association or of the Executive Board shall be liable to any Owner or Occupant or to any other Person for actions taken or omissions made except for wanton and willful acts or omissions. Without limiting the generality of the foregoing, the Master Association, Executive Board shall not be liable to any Owner or Occupant or other Person for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice. Acts taken upon the advice of legal counsel, certified public accountants, registered or licensed engineers, architects or surveyors shall conclusively be deemed to be in good faith and without malice. To the extent insurance carried by the Master Association for such purposes shall not be adequate, the Owners severally agree to indemnify and to defend the Master Association and its Executive Board against claims, damages or other liabilities resulting from such good faith action or failure to act.

ARTICLE TEN ASSESSMENTS

10.1. Assessment Obligation and Lien. Declarant, on behalf of each Unit and with the recordation of each Supplemental Declaration and Supplemental Map for each Unit, shall be deemed to covenant and agree, and each Unit Owner, by acceptance of a deed therefore (including a public trustee's or sheriff's deed), whether or not it shall be so expressed in any such deed or other instrument of

conveyance, shall be deemed to covenant and agree, to pay to the Association: (1) Regular Assessments or charges, (2) Special Assessments, and (3) Reimbursement Assessments, such assessments to be established and collected as hereinafter provided (collectively the “Assessments”).

The Assessments shall mean Assessments properly imposed by the Master Association hereunder.

No Owner shall have any right to set-off against an Assessment any claims that the Owner may have or may claim to have against the Association.

The Assessments, together with interest, late charges, costs, and reasonable attorneys’ fees, shall be a continuing lien and security interest upon the Unit against which each such Assessment is charged. The obligation for such payments by each Unit Owner to the Association is an independent covenant, with all amounts due from time to time payable in full without notice (except as otherwise expressly provided in this Declaration) or demand, and without set-off or deduction of any kind or nature. Each Unit Owner is liable for Assessments made against such Owner’s Unit during his period of ownership of the Unit. Each Assessment, together with interest, late charges, costs and reasonable attorneys’ fees, shall also be the joint, several and personal obligation of each Person who was an Owner of such Unit at the time when the Assessment became due. Upon the transfer of title to a Unit, the transferor and the transferee shall be jointly, severally and personally liable for all unpaid Assessments and other charges due to the Association prior to the date of transfer, and the transferee shall be personally liable for all such Assessments and charges becoming due thereafter.

10.2. Statutory Lien. The Association has a statutory lien pursuant to Section 38-33.3-316 of the Act on the Unit of an Owner for all Assessments levied against such Unit or fines imposed against such Unit’s Owner from the time the Assessment or fine becomes due (the “Assessment Lien”). Fees, charges, late charges, attorneys’ fees, fines and interest charged by the Association pursuant to the Act or this Declaration are enforceable as Assessments. The amount of the lien shall include all such items from the time such items become due. If an Assessment is payable in installments, the Association has an Assessment Lien for each installment from the time it becomes due, including the due date set by the Executive Board’s acceleration of installment obligations. An Assessment Lien is extinguished unless proceedings to enforce the lien are instituted within 6 years after the full amount of Assessments becomes due.

10.3. Lien Superior to Homestead and Other Exemptions. An Assessment Lien 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 subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said Assessment Lien.

10.4. Priority of Lien. An Assessment Lien is prior to all other liens and encumbrances on a Unit except as follows:

- (a) Liens and encumbrances Recorded before the recordation of this Declaration;
- (b) A security interest on the Unit 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. An Assessment Lien is prior to the security interest described in the preceding sentence to the extent of an amount equal to the Regular Assessments (based on a Budget adopted by the Association pursuant to Section 11.7 below) which would have become due, in the absence of any acceleration, during the six (6) months immediately preceding institution by the Association or any party holding a lien senior to any part of the Association lien created under this Article 11 of an action or a nonjudicial foreclosure either to enforce or to extinguish the lien;
- (c) Liens for real estate taxes and other governmental assessments or charges against the Unit; and
- (d) As may otherwise be set forth in the Act. The priority of mechanics’ and materialmen’s liens is not affected by the Act.

This Article 11 does not prohibit an action or suit to recover sums for which this Article 11 creates a lien or prohibit the Association from taking a deed in lieu of foreclosure. Sale or transfer of any Unit shall not affect the lien for an Assessment.

10.5. Perfection of Lien. The Recording of this Declaration constitutes record notice and perfection of the statutory lien. No further Recordation of any claim of lien for Assessments is required; however, a claim may be Recorded at the Association’s option, in which event costs and attorneys’ fees incurred in connection with the preparation and filing of such claim shall be assessed against the Unit as a Reimbursement Assessment.

10.6. Regular Assessments.

- (a) A Regular Assessment shall be made annually against each Unit, based upon an

annual Budget prepared by the Executive Board, for purposes of paying (i) the annual costs of operating and administering the Association and all other Common Expenses, (ii) reasonable reserves for contingencies, replacements, and other proper purposes, (iii) the costs of services rendered or expenditures incurred by the Association to or for less than all Units, (iv) the costs of improving or maintaining Limited Common Elements, and reasonable reserves for such costs, which costs shall be assessed only to the Units designated for the use of said Limited Common Elements, (unless such costs are for the general benefit of the Common Interest Community), and (v) such other matters as may be reasonably determined by the Executive Board to be the subject of a Regular Assessment;

(b) Regular Assessments shall be allocated in accordance with the Allocated Interests of each Unit in the Common Interest Community. Any Common Expense or portion thereof benefiting fewer than all of the Units shall be assessed exclusively against the Units benefited. If Common Expense liabilities are reallocated, Common Expense Assessments and any installment thereof not yet due shall be reallocated in accordance with the reallocated Common Expense liabilities.

(c) Regular Assessments shall be levied on a calendar year basis, except that the initial Regular Assessment period shall commence on the first day of the calendar month or quarter in which the first Unit is conveyed by Declarant to a Person other than Declarant. Regular Assessments shall be paid in installments on a monthly, quarterly or semi-annual basis, as the Executive Board may determine from time to time, and shall be due either on the first day of each calendar month or on the first day of each calendar year quarter (January 1, April 1, July 1 and October 1), or on the first day of a semi-annual period (e.g. January 1, July 1) as appropriate. Unless and until changed to a monthly or semi-annual system by the Executive Board, Regular Assessments shall be due and payable on the first day of each calendar quarter. Any Unit Owner acquiring a Unit between installment due dates shall pay a pro rata share of the immediately preceding installment.

(d) The Executive Board shall fix the amount of the Regular Assessment, using the Budget procedure described below, at least thirty (30) days before the end of each calendar year. Written notice of the Regular Assessment shall be sent to each Owner. Failure of the Executive Board timely to fix and levy the Regular Assessments for any year or to send a notice thereof to any Owner shall not relieve or release any Owner from liability for payment of Regular Assessments or any installments thereof for that or subsequent years as soon as the Executive Board levies the Regular Assessment and provides notice thereof. If a duly adopted Budget is amended during the calendar year, the Executive Board shall provide written notice to the Owners of any changes caused thereby in the remaining Regular Assessments due during that year.

(e) The Executive Board shall also mail to each Owner at least ten (10) days prior to the due date thereof a written notice of the amount of the next quarterly (or monthly or semi annual, as the case may be) installment of Regular Assessment that is due from such Owner, and the date on which such installment is due pursuant to paragraph 11.6(d) above. Failure of the Executive Board to send timely notice to any Owner of an installment of Regular Assessment due shall not relieve or release any Owner from liability for payment of that installment as soon as the Executive Board in fact provides such notice.

(f) In accordance with Section 38-33.3-314 of the Act, any surplus funds remaining after payment of or provision for Association expenses and any prepayment of or provision for reserves shall be carried forward as a credit against the next year's budget.

10.7. Association Budget. Commencing in 2024, and during the last three (3) months of each year thereafter, the Executive Board shall prepare or cause to be prepared an operating budget (the "**Budget**") for the next calendar year. The Budget shall provide for the allocation of any surplus funds remaining from any previous Budget period. The annual Budget may provide for a Special Assessment in any calendar year, if considered necessary or appropriate by the Executive Board. Alternatively, the Executive Board may at any time adopt a Special Budget that provides for a Special Assessment. Within thirty (30) days after adoption of any proposed Budget for the Association, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the Budget to all 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 sixty (60) days after the mailing or other delivery of the summary. Such meeting may, but need not be, concurrent with the annual meeting of the Members as provided in the Bylaws. Unless at that meeting sixty-seven percent (67%) of all allocated votes in the Association reject the Budget, the Budget shall be ratified, whether or not a quorum of Owners is present. In the event that the proposed Budget is rejected, the Budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent Budget proposed by the Executive Board.

If the Executive Board considers it necessary or appropriate, a duly adopted Budget may be amended during the calendar year by the Executive Board, provided the same notice and ratification procedure is followed for the Amended Budget as is required for the annual Budget.

10.8. Special Assessments. In addition to the other Assessments authorized in this

Article 11, the Executive Board may levy, in any assessment year, 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, maintenance or replacement of capital improvements (including related fixtures and personal property and including without limitation irrigation systems), to or upon or serving the Common Interest Community, or for excess reconstruction costs or other extraordinary expenses, or to acquire Association Property, or for funding any operating deficit of the Association. Special Assessments shall be allocated in the same manner as Regular Assessments, that is, in accordance with the Allocated Interests of each Unit in the Common Interest Community, and shall be due and payable to the Association on the due date fixed by the Executive Board in the notice given to the Owners of such Special Assessment, which due date shall be no earlier than thirty (30) days after the giving of such notice. Any Special Assessment for an Improvement or other expenditure which will benefit fewer than all of the Units shall only be levied against the Units benefited; provided, that expenditures in connection with Association Property (excepting Limited Common Elements) shall be deemed for the general benefit of all Units, wherever located. If fewer than all of the Units will be subject to the Special Assessment, then such Special Assessment shall be allocated equally amongst those Units.

10.9. Reimbursement Assessments. In addition to the other Assessments authorized in this Article 11, the Executive Board may levy against any Owner or Owners, at any time and from time to time, a Reimbursement Assessment for purposes of reimbursing the Association for all costs and expenses incurred by it in enforcing any provision of or in remedying any violation of this Declaration, the Articles, Bylaws, Rules and Regulations or Design Guidelines, or any approvals granted by the Executive Board, by such Owner or Owners, their Occupant(s), or their agents, employees or contractors. Reimbursement Assessments may also be made by the Executive Board for any other purposes for which this Declaration provides for the levying of a Reimbursement Assessment. Finally, and in addition to the foregoing, a Reimbursement Assessment may also be levied in the form of a reasonable fine against an Owner for a violation of this Declaration, the Articles, Bylaws, or the Rules and Regulations, but only after the Owner(s) to be so fined have been provided with Notice and Hearing. Reimbursement Assessments shall be due and payable to the Association on the due date fixed by the Executive Board in the notice given to the Owner(s) of such Reimbursement Assessment, which date shall be no earlier than thirty (30) days after the giving of such notice.

10.10. Effect of Nonpayment of Assessments; Remedies of the Association. Any Assessment or portion or installment thereof which is not paid when due (or for which a bad check is issued) shall be deemed delinquent and shall bear interest from and after the due date at the rate of interest set by the Executive Board from time to time, which shall not exceed the maximum amount set by law, and the Executive Board may also assess a bad check charge in the amount of 10 percent (10%) of the bad check or \$50.00, whichever is greater. The Executive Board may also suspend the delinquent Owner's use of Association Property and Association services or benefits, as provided in Section 13.4. The delinquent Owner shall also be liable for all costs, including attorneys' fees, which may be incurred by the Association in collecting a delinquent Assessment, which collection costs shall be added to the delinquent Assessment. The Executive Board may but shall not be required to record a Notice of Delinquent Assessment or charge against any Unit as to which an Assessment or charge is delinquent. The Notice shall be executed by an officer of the Executive Board, and shall set forth the amount of the unpaid Assessment or charge, the name of the delinquent Owner and a description of the Unit.

The Assessment Lien may be foreclosed by the Association in the same manner as a mortgage on real property. The Association shall be entitled to purchase the Unit at foreclosure. The Association may also bring an action at law against the Owner personally obligated to pay the delinquent Assessment and/or foreclose the lien against said Owner's Unit in the discretion of the Association. No Owner may exempt himself or otherwise avoid liability for the Assessments provided for herein by waiver of the use or enjoyment of any of the Association Property or by abandonment of the Unit against which the Assessments are made.

In any action by the Association to collect Assessments or to foreclose a lien for unpaid Assessments, the court may appoint a receiver to collect all sums alleged to be due from the Unit Owner prior to or during the pending of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pending of the action to the extent of the Association's Regular Assessments.

10.11. Statement of Unpaid Assessments. The Association shall furnish to an Owner or such Owner's designee or to a holder of a security interest or its designee upon written request, delivered personally or by facsimile transmittal or by certified mail, first class postage prepaid, return receipt requested, to the Association, a written statement setting forth the amount of unpaid Assessments currently levied against such Owner's Unit, whether delinquent or not. The statement shall be furnished within fourteen (14) days after receipt of the request and is binding on the Association, the Executive Board, and every Owner. If no statement is furnished either delivered personally or by facsimile transmission or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a lien upon the Unit for unpaid Assessments which were due as of the date of the request.

10.12. Assessments for Tort Liability. In the event of any tort liability against the Association which is not covered completely by insurance, each Owner shall contribute for the payment of such liability as a Special Assessment. The Association may, however, require a larger contribution from fewer than all Owners under any legal or equitable principles regarding liability for negligent or willful acts or omissions.

10.13. Working Capital Fund. In addition to the various Assessments provided for above, at the time of closing of each conveyance of a Unit in the Common Interest Community, including initial conveyances to the Unit Owners, and all subsequent resales, the Unit purchaser shall be obligated to pay to the Association a non-refundable contribution to the Association's working capital fund in the amount of two (2) times the most recently adopted regular monthly assessment. Said working capital fund may be used by the Association from time to time for any Association purpose deemed appropriate by the Executive Board, and need not be segregated or accumulated. Such payment shall not be deemed to be a prepayment of any Assessment, and shall not relieve the Owner from the obligation to pay all Assessments as and when due. At the time of closing of a reconveyance of an Owner's Unit to a new Owner, the selling Owner shall forfeit any right to the working capital fund and the new Owner shall pay an additional non-refundable contribution to the working capital fund in the amount calculated as above set forth.

Notwithstanding the foregoing, any builder acquiring an undeveloped Unit from Declarant for the purpose of constructing a residential dwelling thereon and selling the same in the ordinary course of the builder's business, and not for the builder's own residence, shall not be required to pay the above-described contribution to the working capital fund until the first to occur of the following: (a) the new residence on the Unit is occupied by a tenant or otherwise; or (b) the Unit is sold to a third party, in which case the purchaser shall make the payment to the working capital fund.

The following conveyances shall be exempt from the working capital fund contribution obligation: Gift transfers and other transfers for no consideration, transfers for estate planning purposes or public purposes, transfers by court order (including foreclosure sales) or by will or intestacy, and transfers to a successor or assign of Declarant or an affiliate of Declarant.

If a working capital fund contribution is not timely paid to the Association as above required, the delinquent contribution shall bear interest at the rate of eighteen percent (18%) per annum from the date of the conveyance until paid in full, shall constitute the personal, joint and several obligation and liability of the transferee(s), and the Association shall have a lien and security interest on the title to the transferee's Unit in the amount of the delinquent contribution, accrued interest thereon, and costs and attorneys' fees incurred in collecting the same, which may be foreclosed by the Association in the same manner as a mortgage on real property.

10.13. Statement of Assessments. The Association shall furnish to a Owner or such Owner's designee or to a holder of a security interest or its designee upon written request by the Owner, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the Association's registered agent, a statement setting forth the amount of unpaid Assessments currently levied against such Owner's Unit. The statement shall be furnished within ten business days after receipt of the request by the Association and is binding on the Association, the Board, and every Owner. If no statement is furnished to the Owner or holder of a security interest or their designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a priority lien upon the Unit for unpaid Assessments which were due as of the date of the request.

10.14. Grantee and Grantor Both Responsible. The grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments (including fees, charges, late charges, attorney fees, fines and interest) against the latter for the Assessments provided herein up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore, subject only to the limitations set forth in Section 22.1 above. The term "grantee" as used in this section shall not apply to the holder of any first Mortgage upon a Unit, or to any person or entity acquiring title to a Unit, by either sheriffs or public trustee's deed through foreclosure, or who acquires title by a deed given in lieu of foreclosure of a Mortgage, deed of trust, or other security instrument encumbering such Unit.

ARTICLE ELEVEN EMINENT DOMAIN

11.1. Definitions. The term "taking", as used in this Article, shall mean condemnation by eminent domain or sale under threat of condemnation.

As used in this Article, as the case may be and the context intends, the term "Association" shall be deemed to mean both the Master Association and each duly formed Subordinate Association, the term "Executive Board" shall be deemed to mean both the Executive Board for the Master Association and the Executive Board for each duly formed Subordinate Association and the term "Association Property" shall be deemed to mean both the Master Association Property and/or Subordinate Association Property.

11.2. Representation in Condemnation Proceedings of Association Property. In the event of a threatened taking of all or any portion of the Association Property, the Owners hereby appoint the Association through such persons as the Executive Board may designate to represent the Association and all of the Owners in connection therewith. The Association shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action. Service of process on the Association shall constitute sufficient notice to all Owners, and service of process on each individual Owner shall not be necessary. As used in this Article, Association shall be deemed to mean both the Association and each

duly formed Subordinate Association, as the case may be and the context intends and the Executive Board shall be deemed to mean both the Executive Board for the Association and the Executive Board for each duly formed Subordinate Association as the case may be and the context intends

11.3. Award for Association Property. Any awards received by the Association on account of the taking of Association Property shall be paid to the Association. The Association may, in its sole discretion, retain any award in the general funds of the Association or distribute all or any portion thereof to the Owners as their interests may appear. The rights of an Owner and the Mortgagee of a Unit as to any such distribution shall be governed by the provisions of the Mortgage encumbering the Unit.

11.4. Taking of Units. If a Unit is acquired by eminent domain or part of a Unit is acquired by eminent domain leaving the Owner with a remnant which may not practically or lawfully be used for any purpose permitted by this Declaration, the award must include compensation to the Owner for that Unit and its Allocated Interests whether or not any Association Property was acquired. Upon acquisition, unless the decree otherwise provides, that Unit's Allocated Interests are automatically reallocated to the remaining Units (as appropriate) in proportion to the respective Allocated Interests of those Units before the taking. Any remnant of a Unit remaining after part of a Unit is taken is thereafter Association Property. Otherwise, if part of a Unit is acquired by eminent domain, the award must compensate the Owner for the reduction in value of the Unit and its interest in the Association Property whether or not any Association Property was acquired. Upon acquisition, unless the decree otherwise provides:

- (a) That Unit's Allocated Interests are reduced in proportion to the reduction in the size of the Unit; and
- (b) The portion of Allocated Interests divested from the partially acquired Unit is automatically reallocated to that Unit and to the remaining Units (as appropriate) in proportion to the respective interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests.

11.5. Miscellaneous. The court decree shall be recorded in Dolores County. The reallocations of Allocated Interests pursuant to this Article shall be confirmed by an amendment to the Declaration prepared, executed, and recorded by the Association.

ARTICLE TWELVE UNITS

12.1. Inseparability of a Unit.

A Unit and its appurtenant undivided interest in the Master Association Common Elements, the easements appurtenant thereto, and the exclusive use of the Master Limited Common Elements, designated for such Unit shall together comprise one Unit which shall be inseparable and may be conveyed, assigned, leased, devised or encumbered only as a Unit.

When a Building has been constructed and a Supplemental Map and a Supplemental Declaration for the pertinent Subordinate Association has been executed and recorded in conformance with this Declaration, a Unit and its appurtenant undivided interest in the Master Association Common Elements, the Subordinate Association Common Elements, the Building Common Elements, the easements appurtenant thereto, and the exclusive use of the Master Limited Common Elements, the Subordinate Association Limited Common Elements, the Building Limited Common Elements designated for such Unit shall together comprise one Unit which shall be inseparable and may be conveyed, assigned, leased, devised or encumbered only as a Unit.

12.2. Owner's Maintenance Responsibility for a Unit. Each Owner shall have the obligation to maintain and keep in good repair his/her Unit and all Improvements installed or constructed by the Owner within his Unit, including, but not limited to, the interior surfaces of walls, ceilings and floors (including any Owner interior finish, dry wall or wallboard surfaces, carpeting, tile, wallpaper, paint or other covering), internally installed utility distribution services such as water, light, gas, power, sewer, telephone and air conditioning, and all doors, windows, and window panes, lamps and accessories installed by an Owner, as well as all fixtures and appliances located within such Owner's Unit. An Owner shall reimburse the Association for any expenditure incurred for replacing and repairing of any Common Element and related facility, damaged through fault of Owner, or the Owner's guests, invitees, or tenants, and the Association shall be entitled to assess such Owner for such amounts which shall be payable, collectible and enforceable in the same manner as Assessments pursuant to these Declarations. No Owner shall alter any Common Element without the prior written consent of the Association; provided, however, that an Owner of a Limited Common Element may modify the same provided all Owners with an interest therein agree and such modification does not interfere with the rights of other Owners.

12.3. Maintenance Responsibility of the Association.

The Master Association, through the Master Association Executive Board, shall maintain, replace, improve and keep in good repair, as a Master Association Common Expense, all Master Association Property.

12.4. **Reservation of Access.**

The Master Association Executive Board, shall have the right of access to each Sub Association's Common Elements from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of Master Association Common Elements, or at any time deemed necessary by the Master Association for the making of emergency repairs to prevent damage to the Master Association Property.

12.5. **Owner Remodeling of a Unit.** An Owner shall have the right to redecorate, remodel or reconstruct the interior of such Owner's Unit, provided that no reconstruction or remodeling shall be made without the prior written consent of the Declarant during the Marketing Period and the Subordinate Association Executive Board. No such alteration shall materially affect the structural integrity, Common Elements, or exterior appearance of the Building. Such right to repair, alter and remodel shall carry the obligation to replace any finished materials removed with similar or other types or kinds of finishing materials.

12.6. **Mechanic's Liens.** Subsequent to the completion of the Buildings, Units and/or Improvements described on the Map, no labor performed or materials furnished and incorporated into a Unit with the consent or at the request of the Owner or his agent or his contractor or subcontractor shall be the basis for filing of a lien against the Unit of another Owner not expressly consenting to or requesting the same, or against any of the Common Elements, except as to the undivided interest of the Owner for whom such labor or materials shall have been furnished.

12.7. **Indemnification.** Each Owner shall indemnify and hold harmless each of the other Owners from and against any and all liability, loss or damage, including reasonable attorney's fees, that the other Owners incur as a result of the claims of any lien against the indemnifying Owner's Unit or any part thereof for labor performed, or for materials furnished in work on such Owner's Unit.

**ARTICLE THIRTEEN
MAPS AND SUPPLEMENTAL MAPS**

13.1. **Filing of Supplemental Map for the Buildings and Units.** At such time as a Building has been substantially completed and prior to any conveyance by Declarant of a Unit, Declarant shall cause to be filed for record in the office of the Clerk and Recorder of Dolores County, Colorado, a Supplemental Map which shall contain a sufficient survey description of the air space of each Unit so as to locate the same accurately and properly. The Supplemental Map may be filed in whole or in parts or sections, from time to time, as stages of construction of the Buildings, Units and other Improvements are substantially completed. Each section of the Supplemental Map filed subsequent to the first filed Map shall be termed a Supplemental Community Map to the Community Map and the numerical sequence of such Supplement shall be shown thereon.

13.2. **Contents of a Map.** The initial Map shall depict and show at least the following:

- (a) The name and a general schematic map of the entire Common Interest Community;
- (b) The location and dimensions of all land not subject to development rights, or subject only to the development right to withdraw, and the location and dimensions of all existing Buildings and other Improvements within the Common Interest Community;
- (c) A legally sufficient description of any real estate subject to development rights, labeled to identify the rights applicable to each Unit;
- (d) The extent of any existing encroachments across any Common Interest Community boundary;
- (e) To the extent feasible, a legally sufficient description of all easements serving or burdening any portion of the Common Interest Community;
- (f) A legally sufficient description of any real estate in which the Owners will own only an estate for years, labeled as "leasehold real estate";
- (g) The distance between noncontiguous parcels of real estate comprising the Common Interest Community;
- (h) The location and dimensions of the horizontal and vertical boundaries of each Unit, if any, being established, together with the location and dimensions of the Common Elements and Limited Common Elements within the Common Interest Community, with reference to all established data of each Unit and that Unit's identifying number;
- (i) Any portion of the Common Interest Community in which the Declarant has

reserved the right to create additional Units or Common Elements, identified appropriately; and

- (j) Any other information as may be included in the discretion of the Declarant.

13.3. **Contents of a Supplemental Map Reflecting Completed Condominium Units Within a New Subordinate Association.** Each new Supplemental Map shall depict and show at least the following:

(l) The name and a general schematic map of the entire Common Interest Community and the particular Subordinate Association;

(m) The location and dimensions of all land not subject to development rights, or subject only to the development right to withdraw, and the location and dimensions of all existing Buildings and other Improvements within the particular Subordinate Association;

(n) A legally sufficient description of any real estate subject to development rights, labeled to identify the rights applicable to and within the Subordinate Association;

(o) The extent of any existing encroachments across any Subordinate Association boundary;

(p) To the extent feasible, a legally sufficient description of all easements serving or burdening any portion of the Subordinate Association;

(q) A legally sufficient description of any real estate in which the Owners will own only an estate for years, labeled as "leasehold real estate";

(r) The distance between noncontiguous parcels of real estate comprising the Subordinate Association;

(s) The location and dimensions of the horizontal and vertical boundaries of each Unit within the Subordinate Association being established, together with the location and dimensions of the Common Elements and Limited Common Elements within the Subordinate Association, with reference to all established data of each Unit and that Unit's identifying number;

(t) Any portion of the Subordinate Association in which the Declarant has reserved the right to create additional Units or Common Elements, identified appropriately; and

- (u) Any other information as may be included in the discretion of the Declarant.

13.4. **Certification of Map.** All plats or maps must contain a certification by a registered land surveyor that the plat or map contains all the information required by Section 38-33.3-209 of the Act.

13.5. **Supplemental Maps.** Supplemental Community Maps shall be filed prior to the conveyance of any Units shown thereon and any Supplemental Community Map shall contain the same requirements as set forth for the original Community Map.

ARTICLE FOURTEEN DESCRIPTION OF A UNIT

14.1. **Legal Description of Unit.** Every instrument affecting the title to a Unit shall describe that Unit by its identifying Unit designation followed by the words "Unit _____, Bedrock 1 & 2 or 3 & 4 Subordinate Association, Bedrock Condominiums in accordance with the recorded Condominium Declaration and Map, Town of Rico, Dolores County, Colorado." Every such description shall be good and sufficient for all purposes to sell, convey, transfer, encumber or otherwise affect not only the Unit, but also the General and Limited Common Elements and Subordinate Association Common Elements and any Building Common Elements, appurtenant thereto. Each such description shall be construed to include a nonexclusive easement for ingress to and egress from the Unit, and use (consistent with the Community Map and this Declaration) of the General and Limited Common Elements and Subordinate Association Common Elements and any Building Common Elements.

14.2. **Unit Boundaries.** At such time as the construction of a Building has been substantially completed and a Supplemental Map and Supplemental Declaration is being prepared, the following criteria is established and shall be used in all instances to describe and designate the boundaries of each Building and Unit:

(a) **Upper Horizontal Boundaries.** The horizontal plane of the bottom surface of the lower of (i) the unfinished joists, or (ii) any common Building mechanical, plumbing, fire safety and/or electrical improvements, extended to an intersection with the vertical perimeter boundaries.

(b) **Lower Horizontal Boundaries.** The horizontal plane of the unfinished surface of the concrete, gypcrete or plywood subflooring, extended to an intersection with the vertical perimeter boundaries.

(c) **Vertical Perimeter Boundaries.** The planes defined by the unfinished interior surface face of studs and framing or face of concrete on all demising and exterior walls, extended to an intersection with the horizontal perimeter boundaries.

(d) Where walls, floors, and ceilings are designated as boundaries of a Unit, (i) all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, and finished flooring and any other materials constituting any part of the finished surfaces thereof are part of the Unit, and (ii) all other portions of the walls, floors, or ceilings are part of the Common Elements.

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

(f) Subject to the provision of Section 6.2.3 above, all spaces, interior partitions, and other fixtures and Improvements within the boundaries of a Unit are a part of the Unit.

(g) Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, decks, ski lockers, storage rooms, parking spaces and all exterior doors and windows or other fixtures designed to serve a single Unit, but located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.

(h) In the event of any conflict between any provisions of this Declaration and depictions contained on the Community Map, with respect to any Unit boundary, the depictions on the Community Map shall control.

14.3. **Amendment Deemed Included.** The reference to the Map and the Declaration in any instrument shall be deemed to include any recorded supplements or amendments to the Map or the Declaration, whether or not specific reference is made thereto.

14.4. **Conveyance of a Unit.** Upon the purchase of any Unit from Declarant, a copy of each instrument of conveyance shall be furnished by Declarant to the Master Association and the Subordinate Association. Upon any subsequent conveyance of a Parcel or a Unit, a copy of the instrument of conveyance shall be furnished to the Master Association or the Subordinate Association by the grantee.

ARTICLE FIFTEEN TITLE AND OWNERSHIP

15.1. **Title.** The title to any Unit may be held and owned by one or more person, firm, corporation, partnership, association, trust or other legal entity including Declarant, or any number of combinations thereof. By acceptance by any grantee of his deed or other instrument of conveyance from the Declarant or any prior Owner, each Owner specifically waives his right to institute and/or maintain a partition action or any other action designed to cause a division of the General Common Elements. Each Owner specifically agrees not to institute any action therefor. Furthermore, each Owner agrees that Section 15.1 may be pleaded as a bar to the maintenance of such an action. A violation of this provision shall entitle the Association to collect, jointly and severally, from the parties violating the same, the actual attorneys' fees, costs and other damages the Association incurs in connection therewith.

15.2. **Transfer of General Common Elements.** All Owners and the Master Association, covenant that they shall neither by act nor omission, seek to abandon, subdivide, encumber, sell or transfer the Common Elements without the consent of: (i) the Owners representing an aggregate ownership interest of 66% or more of the Common Elements in the Master Association ; (ii) the First Mortgagees representing an aggregate of 66% of the then-outstanding balances of such Mortgages covering or affecting any or all Units; and (iii) during the period of Reserved Declarant Rights as provided for herein, the consent of the Declarant. Any such action without the written consent of said Owners, First Mortgagees and, if applicable, the Declarant, shall be null and void. Notwithstanding the foregoing, nothing contained in this shall be construed to limit or prohibit a proportionate adjustment in the percentage ownership in the General Common Elements in connection with the combination, division, or partition of any Unit pursuant to the right of combination, division, or partition of a Unit by the Owner or between Owners thereof for the purpose of sale, use, or improvement of such Unit. Nothing to the foregoing withstanding, the Master Association shall not abandon, subdivide, encumber, sell or transfer a portion of the General Common Elements which has been properly designated as a Limited Common Element or a Building Common Element without the consent of the Owner(s) of the Unit(s) to which the Limited Common Element or Building Common Element has been assigned.

15.3. **Right to Mortgage a Unit.** Each Owner shall have the right to mortgage or otherwise encumber a Unit without restriction. No Owner, however, shall attempt to or shall have the right to mortgage or otherwise encumber the Common Elements or any part thereof except the undivided interest therein appurtenant to Unit. Any Mortgage or other encumbrance of any or any Unit within the Community shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owner whose title is derived through the foreclosure by private power of sale, judicial foreclosure, or otherwise.

15.4. Right to Mortgage the Master Association Common Elements. Should the Declarant exercise the Declarant Reserved Rights to add additional units to the Community, the Declarant shall have the right to mortgage or otherwise encumber the Master Association Common Elements where such additional units are to be constructed without restriction.

ARTICLE SIXTEEN ASSESSMENTS AND TAXATION

16.1. **Separate Assessments and Taxation - Notice to Assessor.** The Declarant shall give written notice to the Assessor of Dolores, Colorado, of the creation of this Community, as provided by the Act, so that each Unit when such Unit is constructed and annexed into the Community, together with its undivided interest in the Common Elements and its interest in the Common Elements appurtenant thereto, shall be deemed a separate parcel and subject to separate assessment and taxation.

16.2. **Assessments and Taxation.** Each Unit, when annexed into the Common Interest Community, shall be separately assessed for all taxes and assessments of the State of Colorado, Dolores County or any other political subdivision or district having authority to tax. For the purpose of such assessment, the valuation of the Common Elements shall be apportioned among the Units in proportion to the percentage undivided interest in the Common Elements appurtenant to such Units.

ARTICLE SEVENTEEN OBSOLESCENCE

17.1. **Renewal and Reconstruction.** The Owners representing an aggregate percentage ownership interest of 66% or more (according to the percentage interest in General Common Elements), and holders of duly recorded first Mortgages representing an aggregate of 66% of the outstanding aggregate principal balance of said Mortgages, may agree that the Community is obsolete and adopt a plan for the renewal and reconstruction.

If a plan for the renewal or reconstruction is adopted, notice of such plan shall be recorded, and the expense of renewal and reconstruction shall be payable by all of the Owners as Common Expenses or Limited Common Expenses; provided, however, that an Owner, who is not a party to such a plan for renewal or reconstruction, may give written notice to the Association within fifteen days after the date of adoption of such plan that his Unit shall be purchased by the Association for the fair market value thereof. The Association shall then have 30 days within which to cancel such plan. If such plan is not canceled, the Unit of the requesting Owner shall be purchased according to the following procedures.

If such Owner and the Association can agree on the fair market value thereof, then such sale shall be consummated within 30 days after such agreement.

If the parties are unable to agree, the date when either party notifies the other that he or it is unable to agree with the other shall be the "Commencement Date" from which all periods of time mentioned hereafter shall be measured. Within ten days following the Commencement Date, each party shall nominate an appraiser in writing (and give notice of such nomination to the other party). If either party fails to make such a nomination, the appraiser nominated shall, within five days after default by the other party, appoint and associate with him another appraiser. If the two designated or selected appraisers are unable to agree on the fair market value of the Unit, they shall appoint another appraiser to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire, each appraiser previously appointed shall nominate two appraisers, and from the names of the four appraisers so nominated one shall be drawn by lot by any judge of any court of record in Dolores County, Colorado, and the name so drawn shall be such umpire. The nominations from whom the umpire is to be drawn by lot shall be submitted within ten days of the failure of the two appraisers to agree, which, in any events shall not be later than 20 days following the appointment of the second appraiser. The decision of the appraisers as to the fair market value, or in the case of their disagreement, then such decision of the umpire, shall be final and binding and a judgment based upon the decision rendered may be entered in any court having jurisdiction thereof. The expenses and fees of such appraisers shall be borne equally by the Association and the Owner.

The sale shall be consummated within fifteen days thereafter, and the Association, as attorney-in-fact, shall disburse such proceeds to the Association, Owner(s), and lienholders, as their interests may appear.

17.2. **Sale of Property.** If the Owners representing an aggregate percentage ownership interest of 90% or more (according to the percentage interest in General Common Elements) may agree that the Community is obsolete and that the same should be sold, the Association shall forthwith record a notice executed by the Association's president and secretary or assistant secretary setting forth such fact, and upon the recording of such notice the Community shall be sold by the Association, as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration. The sales proceeds shall be collected and apportioned between the Owners on the basis of each Owner's appurtenant interest in and to the Common Elements as specified in **Exhibit "B"** and such apportioned proceeds shall be paid into separate accounts, each account representing one Unit. Each such account shall be in the name of the Association, and shall be further identified by the Unit designation and the name of the Owner. The Association, as attorney-in-fact, shall use and disburse the total amount of each separate account, without

contribution from one account to another, to the Association, Owner(s) and lienholders, as their interests may appear.

17.3. **Conveyance of General Common Elements.** The Owners representing an aggregate ownership interest of 90% or more (according to the percentage interest in General Common Elements) with the consent of the Declarant during the Period of the Declarant's Reserved Rights as provided for herein, may agree to convey or encumber all or part of the General Common Elements. Such agreement to convey or encumber all or part of the General Common Elements must be evidenced by the execution of an agreement, or ratifications thereof, in the same manner as a deed, by the requisite number of Owners and Declarant and, as appropriate, recordation of amendments to the Declaration and/or Map. The agreement must specify a date after which the agreement will be void unless recorded before that date. The agreement and all ratifications thereof must be recorded in the Office of the Clerk and Recorder of the County of Dolores and is effective only upon recordation.

Unless in compliance with this section, any purported conveyance, encumbrance, or other voluntary transfer of Common Elements is void.

A conveyance or encumbrance of General Common Elements pursuant to this section shall not deprive the Declarant or any Unit of its rights of ingress and egress and support of any Unit or the General Common Elements.

A conveyance or encumbrance of General Common Elements pursuant to this section does not affect the priority or validity of preexisting encumbrances.

ARTICLE EIGHTEEN **DECLARANT'S RESERVED RIGHTS**

Declarant hereby expressly reserves to itself and its successors and assigns the following described rights, which include development rights and special Declarant rights, any one or more of which rights may be exercised, in the sole and absolute discretion of Declarant, at any time and from time to time during the period commencing upon the Recording of this Declaration and ending on the date of termination of such rights established below. It is expressly understood that Declarant shall not be obligated to exercise any of these reserved rights, and that no consent shall be required from any Owner, Mortgagee, or the Master Association or the Subordinate Association for the effective exercise of any of these reserved rights.

Except as limited by this Article, such reserved rights may be exercised upon or in connection with all or any portion of the Common Interest Community or the Subordinate Association as the case may be. Such rights may be exercised with respect to different parcels of said real estate at different times, and in connection therewith Declarant hereby states that (i) no assurances are made regarding the location of new Improvements on and over the Master Association Common Elements or with respect to reserved rights, even if a reference to a phase or phasing appears in a legal description, Map, Supplemental Map, Town Approvals or other agreement relating to the property, and (ii) if a particular reserved right is exercised in any portion of the real estate subject to that reserved right, that reserved right is not required to be exercised in all or any portion of the remainder of that real estate.

The reserved rights hereinafter set forth shall be prior and superior to any other provisions of this Declaration and may not be amended, modified, terminated or otherwise altered in any way without the express prior written consent of Declarant. All conveyances of Units and other portions of the Common Interest Community hereafter made, whether by Declarant or otherwise, shall be deemed and construed to reserve to Declarant and/or to grant to Declarant all of the rights reserved by and to Declarant in this Article and elsewhere in this Declaration or even though no specific reference to such rights appears in the conveyancing instruments. Nothing in this Article shall limit or impair any other rights granted or reserved to Declarant by other provisions of this Declaration.

As used in this Article, as the case may be and the context intends, the term "Association" shall be deemed to mean both the Master Association and each duly formed Subordinate Association, the term "Executive Board" shall be deemed to mean both the Executive Board for the Master Association and the Executive Board for each duly formed Subordinate Association and the term "Association Property" shall be deemed to mean both the Master Association Property and/or Subordinate Association Property.

The following rights are hereby reserved to Declarant and its successors and assigns:

18.1. Construction of Buildings, Units and Improvements.

The right, but not the obligation, to construct Buildings, Units and any other additional Improvements on either the Master Association Common Elements or Master Association Property at any time and from time to time for the improvement and enhancement thereof for the benefit of the Master Association and the Owners, or some of them.

The right throughout the Common Interest Community to complete Buildings, Units and any other additional Improvements on and over the Master Association Common Elements or Master Association Property (Declarant's Reserved Rights), and as may be indicated on any Supplemental Maps or Amended

Maps. The mass and scale of the Building, Units and other Improvements may vary from that shown on the Map. The right to add additional Building, Units and other Improvements is intended to be broadly reserved for the entirety of the Master Association Common Elements and Master Association Property, subject only to the Town Approvals.

The right to construct and complete Improvements according the terms and conditions of any documents and agreements relating to the Town Approvals executed by Declarant in connection with the Common Interest Community, as may be amended from time to time.

The right to annex into the Common Interest Community such additional Buildings, Units and any other additional Improvements constructed on either Master Association Common Elements or the Master Association Property which may be accomplished by successive Supplemental Declarations, in no particular or pre-established order, and may provide that property annexed thereby (the “**Annexed Units**”) is phased so that it is made subject to this Declaration at different times. Upon Recording of a Supplemental Declaration, the Annexed Units described therein shall be subject to all of the covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes, and other provisions set forth in this Declaration, except to the extent specifically stated in the Supplemental Declaration or as modified thereby. Any such Supplemental Declaration may impose on the Annexed Units described therein additional covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes, and other provisions than those set forth in this Declaration, taking into account the unique and particular aspects of the Annexed Units covered thereby and of the proposed development thereof. Furthermore, Declarant shall have the right to reserve in such Supplemental Declaration any development rights that Declarant considers necessary or appropriate, provided that such provision shall not extend the termination date for the exercise of Declarant’s development rights as set forth below. A Supplemental Declaration may provide for a Subordinate Association of Owners within the Annexed Units described in the Supplemental Declaration and for the right of the Subordinate Association to assess such Owners for common expenses unique to those Owners and function in accordance with the provisions of this Declaration.

The right to create, grant and/or use and enjoy additional non-exclusive easements, and to relocate existing easements, upon or across any portion of the Common Interest Community (including but not limited to the Master Association Common Elements, Master Association Property and Subordinate Association Property), as may be reasonably required for the construction by Declarant of the above-described Improvements or the effective exercise by Declarant of any of the other reserved rights described in this Article.

18.2. Sales, Marketing and Management. The right to construct, locate, relocate or operate, and to maintain upon, and to remove from, any part of the Common Interest Community including the Master Association Common Elements, Master Association Property, Association Property and Units owned by Declarant, in the discretion of Declarant, and in such number, size and location as may be reasonably required by Declarant in connection with the completion of Buildings, Units and any other additional Improvements, the management of the development, and/or the promotion, marketing, sale or rental of Units, the following:

- (a) Sales offices, management offices, and/or construction offices, and structures containing or relating to the same. Such offices, to the extent they are not situated on a Unit, are hereby declared to be personal property of the Declarant and shall in any case be removable by Declarant or its successors or assigns promptly upon the Declarant or its successors or assigns ceasing to be an Owner of a Unit or the expiration of the Declarant Reserved Rights;
- (b) Signs identifying and advertising the Common Interest Community, and Units therein, or relating to development or construction thereon;
- (c) Model residences constructed or to be constructed pursuant to the Declarant Reserved Rights;
- (d) Parking areas and facilities, and lighting, necessary or desirable in the marketing of the Common Interest Community and Units;
- (e) Employees in offices; equipment; vehicles; and marketing and construction materials.

Together with the right to attract, invite or bring prospective purchasers of Units into the Common Interest Community at all times, and to permit them to use and enjoy the Association Property.

18.3. Merger. The right to merge or consolidate the Common Interest Community with another common interest community of the same form of ownership.

18.4. Declarant Control of Association. The right to appoint or remove any Executive Board member or officer of the Association, but only for and during the “Period of Declarant Control of Association”.

18.5. Withdrawal Rights and Procedure. The right at any time and from time to time to

withdraw from the Common Interest Community any Declarant-owned Unit(s), the Master Association Common Elements, or Association Property.

Withdrawal may only be accomplished by the recording by Declarant of an amendment to this Declaration and an amendment to the Map, if necessary. Upon the recording of such amendment(s), the Master Association Common Elements, or Units and/or Association Property shall no longer be part of the Common Interest Community or subject to this Declaration in any way.

The Master Association Common Elements, Declarant owned Units, and Association Property, is hereby described and declared to be a separate portion of real estate that is subject to this right of withdrawal, and Declarant expressly reserves the right to withdraw portions of the Master Association Common Elements, or one or more Declarant-owned Units and/or all or a portion of any Association Property from the Common Interest Community. Once a Unit has been conveyed to an Owner other than Declarant, that portion of the real estate is no longer subject to this right of withdrawal.

The withdrawn property shall be subject to whatever easements, if any, may be reasonably necessary for access or utility service to, or operation or management or use or enjoyment of, the Common Interest Community or any part thereof. Similarly, the owner(s) of the withdrawn property shall have whatever easements, if any, are reasonably necessary for access or utility service to or for use or enjoyment of the withdrawn property over and across Association Property within the Common Interest Community. At the time any withdrawal of real estate is accomplished, Declarant shall record whatever documents are necessary to establish such reciprocal easements in the Official Records.

18.6. Effect of Contraction. In the event any real property or Units are annexed into or withdrawn from the Common Interest Community as provided herein, the definitions used in this Declaration shall be automatically revised to encompass and refer to the Common Interest Community as contracted, *e.g.*, “Common Interest Community” shall mean the real property described herein minus any real property withdrawn therefrom; similarly, “Association Property”, , and “Units” shall mean and include those areas as described herein less those so designated on any amendment to the Declaration or Map relating to any real property which is withdrawn pursuant to this Article.

The recording of amendments to the Declaration and Map which reallocate the Allocated Interests in the Common Interest Community shall automatically:

- (a) Vest in each existing Owner the reallocated Allocated Interests appurtenant to the Owner’s Unit; and
- (b) Vest in each existing Mortgagee a perfected security interest in the reallocated Allocated Interests appurtenant to the encumbered Unit.

18.7. Transfer of Additional Property to Association. The right, but not the obligation, to transfer additional real and personal property, and Improvements thereon, to the Association from time to time in furtherance of this Declaration.

18.8. Other Reserved Development Rights. Subject to compliance with any applicable Town requirements, the right with respect to all or any Declarant-owned portion of the Common Interest Community (including the Units) to (a) create Master Association Property or Subordinate Association Property (including Limited Common Elements); (b) combine Units; (c) reconfigure Units and/or Master Association Property or Subordinate Association Property, or otherwise modify or amend the recorded Map; (d) amend the Town Approvals; (e) convert Units into Master Association Property or Subordinate Association Property and/or streets, paths or other Improvements; (f) annex Buildings, Units and other Improvements into the Common Interest Community; (g) establish a Subordinate Associations to manage and administer the annexed Buildings, Units and other Improvements and designate and establish Subordinate Association Common Elements and Building Common Elements; (h) enlarge, reduce, relocate or abandon Master Association Common Elements and Master Association Property and/or Subordinate Association Common Elements and Subordinate Association Property; (i) convert Master Association Property or Subordinate Association Property into Units and/or Improvements; (j) the right to impose additional restrictive covenants and protective covenants upon the Property provided they are not inconsistent with, nor do they lower, the standards of the original covenants; (k) the right to enter into, establish, execute, amend, and otherwise deal with contracts and agreements for the use, lease, repair, maintenance or regulations of recreational facilities and/or Master Association Common Elements or Subordinate Association Common Elements, which may or may not be a part of the Common Interest Community. Additionally, in order to effectively exercise the rights reserved to Declarant under this Article, the right to amend this Declaration (without the consent of Owners, Mortgagees or the Association being required) for purposes of (i) complying with or qualifying for federal or state registration of the project (ii) satisfying title insurance requirements, or (iii) bringing any provision or provisions of the Declaration into compliance with the Act.

18.9. Owner Review, Acceptance and Waiver of Rights Re: Town Approvals and Declarant’s Reserved Rights. Each Owner, by its acceptance of a deed or other conveyance vesting in the Owner an interest in a Unit in the Common Interest Community, acknowledges that the Owner has carefully reviewed and understands the Town Approvals (as it may be amended from time to time) and the

Declarant's reserved rights as set forth in this Article or elsewhere in this Declaration, that the Owner accepts and approves such matters and appreciates any potential impacts that the implementation of the Town Approvals and/or the exercise of such reserved rights may have on the Owner's Unit, and expressly waives any rights the Owner may have to object to or to interfere in any way with the implementation of such Town Approvals or the exercise of such rights.

18.10. Declarant As Attorney-in-Fact for Owners. Each Owner, by its acceptance of a deed or other conveyance vesting in the Owner an interest in a Unit in the Common Interest Community, does hereby irrevocably constitute and appoint Declarant (with full power of substitution) as said Owner's attorney-in-fact, in said Owner's name, place and stead, to take any and all actions and to execute and deliver any and all instruments as may be necessary or appropriate to Declarant's exercise of the various rights reserved to Declarant under this Article or elsewhere in this Declaration specifically including without limitation Declarant's reserved right to use all existing easements within the Common Interest Community, or to create, grant, use and/or revise the Map and relocate additional or existing easements across any portion of the Common Interest Community. The consent of Owners or holders of Mortgage shall not be required for the Declarant or its assignees to exercise any reserved rights, and Declarant or its assignees may proceed without limitation at their option, subject to existing land use, zoning laws and any planned unit development requirements of the Town. Reserved rights of the Declarant or its assignees may be exercised with respect to portions of the Master Association Common Elements of the Common Interest Community at different times. Additionally, Declarant or its assignees may exercise any reserved rights on all or any portion of the Common Interest Community in whatever order is determined. Declarant or its assignees shall not be obligated to exercise any reserved rights or to expand the Common Interest Community beyond the number of Units initially submitted.

18.11. Transfer and Assignment of Declarant's Reserved Rights. Any one or more rights created or reserved for the benefit of Declarant under this Article or elsewhere in this Declaration may be transferred and assigned in whole or in part to any Person by an instrument describing the right or rights transferred and Recorded in Dolores County. Such instrument shall be executed by the transferor/assignor Declarant and the transferee/assignee. The provisions of Section 38-33.3-304 of the Act shall apply to any transfer of special declarant rights.

18.12. Termination of Declarant's Reserved Rights. With the exception of Declarant's right to appoint or remove Executive Board members and officers of the Association, the rights reserved to Declarant in this Article shall automatically terminate and expire upon the first to occur of (i) the date which is thirty (30) years after the Recording of this Declaration, or (ii) Declarant's relinquishment and surrender of such rights by Recorded instrument. Declarant may from time to time relinquish and surrender one or more but less than all of the reserved rights, in which event the unrelinquished reserved rights shall remain fully valid and effective for the remainder of the term thereof. The Association may extend the time period for exercise of a development right, or reinstate a lapsed development right, subject to whatever terms, conditions and limitations the Association may impose on the subsequent exercise of the development right. The extension or renewal of a development right and any terms, conditions and limitations shall be included in an amendment executed by Declarant or the owner of the real estate subject to the development right and the Association.

18.13. Interpretation. Recording of amendments to the Declaration and the Community Map or plat pursuant to reserved rights in the Declaration shall automatically effectuate the terms and provisions of that amendment. Further, such amendment shall automatically vest in each existing Owner the reallocated Allocated Interests appurtenant to his Unit. Further, upon the recording of an amendment to the Declaration, the definitions used in this Declaration shall automatically be extended to encompass and to refer to the Community as expanded and to any Additional Improvements, and the same shall be added to and become a part of the Community for all purposes. All conveyances of Units after such amendment is recorded shall be effective to transfer rights in all Common Elements, whether or not reference is made to any Amendment of the Declaration or Community Map.

ARTICLE NINETEEN GENERAL PROVISIONS

As used in this Article, as the case may be and the context intends, the term "Association" shall be deemed to mean both the Master Association and each duly formed Subordinate Association, the term "Executive Board" shall be deemed to mean both the Executive Board for the Master Association and the Executive Board for each duly formed Subordinate Association and the term "Association Property" shall be deemed to mean both the Master Association Property and/or Subordinate Association Property.

19.1 Duration of Declaration. The term of this Declaration shall be perpetual.

19.2 Termination of Common Interest Community. The Common Interest Community may be terminated only by the agreement of (i) Owners to which at least ninety percent (90%) of the votes in the Association are allocated, (ii) the holders of all First Mortgages on Units and (iii) the Declarant during the period of the Declarant Reserved Rights as set forth herein. In the event of such termination, the provisions of Section 38- 33.3-218 of the Act shall apply.

19.3 Amendment of Declaration and Map. This Declaration and the Map may be amended pursuant to Section 38-33.3-217 of the Act. Under the Act, the Declaration may be amended by Declarant

in certain defined circumstances, including without limitation (a) when the Declarant is exercising reserved rights under Article hereof, (b) for purposes of correcting clerical, typographical or technical errors, or (c) to comply with the requirements, standards, or guidelines of recognized secondary mortgage markets, the Department of Housing and Urban Development, the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or the Federal National Mortgage Association. The Act also provides that the Declaration may be amended by the Association in certain defined circumstances. Otherwise, and subject always to (i) any provisions of this Declaration requiring the consent of Declarant, and (ii) the provisions allowing Owners to amend this Declaration (with the consent of the Association) in certain circumstances this Declaration (including the Map) may be amended only by the vote or agreement of Owners to which more than sixty-six percent (66%) of the votes in the Association are allocated. No amendment shall be effective to change, limit, impair, reduce or eliminate any right of Declarant as provided in this unless such amendment is approved in writing by Declarant.

Furthermore, Section 38-33.3-217(4) of the Act provides that except to the extent expressly permitted or required by other provisions of the Act (e.g., permitted Declarant or Association amendments), no amendment may (i) create or increase special Declarant rights, (ii) increase the number of Units beyond the 23 Units allowed by the Town Approvals, or (iii) change the boundaries of any Unit or the Allocated Interests of a Unit, except as specifically set forth herein, in the absence of a vote or agreement of Owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated, including sixty-seven percent (67%) of the votes allocated to Units not owned by Declarant.

Further, Section 38-33.3-217(4.5) of the Act provides that except to the extent expressly permitted or required by other provisions of the Act, no amendment may change the uses to which any Unit is restricted in the absence of a vote or agreement of Owners to which at least sixty-seven percent (67%) of the votes in the Association are allocated. It is agreed by the Owners that in the event an amendment is sent to the Owner at the address provided to Association and on file with the Association and the Owner has not responded either in favor or against the amendment within thirty days of the date the proposed amendment is properly sent to the Owner, then the Owner shall automatically be deemed to have consented to the proposed amendment with no need for further written consent to evidence such vote.

No consent of any mortgage or trust deed holder shall be required to accomplish any such amendments.

The County shall consent to any amendment of the Declaration or Map, provided that in the event that the County has not acted to either approve or deny an amendment properly presented to the County within thirty days of delivery to the County, it shall be deemed to be approved by the County.

An amendment to this Declaration shall be in the form of a "First (or Second, etc.) Amendment to Declaration and Map of Bedrock Condominiums". With the exception of Declarant amendments, amendments to this Declaration shall be duly executed by the President and Secretary of the Association and Recorded in the Office of the Clerk and Recorder of Dolores County. All amendments to this Declaration shall be indexed in the Grantee's index in the names of the Common Interest Community and the Association, and in the Grantor's index in the name of each Person executing the amendment.

19.4 **Compliance; Enforcement.**

Every Owner and Occupant in the Common Interest Community and every other Person who may be an authorized user of Master Association Property, shall fully and faithfully observe, abide by, comply with and perform all of the covenants, conditions and restrictions set forth in this Declaration, the Master Association Articles, Master Association Bylaws, Master Association Rules and Regulations and all approvals granted by the Master Association Executive Board, as the same or any of them may be amended from time to time. In addition to any other rights or remedies that may be provided to any Person under the terms and provisions of this Declaration, Declarant, the Master Association through its Master Association Executive Board, the Master Association Executive Board as to matters involving (i) Improvements within the Common Interest Community or (ii) the restrictions contained herein and made applicable to the Master Association with respect to which the Master Association Executive Board is otherwise expressly given enforcement authority under this Declaration and every Owner (except an Owner that is delinquent in the payment of Assessments hereunder) shall have the right, acting alone or together with others having such right, to enforce, by any proceeding at law or in equity, any or all of the covenants, conditions, restrictions, assessments, charges, liens, servitudes, easements and other provisions now or hereafter imposed by this Declaration, the Master Association Articles, Master Association Bylaws, Master Association Rules and Regulations and approvals granted by the Master Association Executive Board. The enforcement authority granted hereunder to the Master Association Executive Board shall not be considered exclusive, and may also be exercised by the Master Association Executive Board.

The Executive Board shall have the further right (a) to levy and collect, after Notice and Hearing, reasonable fines for the violation of any of the foregoing matters, (b) to levy and collect a Reimbursement Assessment against any Owner, (c) to enter upon any Unit within the Common Interest Community, after giving the Owner or Occupant at least five (5) days' written notice of the nature of the violation, (unless an emergency exists, in which case without notice), without liability to the Owner or Occupant thereof, to enforce or cause compliance with such matters, at the cost and expense of the Owner or Occupant in

violation, and/or (d) the Executive Board may temporarily cut off any or all Association services or benefits to the subject Owner or Occupant and his Unit, including the right to use Association Property (except access roads), until the violation is cured.

In any action brought under this Section, the prevailing party shall be entitled to an award of its reasonable attorneys' fees and costs incurred in connection therewith. Failure by any party entitled to do so to exercise in a particular instance any of the rights available to it under this Section shall in no event be deemed a waiver of the right to do so in any other instance. Provided always, that no Owner shall have the right to bring an enforcement action against another Owner or Occupant for a breach by that Owner or Occupant of any of such matters, or against Declarant, the Association or the Executive Board for a breach by Declarant, the Association or the Executive Board of any of such matters or for a failure by the Declarant, Association or the Executive Board to enforce compliance with such matters by others, until the aggrieved Owner has given the offending Owner or Occupant, or Declarant, the Association and/or the Executive Board at least thirty (30) days prior written notice of the aggrieved Owner's complaint and the opportunity to resolve the problem during that thirty (30) day period. And further provided, that notwithstanding any law to the contrary, no action shall be commenced or maintained to enforce the terms of any building restriction contained in the provisions of this Declaration or any of the Bylaws, the Articles of Incorporation, or the Rules and Regulations, or to compel the removal of any Building, Unit or other Improvement because of the violation of the terms of any such building restriction, unless the action is commenced within one year from the date from which the person commencing the action knew or in the exercise of reasonable diligence should have known of the violation for which the action is sought to be brought or maintained.

19.5 **Rights of First Mortgagees.** Upon the filing of a written request therefore with the Association, the holder of a First Mortgage on any Unit in the Common Interest Community shall be entitled to:

- (e) Written notice from the Association that the Owner of the subject Unit is delinquent in the payment of Assessments thereon;
- (f) Inspect the books and records of the Association during normal business hours;
- (g) Receive copies of annual Association financial statements;
- (h) Receive written notice of meetings of the Association where matters will be considered that, if approved, will require the consent of First Mortgagees or some of them;
- (i) Receive written notice of condemnation proceedings affecting any Association Property; and
- (j) Receive written notice of the lapse of any insurance that the Association is required to maintain under this Declaration.

In addition, any First Mortgagee shall be entitled to pay any taxes or other charges which are in default and which may or have become a lien against Association Property and may pay any overdue premiums on hazard or general liability insurance policies covering Association Property, and shall be entitled to immediate reimbursement therefore from the Association, unless the Association is contesting any unpaid taxes or other charges and has set aside sufficient funds to pay the contested amounts if necessary.

19.6 **Notice.** Each Owner, and each First Mortgagee if it so elects, shall register its mailing address from time to time with the Association. Except as otherwise specifically provided in this Declaration, any notice permitted or required to be given hereunder shall be in writing and may be delivered either personally, or by facsimile transmission, or by mail. Notices delivered personally or sent by facsimile transmission shall be deemed given on the date so delivered or sent. If delivery is made by mail, it shall be deemed to have been delivered two (2) business days after a copy of the same has been posted in the first-class U.S. Mail with adequate postage affixed, addressed to the receiving party at the address last registered by such party with the Association, or in the case of an Owner that has not provided such an address, to the Unit of that Owner. Notices to the Association shall be sent to such address as it may from time to time designate in writing to each Owner.

19.7 **No Dedication to Public Use.** Except as otherwise expressly provided herein or therein to the contrary, nothing contained in this Declaration or on the Map shall be deemed to be or to constitute a dedication of all or any part of the Common Interest Community to the public or to any public use.

19.8 **Interpretation of Declaration; Conflicts with Act.** The provisions of this Declaration shall be liberally construed to effectuate their purpose of creating a common and general plan for the development, improvement, enhancement, protection and enjoyment of the Common Interest Community, and to the extent possible, shall be construed so as to be consistent with the Act. In the event that any of the terms and conditions of this Declaration are determined to be inconsistent with the Act, the Act shall control. Notwithstanding anything to the contrary in this Declaration, no rights or powers reserved to Declarant hereunder shall exceed the time limitations upon or the permissible extent of such rights or

powers under the Act, and in the event any of such reserved rights or powers are determined to be inconsistent with the Act, the related provisions shall not be invalidated but shall be modified to the extent required to comply with the Act.

19.9 **Conflict With Maps.** In the event of any conflict or inconsistency between the provisions of this Declaration and the Map, including the Map notes thereon, the provisions of said Map or Map notes, as the case may be, shall govern and control and this Declaration shall automatically be amended, but only to the extent necessary to conform the conflicting provisions hereof with the provisions of said Map or Map Notes.

19.10 **Violations Constitute a Nuisance.** Any violation of any provision, covenant, condition, restriction or equitable servitude contained in this Declaration, whether by act or omission, is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by any Person entitled to enforce the provisions of this Declaration. This provision does not limit the remedies that may be available under this Declaration or at law or in equity. Failure of the Association to bring enforcement action to correct any violation of this Declaration shall not constitute a waiver of or estop the Association from bringing a future or subsequent enforcement action to correct such violation or any other similar violation.

19.11 **Declarant's Disclaimer of Representations and Warranties.** No representations or warranties of any kind, express or implied, have been given or made or shall be deemed to have been given or made by Declarant or its agents or employees in connection with the Common Interest Community or any portion thereof or any Improvements thereon, its or their physical condition, zoning, compliance with applicable laws, fitness for intended use or operation, adequacy or availability of utilities, or in connection with the subdivision, sale, improvement, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in writing herein, in any registration statement or purchase and sale agreement executed by Declarant, or in any closing document related thereto. Furthermore, no such representations or warranties have been given or made or shall be deemed to have been given or made by Declarant or its agents or employees that the plans presently envisioned for the complete development of the Common Interest Community, can or will be carried out, or that any land now owned or hereafter acquired by Declarant is or will be subjected to this Declaration or that any such land (whether or not it is subjected to this Declaration) is or will be committed to or developed for a particular (or any) use, or that if such land is once used for a particular use, such use will continue in effect, unless and except as shall be specifically set forth in writing herein, in any registration statement or purchase and sale agreement executed by Declarant, or in any closing document related thereto.

19.12 **Captions.** Captions given to various Articles and Sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof and shall not be considered in interpreting any of the provisions hereof.

19.13 **Singular Includes Plural.** Unless the context requires a contrary construction, as employed in this Declaration the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

19.14 **Remedies Cumulative.** Each remedy provided under this Declaration is cumulative and not exclusive.

19.15 **Costs and Attorneys' Fees.** In any action or proceeding involving the interpretation or enforcement of any provision of this Declaration, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs incurred in connection therewith.

19.16 **Governing Law; Jurisdiction.** The laws of the State of Colorado shall govern the interpretation, validity, performance, and enforcement of this Declaration. Any legal action brought in connection with this shall be commenced in the District Court for Dolores County, Colorado, and by acceptance of a deed to a Unit each Unit Owner voluntarily submits to the jurisdiction of such court.

19.17 **Severability.** Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof. Where any provision of this Declaration is alleged to be or declared by a court of competent jurisdiction to be unconscionable, Declarant shall have the right by amendment to this Declaration to replace such provision with a new provision, as similar thereto as practicable but which in Declarant's reasonable opinion would be considered not to be unconscionable.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of the Effective Date. OWNER:

BRD, LLC, a Colorado limited liability company:

EXHIBIT "A"

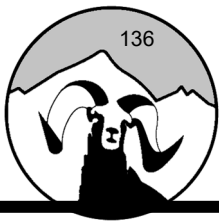
Lot 6 Bedrock Subdivision, According to the Bedrock Subdivision Plat, Town of Rico, Dolores County, State of Colorado, Recorded at Reception Number 171981, Dolores County Clerk and Records Office.

EXHIBIT "B"
(Allocated Interests)

Subordinate Association/Declarant Designation	Number of Units/Bedrooms Constructed/Permitted to Be Constructed	Allocated Interest in the Master Association (Note: Subject to reallocation in accordance with Section 1.16 upon construction of additional Units)	Votes Allocated to the Subordinate Association in the Master Association (to be Weighted in accordance with Allocated Interest in accordance with Section 1.16)
Bedrock 1 & 2	4 Units/4 bedrooms	2,668 Sq Ft = 40%	1
Bedrock 3 & 4	6 Units/8 bedrooms	4,041 Sq Ft = 60%	1
Declarant	13 Units/Bedrooms	TBD upon Construction of Units with 6,291 Sq Ft Allowed per Town Approvals	1
Totals:	23 Units/26 bedrooms	6,607 Square feet 100%	3

EXHIBIT "C"
(Recorded Easements and
Licenses)

All easements now existing or subsequently created and affecting the Property.



BIGHORN CONSULTING ENGINEERS, CO.

386 Indian Road, Grand Junction, CO 81501 ♦ Phone: (970) 241-8709 ♦ www.bighorneng.com

March 11, 2024

Chauncey McCarthy
Town Manager – Rico Colorado
970-967-2863

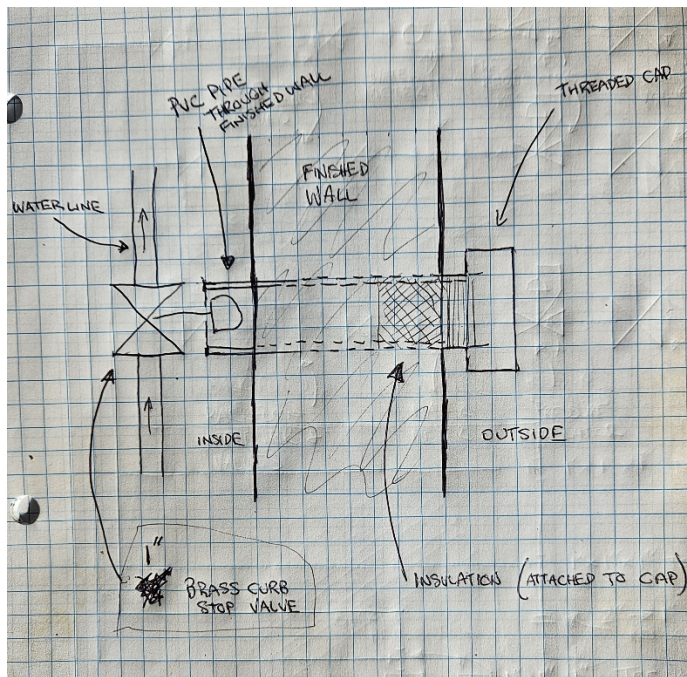
Chauncey,

Bighorn Consulting Engineers is in receipt of your sketch on the water shut off valve suggestion for the Apartment complex that is requesting to go to the Condo Complex. We believe the sketch represents a viable solution for water shut off to the units. As with any solution, if it is not maintained with the insulation in the correct place, there could be an issue. Those accessing the valves should be aware of the insulation needed in the detail.

Please let us know if you have any questions about our opinion on the water shut off detail.

Sincerely

M. Blaine Buck, P.E.
President



Water Infrastructure

Goal: Reactive silver creek water system

Objective	Timeframe	Persons Responsible	Statuses	Comments/Add' Information
Impose development fees for subdivisions, PUD and large scale developments	Ordinance adopted by End of year 2023	Chauncey McCarthy/legal/Board of Trustees	In process	In process
RFP for engineering documents for the necessary improvements needed to reactive silver creek	Select Firm by mid-2024	Chauncey McCarthy/Board of Trustees		May be able to use 2018 Water PER
Pursue funding to reactive silver creek	To run concurrent with engineering	Chauncey McCarthy/Engineering firm		State revolving fund, grants, and potential federal funding will all be necessary to offset this project's cost
Go out to bid for water system improvements, construct improvements, reactive silver creek	Contingent upon funding. Ideally breaking ground summer 2026	Chauncey McCarthy/Engineering Firm/ Board of Trustees / Construction company		Funding is the biggest hurdle for this project. As federal infrastructure funds roll out there will be a better understanding of the potential timeline

Goal: Repair or replace third storage water tank

Objective	Timeframe	Persons Responsible	Statuses	Comments/Add' Information
Research and determine funding sources	Complete by Dec-2024	Chauncey McCarthy	In process	Funding for tank rehab is limited. Water taps sales may offset cost
Pursue funding via grant, state revolving fund, water taps sold. Budget for repairs	Complete by Dec-2024	Chauncey McCarthy	In process	Estimate from summer 2022 was 250,000
Go out to bid for water tank rehabilitation and complete necessary work	Complete by summer 2025	Chauncey McCarthy/Board of Trustees/Tank Rehabilitation company		

Street Fund and Infrastructure

Goal: Construct New Town Shop

Objective	Timeframe	Persons Responsible	Status	Comments/Add' Information
Finalize construction documents	End of Feb-2023	Chauncey McCarthy/Goff Engineering/Wiley Architecture	Completed	Almost Completed
Apply for DOLA EIAF grant to offset construction cost	Grant Due March-2023 Awarded June-2023	Chauncey McCarthy	Completed	
Finalize lease purchase option need to fund the project and amend budget	Budget amendment July-2023	Chauncey McCarthy/Troy Bernberg/Board of Trustees	Completed	Include sale of town owned space as revenue
Go out for bid for construction	July-2023 through August-2023	Chauncey McCarthy/ Board of Trustees	Completed	
Construct shop	August-2023 through October-2024	Chauncey McCarthy/Construction company	In Process	Project will include public parking, bathroom, and secured yard storage

Goal: Maintain employees and update equipment

Objective	Timeframe	Persons Responsible	Status	Comments/Add' Information
Pursue a mill levy increase during the November 2024 election	November-2024 election	Chauncey McCarthy/Legal/Anna Wolf/Board of Trustees/Resident electors		This failed at the ballot in 2021. A different approach will need to be taken to be successful
Purchase new smaller front end loader*	Order by Q1 2025	Chauncey McCarthy /Board of Trustees		
Review compensation and benefits package to stay competitive with other employers	Yearly	Chauncey McCarthy/Board of Trustees		

*large purchases will be more manageable with a mill levy increase. If mill levy fails again these purchases will need to staggered greater than what is proposed.

Goal: Improve Road Ways and Stormwater Management System**

**This goal is associated with the townwide VCUP and should be discussed by the board to determination the objectives.

Sewer Infrastructure

Goal: Centralized Sewer System*

Objective	Timeframe	Persons Responsible	Status	Comments/Add' Information
Complete amended PER for town waste water treatment and collection system	Final Report Feb-2024	Chauncey McCarthy/Board of Trustees/Engineering Firm	In Process	Bohannan Huston selected
Pursue funding to continue project	Ongoing	Chauncey McCarthy/Board of Trustees/Engineering Firm		State revolving fund, grants, and potential federal funding will all be necessary to offset this project's cost
Successfully release the 2.5 million dollars of congressionally directed spending	Ongoing	Chauncey McCarthy/Engineering firm		EPA is still working through how the funds will be released.
Create construction documents, install improvements, and construct treatment facility	Unknown	Chauncey McCarthy/Engineering Firm/ Board of Trustees / Construction company/Engineering Firm		Project may be phased based upon funding opportunities.

*Due to the size, scope, and complexity of this project timelines at this point are near impossible to determine. Once the amending PER is completed and funding is investigated there should be a better understanding of what is feasible. Still waiting to see how federal funding will be dispersed

Municipal Documents

Goal: Update Municipal Documents

Objective	Timeframe	Persons Responsible	Status	Comments/Add' Information
Rico Land Use Code global revision	Complete by August 2024	Chauncey McCarthy/Jennifer Stark/Planning Commission/Board of Trustees/Legal	In Process	In process now. Will require planning commission recommendation and Board of Trustees adoption
Revise Home Rule Charter	Complete by Dec 2024	Chauncey McCarthy/Board of Trustees/Legal		Work through charter amendments during Trustee meetings
Go to ballot with proposed Home Rule Charter amendments	November 2025 Election	Chauncey McCarthy/Legal/Anna Wolf/Board of Trustees/Resident electors		This will require a majority vote
Revise Rico Master Plan	Start in 2024	Chauncey McCarthy/Board of Trustees/Master Planning Committee		This is a large project and the town may want to consider working with a consultant through the process
Revise Water Rules and Regulations	Adopt by end of April 2024	Chauncey McCarthy/Board of Trustees/Legal/Pat Drew	In Process	Address water conservation and revise document in its entirety
Codify current legislation	Start once new RLUC is adopted	Chauncey McCarthy/Board of Trustees/Municode		Engage with Municode, process takes two years.
Update hazard mapping	On Going	Chauncey McCarthy/Planning Commission/Board of Trustees/DNR/Engineers	In Process	Debris fan mapping is underway, DNR is updating Floodplain mapping, Avalanche and wetland mapping has not begun

Parks and Open Space

Goal: Improve Parks and Open Space

Objective	Timeframe	Persons Responsible	Status	Comments/Add' Information
Activate Community Engagement Team and gain community input	February 2023 - April 2023	Chauncey McCarthy/CET Team/ FPM Consulting	Completed	
Create park design and budget	April 2023 - May 2023	Chauncey McCarthy/FPM Consulting	Completed	Tetris exercises community input meeting held 7/9/23
Pursue funding for park improvements	August 2023 - June 2024	Chauncey McCarthy/FPM Consulting	In Process	
Construct park improvements	July 2024 - Sept 2024	Chauncey McCarthy/FPM Consulting/Construction firm		
Park Grand Opening	October 2024	Chauncey McCarthy/FPM Consulting/Local Community		
Improve trails within town and surrounding area	On going	RTA/Local Community		
Complete the Rio Grande South Trail Improvements and bridge	On going	RTA/Local Community	In Process	
Develop Park + Rec Plan for use of Columbia Tailings site	Spring 2024 - Spring 2025	ARCO/Chauncey McCarthy/Board of Trustees/Local Coomunity		

Additional Notes

Close out VCUP by end of Q2 2024 (Town wide storm drainage, soil management contractor, remediate roads, adopted IC, educate residents, promote participation)

Continue learning from other communities' success and downfalls.

Save Money, responsible purchases and spending

Provide support for school district initiative (Completed)

Citizen communication and engagement (post agendas in additional locations, provide meeting summary to mailserv list, host two community participation meetings a year)

Revisit recycling program

Help local businesses by providing support. (Chamber of commerce)

Research and investigate impact fees for large scale developments

Provide support to RFPD (Mill increase approved November 2023)

Promote open space

Town shop project includes a parking lot which can be used as an intercept lot during snow removal

Reingage / stay involved with ARCO, Trust for Public Lands, MLC to ensure ARCO acquired property that's not needed or remediation is placed in conservation.

Continue to pursue/update technology

NEW TOWN OF RICO - GENERAL FUND
BALANCE SHEET
MARCH 31, 2024

ASSETS

CURRENT ASSETS		
CASH - CHECKING	\$	545,471.44
C-SAFE		1,243,127.36
CASH WITH TREASURER		374.95
		<hr/>
TOTAL CURRENT ASSETS		1,788,973.75
PROPERTY AND EQUIPMENT		
		<hr/>
TOTAL PROPERTY AND EQUIPMENT		0.00
OTHER ASSETS		
		<hr/>
TOTAL OTHER ASSETS		0.00
		<hr/>
TOTAL ASSETS	\$	<u><u>1,788,973.75</u></u>

LIABILITIES AND CAPITAL

CURRENT LIABILITIES		
FICA & FEDERAL W/H PAYABLE	\$	34,405.00
STATE W/H PAYABLE		1,034.43
COPFL		301.09
EMPLOYEE PERA		12,166.55
		<hr/>
TOTAL CURRENT LIABILITIES		47,907.07
LONG-TERM LIABILITIES		
		<hr/>
TOTAL LONG-TERM LIABILITIES		0.00
		<hr/>
TOTAL LIABILITIES		47,907.07
CAPITAL		
FUND BALANCE		1,669,527.10
NET INCOME		71,539.58
		<hr/>
TOTAL CAPITAL		1,741,066.68
		<hr/>
TOTAL LIABILITIES & CAPITAL	\$	<u><u>1,788,973.75</u></u>

NEW Town of Rico - General Fund
Comparative Income Statement to Budget
For the Four Months Ending April 30, 2024

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YEAR to DATE VARIANCE	CURRENT MONTH	PERCENTAGE FAV (UNFAV)
Revenues - Operating					
Property Tax	\$ 32,167.70	\$ 98,580.00	(66,412.30)	0.00	32.63
Sales & Use Tax	128,166.99	220,000.00	(91,833.01)	0.00	58.26
SO Tax	876.32	4,500.00	(3,623.68)	0.00	19.47
Cigarette Tax	75.58	180.00	(104.42)	0.00	41.99
Del Tax & Interest	358.10	1,000.00	(641.90)	0.00	35.81
Payroll Transfer Funds	41,661.25	175,690.00	(134,028.75)	0.00	23.71
Building Permits	0.00	11,000.00	(11,000.00)	0.00	0.00
Development Applications	1,800.00	2,500.00	(700.00)	0.00	72.00
Business Licenses	3,000.00	1,100.00	1,900.00	0.00	272.73
Dog Licenses	80.00	150.00	(70.00)	0.00	53.33
Interest	17,474.32	20,000.00	(2,525.68)	0.00	87.37
Fines	2,229.00	13,000.00	(10,771.00)	0.00	17.15
Septic Permit	0.00	800.00	(800.00)	0.00	0.00
Lodging Tax	1,146.99	8,000.00	(6,853.01)	0.00	14.34
Attorney Pass Thru	45,960.75	100,000.00	(54,039.25)	0.00	45.96
SMPA Dividend Check	557.55	400.00	157.55	0.00	139.39
Total Revenues - Operating	275,554.55	656,900.00	(381,345.45)	0.00	41.95
Expenses - Operating					
Building Inspector	(400.00)	(4,000.00)	3,600.00	0.00	10.00
Town Administrator	(21,500.04)	(86,000.00)	64,499.96	0.00	25.00
Town Clerk	(12,595.02)	(50,380.00)	37,784.98	0.00	25.00
Payroll Taxes	(3,666.30)	(21,200.00)	17,533.70	0.00	17.29
Public Works	(13,125.00)	(52,250.00)	39,125.00	0.00	25.12
Employee Benefits - Health	(15,290.40)	(42,500.00)	27,209.60	0.00	35.98
FAMLI	0.00	(1,150.00)	1,150.00	0.00	0.00
Professional - Town Attorney	(10,733.50)	(30,000.00)	19,266.50	0.00	35.78
Town Planner	(904.50)	(4,000.00)	3,095.50	0.00	22.61
POST Maintenance/Ice	0.00	(8,000.00)	8,000.00	0.00	0.00
Professional - Auditor	0.00	(6,600.00)	6,600.00	0.00	0.00
Attorney Pass Thru	(45,960.75)	(100,000.00)	54,039.25	0.00	45.96
Municipal Court Judge	(1,125.00)	(4,500.00)	3,375.00	0.00	25.00
Town Marshall	(2,800.00)	(20,000.00)	17,200.00	0.00	14.00
POST - Groomer	(3,640.00)	(8,000.00)	4,360.00	0.00	45.50
Website Maintenance	0.00	(1,500.00)	1,500.00	0.00	0.00
Fuel	(105.68)	(3,000.00)	2,894.32	0.00	3.52
Advertisement/Agenda & Notice	0.00	(1,500.00)	1,500.00	0.00	0.00
Insurance	(9,766.33)	(9,400.00)	(366.33)	0.00	103.90
Supplies	(1,997.84)	(10,000.00)	8,002.16	0.00	19.98

For Management Purposes Only

NEW Town of Rico - General Fund
Comparative Income Statement to Budget
For the Four Months Ending April 30, 2024

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YEAR to DATE VARIANCE	CURRENT MONTH	PERCENTAGE FAV (UNFAV)
Community meetings	0.00	(1,000.00)	1,000.00	0.00	0.00
Town Vehicle	0.00	(2,500.00)	2,500.00	0.00	0.00
Electric	(374.00)	(1,800.00)	1,426.00	0.00	20.78
Propane	(2,412.00)	(7,500.00)	5,088.00	0.00	32.16
Employee Benefits - Life	0.00	(140.00)	140.00	0.00	0.00
Telephone	(895.98)	(3,600.00)	2,704.02	0.00	24.89
Utilities - Other	(185.67)	(1,000.00)	814.33	0.00	18.57
Employee Benefits - PERA	(5,815.95)	(27,900.00)	22,084.05	0.00	20.85
Treasurer Fees	(639.64)	(2,500.00)	1,860.36	0.00	25.59
Dues & Fees	(1,185.25)	(3,000.00)	1,814.75	0.00	39.51
Employees Consideration	0.00	(4,000.00)	4,000.00	0.00	0.00
Pass Thru/Rico Center	0.00	(13,000.00)	13,000.00	0.00	0.00
Facilities Maintenance	0.00	(5,000.00)	5,000.00	0.00	0.00
Travel/Conference Expenses	(870.00)	(7,500.00)	6,630.00	0.00	11.60
Miscellaneous	0.00	(1,000.00)	1,000.00	0.00	0.00
Sales & Use Tax	(22,513.92)	(44,000.00)	21,486.08	0.00	51.17
4th of July	0.00	(2,000.00)	2,000.00	0.00	0.00
Water Technician	(300.00)	(4,000.00)	3,700.00	0.00	7.50
Elections	0.00	(2,000.00)	2,000.00	0.00	0.00
Part Time Maintenance	(6,906.25)	(35,000.00)	28,093.75	0.00	19.73
Lodging Tax	(229.40)	(2,000.00)	1,770.60	0.00	11.47
Total Expenses - Operating	(185,938.42)	(634,420.00)	448,481.58	0.00	29.31
Net Income - Operating	\$ 89,616.13	\$ 22,480.00	67,136.13	0.00	398.65
Revenues - Capital Improvement					
Lease Purchase Transfer	\$ 0.00	\$ 20,000.00	(20,000.00)	0.00	0.00
DOLA EIAF Town Shop Grant	37,088.70	925,000.00	(887,911.30)	0.00	4.01
Rico Center Grant - pass thru	0.00	13,000.00	(13,000.00)	0.00	0.00
Excise Tax	0.00	2,500.00	(2,500.00)	0.00	0.00
Total Revenues - Capital Improve	37,088.70	960,500.00	(923,411.30)	0.00	3.86
Expenses - Capital Improvement					
Town Shop Planning and Const	(55,165.25)	(1,900,000.00)	1,844,834.75	0.00	2.90

For Management Purposes Only

NEW Town of Rico - General Fund
 Comparative Income Statement to Budget
 For the Four Months Ending April 30, 2024

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YEAR to DATE VARIANCE	CURRENT MONTH	PERCENTAGE FAV (UNFAV)
Lease Purchase Payment	0.00	(42,000.00)	42,000.00	0.00	0.00
Total Expenses - Capital Improve	(55,165.25)	(1,942,000.00)	1,886,834.75	0.00	2.84
Net Income - Capital Improvement	\$ (18,076.55)	\$ (981,500.00)	963,423.45	0.00	1.84
Revenues - Special Projects					
Total Revenues - Special Projects	0.00	0.00	0.00	0.00	0.00
Expenses - Special Projects					
Total Expenses - Special Projects	0.00	0.00	0.00	0.00	0.00
Net Income - Special Projects	\$ 0.00	\$ 0.00	0.00	0.00	0.00
Revenues - Other					
Total Revenues - Other	0.00	0.00	0.00	0.00	0.00
Expenses - Other					
Total Expenses - Other	0.00	0.00	0.00	0.00	0.00
Net Income - Other	\$ 0.00	\$ 0.00	0.00	0.00	0.00
TOTAL NET INCOME	\$ 71,539.58	\$ (959,020.00)	1,030,559.58	0.00	(7.46)
Beginning Fund Balance	1,669,527.10	0.00			
Ending Fund Balance	1,741,066.68	(959,020.00)			

NEW Town of Rico - Water Fund
Comparative Income Statement to Budget
For the Three Months Ending March 31, 2024

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YEAR to DATE BALANCE	CURRENT MONTH	PERCENTAGE FAV (UNFAV)
Revenues - Operating					
Water Revenue	\$ 37,220.58	\$ 135,000.00	(97,779.42)	6,011.58	27.57
Interest	255.10	800.00	(544.90)	81.49	31.89
Electric Reimbursement	0.00	1,450.00	(1,450.00)	0.00	0.00
Total Revenues - Operating	<u>37,475.68</u>	<u>137,250.00</u>	<u>(99,774.32)</u>	<u>6,093.07</u>	<u>27.30</u>
Expenses - Operating					
Payroll Transfer	(20,345.00)	(84,890.00)	64,545.00	(7,182.50)	23.97
Professional - Town Attorney	0.00	(1,000.00)	1,000.00	0.00	0.00
Professional - Auditor	0.00	(6,600.00)	6,600.00	0.00	0.00
Repairs/Maintenance	(2,779.84)	(5,000.00)	2,220.16	(2,660.00)	55.60
Insurance	(6,500.00)	(6,500.00)	0.00	0.00	100.00
Supplies	(2,175.99)	(5,000.00)	2,824.01	(738.71)	43.52
Water Samples	(73.50)	(2,000.00)	1,926.50	(38.50)	3.68
Electric	(1,461.00)	(6,000.00)	4,539.00	(495.00)	24.35
Telecommunication	(674.98)	(2,800.00)	2,125.02	(222.00)	24.11
Software	0.00	(7,900.00)	7,900.00	0.00	0.00
Propane	(1,210.00)	(5,000.00)	3,790.00	(402.00)	24.20
Dolores Water Conservation Dis	0.00	(2,700.00)	2,700.00	0.00	0.00
Miscellaneous	0.00	(500.00)	500.00	0.00	0.00
Total Expenses - Operating	<u>(35,220.31)</u>	<u>(135,890.00)</u>	<u>100,669.69</u>	<u>(11,738.71)</u>	<u>25.92</u>
Net Income - Operating	<u>\$ 2,255.37</u>	<u>\$ 1,360.00</u>	<u>895.37</u>	<u>(5,645.64)</u>	<u>165.84</u>
Revenues - Capital Improvement					
Water Tap	\$ 0.00	\$ 37,500.00	(37,500.00)	0.00	0.00
Total Revenues - Capital Improve	<u>0.00</u>	<u>37,500.00</u>	<u>(37,500.00)</u>	<u>0.00</u>	<u>0.00</u>
Expenses - Capital Improvement					
Tap Installation	0.00	(4,000.00)	4,000.00	0.00	0.00
Lease Purchase Transfer	0.00	(10,000.00)	10,000.00	0.00	0.00

For Management Purposes Only

NEW Town of Rico - Water Fund
 Comparative Income Statement to Budget
 For the Three Months Ending March 31, 2024

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YEAR to DATE BALANCE	CURRENT MONTH	PERCENTAGE FAV (UNFAV)
Neptune AMR Gateway	0.00	(15,000.00)	15,000.00	0.00	0.00
GIS Development	0.00	(8,100.00)	8,100.00	0.00	0.00
Water Engineering Service	(7,676.84)	(20,000.00)	12,323.16	0.00	38.38
Total Expenses - Capital Improve	<u>(7,676.84)</u>	<u>(57,100.00)</u>	<u>49,423.16</u>	<u>0.00</u>	<u>13.44</u>
Net Income - Capital Improvement	<u>\$ (7,676.84)</u>	<u>\$ (19,600.00)</u>	<u>11,923.16</u>	<u>0.00</u>	<u>39.17</u>
Revenues - Other	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Revenues - Other	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Expenses - Other	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Expenses - Other	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Income - Other	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL NET INCOME	<u>\$ (5,421.47)</u>	<u>\$ (18,240.00)</u>	<u>12,818.53</u>	<u>(5,645.64)</u>	<u>29.72</u>
Beginning Fund Balance	<u>342,121.03</u>	<u>0.00</u>			
Ending Fund Balance	<u>340,994.38</u>	<u>(18,240.00)</u>			

2018 NEW Town of Rico - Street Fund
Comparative Income Statement to Budget
For the Three Months Ending March 31, 2024

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YEAR to DATE BALANCE	CURRENT MONTH	PERCENTAGE FAV (UNFAV)
Revenues - Operating					
Property Tax	\$ 4,360.05	\$ 13,515.00	(9,154.95)	4,189.37	32.26
Sales and Use Tax	11,256.96	22,000.00	(10,743.04)	0.00	51.17
Specific Ownership Tax	170.19	500.00	(329.81)	57.13	34.04
Del Tax and Intrest	0.00	100.00	(100.00)	0.00	0.00
Franchise Tax	1,735.45	7,000.00	(5,264.55)	0.00	24.79
Highway Users Tax	4,786.71	15,000.00	(10,213.29)	1,718.31	31.91
Lodging Tax	114.70	1,000.00	(885.30)	0.00	11.47
County R&B Reapportionment	0.00	13,000.00	(13,000.00)	0.00	0.00
Mineral Leasing	0.00	5,000.00	(5,000.00)	0.00	0.00
Interest	125.85	300.00	(174.15)	40.14	41.95
Excise Tax	0.00	2,500.00	(2,500.00)	0.00	0.00
Severance	0.00	1,000.00	(1,000.00)	0.00	0.00
Total Revenues - Operating	22,549.91	80,915.00	(58,365.09)	6,004.95	27.87
Expenses - Operating					
Payroll Transfer	(13,376.26)	(57,600.00)	44,223.74	(4,334.17)	23.22
Snow Removal	0.00	(5,000.00)	5,000.00	0.00	0.00
Fuel	(3,290.15)	(17,000.00)	13,709.85	0.00	19.35
Equipt Repairs & Maintenance	(1,387.28)	(7,500.00)	6,112.72	(168.93)	18.50
Insurance	(4,700.00)	(4,700.00)	0.00	0.00	100.00
Supplies	(174.40)	(2,500.00)	2,325.60	(174.40)	6.98
Electric	(672.00)	(2,000.00)	1,328.00	(228.00)	33.60
Street Lights	(267.00)	(1,000.00)	733.00	(89.00)	26.70
Utilities - Other	(646.01)	(2,500.00)	1,853.99	(216.67)	25.84
Treasurer Fees	(87.20)	(350.00)	262.80	(83.79)	24.91
Equipment Rental	0.00	(5,000.00)	5,000.00	0.00	0.00
Total Expenses - Operating	(24,600.30)	(105,150.00)	80,549.70	(5,294.96)	23.40
Net Income - Operating	\$ (2,050.39)	\$ (24,235.00)	22,184.61	709.99	8.46
Revenues - Capital Improvement					

For Management Purposes Only

2018 NEW Town of Rico - Street Fund
 Comparative Income Statement to Budget
 For the Three Months Ending March 31, 2024

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YEAR to DATE BALANCE	CURRENT MONTH	PERCENTAGE FAV (UNFAV)
Total Revenues - Capital Improvement	0.00	0.00	0.00	0.00	0.00
Expenses - Capital Improvement					
Gravel Project - Streets	\$ 0.00	\$ (2,500.00)	2,500.00	0.00	0.00
Lease Purchase Transfer	0.00	(10,000.00)	10,000.00	0.00	0.00
Street Safety	0.00	(3,000.00)	3,000.00	0.00	0.00
Total Expenses - Capital Improvement	0.00	(15,500.00)	15,500.00	0.00	0.00
Net Income - Capital Improvement	\$ 0.00	\$ (15,500.00)	15,500.00	0.00	0.00
Revenues - Other					
Total Revenues - Other	0.00	0.00	0.00	0.00	0.00
Expenses - Other					
Total Expenses - Other	0.00	0.00	0.00	0.00	0.00
Net Income - Other	\$ 0.00	\$ 0.00	0.00	0.00	0.00
TOTAL NET INCOME	\$ (2,050.39)	\$ (39,735.00)	37,684.61	709.99	5.16
Beginning Fund Balance	169,032.78	0.00			
Ending Fund Balance	166,982.39	(39,735.00)			

NEW Town of Rico - Sanitation Fund
Comparative Income Statement to Budget
For the Three Months Ending March 31, 2024

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YEAR to DATE BALANCE	CURRENT MONTH	PERCENTAGE FAV (UNFAV)
Revenues - Operating					
Property Tax	\$ 9,621.41	\$ 29,825.00	(20,203.59)	9,244.77	32.26
Specific Ownership Tax	375.54	950.00	(574.46)	126.06	39.53
Del Tax and Interest	0.00	50.00	(50.00)	0.00	0.00
Interest	153.13	500.00	(346.87)	49.59	30.63
Total Revenues - Operating	10,150.08	31,325.00	(21,174.92)	9,420.42	32.40
Expenses - Operating					
Treasurers Fees	(192.43)	(750.00)	557.57	(184.90)	25.66
Miscellaneous/ Engineering	0.00	(25,000.00)	25,000.00	0.00	0.00
Payroll Transfer	(4,299.99)	(17,200.00)	12,900.01	(1,433.33)	25.00
Total Expenses - Operating	(4,492.42)	(42,950.00)	38,457.58	(1,618.23)	10.46
Net Income - Operating	\$ 5,657.66	\$ (11,625.00)	17,282.66	7,802.19	(48.67)
Revenues - Capital Improve General					
Total Revenues - Capital Improve Gener	0.00	0.00	0.00	0.00	0.00
Expenses - Capital Improve General					
Total Expenses - Capital Improve Gener	0.00	0.00	0.00	0.00	0.00
Net Income - Capital Improve General	\$ 0.00	\$ 0.00	0.00	0.00	0.00
Revenues - Cap Improve - Dept Local Affairs					
Total Revenues - Cap Imp Dept Local A	0.00	0.00	0.00	0.00	0.00

For Management Purposes Only

NEW Town of Rico - Sanitation Fund
 Comparative Income Statement to Budget
 For the Three Months Ending March 31, 2024

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YEAR to DATE BALANCE	CURRENT MONTH	PERCENTAGE FAV (UNFAV)
Expenses - Cap Improve - Dept Local Affairs					
Total Expenses - Cap Imp Dept Local Af	0.00	0.00	0.00	0.00	0.00
Net Income - Cap Imp Dept Local Aff	\$ 0.00	\$ 0.00	0.00	0.00	0.00
Revenues - Cap Improve - USDA Devel Loan					
Total Revenues - Capital Improvement	0.00	0.00	0.00	0.00	0.00
Expenses - Cap Improve USDA Devel Loan					
Total Expenses - Cap Impr USDA Devel	0.00	0.00	0.00	0.00	0.00
Net Income - Cap Impr USDA Devel Lo	\$ 0.00	\$ 0.00	0.00	0.00	0.00
Revenues - Cap Improve USDA Devel Grant					
Total Revenues - Cap Imp USDA Devel	0.00	0.00	0.00	0.00	0.00
Expenses - Cap Improve USDA Devel Grant					
Total Expenses - Cap Imp USDA Devel	0.00	0.00	0.00	0.00	0.00
Net Income - Capital Improvement	\$ 0.00	\$ 0.00	0.00	0.00	0.00
Revenues - Cap Improve - EPA Grant					
Total Revenues - Cap Improve EPA Gra	0.00	0.00	0.00	0.00	0.00
Expenses - Cap Improve - EPA Grant					

NEW Town of Rico - Sanitation Fund
 Comparative Income Statement to Budget
 For the Three Months Ending March 31, 2024

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YEAR to DATE BALANCE	CURRENT MONTH	PERCENTAGE FAV (UNFAV)
Total Expenses - Cap Improve EPA Gra	0.00	0.00	0.00	0.00	0.00
Net Income - Cap Improve EPA Grant	\$ 0.00	\$ 0.00	0.00	0.00	0.00
TOTAL NET INCOME	\$ 5,657.66	\$ (11,625.00)	17,282.66	7,802.19	(48.67)
Beginning Fund Balance	204,460.26	0.00			
Ending Fund Balance	210,117.92	(11,625.00)			

NEW Town of Rico - Open Park Fund
Comparative Income Statement to Budget
For the Three Months Ending March 31, 2024

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YEAR to DATE BALANCE	CURRENT MONTH	PERCENTAGE FAV (UNFAV)
Revenues - Operating					
Sales & Use Tax	\$ 11,256.96	\$ 22,000.00	(10,743.04)	0.00	51.17
Lodging Tax	114.70	1,000.00	(885.30)	0.00	11.47
Interest	72.97	150.00	(77.03)	23.34	48.65
Excise Tax	0.00	2,500.00	(2,500.00)	0.00	0.00
Total Revenues - Operating	<u>11,444.63</u>	<u>25,650.00</u>	<u>(14,205.37)</u>	<u>23.34</u>	<u>44.62</u>
Expenses - Operating					
Flowers	0.00	(1,500.00)	1,500.00	0.00	0.00
Winter Festival	0.00	(1,500.00)	1,500.00	0.00	0.00
Grooming supplies	0.00	(1,500.00)	1,500.00	0.00	0.00
Winter Trail Grooming Payroll	(3,640.00)	(8,000.00)	4,360.00	(747.50)	45.50
Repairs & Maint. Equipment	0.00	(2,000.00)	2,000.00	0.00	0.00
Insurance	(2,500.00)	(2,500.00)	0.00	0.00	100.00
Supplies	(1,436.89)	(5,000.00)	3,563.11	(1,076.96)	28.74
Ice Rink & Park Maint. Payroll	0.00	(8,000.00)	8,000.00	0.00	0.00
Miscellaneous	(11,250.00)	(500.00)	(10,750.00)	0.00	2,250.00
Total Expenses - Operating	<u>(18,826.89)</u>	<u>(30,500.00)</u>	<u>11,673.11</u>	<u>(1,824.46)</u>	<u>61.73</u>
Net Income - Operating	<u>\$ (7,382.26)</u>	<u>\$ (4,850.00)</u>	<u>(2,532.26)</u>	<u>(1,801.12)</u>	<u>152.21</u>
Revenues - Capital Improvement					
GOCO Grant	\$ 0.00	\$ 594,990.00	(594,990.00)	0.00	0.00
Rico Center Grant	0.00	40,000.00	(40,000.00)	0.00	0.00
Total Revenues - Capital Improvement	<u>0.00</u>	<u>634,990.00</u>	<u>(634,990.00)</u>	<u>0.00</u>	<u>0.00</u>
Expenses - Capital Improvement					
Park Improvement	0.00	(670,000.00)	670,000.00	0.00	0.00
Total Expenses - Capital Improvement	<u>0.00</u>	<u>(670,000.00)</u>	<u>670,000.00</u>	<u>0.00</u>	<u>0.00</u>

For Management Purposes Only

NEW Town of Rico - Open Park Fund
 Comparative Income Statement to Budget
 For the Three Months Ending March 31, 2024

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YEAR to DATE BALANCE	CURRENT MONTH	PERCENTAGE FAV (UNFAV)
Net Income - Capital Improvement	\$ 0.00	\$ (35,010.00)	35,010.00	0.00	0.00
Revenues - Special Projects					
Total Revenues - Special Projects	0.00	0.00	0.00	0.00	0.00
Expenses - Special Projects					
Total Expenses - Special Projects	0.00	0.00	0.00	0.00	0.00
Net Income - Special Projects	\$ 0.00	\$ 0.00	0.00	0.00	0.00
Revenues - Other					
Total Revenues - Other	0.00	0.00	0.00	0.00	0.00
Expenses - Other					
Total Expenses - Other	0.00	0.00	0.00	0.00	0.00
Net Income - Other	\$ 0.00	\$ 0.00	0.00	0.00	0.00
TOTAL NET INCOME	\$ (7,382.26)	\$ (39,860.00)	32,477.74	(1,801.12)	18.52
Beginning Fund Balance	104,746.52	0.00			
Ending Fund Balance	97,364.26	(39,860.00)			

NEW Conservation Trust Fund
Comparative Income Statement to Budget
For the Three Months Ending March 31, 2024

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YEAR to DATE VARIANCE	CURRENT MONTH	PERCENTAGE FAV (UNFAV)
Revenues - Operating					
Total Revenues - Operating	0.00	0.00	0.00	0.00	0.00
Expenses - Operating					
Total Expenses - Operating	0.00	0.00	0.00	0.00	0.00
Net Income - Operating	\$ 0.00	\$ 0.00	0.00	0.00	0.00
Revenues - Other					
Interest	\$ 36.64	\$ 0.00	36.64	11.68	0.00
Lottery Proceeds	0.00	2,500.00	(2,500.00)	0.00	0.00
Total Revenues - Other	36.64	2,500.00	(2,463.36)	11.68	1.47
Expenses - Other					
FMP Capital Park Improvement G	0.00	(45,000.00)	45,000.00	0.00	0.00
Total Expenses - Other	0.00	(45,000.00)	45,000.00	0.00	0.00
Net Income - Other	\$ 36.64	\$ (42,500.00)	42,536.64	11.68	(0.09)
TOTAL NET INCOME	\$ 36.64	\$ (42,500.00)	42,536.64	11.68	(0.09)
Beginning Fund Balance	48,973.13	0.00			
Ending Fund Balance	49,009.77	(42,500.00)			