



DECLARATION

FOR

SYLVAN SQUARE CONDOMINIUMS

54/
271 -

Town of Eagle
P.O. Box 609
Eagle, CO 81631

**DECLARATION
FOR
SYLVAN SQUARE CONDOMINIUMS**

THIS DECLARATION FOR SYLVAN SQUARE CONDOMINIUMS (this "Declaration") dated as of July 24, 2008, shall be effective upon recordation and is made by Sylvan Square LLC, a Delaware limited liability company ("Declarant"). Declarant is the owner of certain real property in Eagle County, Colorado, more particularly described on Exhibit A attached and made part of this Declaration by this reference (the "Property"). Declarant hereby makes the following grants, submissions, and declarations:

**ARTICLE 1
IMPOSITION OF COVENANTS**

Section 1.1 Purpose. The purpose of this Declaration is to create a residential condominium project (the "Project") pursuant to the Colorado Common Interest Ownership Act as set forth in Article 33.3, Title 38, Colorado Revised Statutes, (the "Act"), within the Buildings (as hereinafter defined) and other improvements located on the Property.

Section 1.2 Intention of Declarant. Declarant desires to (a) protect the value and desirability of the Project, (b) further a plan for the improvement, sales, and condominium ownership of the Project, (c) create a harmonious and attractive residential development within the Project, and (d) promote and safeguard the health, comfort, safety, convenience, and welfare of the owners of condominium units within the Project.

Section 1.3 Development and Use. The Project will initially consist of sixteen (16) condominium units, and may be expanded in the future to consist of up to sixty-five (65) condominium units. No additional condominium units may be established on the Property by subdivision of existing units, conversion of non-condominium space, or otherwise.

Section 1.4 Declaration. To accomplish the purposes and intentions recited above, Declarant hereby submits the Property, together with all improvements, appurtenances, and facilities relating to or located on the Property now and in the future, to the provisions of the Act, and hereby imposes upon all of the Property the covenants, conditions, restrictions, easements, reservations, rights-of-way, and other provisions of this Declaration below, and Declarant hereby declares that all of the Property shall be held, sold, conveyed, encumbered, leased, rented, occupied, and improved, subject to the provisions of this Declaration.

Section 1.5 Covenants Running With the Land. All provisions of this Declaration shall be deemed to be covenants running with the land, or equitable servitudes, as the case may be. The benefits, burdens, and other provisions contained in this Declaration shall be binding upon and shall inure to the benefit of Declarant, all Owners, and their respective heirs, executors, administrators, personal representatives, successors, and assigns.

**ARTICLE 2
DEFINITIONS**

The following words, when used in this Declaration, shall have the meanings designated below unless the context shall expressly provide otherwise:

Section 2.1 "Act" means the Colorado Common Interest Ownership Act as set forth in Article 33.3, Title 38, Colorado Revised Statutes, as such act exists on the date hereof, except to the extent that the applicability of future amendments to the Act are mandatory.

Section 2.2 "Affordable Unit" means Condominium Units which will be subject to certain restrictive covenants designed to provide affordable housing for permanent residents of Eagle County, Colorado.

Section 2.3 "Assessments" means the annual, special and default Assessments levied pursuant to Article 8 below. Assessments are also referred to as a Common Expense Liability under the Act.

Section 2.4 "Association" means Sylvan Square Condominium Association, a Colorado nonprofit corporation, and its successors and assigns. The Association acts through its Executive Board unless a vote of the Owners is otherwise specifically required by the Act, this Declaration or the articles of incorporation or bylaws of the Association.

Section 2.5 "Association Documents" means the basic documents creating and governing the Project, including, but not limited to, this Declaration, the articles of incorporation and bylaws of the Association, the Map, and any procedures, rules, regulations, or policies relating to the Project adopted under such documents by the Association or the Executive Board.

Section 2.6 "Buildings" means the buildings located on the Property (including all fixtures and improvements contained within them) in which Condominium Units and Common Elements are located. Each of the Buildings may hereinafter be individually referred to as a "Building."

Section 2.7 "Commercial Center Association" means the Eagle Ranch Commercial Center Association, a Colorado nonprofit corporation, and its successors and assigns.

Section 2.8 "Common Elements" means all of the Project, except the Individual Air Space Units, and including, without limiting the generality of the foregoing, the following components:

2.8.1 The Property, excluding improvements on the Property unless specifically described in this subsection;

2.8.2 The Buildings (including, but not by way of limitation, the foundation, columns, girders, beams, supports, perimeter and supporting walls, roof, decks, balconies, corridors, lobbies, vestibules, entrances and exits; and the mechanical installations of the Buildings consisting of the equipment and materials making up any central services such as power, light, gas, hot and cold water, sewer, fire protection (including so-called Fire Department Connection lines), and heating and ventilation which exist for use by one or more of the Owners, including the pipes, vents, ducts, flues, cable conduits, wires, telephone wire, and other similar utility installations used in connection therewith and the areas designated on the Map as including those installations; trash enclosures and rooms and storage rooms; elevators and stairs), except for the Individual Air Space Units;

2.8.3 To the extent not included in the Shared Facilities, which areas are maintained by the Commercial Center Association pursuant to the Cost Sharing Agreement, the yards, sidewalks, walkways, parking areas, paths, grass, shrubbery, trees, planters, landscaping, gardens and related facilities upon the Property, if any;

2.8.4 The pumps, tanks, motors, fans, storm drainage structures, compressors, ducts, and, in general, all apparatus, installations, and equipment of the Buildings existing for use of one or more of the Owners; and

2.8.5 In general, all other parts of the Project designated by Declarant as Common Elements and existing for the use of one or more of the Owners.

The Common Elements shall be owned by the Owners of the separate Condominium Units, each Owner of a Condominium Unit having an undivided interest in the Common Elements as provided below.

Section 2.9 "Common Expense(s)" means and includes the following:

2.9.1 Expenses of administration, insurance, operation, and management, repair, or replacement of the Common Elements except to the extent such repairs and replacements are responsibilities of an Owner as delineated in Section 7.1 and Section 9.2 below;

2.9.2 Expenses declared Common Expenses by the provisions of this Declaration or the bylaws of the Association;

2.9.3 All sums lawfully assessed against the Condominium Units by the Executive Board;

2.9.4 Expenses agreed upon as Common Expenses by the members of the Association; and

2.9.5 Expenses provided to be paid by the Owners in accordance with the terms of this Declaration pursuant to the Management Agreement for the maintenance of the Common Elements.

Section 2.10 "Condominium Map" or "Map" means and includes any engineering survey or surveys of the Property locating the Condominium Units in the Buildings and the Buildings on the Property, and depicting the floor plans of the Units together with other drawings or diagrammatic plans and information regarding the Property as may be included in the discretion of the Declarant or required pursuant to the Act, as recorded by Declarant in the Office of the Clerk and Recorder of Eagle County, Colorado.

Section 2.11 "Condominium" or "Unit" or "Condominium Unit" means the fee simple interest in and to an Individual Air Space Unit, together with the undivided interests in the Common Elements appurtenant to the Individual Air Space Unit as specified in the attached Exhibit B. Condominium Unit is also referred to as a Unit under the Act.

Section 2.12 "Cost Sharing Agreement" means the Cost Sharing Agreement by and between the Association and the Commercial Center Association recorded 7/25/08 at Reception No. 200812672 in the Office of the Clerk and Recorder of Eagle County, Colorado, and as amended from time to time. The Cost Sharing Agreement provides for the maintenance of the Shared Facilities by the Commercial Center Association and requires the Association to contribute to the costs of such maintenance as a Common Expense of the Association. The Cost Sharing Agreement may be amended from time to time to include the participation of projects that may be developed in the future and will be served by the Shared Facilities.

Section 2.13 "Declarant" means Sylvan Square, LLC, a Delaware limited liability company, and its successors and assigns. No party other than Sylvan Square, LLC shall exercise the rights and

privileges reserved herein to Declarant unless such party shall receive and record in the Office of the Clerk and Recorder of Eagle County, Colorado a written assignment from Sylvan Square, LLC of all or a portion of such rights and privileges.

Section 2.14 "Declaration" means this Declaration for Sylvan Square Condominiums, together with any supplement or amendment to this Declaration, recorded in the Office of the Clerk and Recorder of Eagle County, Colorado.

Section 2.15 "Director" means a member of the Executive Board.

Section 2.16 "Eagle Ranch" means all of the real property in the Town of Eagle, Eagle County, Colorado, subject to the Master Declaration.

Section 2.17 "Executive Board" means the governing body of the Association, as provided in this Declaration and in the articles of incorporation and bylaws of the Association.

Section 2.18 "Expansion Property" means the real property located in Eagle County, Colorado, more particularly described on the attached Exhibit C which Declarant may subject to this Declaration by one or more duly recorded Supplemental Declarations and Supplemental Maps.

Section 2.19 "First Mortgage" means a Mortgage that has priority of record over all other recorded liens except those governmental liens made superior by statute (such as general ad valorem tax liens and special assessments).

Section 2.20 "First Mortgagee" means the Mortgagee under a First Mortgage.

Section 2.21 "General Common Elements" means the Common Elements, except for Limited Common Elements.

Section 2.22 "Individual Air Space Unit" means that portion of a single Condominium Unit designated for separate ownership by an Owner depicted on the Map and consisting of enclosed rooms and bounded by the unfinished perimeter walls, ceilings, floors, doors, and windows thereof. For the purpose of defining an Individual Air Space Unit, the terms set forth below shall be defined as follows:

2.22.1 "Unfinished perimeter wall" means the interior surface of the studs, supports, and other wooden, metal, or similar structural materials which constitute the interior face of a perimeter wall of an Individual Air Space Unit.

2.22.2 "Unfinished ceiling" means the beams, joists, and wooden or other structural materials which constitute the ceiling of an Individual Air Space Unit.

2.22.3 "Unfinished floor" means the beams, floor joists, floor deck material and concrete which constitute the floor of an Individual Air Space Unit.

An Individual Air Space Unit shall include any drywall, wall paneling, wood, tile, paint, paper, carpeting, or any other wall, ceiling, or floor covering, windows and window frames, shutters, awnings, doorsteps, stoops, and doors and door frames. An Individual Air Space Unit shall further include fixtures and hardware and all improvements contained within the unfinished perimeter walls, ceilings, and floors. An Individual Air Space Unit shall include any heating, ventilation and refrigerating elements or related equipment, utility lines and outlets, electrical and plumbing fixtures, pipes, and all other related equipment required to provide heating, ventilation, hot and cold water, electrical, or other utility services

to the Individual Air Space Unit and located within the unfinished perimeter walls, ceilings, and floors; provided, however, that an Individual Air Space Unit shall not include any of the structural components of the Buildings or utility or service lines located within the Individual Air Space Unit but serving more than one Individual Air Space Unit.

2.22.4 "Limited Common Elements" means those parts of the Common Elements which are limited to and reserved for the use of the Owners of one or more, but fewer than all, of the Condominium Units. Without limiting the foregoing, the Limited Common Elements shall include any balcony, deck, or porch adjacent to an Individual Air Space Unit, storage spaces which may be designated as Limited Common Elements serving those particular Individual Air Space Units, and any fixtures and individual water and sewer service lines, water heaters, and any plumbing or other installation or item servicing an Individual Air Space Unit, including, but not limited to, all such items designated as Limited Common Elements on the Map. The deck, balcony or other items which are accessible from, associated with, and which adjoin a particular Individual Air Space Unit, without further reference thereto, shall be used in connection with such Individual Air Space Unit to the exclusion of the use thereof by the other Owners, except by invitation. No reference to the limited use by individual Owners need be made in any instrument of conveyance, encumbrance, or other instrument. Certain Limited Common Elements as depicted on the Map may be limited to and reserved for the use of owners of the designated unit(s) as shown on the Map. These areas shall be deemed Limited Common Elements and appurtenant to the designated unit(s).

Section 2.23 "Management Agreement" means any contract or arrangement entered into for purposes of discharging the responsibilities of the Executive Board relative to the operation, maintenance, and management of the Project.

Section 2.24 "Managing Agent" means a person, firm, corporation, or other entity employed or engaged as an independent contractor pursuant to a Management Agreement to perform management services for the Project.

Section 2.25 "Master Association" means Eagle Ranch Association, a Colorado nonprofit corporation, and its successors and assigns.

Section 2.26 "Master Declaration" means the Declaration of Covenants, Conditions and Restrictions for Eagle Ranch as recorded June 23, 1999 at Reception No. 700815 in the Office of the Clerk and Recorder of Eagle County, Colorado, and as amended and supplemented from time to time.

Section 2.27 "Maximum Rate" shall mean two percentage points greater than that rate of interest charged by a bank (designated from time to time by the Executive Board) to the best commercial customers of the designated bank for short-term loans and identified as the "prime rate" by such bank as of the date on which such Maximum Rate is imposed with respect to any amount payable under this Declaration, or if less, the maximum rate allowed by law.

Section 2.28 "Mortgage" means any unpaid and outstanding mortgage, deed of trust, or other security instrument recorded in the Office of the Clerk and Recorder of Eagle County, Colorado, which secures financing for the construction or development of the Project or which encumbers a Condominium Unit.

Section 2.29 "Mortgagee" means any person or entity named as a mortgagee or beneficiary under any Mortgage, or any successor to the interest of any such person under such Mortgage.

Section 2.30 "Owner" means any record owner (including Declarant, and including a contract seller, but excluding a contract purchaser), whether a natural person or persons, or an entity, of a fee simple title interest in and to any Condominium Unit; excluding, however, any record owner who holds such interest merely as security for the performance of a debt or other obligation, including a Mortgagee (unless such Mortgagee has acquired fee simple title interest in the Condominium Unit pursuant to foreclosure or any proceedings in lieu of foreclosure).

Section 2.31 "Property" means the real property described in the attached Exhibit A.

Section 2.32 "Shared Facilities" means certain roadways and sidewalks serving the Project that will be maintained by the Commercial Center Association pursuant to the Cost Sharing Agreement.

Section 2.33 "Successor Declarant" means any party or entity to whom Declarant assigns any or all of its rights, obligations, or interest as Declarant, as evidenced by an assignment or deed of record executed by both Declarant and the transferee or assignee and recorded in the Office of the Clerk and Recorder of Eagle County, Colorado, designating such party as a Successor Declarant. Upon such recording, Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such document.

Section 2.34 "Supplemental Declaration" means an instrument which subjects any part of the Expansion Property to this Declaration, as more fully provided in Article 22 below.

Section 2.35 "Supplemental Map" means a condominium map of the Project which depicts any part of the Expansion Property becoming subject to this Declaration through a Supplemental Declaration, as more fully provided in Article 21 below.

Each capitalized term not otherwise defined in this Declaration or in the Map shall have the same meanings specified or used in the Act.

ARTICLE 3 DIVISION OF PROJECT INTO CONDOMINIUM OWNERSHIP

Section 3.1 Division Into Condominium Units. As of the recording of this Declaration, the Property is hereby divided into sixteen (16) Condominium Units contained within Buildings as shown on the Map. The Project may be expanded in accordance with the provisions of Article 23 of this Declaration to include additional Condominium Units, provided, however, that the maximum number of Condominium Units which Declarant reserves the right to create within the Project is sixty-five (65). Each Condominium Unit consists of a fee simple interest in an Individual Air Space Unit and an undivided fee simple interest in the Common Elements in accordance with the respective undivided interests in the Common Elements as set forth in Exhibit B. Every Condominium Unit shall have an equal undivided interest in the Common Elements. Such undivided interests in the Common Elements are hereby declared to be appurtenant to the respective Units.

Section 3.2 Combination of Units. The Owners shall have the right to physically combine one or more Units with an adjoining Unit; provided however, that no Affordable Unit may be combined with any other Unit. In order to accomplish such combination, an Owner may knock down or create additional interior walls subject to the terms of this Section and any other applicable provisions of this Declaration. Upon the combination of any Units, the Unit resulting from such combination shall be allocated the undivided interest in and to the Common Elements and the vote(s) of the predecessor Unit(s). Such allocation shall be reflected by an amendment to Exhibit B hereto. An Owner must first obtain the consent of the Executive Board and all necessary approvals from any governmental authority having

jurisdiction over the Project before exercising its rights herein. The cost and expense incurred for legal, architectural and/or engineering fees and all other costs and expenses incurred by the Association shall be borne by that party requesting such a change.

In order to combine any Units as provided above, the Owner(s) of such Units shall submit an application to the Executive Board, which application shall be executed by such Owner(s) and shall include (a) evidence that the proposed combination of Units complies with all building codes, fire codes and other applicable ordinances or resolutions adopted and enforced by the Master Association, the Town of Eagle, the County of Eagle and the State of Colorado, and that the proposed action does not violate the terms of any Mortgage encumbering the Units, (b) the proposed reallocations, (c) the proposed form of amendments to this Declaration, including the Map, as may be necessary to show the Unit which is created by the combination of Units and its dimensions and identifying numbers, (d) a deposit against attorneys' fees and costs which the Owners and/or the Association may incur in reviewing and effectuating the transaction, in an amount reasonably estimated by the Executive Board, (e) evidence satisfactory to the Executive Board that the Owner(s) has obtained or caused to be obtained all requisite insurance in connection with any construction required to effect the proposed action, (f) indemnification of the Association by the Owner(s) for any and all matters relating to the proposed action, and (g) such other information as may be reasonably requested by the Executive Board. To the extent possible, the Executive Board shall be permitted to execute and record any amendment effectuating the combination of Units.

Section 3.3 Delineation of Unit Boundaries. Subject to Section 3.2, the boundaries of each Individual Air Space Unit are delineated and designated by an identifying number on the Map, and those numbers are set forth in Exhibit B.

Section 3.4 Inseparability of Condominium Unit. No part of a Condominium Unit or of the legal rights comprising ownership of a Condominium Unit may be partitioned or separated from any other part thereof during the period of condominium ownership prescribed in this Declaration; provided however, that Limited Common Elements appurtenant to a Unit may be reallocated so as to be made appurtenant to a different Unit within the Project pursuant to the procedures set forth in Section 38-33.3-208, Colorado Revised Statutes. Subject to Section 3.2 above, each Condominium Unit shall always be conveyed, transferred, devised, bequeathed, encumbered, and otherwise affected only as a complete Condominium Unit. Every conveyance, transfer, gift, devise, bequest, encumbrance, or other disposition of a Condominium Unit or any part thereof shall be presumed to be a disposition of the entire Condominium Unit, together with all appurtenant rights and interests created by law or by this Declaration.

Section 3.5 Nonpartitionability of Common Elements. Subject to the provisions of this Article and Article 5 below, the Common Elements shall be owned in common by all of the Owners and shall remain physically undivided; provided, however, the Limited Common Elements shall be for the exclusive use of, enjoyment by and control by the Owners of Units to which such Limited Common Elements are appurtenant. No Owner shall bring any action for partition or division of the Common Elements. By acceptance of a deed or other instrument of conveyance or assignment to a Condominium Unit, each Owner of the Unit shall be deemed to have specifically waived such Owner's right to institute or maintain a partition action or any other cause of action designed to cause a division of the Common Elements, and this Section may be pleaded as a bar to the maintenance of such an action. Any Owner who shall institute or maintain any such action shall be liable to the Association and hereby agrees to reimburse the Association for the Association's costs, expenses, and reasonable attorneys' fees in defending any such action. Such amounts shall automatically become a default Assessment determined and levied against such Owner's Unit and enforced by the Association in accordance with Sections 8.10, 8.11 and 8.12 below.

Notwithstanding the foregoing, with respect to all of the Property, the Association shall have the right to dedicate, sell or otherwise transfer all or any part of the Common Elements to any public, governmental, or quasi-governmental agency, authority or utility for such purposes to the fullest extent permitted under the Act. Notwithstanding the preceding sentence, the granting of easements by a majority of voting Directors of the Executive Board for public utilities, for access by pedestrians or for other public purposes not inconsistent with the intended use of the Common Elements shall not be deemed a transfer requiring any consent of the Owners.

ARTICLE 4 CONDOMINIUM MAP

Section 4.1 Condominium Map. The Map shall be filed for record in the Office of the Clerk and Recorder of Eagle County, Colorado. Any Map filed subsequent to the first Map shall be termed a supplement or amendment to such Map, and the numerical sequence of such supplements or amendments shall be shown thereon. The Map shall be filed for record following substantial completion of those portions of the Buildings subject to this Declaration and prior to the conveyance of any Condominium Unit depicted on the Map to a purchaser. The Map shall show the location of the Buildings on the Property; the floor and elevation plans; the location of the Condominium Units within the Buildings, both horizontally and vertically; the thickness of the common walls, if any, between or separating the Condominium Units one from the other, or one from Common Elements, as applicable; the Condominium Unit designations; designation of General Common Elements and Limited Common Elements; and such other information as Declarant may require in its discretion. The Map shall contain a certificate of a registered professional engineer or licensed architect or a licensed land surveyor certifying that the Map substantially depicts the location and the horizontal and vertical measurements of the Buildings and the Condominium Units, the dimensions and, if Declarant directs, the square foot areas of the Condominium Units, and the elevations of the unfinished floors and ceilings as constructed, and certifying that such Map is prepared subsequent to the substantial completion of the improvements. Each supplement or amendment shall set forth a like certificate when appropriate. The Map shall further contain such other information, certifications and depictions as may be required under Section 38-33.3-209 of the Act.

Section 4.2 Amendment. Declarant reserves the right to amend the Map, from time to time, to the fullest extent permitted under the Act.

ARTICLE 5 OWNERS' PROPERTY RIGHTS IN COMMON ELEMENTS

Section 5.1 General Common Elements. Every Owner and the family members, guests, tenants, and licensees of each Owner shall have a perpetual right and easement of access over, across, and upon the General Common Elements for the purpose of entering and exiting such Owner's Condominium Unit, the parking area and the public ways for both pedestrian and vehicular travel, which right and easement shall be appurtenant to and pass with the transfer of title to such Condominium Unit; provided, however, that such right and easement shall be subject to the following:

5.1.1 The covenants, conditions, restrictions, easements, reservations, rights-of-way, and other provisions contained in this Declaration, the Master Declaration and the Condominium Map;

5.1.2 The right of the Association to adopt, from time to time, rules and regulations concerning vehicular traffic and travel upon, in, and across the Project; and

5.1.3 The right of the Association to adopt, from time to time, any and all rules and regulations concerning the Common Elements as the Association may determine are necessary or prudent, subject to the terms of Section 7.8 and Article 13 hereof.

Notwithstanding the foregoing, the Association shall take no action which unreasonably restricts any Owner's or his family members', guests', tenants' and licensees' right and easement of access over, across and upon the General Common Elements to their Unit(s).

Section 5.2 Parking. Individual outside parking spaces located within the parking areas of the Project shall be General Common Elements of the Project subject to regulation by the Executive Board of the Association.

Section 5.3 Limited Common Elements. Subject to the provisions of this Declaration, every Owner shall have the exclusive right to use and enjoy the Limited Common Elements appurtenant to his Condominium Unit. The Map shall specify to which Condominium Unit or Units each Limited Common Element is allocated.

Section 5.4 Redesignation of Limited and General Common Elements. Any redesignation of the boundaries of the General Common Elements or of the General Common Elements to Limited Common Elements shall be approved by a majority of voting Directors of the Executive Board. Declarant hereby reserves the right and grants to the Association the right to reassign Limited Common Elements to the fullest extent permitted under the Act.

ARTICLE 6 MEMBERSHIP AND VOTING RIGHTS IN ASSOCIATION

Section 6.1 Association Membership. Every Owner shall be a member of the Association and shall remain a member for the period of the Owner's ownership of a Condominium Unit. No Owner, whether one or more persons, shall have more than one membership per Condominium Unit owned, but all of the persons owning a Condominium Unit shall be entitled to rights of membership and of use and enjoyment appurtenant to ownership of a Unit. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Condominium Unit. However, any Owner may appoint, in a written instrument furnished to the secretary of the Association, a delegate to exercise the rights of such Owner as a member of the Association, and in the event of such appointment, the delegate shall have the power to cast votes on behalf of the Owner as a member of the Association, subject to the provisions of and in accordance with the procedures more fully described in the bylaws of the Association.

Section 6.2 Classes of Membership. There shall be one (1) class of membership in the Association consisting of all Owners.

Section 6.3 Voting Rights. Except as otherwise provided for in this Declaration, each Member shall be entitled to vote in Association matters pursuant to this Declaration on the basis of one (1) vote for each Unit owned. The Association shall not have a vote with respect to any Unit that may be owned by it. Declarant shall be entitled to vote with respect to Units owned by it. Members of the Association may exercise such voting rights subject to and in accordance with the provisions of the bylaws of the Association.

Section 6.4 Election of Directors. The Executive Board shall consist of three (3) persons as provided in the bylaws of the Association.

Section 6.5 Declarant Control. Declarant shall be entitled to appoint and remove the members of the Executive Board and officers of the Association to the extent and during the period of time permitted in the bylaws of the Association and in compliance with the Act (the "Declarant Control Period"). The specific restrictions and procedures governing the exercise of Declarant's right to so appoint and remove Directors and officers shall be set out in the bylaws of the Association. Declarant may voluntarily relinquish such power evidenced by a notice recorded in the Office of the Clerk and Recorder for Eagle County, Colorado. In such event, Declarant may at its option require that specified actions of the Association or the Executive Board as described in the recorded notice, during the period Declarant would otherwise be entitled to appoint and remove Directors and officers, be approved by Declarant before they become effective.

Section 6.6 Fairness Standard. The Executive Board, the officers of the Association and the Association shall have the duty to represent the interests of all Owners in a fair and just manner on all matters. In upholding their duties, the Executive Board, the officers and the Association shall be held in their decisions to the standards of good faith and reasonableness with respect to such matters, taking into account the effect, if any, of the matter on the Project as a whole.

Section 6.7 Owner's and Association's Address for Notices. Any person, on becoming an Owner, will furnish the Secretary of the Association with a photocopy or certified copy of the recorded instrument or such other evidence as may be specified by the Executive Board under the bylaws or the Association rules, vesting the person with the interest required to make him an Owner. At the same time, the Owner will provide the Association with the single name and address to which the Association will send any notices given pursuant to the Association Documents. The Owner will state in such notice the voting interest in the Association to which the Owner believes he is entitled and the basis for that determination. Such registration shall be in written form and signed by all of the Owners of the Unit or by such persons as are authorized by law to represent the interests of all Owners of the Unit. Notwithstanding the foregoing, the Association shall be entitled to rely upon any such registration or other notice of a change in address of the Owners of the Unit which is signed by less than all of the Owners of such Unit. In the event of any change in the facts reported in the original written notice, including any change of ownership, the Owner will give a new written notice to the Association containing all of the information required to be covered in the original notice. The Association will keep and preserve the most recent written notice received by the Association with respect to each Owner.

If no address is registered or if all of the Owners cannot agree, then the address set forth in the deed to the Unit shall be deemed their registered address until another registered address is furnished as required under this Section.

If the address of the Unit is the registered address of the Owners, then any notice shall be deemed duly given if delivered to any person occupying the Unit or, if the Unit is unoccupied, if the notice is held and available for the Owners at the principal office of the Association.

Any notice delivered to a First Mortgagee in accordance with the terms of this Declaration shall be sent to the address for such party specified in the First Mortgage unless the First Mortgagee notifies the Association in writing of a different address.

All notices and demands intended to be served upon the Executive Board shall be sent to such address as the Executive Board may designate from time to time by notice to all of the Owners.

All notices given in accordance with this Section shall be sent by personal delivery, which shall be effective upon receipt; by overnight courier service, which shall be effective one business day

following timely deposit with the courier service; or regular, registered or certified mail, postage prepaid, which shall be effective three (3) days after deposit in the U.S. mail.

Section 6.8 Compliance with Association Documents. Each Owner will abide by and benefit from the provisions, covenants, conditions and restrictions contained in the Association Documents.

ARTICLE 7 ASSOCIATION DUTIES

Section 7.1 Association Management Duties; Owner Responsibilities. Subject to the rights and obligations of Declarant and other Owners as set forth in this Declaration, the Association shall be responsible for the administration and operation of the Project and for the exclusive management, control, maintenance, repair, replacement, and improvement of the Common Elements, including the Limited Common Elements, (including facilities, furnishings, and equipment related thereto), and shall keep the same in good, clean, attractive, and sanitary condition, order, and repair. Such Association responsibility may include repair or replacement of landscaping due to damage caused by utility easement holders pursuant to the authorized use under such easements. The expenses, costs, and fees of such management, operation, maintenance, and repair by the Association shall be part of the Assessments, and, subject to the budget approval procedures of Section 8.6 below, prior approval of the Owners shall not be required in order for the Association to pay any such expenses, costs, and fees.

Section 7.2 Reserve Account. The Association shall establish and maintain, as part of its budget and out of the installments of the annual Assessments, adequate reserve accounts for maintenance, repair, or replacement of those Common Elements that must be replaced on a periodic basis.

Section 7.3 Owner's Negligence. In the event that the need for maintenance, repair, or replacement of all or any portion of the Common Elements for which the Association or the Commercial Center Association is responsible for maintenance, repair and replacement is caused through or by the negligent or willful act or omission of an Owner, or by any member of an Owner's family, or by an Owner's guests, invitees, or tenants, then the expenses incurred by the Association for such maintenance, repair, or replacement shall be a personal obligation of such Owner; and, if the Owner fails to repay the expenses incurred by the Association within seven (7) days after notice to the Owner of the amount owed, then the failure to so repay shall be a default by the Owner under the provisions of this Section, and such expenses shall automatically become a default Assessment determined and levied against such Condominium Unit, enforceable by the Association in accordance with Sections 8.10, 8.11 and 8.12 below. In the event that the need for maintenance, repair, or replacement of all or any portion of the Common Elements for which an individual Owner is responsible for maintenance, repair and replacement is caused through or by the negligent or willful act or omission of an Owner, or by any member of an Owner's family, or by an Owner's guests, invitees, or tenants, or by the Association or the Managing Agent, then the expenses incurred by such Owner for such maintenance, repair, or replacement shall be a personal obligation of the Owner or the Association causing the damage; and, if the Owner or the Association fails to repay the expenses incurred by individual Owner within seven (7) days after notice to the Owner or the Association of the amount owed, then the individual Owner may enforce its rights hereunder by appropriate legal or equitable action.

Section 7.4 Delegation of Management and Maintenance Duties. The Executive Board may delegate all or any part of its powers and duties to a Managing Agent, including Declarant. Neither the Executive Board nor any officer of the Association will be liable for any omission or improper exercise by a Manager of any such duty, power or function so delegated by written instrument executed by or on behalf of the Executive Board. Notwithstanding the delegation by the Executive Board to one or more Managing Agents, the Directors shall not be relieved of their responsibilities under this Declaration.

Section 7.5 Acquiring and Disposing of Personal Property. The Association may acquire, own, and hold tangible and intangible personal property for the use and benefit of all Owners with respect to personal property used in connection with the General Common Elements and for the use and benefit of specific Owners with respect to personal property used in connection with Limited Common Elements, and the Association may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be deemed to be owned by the Owners pro rata in accordance with their respective undivided interests in the General Common Elements or Limited Common Elements, as applicable. Such interests shall not be transferable except with the transfer of a Condominium Unit. A conveyance of a Condominium Unit shall transfer ownership of the transferor's beneficial interest in such personal property without any reference thereto. Owners may use such personal property in accordance with the purposes for which it is intended, without hindering or encroaching upon the lawful rights of other Owners. The transfer of title to a Condominium Unit under foreclosure shall entitle the purchaser to the interest in such personal property associated with the foreclosed Condominium Unit.

Section 7.6 Power to Pledge Assessments. The Association may pledge, hypothecate or otherwise encumber current or future Assessments for any purpose permitted under this Declaration.

Section 7.7 Cooperation with Master Association and Other Associations. The Association may contract or cooperate with the Master Association, the Commercial Center Association or with other homeowners' associations or entities within Eagle Ranch as convenient or necessary to provide services and privileges, such as access to recreational facilities in Eagle Ranch and to fairly allocate costs among the parties utilizing such services and privileges which may be administered by the Association or such other organizations, for the benefit of Owners and their family members, guests, tenants and invitees. The costs associated with such efforts by the Association (to the extent not chargeable to other organizations) shall be a Common Expense.

Section 7.8 Issuance of Rules and Regulations. The Executive Board may make and amend reasonable rules and regulations governing the use and rental of the Units and the use of the Common Elements, which rules and regulations shall be consistent with any applicable requirements of law. Notwithstanding the foregoing, any such rules and regulations shall not be inconsistent with the terms of this Declaration. Such rules and regulations shall, when applied to each of the Units considering the use thereof, be equitable and reasonable as applied to such Unit. The Executive Board shall provide thirty (30) days written notice prior to the adoption or amendment of any rules and regulations and provide for a reasonable opportunity for Owners to comment at a meeting of the Executive Board on the proposed adoption or amendment of any rules and regulations.

Section 7.9 Enforcement of Association Documents. The Association or any aggrieved Owner may take judicial action against any Owner to enforce compliance with such rules and regulations and with the other provisions of the Association Documents to obtain damages for noncompliance or for injunctive relief, or both, all to the extent permitted by law.

Section 7.10 Identity of Executive Board and Managing Agent. From time to time, but no less frequently than annually, there shall be mailed by the Association to each Owner a notice containing the names and addresses of the members of the Executive Board and the Managing Agent, if any.

Section 7.11 Payments to Working Capital Account. In order to provide the Association with adequate working capital funds, the Association may collect at the time of the sale of each Condominium Unit an amount equal to Two Hundred Fifty Dollars (\$250.00) for each Unit. The Association shall maintain the working capital funds to meet unforeseen expenditures or to acquire additional equipment or services in connection with the General Common Elements for the benefit of the members of the Association, subject to the budget approval procedures of Section 8.6 below. Such payments to this fund

shall not be considered advance payments of annual Assessments. The working capital deposit shall be returned to each Owner upon the sale of his Condominium Unit, provided that the new purchaser of the Unit has deposited the required working capital deposit with the Association.

Section 7.12 Implied Rights. The Association may exercise any and all other rights or privileges given to it by this Declaration, or by the other Association Documents, or as may otherwise be given to it by law, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Association in the Association Documents or reasonably necessary to effectuate any such right or privilege.

Section 7.13 Books and Records of the Association. The Managing Agent or the Executive Board, as the case may be, shall keep detailed, accurate records of the receipts and expenditures affecting the Common Elements and shall maintain such other books and records as may be required under the Act. Owners and Mortgagees may inspect the records of receipts and expenditures of the Managing Agent or the Executive Board at convenient weekday business hours. In addition, the other books, records, and papers of the Association, including this Declaration, the articles of incorporation and the bylaws of the Association, as well as any Management Agreement and any rules and regulations of the Association, shall be available for inspection by any Owner or Mortgagee at all times during convenient weekday business hours.

Section 7.14 LIMITATION OF LIABILITY OF ASSOCIATION. NOTWITHSTANDING THE DUTY OF THE ASSOCIATION TO MAINTAIN AND REPAIR PORTIONS OF THE PROJECT, AND EXCEPT TO THE EXTENT COVERED BY ASSOCIATION INSURANCE AS DESCRIBED IN ARTICLE 10, THE ASSOCIATION SHALL NOT BE LIABLE TO OWNERS FOR INJURY OR DAMAGE, OTHER THAN FOR THE COST OF MAINTENANCE AND REPAIR, CAUSED BY ANY LATENT CONDITION OF THOSE PORTIONS OF THE PROJECT TO BE MAINTAINED AND REPAIRED BY THE ASSOCIATION OR CAUSED BY THE ELEMENTS OR OTHER OWNERS OR PERSONS.

ARTICLE 8 ASSESSMENTS

Section 8.1 Covenant of Personal Obligation of Assessments. Declarant, by creating the Condominium Units pursuant to this Declaration, and every other Owner, by acceptance of the deed or other instrument of transfer of his Condominium Unit (whether or not it shall be so expressed in such deed or other instrument of transfer), is deemed to covenant and agree with the Association, and hereby does so covenant and agree, to pay to the Association the (a) annual Assessments, (b) special Assessments, and (c) default Assessments applicable to the Owner's Condominium Unit. No Owner may waive or otherwise escape liability for the payment of the Assessments provided for in this Declaration by not using the Common Elements or the facilities contained in the Common Elements or by abandoning or leasing his Condominium Unit.

Section 8.2 Purpose of Assessments. The Assessments levied by the Association shall be used for the purpose of promoting the health, safety, convenience, and general welfare of the Owners, including the improvement and maintenance of the Property and the Buildings and of the services and facilities located on the Property. Proper uses of the Assessments shall include, but are not limited to, the following:

8.2.1 Repairing, replacing, renovating, improving and maintaining any of the Common Elements not made the responsibility of the Owners by Section 7.1 or Section 7.3 above, Section 9.2 below, or other provisions of this Declaration:

8.2.2 Installing, maintaining, and repairing underground utilities upon, across, over, and under any part of the Project which are not conveyed to and accepted by utility companies;

8.2.3 Furnishing garbage and trash pickup and maintaining water and sewer service lines within the Project to the extent such lines are Common Elements and paying common billings for water and sewer services to the Project as Common Expenses;

8.2.4 Obtaining and maintaining insurance in accordance with the provisions of Article 10 below;

8.2.5 Establishing and maintaining reserves for repairs, replacement, maintenance, taxes, capital improvements, and other purposes;

8.2.6 Carrying out all other powers, rights, and duties of the Association specified in the Association Documents;

8.2.7 Repair or replacement of landscaping due to damage caused by utility easement holders pursuant to the authorized use under such easements; and

8.2.8 Generally, addressing any other expenses necessary to meet the primary purposes of the Association.

Section 8.3 Commencement of Assessments. All of the Units shall be allocated full Assessments, subject to the provisions of Section 8.6 below, no later than the date on which Declarant conveys the last Unit in the Project to a purchaser.

Section 8.4 Amount of Total Annual Assessments. The total annual Assessments against all Condominium Units shall be based upon the Association's advance budget of the cash requirements needed by it to provide for the administration and performance of its duties during such fiscal year, or to pay any deficit remaining from a prior fiscal year as approved by the Owners pursuant to Section 8.6 below, which estimates may include, among other things, the costs associated with the items enumerated in Section 8.2 above, together with any other costs and fees which may reasonably be expected to be incurred by the Association for the benefit of the Owners under or by reason of the Association Documents. In the event of surplus funds remaining after payment of or provision for Common Expenses and any prepayment of or provision for reserves, the Executive Board may within its discretion apply the surplus funds (a) into reserves, (b) toward the following year's Common Expenses, (c) toward a credit to Owners against future assessments or in the form of a distribution, or (d) any combination of the foregoing.

Section 8.5 Apportionment of Annual Assessments. Each Owner shall be responsible for that Owner's share of the Common Expenses, which shall be divided equally among the Units. To the extent any Common Expense relating to the Common Elements disproportionately benefits any Owner or group of Owners, the Executive Board may adjust the assessment for such Common Expense in such proportion as may be appropriate provided such allocation is done in a uniform and nondiscriminatory manner. The total annual Assessments of the Association shall be apportioned among all Condominium Units as provided in this Section 8.5.

Section 8.6 Annual Budget. Within sixty (60) days after the 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 the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other

delivery of the summary. Unless at that meeting sixty percent (60%) or more of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board. The Executive Board shall adopt a budget and submit the budget to a vote of the Owners as provided herein no less frequently than annually. The Executive Board shall levy and assess the Association's annual Assessments in accordance with the annual budget.

Section 8.7 Special Assessments. In addition to the annual Assessments authorized above, the Executive Board may at any time and from time to time determine, levy, and assess in any fiscal year (without the vote of the members of the Association, except as provided in the Act and in this Section below) a special Assessment applicable to that particular fiscal year (and for any such longer period as the Executive Board may determine) for the purpose of defraying, in whole or in part, the unbudgeted costs, fees, and expenses of any construction, reconstruction, repair, demolishing, replacement, renovation or maintenance of the Project or of any facilities located on the Project, specifically including any fixtures and personal property related to it. Any amounts determined, levied, and assessed pursuant to this Declaration shall be assessed to the Condominium Units in proportion to the respective undivided interests in the Common Elements appurtenant to the Units as shown on Exhibit B; provided, however, that any extraordinary insurance costs incurred as a result of the value of a particular Owner's Condominium Unit or the actions of a particular Owner (or such Owner's agents, servants, guests, tenants, or invitees) shall be borne by that Owner. Special Assessments shall be based on a budget adopted in accordance with Section 8.6 provided that, if necessary, the Association may adopt a new budget pursuant to Section 8.6 prior to levying a special Assessment. Such special Assessment(s) shall be due and payable as determined by the Executive Board.

If any of the special Assessments levied pursuant to this Section 8.7 are to be used for the construction of new facilities (as opposed to repair and reconstruction of existing facilities in the Project), and if the total amount of the special Assessments levied for such construction exceeds 10% of the gross annual budget for the Association for that year, then the use of special Assessments for that construction will require the approval of Owners representing at least 67% of the votes in the Association. The use of special Assessments pursuant to this Section for construction of any Common Elements shall not apply to the construction of any Common Elements to be completed by Declarant in development of the Project.

Section 8.8 Due Dates for Assessment Payments. Unless otherwise determined by the Executive Board, the annual Assessments and any special Assessments which are to be paid in installments shall be paid monthly in advance and shall be due and payable to the Association at its office or as the Executive Board may otherwise direct in any Management Agreement, without notice (except for the notices required by this Article 8), on the first day of each month. Provided, however, the Executive Board, at its discretion, may change such monthly installments to quarterly installments due on the first day of each quarter beginning with the month of January each year. If any such installment shall not be paid within fifteen (15) days after it shall have become due and payable, then the Board may assess a "late charge" on the installment in an amount of fifteen percent (15%) of the outstanding amount or such other charge as the Executive Board may fix by rule from time to time as provided in the bylaws of the Association to cover the extra expenses involved in handling such delinquent Assessment installment. An Owner's Assessment shall be prorated if the ownership of a Condominium Unit commences or terminates on a day other than the first day or last day, respectively, of a quarter or other applicable payment period.

Section 8.9 Declarant's Obligation to Pay Assessments. Declarant shall be obligated to pay the annual and special Assessments (including installments thereof) on each Condominium Unit owned by it.

Section 8.10 Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Association Documents and any expenses incurred by the Association as a result of the failure of an Owner to abide by the Association Documents (including without limitation attorneys fees) shall become liens against such Owner's Unit, which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such default Assessment shall be sent to the Owner subject to the Assessment at least thirty (30) days prior to the due date.

Section 8.11 Lien for Assessments. The annual, special, and default Assessments (including installments of the Assessments) arising under the provisions of this Declaration (together with any and all interest, costs, late charges, expenses, and reasonable attorneys' fees, including legal assistants' fees, which may arise under the provisions of Section 8.12 below) shall be burdens running with, and a perpetual lien in favor of the Association upon, the specific Condominium Unit to which such Assessments apply. To further evidence such lien upon a specific Condominium Unit, the Association may, but shall not be obligated to, prepare a written lien notice setting forth the description of the Unit, the amount of Assessments on the Unit unpaid as of the date of such lien notice, the rate of default interest as set by the bylaws of the Association and Section 8.12 below, the name of the Owner or Owners of the Unit, and any and all other information that the Association may deem proper. Any such lien notice shall be signed by a member of the Executive Board, an officer of the Association, or the Managing Agent and shall be recorded in the Office of the Clerk and Recorder of Eagle County, Colorado. Any such lien notice shall not constitute a condition precedent or delay the attachment of the lien, but such lien is a perpetual lien upon the Condominium Unit and attaches without notice at the beginning of the first day of any period for which any Assessment is levied.

Section 8.12 Effect of Nonpayment of Assessments. If any annual, special, or default Assessment (or any installment of the Assessment) is not fully paid within thirty (30) days after the same becomes due and payable, then as often as the same may happen, (i) interest shall accrue at the Maximum Rate on any amount of the Assessment which was not paid within such 30-day period or on the amount of Assessment in default, whichever shall be applicable, accruing from the due date until date of payment, (ii) the Association may declare due and payable all unpaid quarterly, monthly or other installments of the annual Assessment or any special Assessment otherwise due during the fiscal year during which such default occurred, (iii) the Association may thereafter bring an action at law or in equity, or both, against any Owner personally obligated to pay the same, and (iv) the Association may proceed to foreclose its lien against the particular Condominium Unit in the manner and form provided by Colorado law for foreclosure of real estate mortgages.

An action at law or in equity by the Association against an Owner to recover a money judgment for unpaid Assessments (or any installment thereof) may be commenced and pursued by the Association without foreclosing or in any way waiving the Association's lien for the Assessments. If any such Assessment (or installment thereof) is not fully paid when due and if the Association commences such an action (or counterclaims or cross-claims for such relief in any action) against any Owner personally obligated to pay the same, or proceeds to foreclose its lien against the particular Condominium Unit, then all unpaid installments of annual and special Assessments and all default Assessments (including any such installments or Assessments arising during the proceedings of such action or foreclosure proceedings), any late charges under Section 8.8 above, any accrued interest under this Section, the Association's costs, expenses, and reasonable attorneys' fees (including legal assistants' fees) incurred for any such action and/or foreclosure proceedings shall be taxed by the court as part of the costs of any such action or foreclosure proceedings and shall be recoverable by the Association from any Owner personally obligated to pay the same and from the proceeds from the foreclosure sale of the particular Condominium Unit in satisfaction of the Association's lien.

Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from again foreclosing or attempting to foreclose its lien for any subsequent Assessments (or installments thereof) which are not fully paid when due or for any subsequent default Assessments. The Association shall have the power and right to bid in or purchase any Condominium Unit at foreclosure or other legal sale and to acquire and hold, lease, or mortgage the Condominium Unit, and to convey, or otherwise deal with the Unit acquired in such proceedings.

First Mortgagees shall be entitled to cure any delinquency in the payment of Assessments of the Owner of a Condominium Unit encumbered by the First Mortgagee. In that event, the First Mortgagee shall be entitled to obtain a release from the lien imposed or perfected by reason of such delinquency.

Section 8.13 Successor's Liability for Assessments. Notwithstanding the personal obligation of each Owner of a Condominium Unit to pay all Assessments on the Unit, and notwithstanding the Association's perpetual lien upon a Condominium Unit for such Assessments, all successors in interest to the fee simple title of a Condominium Unit, except as provided in Section 8.14 and Section 8.15 below, shall be jointly and severally liable with the prior Owner or Owners of the Unit for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees against such Condominium Unit, without prejudice to any such successor's right to recover from any prior Owner any amounts paid thereon by such successor. However, such successor in interest shall be entitled to rely upon the existence and status of unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees as shown upon any certificate issued by or on behalf of the Association to such named successor in interest pursuant to the provisions of Section 8.15 below.

Section 8.14 Waiver of Homestead Exemption; Subordination of Association's Lien for Assessments. By acceptance of the deed or other instrument of transfer of a Condominium Unit, each Owner irrevocably waives the homestead exemption provided by Part 2, Article 41, Title 38, Colorado Revised Statutes, as amended. The Association's perpetual lien on a Condominium Unit for Assessments shall be superior to all other liens and encumbrances except the following:

8.14.1 Real property ad valorem taxes and special assessment liens duly imposed by a Colorado governmental or political subdivision or special taxing district, or any other liens made superior by statute;

8.14.2 To the extent permitted under the Act, the lien for all sums unpaid on a First Mortgage recorded before the date which the Assessment sought to be enforced became delinquent, including any and all advances made by the First Mortgagee and notwithstanding that any of such advances may have been made subsequent to the date of the attachment of the Association's liens; and

8.14.3 Any lien created by the Master Declaration.

With respect to the foregoing subpart 8.14.2, to the extent permitted under the Act, any First Mortgagee who acquires title to a Condominium Unit by virtue of foreclosing the First Mortgage or by virtue of a deed or assignment in lieu of such a foreclosure, or any purchaser at a foreclosure sale of the First Mortgage, will take the Condominium Unit free of any claims for unpaid Association Assessments, interest, late charges, costs, expenses, and attorneys' fees against the Condominium Unit which accrue prior to the time such First Mortgagee or purchaser acquires title to the Condominium Unit, and the amount of the extinguished lien may be reallocated and assessed to all Condominium Units as a Common Expense at the direction of the Executive Board.

All other persons not holding liens described in Section 8.14 above and obtaining a lien or encumbrance on any Condominium Unit after the recording of this Declaration shall be deemed to consent that any such lien or encumbrance shall be subordinate and inferior to the Association's future liens for Assessments, interest, late charges, costs, expenses, and attorneys' fees, as provided in this Article, whether or not such consent is specifically set forth in the instrument creating any such lien or encumbrance.

A sale or other transfer of any Condominium Unit, including but not limited to a foreclosure sale, except as provided in this Section 8.14 above and except as provided in Section 8.15 below, shall not affect the Association's lien on such Unit for Assessments, interest, late charges, costs, expenses, and attorneys' fees due and owing prior to the time such purchaser acquires title and shall not affect the personal liability of each Owner who shall have been responsible for the payment thereof. Further, no such sale or transfer shall relieve the purchaser or transferee of a Condominium Unit from liability for, or the Condominium from the lien of, any Assessments made after the sale or transfer.

Section 8.15 Statement of Status of Assessments. Upon fourteen (14) calendar days written request (furnished in the manner described below for the response to such request) to the Managing Agent, Executive Board or the Association's registered agent and payment of a reasonable fee set from time to time by the Executive Board, any Owner, prospective purchaser of a Condominium Unit, or Mortgagee shall be furnished, by personal delivery or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party (in which event the date of posting shall be deemed the date of delivery) a statement of the Owner's account setting forth:

8.15.1 The amount of any unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees then existing against a particular Condominium Unit;

8.15.2 The amount of the current installments of the annual Assessment and the date that the next installment is due and payable;

8.15.3 The date of the payment of any installments of any special Assessments then existing against the Condominium Unit; and

8.15.4 Any other information deemed proper by the Association.

Upon the issuance of such a certificate signed by a member of the Executive Board, by an officer of the Association, or by a Managing Agent, the information contained therein shall be conclusive upon the Association as to the person or persons to whom such certificate is addressed and who rely on the certificate in good faith. Unless such a statement of status of Assessments is delivered as described above within said fourteen (14) calendar day period, the Association shall have no right to assert a priority lien upon the Unit over the inquiring party's interest for unpaid Assessments which were due as of the date of the request.

Section 8.16 Liens. Except for annual, special, and default Assessment liens as provided in this Declaration, mechanics' liens (except as provided in Article 12 below), tax liens, and judgment liens and other liens validly arising by operation of law and liens arising under Mortgages, there shall be no other liens obtainable against the Common Elements or against the interest of the Owner of any Condominium Unit in the Common Elements.

Section 8.17 Protection of Association's Lien. With the approval of the Executive Board, the Association may protect its lien for Assessments against any Condominium Unit by submitting a bid at any sale held for delinquent taxes payable with respect to the Condominium Unit.

Section 8.18 Failure to Assess. The omission or failure of the Executive Board to fix the Assessment amounts or rates or to deliver or mail an Assessment notice to each Owner will not be deemed a waiver, modification, or release of any Owner from the obligation to pay Assessments. In such event, each Owner will continue to pay annual Assessments on the same basis as for the last year for which an Assessment was made until a new Assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association in accordance with any budget procedures as may be required by the Act.

ARTICLE 9 MAINTENANCE RESPONSIBILITY

Section 9.1 Owner's Rights and Duties with Respect to Interiors. Except as may be provided in the purchase and sale agreement or other conveyancing documents executed by Declarant in connection with sales or leases to initial purchasers of the Condominium Units, each Owner shall have the exclusive right and duty to paint, tile, wax, paper, or otherwise decorate or redecorate and to maintain and repair the interior surfaces of the walls, floors, ceilings, and doors forming the boundaries of such Owner's Individual Air Space Unit and all walls, floors, ceilings, and doors within such boundaries. In the event that any maintenance, repair or decoration of any wall within a Unit that forms the exterior boundary of such Unit shall alter the drywall attached to such wall, the Owner shall restore said wall to its previous structural condition, which specifically includes the previous sound transmission coefficient and fire rating.

Section 9.2 Responsibility of the Owner. The Owner at the Owner's expense shall maintain and keep in repair the interior of the Condominium Unit, including the fixtures and utilities located in the Condominium Unit to the extent current repair shall be necessary in order to avoid damaging other Condominium Units or the Common Elements. All fixtures, equipment, and utilities installed and included in an Individual Air Space Unit serving only that Unit, commencing at a point where the fixtures, equipment, and utilities enter the Individual Air Space Unit shall be maintained and kept in repair by the Owner of that Unit. An Owner shall also maintain and keep in repair all windows and other glass items related to such Owner's Condominium Unit and any entry door or doors serving such Unit. An Owner shall not allow any action or work that will impair the structural soundness of the improvements, impair the proper functioning of the utilities, heating, ventilation, or plumbing systems or integrity of the Buildings, or impair any easement or hereditament. An Owner shall also have the obligation to maintain and keep in good and orderly repair those appurtenant Limited Common Elements designated as storage at such Owner's expense. Except as otherwise set forth in Section 13.5, no Owner shall alter any Common Elements without the prior written consent of the Association.

Section 9.3 Responsibility of the Association. The Association, without the requirement of approval of the Owners but subject to Section 8.6 above, shall maintain and keep in good operating condition, ordinary wear and tear excepted, and shall repair, replace, and improve, as a Common Expense, the General Common Elements and all the Project not required in this Declaration to be maintained and kept in good repair by an Owner, the Commercial Center Association or Declarant. The Association shall also maintain and keep in good operating condition, ordinary wear and tear excepted, the exterior surfaces of all Limited Common Elements.

Section 9.4 Owner's Failure to Maintain or Repair. In the event that portions of a Condominium Unit, Limited Common Element or other improvements are not properly maintained and repaired, and if the maintenance responsibility for the unmaintained improvement lies with an Owner or group of Owners, or in the event that such improvements are damaged or destroyed by an event of casualty and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of the damaged or destroyed improvements to substantially the same condition in which they existed prior to the

damage or destruction, then the Association, after written notice to the Owner(s) and the expiration of a thirty (30) day cure period, and with the approval of the Executive Board, shall have the right to enter upon the Condominium Unit and/or associated Limited Common Element to perform such work as is reasonably required to restore the Condominium Unit, Limited Common Element and other improvements to a condition of good order and repair; provided, however, if such repair and reconstruction due to an event of casualty cannot be reasonably performed within such thirty (30) day cure period, the Owner shall have such time as reasonably required to perform such repair and reconstruction so long as the work has been commenced within such cure period and is diligently pursued to completion. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Condominium Unit, upon demand. All unreimbursed costs shall be a lien upon the Condominium Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid Assessments levied in accordance with Article 8 of this Declaration.

ARTICLE 10 INSURANCE AND FIDELITY BONDS

Section 10.1 Authority to Purchase. Except as provided in Section 10.13 below, all insurance policies relating to the Property shall be purchased by the Executive Board or its duly authorized agent. Neither the Executive Board, the Manager nor the Declarant shall be liable for failure to obtain coverage required by this Article or for any loss or damage resulting from such failure if such failure is due to unavailability of such coverage from reputable insurance companies or if such coverage is available only at demonstrably unreasonable cost.

Section 10.2 Notice to Owners. The Executive Board shall promptly furnish to each Owner written notice of materially adverse changes in, cancellation or termination of, insurance coverages obtained on behalf of the Association under this Article, such notice to be delivered to all Owners by such methods as required by the Act. The notice (which may be issued in the form of a subpolicy relating to a master policy, if the Executive Board obtains a master policy), shall specify the insurance coverage in effect on the Owner's Condominium Unit.

Section 10.3 General Insurance Provisions. All such insurance coverage obtained in accordance with this Article shall conform to any minimum requirements of the Act, and, to the extent not inconsistent with the Act, the following provisions:

10.3.1 As long as Declarant owns any Condominium Unit, Declarant shall be protected by all such policies in the same manner as any Owner. The coverage provided to Declarant under the insurance policies obtained in compliance with this Article shall not be deemed to protect or be for the benefit of any general contractor engaged by Declarant nor shall such coverage be deemed to protect Declarant for (or waive any rights with respect to) warranty claims against Declarant as the developer of the Project.

10.3.2 Depending on the area within the Property (whether Common Elements or one or more Condominium Units) damaged or destroyed and covered by an insurance claim submitted on behalf of the Association, the deductible amount, if any, on any insurance policy purchased by the Executive Board may be treated as a Common Expense payable from annual Assessments or special Assessments allocable to all of the Condominium Units or to only some of the Condominium Units, if the claims or damages arise from the negligence of particular Owners, or if the repairs benefit only particular Owners, or as an item to be paid from working capital reserves established by the Executive Board. The Association may enforce payment of any amount due from an individual Owner toward the deductible in

accordance with Sections 8.10, 8.11 and 8.12 above. Except as otherwise set forth in this Article, the maximum deductible amount shall be the lesser of \$10,000 or one percent of the policy face amount.

10.3.3 Except as otherwise provided in the Declaration, insurance premiums for the insurance coverage obtained by the Executive Board pursuant to this Article shall be a Common Expense to be paid by regular annual Assessments. In accordance with Section 8.5 above, the Executive Board shall make appropriate allocations of the cost of any insurance carried by the Association for the benefit of a particular Owner.

Section 10.4 Property Damage Insurance. The Association shall obtain and maintain in full force and effect property damage insurance on all insurable improvements located on or constituting part of the Property (including, without limitation, the Common Elements and the Individual Air Space Units and replacements thereof up to the value of those initially installed by Declarant, but not including furniture, wall coverings, improvements, additions or other personal property supplied or installed by Owners), together with all fixtures, building service equipment and common personal property and supplies of the Association, and heating equipment and other service machinery contained therein and covering the interests of the Owners and their Mortgagees, as their interests may appear. The insurance shall be carried in an amount equal to full replacement value (i.e., 100% of the current "replacement cost" exclusive of land, foundation, excavation, depreciation on personal property and other items normally excluded from coverage), and shall include a replacement cost endorsement and an agreed amount endorsement waiving the requirement of coinsurance. Such insurance shall afford protection against at least the following:

10.4.1 Loss or damage caused by fire and other hazards covered by the standard extended coverage endorsement with the standard "all-risk" endorsement including but not limited to sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, and water damage;

10.4.2 Such other risks as shall customarily be covered with respect to projects similar in construction, location and use to the Project. The Executive Board shall obtain property damage insurance covering any personal property owned by the Association.

Section 10.5 Provisions Common to Property Damage Insurance. In contracting for the policy or policies of insurance obtained pursuant to Section 10.4 above, the Executive Board shall make reasonable efforts to secure coverage, if the Board deems such coverage advisable, which provides the following endorsements (or equivalent): (a) "cost of demolition;" (b) "contingent liability from operation of building laws or codes" (building ordinance or law endorsement); (c) "increased cost of construction"; (d) "agreed amount" or elimination of co-insurance clause; and (e) "inflation guard" (if available).

A certificate evidencing coverage under the policy of property damage insurance, together with proof of payment of premiums and any notice issued under Section 10.2 above, shall be delivered by the insurer to the Association and upon request, to any Owner or Mortgagee. The Mortgagee of a Condominium Unit shall also be entitled to receive upon request a certificate confirming the renewal of any existing property damage insurance at least 10 days before the expiration of the then current policy, and to receive notice promptly of any event giving rise to a claim under such policy arising from damage to such Condominium Unit.

Section 10.6 Liability Insurance. The Association shall obtain and maintain in full force and effect commercial general liability insurance (including bodily injury, libel, slander, false arrest and invasion of privacy coverage) and property damage insurance with such limits as the Executive Board may from time to time determine, insuring each member of the Executive Board, the Association, the

Manager, and the employees and agents of the Association and the Manager against any liability to the public or the Owners (and their guests, invitees, tenants, agents and employees) arising out of or incident to the ownership, existence, operation, management, maintenance or use of the Common Elements and any other areas under the control of the Association. Declarant shall be included as an additional insured in Declarant's capacity as an Owner or Director. The Owners shall be included as additional insureds, but only for claims and liabilities arising in connection with the ownership, existence, use or management of the Common Elements. The insurance shall cover claims of one or more insured parties against other insured parties.

Such comprehensive policy of public liability insurance shall include the following:

10.6.1 Coverage for contractual liability and such other risks as shall customarily be covered with respect to projects similar to the Project in construction, location and use;

10.6.2 A cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to an action against another insured; and

10.6.3 A "severability of interest" endorsement which shall preclude the insurer from denying liability coverage to an Owner because of the negligent acts of the Association or another Owner.

The Executive Board shall review the coverage limits at least once every two years, but, generally the Board shall carry such amounts of insurance usually required by private institutional mortgage lenders on projects similar to the Project and in no event shall such coverage be less than \$1,000,000 for all claims for bodily injury or property damage arising out of one occurrence. If available at a reasonable cost, reasonable amounts of "umbrella" liability insurance in excess of the primary limits may also be obtained in an amount not less than \$1,000,000.

At the election of the Executive Board, the Board may also contract for commercial general liability insurance covering each Owner with respect to the ownership and use of the Condominium Units, as necessary or convenient to allow the Executive Board, the Manager and the Association to perform their respective duties in connection with the Common Elements. Notice of such coverage shall be given to the Owners as necessary to keep the Owners currently informed.

Section 10.7 Repair and Replacement.

10.7.1 Any portion of the Common Elements for which insurance is required under this Article which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

10.7.1.1 The regime created by this Declaration is terminated;

10.7.1.2 Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;

10.7.1.3 Eighty-five percent (85%) of the votes of the Owners and all directly adversely affected Owners agree in writing not to rebuild; or

10.7.1.4 Prior to the conveyance of any Condominium Unit to a person other than Declarant, the Mortgagee holding a Mortgage on the damaged portion of the Common Elements rightfully demands all or a substantial part of the insurance proceeds.

10.7.2 The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If all damaged Common Elements are not repaired or replaced, the insurance

proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Project, and except to the extent that other persons will be distributees, the insurance proceeds must be distributed to all the Owners or Mortgagees, as their interests may appear, in proportion to their respective ownership interests in the Common Elements.

Section 10.8 Common Expenses. Premiums for insurance that the Association acquires and other expenses connected with acquiring such insurance are Common Expenses.

Section 10.9 Fidelity Insurance. Fidelity bonds shall be maintained by the Association to protect against dishonest acts on the part of its officers, directors, trustees, and employees and on the part of all others who handle or are responsible for handling the funds belonging to or administered by the Association in an amount not less than two months' current Assessments plus reserves as calculated from the current budget of the Association. In addition, if responsibility for handling funds is delegated to a Managing Agent, such bond may be obtained for the Managing Agent and its officers, employees, and agents, as applicable. Any such fidelity coverage shall name the Association as an obligee and such bonds shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions.

Section 10.10 Provisions Common to Property Damage Insurance, Liability Insurance and Fidelity Insurance. Any insurance coverage obtained by the Association under the provisions of this Article above shall be subject to the following provisions and limitations:

10.10.1 The named insured under any such policies shall include Declarant until all the Condominium Units have been conveyed, and the Association, as attorney-in-fact for the use and benefit of the Owners, or the authorized representative of the Association (including any trustee with whom the Association may enter into an insurance trust agreement, or any successor trustee, each of which is sometimes referred to in this Declaration as the "Insurance Trustee" and such Insurance Trustee will be recognized by an insurer providing insurance pursuant to this Article 10) who shall have exclusive authority to negotiate losses and receive payments under such policies, and the "loss payable" clause should designate the Association or the Insurance Trustee, if any, who will act as trustee for each Owner and the holder of each Unit's Mortgage.

10.10.2 Each Owner shall be an insured person with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association.

10.10.3 In no event shall the insurance coverage obtained and maintained pursuant to this Article be brought into contribution with insurance purchased by the Owners or their Mortgagees.

10.10.4 The policies shall provide that coverage shall not be prejudiced by (i) any act or neglect of any Owner (including an Owner's family, tenants, servants, agents, invitees and guests) when such act or neglect is not within the control of the Association; or (ii) any act or neglect or failure of the Association to comply with any warranty or condition with regard to any portion of the property over which the Association has no control; or (iii) conduct of any kind on the part of an Owner (including the Owner's family, tenants, servants, agents, invitees and guests) or any Director, officer, employee or Manager of the Association, without prior demand to the Association and a reasonable opportunity to cure the matter.

10.10.5 The policies shall contain the standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the Property is located, and provide that coverage may not be cancelled in the middle or at the end of any policy year or other period of coverage or substantially modified or reduced (including cancellation for nonpayment of premiums) without at

least 30 days' prior written notice mailed to the Association and to each Owner and First Mortgagees to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

10.10.6 The policies shall contain a waiver of subrogation by the insurer as to any and all claims against Declarant, the Executive Board, the Association, the Manager, and any Owner or their respective agents, employees, or tenants, and in the case of Owners, members of their households, and of any defenses based upon co-insurance.

10.10.7 The policies described in this Article shall provide that any "no other insurance" clause shall expressly exclude individual Owners' policies from its operation so that the physical damage policy or policies purchased by the Executive Board shall be deemed primary coverage, and any individual Owners' policies shall be deemed excess coverage.

Section 10.11 Worker's Compensation Insurance. If the Association has employees, the Association shall obtain worker's compensation or similar insurance with respect to its employees in the amounts and forms as may now or hereafter be required by law.

Section 10.12 Other Insurance. The Association shall also maintain insurance to the extent reasonably available and in such amounts as the Executive Board may deem appropriate on behalf of Directors and officers against any liability asserted against a Director or officer or incurred by him in his capacity of or arising out of his status as a Director or officer. The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to its responsibilities and duties.

Section 10.13 Insurance Obtained by Owners. It shall be the responsibility of each Owner, at such Owner's expense, to maintain physical damage insurance on such Owner's personal property and furnishings and on any upgrade made to the structures and fixtures of the Owner's Unit. An owner also shall be responsible for public liability insurance covering such Owner's Individual Air Space Unit. In addition, an Owner may obtain such other and additional insurance coverage on and in relation to the Owner's Condominium Unit as the Owner in the Owner's sole discretion shall conclude to be desirable. However, none of such insurance coverages obtained by such Owner shall affect any insurance coverage obtained by the Association or cause the diminution or termination of that insurance coverage, nor shall such insurance coverage of an Owner result in apportionment of insurance proceeds as between policies of insurance of the Association and the Owner. An Owner shall be liable to the Association for the amount of any such diminution of insurance proceeds to the Association as a result of insurance coverage maintained by the Owner, and the Association shall be entitled to collect the amount of the diminution from the Owner as if the amount were a default Assessment, with the understanding that the Association may impose and foreclose a lien for the payment due. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners. Each Owner shall be responsible to provide insurance coverage for the amount of any additional value to any Condominium Unit caused by any improvement to the Condominium Unit made by such Owner and not initially made by Declarant, including, but not limited to, the value of structural upgrades or fixtures supplied by the Owner, or if the applicable insurance is to be provided by the Association, for any additional insurance costs associated with such increased value due to the improvements.

The Executive Board may require an Owner who purchases additional insurance coverage for the Owner's Condominium Unit (other than coverage for the Owner's personal property) to file copies of such policies with the Association within thirty (30) days after purchase of the coverage to eliminate potential conflicts with any master policy carried by the Association.

**ARTICLE 11
CONVEYANCES AND TAXATION OF CONDOMINIUM UNITS**

Section 11.1 Contracts to Convey Entered into Prior to Recording of Condominium Map and Declaration. A contract or other agreement for the sale of a Condominium Unit entered into prior to the filing for record of the Condominium Map and this Declaration in the Office of the Clerk and Recorder of Eagle County, Colorado, may legally describe such Condominium Unit in substantially the manner set forth in Section 11.2 below and may indicate that the Condominium Map and this Declaration are to be recorded.

Section 11.2 Contracts to Convey and Conveyances Subsequent to Recording of Condominium Map and Declaration. Subsequent to the recording of the Condominium Map and this Declaration, contracts to convey, instruments of conveyance of Condominium Units, and every other instrument affecting title to a Condominium Unit shall be in substantially the following form with such omissions, insertions, recitals of fact, or other provisions as may be required under the Act or by the circumstances or appropriate to conform to the requirements of any governmental authority or any usage or requirement of law with respect thereto:

Condominium Unit _____, Sylvan Square Condominiums, according to the Condominium Map recorded _____, 200__, at Reception No. _____, and as defined and described in the Declaration for Sylvan Square Condominiums, recorded _____, 200__, at Reception No. _____, in the Office of the Clerk and Recorder of Eagle County, Colorado.

Section 11.3 Conveyance Deemed to Describe an Undivided Interest in Common Elements. Every instrument of conveyance, Mortgage, or other instrument affecting the title to a Condominium Unit which legally describes the Unit substantially in the manner set forth in Section 11.2 above shall be construed to describe the Individual Air Space Unit, together with the undivided interest in the Common Elements appurtenant to it, and together with all fixtures and improvements contained in it (unless any such fixtures or improvements shall be Common Elements), and to incorporate all the rights incident to ownership of a Condominium Unit and all the limitations of ownership as described in the covenants, conditions, restrictions, easements, reservations, rights-of-way, and other provisions contained in this Declaration, including the easement of enjoyment to use the Common Elements.

Section 11.4 Separate Tax Assessments. Upon the recording of this Declaration and the filing of the Condominium Map for record in Eagle County, Colorado, Declarant shall deliver a recorded copy of this Declaration and the Map to the Assessor of Eagle County, Colorado, as provided by law, which notice shall set forth the descriptions of the Condominium Units, including the interest in the Common Elements appurtenant to the Unit, so that thereafter all taxes, assessments, and other charges by the State or any governmental or political subdivision or any special improvement district or any other taxing agent or assessing authority shall be assessed against and collected on each Condominium Unit, each of which shall be carried on the tax records as a separate and distinct parcel for that purpose. For the purpose of such assessment against the Condominium Units, valuation of the Common Elements shall be apportioned among the Units in proportion to the fractional interest in the Common Elements appurtenant to such Units. Accordingly, the Common Elements shall not be assessed separately but shall be assessed with the Condominium Units as provided pursuant to Colorado Revised Statutes Subsection 38-33.3-105(2).

The lien for taxes assessed to the Owner or Owners of a Condominium Unit shall be confined to his Individual Air Space Unit and to his appurtenant undivided interest in the Common Elements. No

forfeiture or sale of any Condominium Unit for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Condominium Unit.

ARTICLE 12 MECHANICS' LIENS

Section 12.1 Mechanics' Liens. Subsequent to the filing of the Map and recording of this Declaration, no labor performed or materials furnished for use and incorporated in any Condominium Unit with the consent of or at the request of the Owner of the Unit or the Owner's agent, contractor or subcontractor shall be the basis for the filing of a lien against a Condominium Unit of any other Owner not expressly consenting to or requesting the same, or against any interest in the Common Elements except as to the undivided interest therein appurtenant to the Individual Air Space Unit of the Owner for whom such labor shall have been performed or such materials shall have been furnished. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against any liability or loss arising from the claim of any mechanic's lien for labor performed or for materials furnished in work on such Owner's Condominium Unit against the Condominium Unit of another Owner or against the Common Elements, or any part thereof.

Section 12.2 Enforcement by the Association. At its own initiative or upon the written request of any Owner (if the Association determines that further action by the Association is proper), the Association shall enforce the indemnity provided by the provisions of Section 12.1 above by collecting from the Owner of the Condominium Unit on which the labor was performed or materials furnished the amount necessary to discharge by bond or otherwise any such mechanic's lien, including all costs and reasonable attorneys' fees incidental to the lien, and obtain a release of such lien. In the event that the Owner of the Condominium Unit on which the labor was performed or materials furnished refuses or fails to so indemnify within seven (7) days after the Association shall have given notice to such Owner of the total amount of the claim, or any portions thereof from time to time, then the failure to so indemnify shall be a default by such Owner under the provisions of this Section, and such amount to be indemnified shall automatically become a default Assessment determined and levied against such Condominium Unit, and enforceable by the Association in accordance with Sections 8.10, 8.11 and 8.12 above.

ARTICLE 13 USE RESTRICTIONS

Section 13.1 Use of Condominium Units. Any functions, activities and uses permitted under any zoning or other laws, rules or regulations applicable to the Town of Eagle, Colorado, and under the PUD Plan (as that term is defined in the Master Declaration) are expressly allowed, subject to the restrictions set forth in Section 13.2 and to the rules and regulations promulgated by the Executive Board. All Owners and their guests, tenants and invitees will be subject to the rules and regulations of the Association promulgated by the Executive Board.

Section 13.2 Residential Uses. All Units shall be used for dwelling purposes only, in conformity with all zoning laws, ordinances and regulations. Owners of Units may rent or lease such Units to others, on a long term basis, only to the extent permitted by applicable zoning codes and the PUD Plan and may use the Units for home occupations which do not cause unreasonable disturbance to other Owners and which are permitted by applicable zoning codes. Any such lease shall expressly state that the tenancy is subject to all of the terms and conditions of this Declaration. Notwithstanding the foregoing, Declarant may use any Condominium Unit as a sales office, management office, rental management office, storage facility or such other uses as may be permitted under the Act.